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

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

eder, casella & co

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
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JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, 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 Warren-Newport Public Library District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended 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 14, 2021

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

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, 2021. 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, 2021 by \$9,548,148 (net position).
- The Library's total net position increased by \$932,061.
- At June 30, 2021, the Library reported combined ending fund balance of \$6,879,736, an increase of \$414,784 in comparison with prior year.
- At June 30, 2021, the unassigned fund balance for the General Fund was \$3,047,244, or 74% of total General Fund expenditures.
- The Library's total long-term debt decreased by \$410,000 during the year ended June 30, 2021 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.

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.

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.

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.

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 \$9,548,148 at the close of the most recent fiscal year.

By far the largest portion of the Library's net position (53%) 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 2021	FY 2020
Assets		
Current and Other Assets	\$ 13,461,406	\$ 12,780,964
Capital Assets	10,611,898	10,934,875
Total Assets	<u>\$ 24,073,304</u>	<u>\$ 23,715,839</u>
Deferred Outflows of Resources		
Pension Expense	\$ 141,929	\$ 343,881
Employer Pension Contributions	178,564	189,883
Total Deferred Outflows of Resources	<u>\$ 320,493</u>	<u>\$ 533,764</u>
Liabilities		
Long-Term Liabilities Outstanding	\$ 7,125,278	\$ 8,692,728
Other Liabilities	240,908	142,499
Total Liabilities	<u>\$ 7,366,186</u>	<u>\$ 8,835,227</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	\$ 6,350,471	\$ 6,184,064
Pension Revenue	1,128,992	614,225
Total Deferred Inflows of Resources	<u>\$ 7,479,463</u>	<u>\$ 6,798,289</u>
Net Position		
Net Investment in Capital Assets	\$ 5,089,638	\$ 4,919,671
Restricted	539,814	492,973
Unrestricted	3,918,696	3,203,443
Total Net Position	<u>\$ 9,548,148</u>	<u>\$ 8,616,087</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 (\$3,918,696) may be used to meet the Library's ongoing obligations to citizens and creditors.

The Library's net position increased by \$932,061.

Governmental Activities - Governmental activities increased the Library's net position by \$932,061. Key elements of this increase are as follows:

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

	Governmental Activities	
	FY 2021	FY 2020
Revenues		
Program Revenues		
Charges for Services	\$ 3,546	\$ 27,564
Operating Grants and Contributions	207,724	107,670
General Revenues		
Property Taxes	6,164,105	6,023,697
Other Taxes	71,977	56,747
Investment Earnings	25,754	179,103
Other	11,362	71,665
Total Revenues	<u>\$ 6,484,468</u>	<u>\$ 6,466,446</u>
Expenses		
General Government	\$ 2,391,085	\$ 2,591,388
Library Operations	2,125,486	2,359,204
Interest and Fees on Long-Term Debt	153,006	271,629
Unallocated Depreciation	882,830	886,564
Total Expenses	<u>\$ 5,552,407</u>	<u>\$ 6,108,785</u>
Change in Net Position	\$ 932,061	\$ 357,661
Net Position - Beginning	8,616,087	8,258,426
Net Position - Ending	<u>\$ 9,548,148</u>	<u>\$ 8,616,087</u>

The Library's total revenues increased \$18,022 (0.28%) compared to prior year. The most significant factors of this increase were for property taxes levied and grant revenues that were offset by a decrease in investment earnings.

Overall expenses decreased \$556,378 (9%) compared to the prior year. This was mainly due to decreased general government and library operation purchases, and decreased expenses related to the Pension and OPEB liabilities 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, 2021, the Library's funds reported combined ending fund balance of \$6,879,736, an increase of \$414,784 in comparison with the prior year.

The General Fund is the chief operating fund of the Library. At June 30, 2021, total fund balance was \$3,104,156. 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 75% of total General Fund expenditures.

The Special Reserves Fund's fund balance increased \$258,150 and includes an incoming transfer of \$600,000 from the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was approved on September 15, 2020 and amended on June 15, 2021.

- The difference between the budget and actual revenues was \$55,720 (favorable) due mainly to more than expected grant revenues.
- The difference between the budget and actual expenditures was \$805,664 (favorable) due to less than anticipated program supplies, capital outlay, employer paid benefits and overall salaries.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Library's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$10,611,898 (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 \$882,831.

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

	Governmental Activities	
	FY 2021	FY 2020
Land	\$ 304,909	\$ 304,909
Buildings	8,348,600	8,570,685
Land Improvements	299,908	243,348
Furniture and Equipment	653,972	796,735
Computer Hardware and Network	28,684	44,252
Vehicle	54,874	-
Library Books and Other Materials	920,951	974,946
Total	<u>\$ 10,611,898</u>	<u>\$ 10,934,875</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, 2021, the Library had \$4,725,000 in long-term debt.

Warren-Newport Public Library District's Outstanding Debt

	Governmental Activities	
	FY 2021	FY 2020
General Obligation Refunding Bond	\$ 4,725,000	\$ 5,135,000
Total	\$ 4,725,000	\$ 5,135,000

Significant debt activity for the year ended June 30, 2021 was as follows:

- Principal payments on all outstanding debt were \$410,000.

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 2022 includes items for capital expenditures such as building maintenance and lighting upgrades, landscaping, HVAC, computer equipment upgrades, 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, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 7,830,012
Investments	2,105,700
Property Taxes Receivable, net of allowance of \$0	3,454,358
Prepaid Items	71,336
Capital Assets:	
Land	304,909
Depreciable Buildings, Improvements, Property, Equipment, Furniture, Books, Videos/DVDs and Periodicals, net of depreciation	10,306,989
TOTAL ASSETS	\$ 24,073,304
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows - IMRF	\$ 141,929
Deferred Employer Pension Contributions - IMRF	178,564
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 320,493
 LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 231,199
Accrued Interest	9,709
Non-Current Liabilities:	
Due Within One Year	713,059
Due In More Than One Year	6,412,219
TOTAL LIABILITIES	\$ 7,366,186
 DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 6,350,471
Deferred Pension Inflows - IMRF	1,128,992
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 7,479,463
 NET POSITION	
Net Investment in Capital Assets	\$ 5,089,638
Restricted for:	
Building and Maintenance	173,355
FICA	227,136
Liability	139,323
Unrestricted/(Deficit)	3,918,696
TOTAL NET POSITION	\$ 9,548,148

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, 2021

	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	\$ 2,391,084	\$ 3,546	\$ 207,674	\$ (2,179,864)
Library Operations	2,125,486	-	50	(2,125,436)
Interest and Fees on Long-Term Debt	153,006	-	-	(153,006)
Unallocated Depreciation	882,831	-	-	(882,831)
	\$ 5,552,407	\$ 3,546	\$ 207,724	\$ (5,341,137)
General Revenues				
Taxes				
Property Taxes				\$ 6,164,105
Personal Property Replacement Tax				71,977
Unrestricted Investment Earnings				25,754
Other Income				11,362
Total General Revenues				\$ 6,273,198
Change in Net Position				\$ 932,061
Net Position - July 1, 2020				8,616,087
Net Position - June 30, 2021				\$ 9,548,148

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, 2021

	General Fund	Special Reserves Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,495,092	\$ 2,632,197	\$ 1,702,723	\$ 7,830,012
Investments	2,105,700	-	-	2,105,700
Property Taxes Receivable, Net of Allowance of \$0	2,893,871	-	560,487	3,454,358
Prepaid Items	56,912	-	14,424	71,336
TOTAL ASSETS	\$ 8,551,575	\$ 2,632,197	\$ 2,277,634	\$ 13,461,406
LIABILITIES				
Accounts Payable and Accrued Expenditures	\$ 127,343	\$ 91,104	\$ 12,752	\$ 231,199
TOTAL LIABILITIES	\$ 127,343	\$ 91,104	\$ 12,752	\$ 231,199
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 5,320,076	\$ -	\$ 1,030,395	\$ 6,350,471
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 5,320,076	\$ -	\$ 1,030,395	\$ 6,350,471
FUND BALANCES				
Nonspendable				
Prepaid Items	\$ 56,912	\$ -	\$ 14,424	\$ 71,336
Restricted for:				
Building and Maintenance	-	-	173,355	173,355
FICA	-	-	227,136	227,136
Liability	-	-	139,323	139,323
Pension	-	-	287,168	287,168
Assigned for:				
Building and Maintenance	-	-	12,414	12,414
FICA	-	-	11,545	11,545
Liability	-	-	1,996	1,996
Working Cash	-	-	277,282	277,282
Special Reserves	-	2,541,093	-	2,541,093
Expendable Trust	-	-	65,586	65,586
Pension	-	-	24,258	24,258
Unassigned	3,047,244	-	-	3,047,244
TOTAL FUND BALANCES	\$ 3,104,156	\$ 2,541,093	\$ 1,234,487	\$ 6,879,736
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,551,575	\$ 2,632,197	\$ 2,277,634	\$ 13,461,406

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, 2021

Fund Balances - Total Governmental Funds		\$ 6,879,736
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 20,152,680	
Less: Accumulated Depreciation	<u>(9,540,782)</u>	10,611,898
<p>Deferred pension costs/revenues in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Deferred Pension (Inflows)	\$ (1,128,992)	
Deferred Pension Outflows	141,929	
Deferred Employer Contributions to Pension	<u>178,564</u>	(808,499)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds Payable	\$ (4,725,000)	
Premium on Bonds	(787,551)	
Accrued Interest	(9,709)	
Compensated Absences	(185,406)	
Net Pension Liability - IMRF	(1,077,784)	
Net OPEB Liability	<u>(349,537)</u>	<u>(7,134,987)</u>
Net Position of Governmental Activities		<u><u>\$ 9,548,148</u></u>

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, 2021

	General Fund	Special Reserves Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 5,134,975	\$ -	\$ 1,029,130	\$ 6,164,105
Personal Property Replacement Tax	67,658	-	4,319	71,977
Interest	22,345	2,079	1,330	25,754
Grants	203,352	-	-	203,352
Fines and Fees	3,546	-	-	3,546
Gifts	726	-	50	776
Other Income	6,272	-	8,686	14,958
	<u>\$ 5,438,874</u>	<u>\$ 2,079</u>	<u>\$ 1,043,515</u>	<u>\$ 6,484,468</u>
EXPENDITURES				
Current				
General Government	\$ 1,448,653	\$ -	\$ 835,235	\$ 2,283,888
Library Operations	2,394,050	-	-	2,394,050
Capital Outlay	273,733	343,929	117,584	735,246
Debt Service				
Principal	-	-	410,000	410,000
Interest and Fees	-	-	246,500	246,500
	<u>\$ 4,116,436</u>	<u>\$ 343,929</u>	<u>\$ 1,609,319</u>	<u>\$ 6,069,684</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,322,438	\$ (341,850)	\$ (565,804)	\$ 414,784
OTHER FINANCING SOURCES/(USES)				
Interfund Transfers	(1,256,500)	600,000	656,500	-
NET CHANGE IN FUND BALANCES	\$ 65,938	\$ 258,150	\$ 90,696	\$ 414,784
FUND BALANCES - JULY 1, 2020	3,038,218	2,282,943	1,143,791	6,464,952
FUND BALANCES - JUNE 30, 2021	<u>\$ 3,104,156</u>	<u>\$ 2,541,093</u>	<u>\$ 1,234,487</u>	<u>\$ 6,879,736</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 414,784

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	\$ 567,690	
Depreciation Expense	<u>(882,831)</u>	
		(315,141)

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

Gain/(Loss) on Sale of Capital Assets		(7,836)
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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	\$ 93,494	
Pension Expense - IMRF	(59,704)	
OPEB Expense	(15,267)	
Compensated Absences	<u>9,739</u>	
		28,262

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.		401,992
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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>410,000</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 932,061</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, 2021

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. In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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, 2021.

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 items 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

NOTES TO FINANCIAL STATEMENTS (Continued)

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:

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
Vehicle	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.

NOTES TO FINANCIAL STATEMENTS (Continued)

O. *Governmental Fund Balances*

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

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

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 2020 levy was passed by the Board on November 17, 2020. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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, 2021, 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	\$ 7,519,288	\$ 7,519,288	\$ -	\$ -	\$ -

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, 2021, the Library's investments were rated as follows:

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

NOTE 3 - FAIR VALUE MEASUREMENT

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Library has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	6/30/2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificate of Deposit	\$ 2,105,700	\$ -	\$ 2,105,700
Total Investments by fair value level	\$ 2,105,700	\$ -	\$ 2,105,700

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, 2021 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
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	\$ 13,629,319	\$ 194,091	\$ -	\$ 13,823,410
Land Improvements	305,666	76,901	-	382,567
Furniture and Equipment	2,165,453	-	58,773	2,106,680
Computer Hardware and Network	208,048	-	38,730	169,318
Vehicle	227,540	57,762	-	285,302
Library Books and Other Materials	3,223,885	238,936	382,327	3,080,494
Total Other Capital Assets at Historical Cost	<u>\$ 19,759,911</u>	<u>\$ 567,690</u>	<u>\$ 479,830</u>	<u>\$ 19,847,771</u>
Less Accumulated Depreciation for:				
Buildings	\$ 5,058,634	\$ 416,176	\$ -	\$ 5,474,810
Land Improvements	62,318	20,341	-	82,659
Furniture and Equipment	1,368,718	134,927	50,937	1,452,708
Computer Hardware and Network	163,796	15,568	38,730	140,634
Vehicle	227,540	2,888	-	230,428
Library Books and Other Materials	2,248,939	292,931	382,327	2,159,543
Total Accumulated Depreciation	<u>\$ 9,129,945</u>	<u>\$ 882,831</u>	<u>\$ 471,994</u>	<u>\$ 9,540,782</u>
Other Capital Assets, Net	<u>\$ 10,629,966</u>	<u>\$ (315,141)</u>	<u>\$ 7,836</u>	<u>\$ 10,306,989</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,934,875</u>	<u>\$ (315,141)</u>	<u>\$ 7,836</u>	<u>\$ 10,611,898</u>

Depreciation expense charged to unallocated expenses was \$882,831 for the year ended June 30, 2021.

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
General Obligation Refunding Bond	\$ 5,135,000	\$ -	\$ 410,000	\$ 4,725,000	\$ 435,000
Total Long-Term Debt	<u>\$ 5,135,000</u>	<u>\$ -</u>	<u>\$ 410,000</u>	<u>\$ 4,725,000</u>	<u>\$ 435,000</u>
Other Long-Term Liabilities					
Unamortized Bond Premium	\$ 880,204	\$ -	\$ 92,653	\$ 787,551	\$ 92,653
Compensated Absences	195,145	160,973	170,712	185,406	185,406
Net Pension Liability - IMRF	2,115,210	-	1,037,426	1,077,784	-
Net OPEB Liability	367,169	(17,632)	-	349,537	-
Total Other Long-Term Liabilities	<u>\$ 3,557,728</u>	<u>\$ 143,341</u>	<u>\$ 1,300,791</u>	<u>\$ 2,400,278</u>	<u>\$ 278,059</u>
Governmental Activities Long-Term Liabilities	<u>\$ 8,692,728</u>	<u>\$ 143,341</u>	<u>\$ 1,710,791</u>	<u>\$ 7,125,278</u>	<u>\$ 713,059</u>

Bonds and notes payable consisted of the following at June 30, 2021:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
General Obligation Refunding Bond	12/15/2029	5.00%	\$ 5,135,000	\$ 4,725,000

NOTES TO FINANCIAL STATEMENTS (Continued)

At June 30, 2021, the annual debt service requirements to cover all outstanding debt attributable to governmental activities are:

Year Ending June 30	Principal	Interest	Total
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	520,000	130,750	650,750
2027-2031	2,355,000	242,625	2,597,625
	<u>\$ 4,725,000</u>	<u>\$ 1,138,375</u>	<u>\$ 5,863,375</u>

NOTE 6 - INTERFUND LOANS

There are no interfund loans at June 30, 2021.

NOTE 7 - DEFICIT FUND BALANCE

At June 30, 2021, 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 2020 tax levy. The unavailable revenue is 100% of the 2020 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 2021. The Library has determined that 100% of the amount collected for the 2019 levy is allocable for use in fiscal year 2021. Therefore, 100% of the amount collected for the 2019 levy (\$6,164,105) is recorded in these financial statements as property taxes revenue. A summary of assessed valuations and extensions for tax years 2020, 2019 and 2018 is as follows:

Tax Year	2020		2019		2018	
	Rate	Extension	Rate	Extension	Rate	Extension
Assessed Valuation	\$2,035,831,685		\$2,016,961,628		\$1,942,469,621	
General	0.261322	\$ 5,320,076	0.255414	\$ 5,151,602	0.266336	\$ 5,173,496
Building	0.015666	318,934	0.012859	259,361	0.019306	375,013
IMRF	0.019048	387,785	0.019832	400,004	0.010594	205,785
Social Security	0.010480	213,355	0.012395	250,003	0.009621	186,885
Insurance	0.005419	110,322	0.006103	123,095	0.004825	93,724
	<u>0.311935</u>	<u>\$ 6,350,472</u>	<u>0.306603</u>	<u>\$ 6,184,065</u>	<u>0.310682</u>	<u>\$ 6,034,903</u>

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2021, 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 2021 was \$140,321.

Annual requirements to cover outstanding lease agreements at June 30, 2021 are:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending June 30	Amount
2022	\$ 54,161
2023	54,161
2024	37,471
2025	-
2026	-
Thereafter	-
	\$ 145,793

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, 2020, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	53
Inactive plan members entitled to but not yet receiving benefits	33
Active plan members	<u>50</u>
Total	<u>136</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 rates for calendar years 2020 and 2021 were 15.61% and 14.53%, respectively. For the fiscal year ended June 30, 2021, the Library contributed \$369,092 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, 2020, and a measurement date as of December 31, 2020, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	14,559,327
IMRF Fiduciary Net Position		13,481,543
Library's Net Pension Liability		1,077,784
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		92.60%

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, 2020 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.25%
Salary Increases	2.85% - 13.75% including inflation
Interest Rate	7.25%
Actuarial Cost Method	Entry Age Normal
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, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used.

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, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37%	5.00%
International Equities	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternatives	7%	
Private Equity		6.95%
Hedge Funds		N/A
Commodities		2.85%
Cash Equivalents	1%	70.00%
	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. 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 valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.00%; 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, 2019	\$ 14,030,575	\$ 11,915,365	\$ 2,115,210
Changes for the year:			
Service Cost	\$ 253,659	\$ -	\$ 253,659
Interest on the Total Pension Liability	1,002,995	-	1,002,995
Differences Between Expected and Actual Experience of the Total Pension Liability	31,311	-	31,311
Changes of Assumptions	(113,244)	-	(113,244)
Contributions - Employer	-	380,411	(380,411)
Contributions - Employee	-	109,664	(109,664)
Net Investment Income	-	1,700,941	(1,700,941)
Benefit Payments, Including Refunds of Employee Contributions	(645,969)	(645,969)	-
Other (Net Transfer)	-	21,131	(21,131)
Net Changes	\$ 528,752	\$ 1,566,178	\$ (1,037,426)
Balances at December 31, 2020	\$ 14,559,327	\$ 13,481,543	\$ 1,077,784

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	\$ 2,732,392	\$ 1,077,784	\$ (267,509)

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

For the year ended June 30, 2021, the Library recognized pension expense/(income) of \$59,704. At June 30, 2021, 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	\$ 86,329	\$ (27,922)	\$ 58,407
Changes of assumptions	55,600	(78,099)	(22,499)
Net difference between projected and actual earnings on pension plan investments	-	(1,022,971)	(1,022,971)
Total deferred amounts to be recognized in pension expense in future periods	\$ 141,929	\$ (1,128,992)	\$ (987,063)
Pension contributions made subsequent to the measurement date	178,564	-	178,564
Total deferred amounts related to pensions	\$ 320,493	\$ (1,128,992)	\$ (808,499)

\$178,564 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, 2022. 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
2021	\$ (240,926)
2022	(166,437)
2023	(411,306)
2024	(168,394)
2025	-
Thereafter	-
	<u>\$ (987,063)</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 providing the pension benefits described in Note 11, the Library provides post-employment benefits other than pensions (“OPEB”) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Library’s governmental activities.

Benefits Provided

The Library provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Library’s retirement plans or meet COBRA requirements. All health care benefits are provided through the Library’s insured health plan. The benefit levels are the same as those afforded to active employees.

Membership

Membership in the plan consisted of the following at July 1, 2020, the measurement date of the latest actuarial valuation:

Active Employees	36
Inactive Employees Currently Receiving Benefits	1
Total	<u>37</u>

Total OPEB Liability

The Library’s total OPEB liability was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

NOTES TO FINANCIAL STATEMENTS (Continued)

Actuarial Method	Entry Age Normal
Discount rate	2.16%
Inflation	2.25%
Salary Rate Increase	2.50%
Health Care Trend	
	Initial Trend Rate 6.30%-6.80%
	Ultimate Trend Rate 5.00%
	FY the Ultimate Rate is Reached 2031
Mortality	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
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. Male spouses are assumed to be three years older than female spouses.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an IMRF experience study dated November 8, 2017. Assumption changes reflect a change in the discount rate of (0.05%) from 2.21% for the beginning of the year values and 2.16% for the disclosure date.

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 2.16% is used, which is the Bond Buyer 20-Bond GO Index as of June 30, 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, 2020	\$ 367,169	\$ -	\$ 367,169
Changes for the year:			
Service Cost	\$ 5,813	\$ -	\$ 5,813
Interest on the Total OPEB Liability	7,751	-	7,751
Changes in Assumptions	1,703	-	1,703
Contributions - Employer	-	32,899	(32,899)
Benefit Payments	(32,899)	(32,899)	-
Net Changes	\$ (17,632)	\$ -	\$ (17,632)
Balances at June 30, 2021	\$ 349,537	\$ -	\$ 349,537

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:

NOTES TO FINANCIAL STATEMENTS (Continued)

Plan's Total OPEB Liability/(Asset)		
1% Increase	Valuation Rate	1% Decrease
\$ 393,031	\$ 349,537	\$ 313,698

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
\$ 309,421	\$ 349,537	\$ 397,601

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

For the fiscal year ended June 30, 2021, the Library recognized OPEB expense of \$15,267. At June 30, 2021, the Library had no deferred outflows of resources or deferred inflows of resources related to OPEB from any sources.

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 (12.38 years, 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.

Roll Forward Disclosure

The actuarial valuations were performed as of July 1, 2020. Updated procedures were used to roll forward the total OPEB liabilities to June 30, 2021.

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 2021 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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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:

2020 EAV	\$	2,035,831,685
Rate		<u>2.8750%</u>
Debt Margin	\$	58,530,161
Current Debt		<u>4,725,000</u>
Remaining Debt Margin	\$	<u><u>53,805,161</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. This 3-year mark was reached in November 2020. Following this initial period, the annual budgeting process will include the Board of Trustee’s designating a project or projects to be completely or partially funded by the earnings generated by the Endowment during the previous year. The Endowment can accept gifts and contributions in the form of cash, insurance proceeds, bonds, stocks, or real estate.

NOTE 17 - INTERFUND TRANSFERS

The following funds had transfers for the year ended June 30, 2021:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Special Reserves Fund	\$ 600,000
General Fund	Other Governmental Fund	656,500

The transfers were made to help pay for capital project costs and debt payments made by the Library during the fiscal year.

NOTE 18 - SUBSEQUENT EVENTS

Since March 2020, the COVID-19 outbreak in the United States has created disruptions in various organizations and has continued to impact these organizations. Due to the surge in COVID-19, the Library was closed during November 2020 through February 2021 to the public and only online and curbside pick-up services were available during this time. Overall, the Library was not significantly negatively impacted from a financial perspective due to COVID-19 during the year ended June 30, 2021. However, the extent of any additional 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, 2021

	6/30/2021*	6/30/2020*	6/30/2019*	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY							
Service Cost	\$ 253,659	\$ 247,063	\$ 266,892	\$ 281,034	\$ 295,400	\$ 283,431	\$ 299,488
Interest on the Total Pension Liability	1,002,995	968,314	902,860	881,680	877,550	823,430	733,431
Differences Between Expected and Actual Experience	31,311	(71,704)	425,512	(3,474)	(679,911)	19,777	102,857
Changes of Assumptions	(113,244)	-	365,461	(351,571)	(84,262)	-	509,908
Benefit Payments, Including Refunds of Member Contributions	(645,969)	(691,249)	(574,514)	(461,899)	(419,870)	(390,544)	(359,988)
Net Change in Total Pension Liability	<u>\$ 528,752</u>	<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>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>	<u>9,835,473</u>
Total Pension Liability - Ending	<u>\$ 14,559,327</u>	<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	\$ 380,411	\$ 297,524	\$ 346,422	\$ 353,801	\$ 358,637	\$ 344,788	\$ 327,376
Contributions - Member	109,664	108,235	111,589	115,583	112,074	115,357	109,450
Net Investment Income	1,700,941	1,918,946	(553,158)	1,574,298	615,476	44,857	509,357
Benefit Payments, Including Refunds of Member Contributions	(645,969)	(691,249)	(574,514)	(461,899)	(419,870)	(390,544)	(359,988)
Other (Net Transfers)	21,131	68,211	310,311	(129,374)	(441,964)	(154,781)	38,721
Net Change in Plan Fiduciary Net Position	<u>\$ 1,566,178</u>	<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>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>	<u>8,311,693</u>
Plan Net Position - Ending	<u>\$ 13,481,543</u>	<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>\$ 1,077,784</u>	<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	92.60%	84.92%	75.22%	86.72%	76.99%	75.03%	80.36%
Covered-Valuation Payroll	\$ 2,436,972	\$ 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	44.23%	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, 2021

	6/30/2021*	6/30/2020*	6/30/2019*	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 380,411	\$ 297,525	\$ 346,422	\$ 353,800	\$ 358,636	\$ 344,787	\$ 320,716
Contributions in relation to Actuarially-Determined Contribution	380,411	297,524	346,422	353,801	358,637	344,788	327,376
Contribution deficiency/(excess)	\$ -	\$ 1	\$ -	\$ (1)	\$ (1)	\$ (1)	\$ (6,660)
Covered-Valuation Payroll	\$ 2,449,487	\$ 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	15.53%	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 2020 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: 23-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: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 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, 2018 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, 2021

	6/30/2021	6/30/2020	6/30/2019	6/30/2018
TOTAL OPEB LIABILITY				
Service Cost	\$ 5,813	\$ 2,479	\$ 6,266	\$ 6,033
Interest	7,751	7,712	9,306	10,250
Differences Between Expected and Actual Experience	-	98,906	-	-
Benefit Payments	(32,899)	(32,899)	(43,561)	(37,720)
Changes in Assumptions	1,703	51,718	4,953	-
Net Change in Total OPEB Liability	\$ (17,632)	\$ 127,916	\$ (23,036)	\$ (21,437)
Total OPEB Liability - Beginning	367,169	239,253	262,289	283,726
Total OPEB Liability - Ending	\$ 349,537	\$ 367,169	\$ 239,253	\$ 262,289
OPEB PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 32,899	\$ 32,899	\$ 43,561	\$ 37,720
Benefit Payments	(32,899)	(32,899)	(43,561)	(37,720)
Net Change in OPEB Plan Net Position	\$ -	\$ -	\$ -	\$ -
OPEB Plan Net Position - Beginning	-	-	-	-
OPEB Net Position - Ending	\$ -	\$ -	\$ -	\$ -
Library's Net OPEB Plan Liability	\$ 349,537	\$ 367,169	\$ 239,253	\$ 262,289
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 2,258,131	\$ 1,713,024	\$ 1,627,046	\$ 1,765,248
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	15.48%	21.43%	14.70%	14.86%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

There is no actuarially-determined contribution (ADC) or employer contribution in relation to the ADC as the total OPEB liabilities are currently an unfunded obligation.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period.

The following are the discount rates used in each period:

	2.16%	2.21%	3.50%	3.87%
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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, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Property Taxes	\$ 5,151,602	\$ 5,151,602	\$ 5,134,975
Personal Property Replacement Tax	56,001	56,001	67,658
Interest	34,000	34,000	22,345
Grants	83,326	83,326	203,352
Fines and Fees	36,375	36,375	3,546
Gifts	17,500	17,500	726
Other Income	4,350	4,350	6,272
	<u>\$ 5,383,154</u>	<u>\$ 5,383,154</u>	<u>\$ 5,438,874</u>
EXPENDITURES			
Current			
General Government			
Salaries	\$ 968,122	\$ 968,122	\$ 897,394
Employer Paid Benefits	310,500	310,500	233,301
Staff Development	14,983.00	14,983.00	1,567
Legal	12,851	12,851	5,738
Printing	46,950	46,950	16,403
Operating Supplies	4,610	3,610	6,629
Office Supplies	5,544	5,544	2,423
Computer Supplies	15,616	15,616	7,003
Telephone	50,000	51,000	50,474
Postage	19,589	19,589	15,006
Audit	12,316	12,316	11,250
Maintenance Contractual	130,000	130,000	114,575
Computer Support & Maintenance	19,074	19,074	9,067
Dues and Memberships	6,086	6,086	5,294
Board of Trustees Expense	2,630	2,630	264
Other Professional Services	75,637	75,637	58,338
Public Relations/Advertising	13,096	13,096	3,925
Miscellaneous	18,895	18,895	10,002
	<u>\$ 1,726,499</u>	<u>\$ 1,726,499</u>	<u>\$ 1,448,653</u>
Library Operations			
Salaries	\$ 2,031,880	\$ 2,031,880	\$ 1,809,054
Staff Development	12,484	12,484	2,256
Computer Support & Maintenance	49,978	49,978	44,460
Dues and Memberships	3,814	3,814	1,243
Mobile Library Maintenance & Supplies	10,923	10,923	1,181
Postage	9,822	9,822	5,040
Program Expenses	42,000	42,000	25,721
Program Supplies	618,363	618,363	475,376
Public Relations/Advertising	1,580	1,580	927
Supplies	48,347	48,347	28,792
	<u>\$ 2,829,191</u>	<u>\$ 2,829,191</u>	<u>\$ 2,394,050</u>
Total Current	<u>\$ 4,555,690</u>	<u>\$ 4,555,690</u>	<u>\$ 3,842,703</u>

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Capital Outlay			
General Government	\$ 210,938	\$ 210,938	\$ 139,450
Library Operations	155,472	155,472	134,283
	<u>\$ 366,410</u>	<u>\$ 366,410</u>	<u>\$ 273,733</u>
TOTAL EXPENDITURES	<u>\$ 4,922,100</u>	<u>\$ 4,922,100</u>	<u>\$ 4,116,436</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 461,054	\$ 461,054	\$ 1,322,438
OTHER FINANCING SOURCES/(USES)			
Interfund Transfer	<u>(714,535)</u>	<u>(714,535)</u>	<u>(1,256,500)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (253,481)</u>	<u>\$ (253,481)</u>	\$ 65,938
FUND BALANCE - JULY 1, 2020			<u>3,038,218</u>
FUND BALANCE - JUNE 30, 2021			<u>\$ 3,104,156</u>

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL RESERVES FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Interest	\$ 7,200	\$ 2,079
	\$ 7,200	\$ 2,079
EXPENDITURES		
Capital Outlay		
General Government	\$ 400,000	\$ 343,929
	\$ 400,000	\$ 343,929
TOTAL EXPENDITURES	\$ 400,000	\$ 343,929
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (392,800)	\$ (341,850)
OTHER FINANCING SOURCES/(USES)		
Interfund Transfer	-	600,000
NET CHANGE IN FUND BALANCE	\$ (392,800)	\$ 258,150
FUND BALANCE - JULY 1, 2020		2,282,943
FUND BALANCE - JUNE 30, 2021		\$ 2,541,093

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 - BUDGETARY PROCESS

Annual budgets are legally adopted and separately reported for all funds of the Library. The budget was passed on September 15, 2020 and amended on June 15, 2021. 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, 2021, 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, 2021

	Building and Maintenance	FICA	Liability	Working Cash	Expendable Trust	IMRF	Bond	Total Other Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 343,199	\$ 335,981	\$ 192,401	\$ 277,282	\$ 65,586	\$ 488,274	\$ -	\$ 1,702,723
Receivables (Net of \$0 Allowance)								
Property Taxes	173,485	116,055	60,010	-	-	210,937	-	560,487
Prepaid Items	14,424	-	-	-	-	-	-	14,424
TOTAL ASSETS	\$ 531,108	\$ 452,036	\$ 252,411	\$ 277,282	\$ 65,586	\$ 699,211	\$ -	\$ 2,277,634
LIABILITIES								
Accounts Payable and Accrued Expenditures	\$ 11,982	\$ -	\$ 770	\$ -	\$ -	\$ -	\$ -	\$ 12,752
TOTAL LIABILITIES	\$ 11,982	\$ -	\$ 770	\$ -	\$ -	\$ -	\$ -	\$ 12,752
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Property Taxes	\$ 318,933	\$ 213,355	\$ 110,322	\$ -	\$ -	\$ 387,785	\$ -	\$ 1,030,395
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 318,933	\$ 213,355	\$ 110,322	\$ -	\$ -	\$ 387,785	\$ -	\$ 1,030,395
FUND BALANCES								
Nonspendable:								
Prepaid Items	\$ 14,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,424
Restricted for:								
Fund Purpose	173,355	227,136	139,323	-	-	287,168	-	826,982
Assigned for:								
Fund Purpose	12,414	11,545	1,996	277,282	65,586	24,258	-	393,081
TOTAL FUND BALANCES	\$ 200,193	\$ 238,681	\$ 141,319	\$ 277,282	\$ 65,586	\$ 311,426	\$ -	\$ 1,234,487
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 531,108	\$ 452,036	\$ 252,411	\$ 277,282	\$ 65,586	\$ 699,211	\$ -	\$ 2,277,634

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WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Building and Maintenance	FICA	Liability	Working Cash	Expendable Trust	IMRF	Bond	Total Non-Major Governmental Funds
REVENUES								
Property Taxes	\$ 258,524	\$ 249,195	\$ 122,698	\$ -	\$ -	\$ 398,713	\$ -	\$ 1,029,130
Replacement Taxes	-	-	-	-	-	4,319	-	4,319
Interest	296	192	112	265	55	410	-	1,330
Gifts	-	-	-	-	50	-	-	50
Other Revenue	-	-	-	-	8,686	-	-	8,686
	<u>\$ 258,820</u>	<u>\$ 249,387</u>	<u>\$ 122,810</u>	<u>\$ 265</u>	<u>\$ 8,791</u>	<u>\$ 403,442</u>	<u>\$ -</u>	<u>\$ 1,043,515</u>
EXPENDITURES								
General Government	\$ 148,349	\$ 202,946	\$ 114,266	\$ -	\$ 582	\$ 369,092	\$ -	\$ 835,235
Capital Outlay	117,584	-	-	-	-	-	-	117,584
Debt Service								
Principal	-	-	-	-	-	-	410,000	410,000
Interest	-	-	-	-	-	-	246,500	246,500
	<u>\$ 265,933</u>	<u>\$ 202,946</u>	<u>\$ 114,266</u>	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 369,092</u>	<u>\$ 656,500</u>	<u>\$ 1,609,319</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (7,113)	\$ 46,441	\$ 8,544	\$ 265	\$ 8,209	\$ 34,350	\$ (656,500)	\$ (565,804)
OTHER FINANCING SOURCES/(USES)								
Interfund Transfers	-	-	-	-	-	-	656,500	656,500
NET CHANGE IN FUND BALANCES	\$ (7,113)	\$ 46,441	\$ 8,544	\$ 265	\$ 8,209	\$ 34,350	\$ -	\$ 90,696
FUND BALANCES - JULY 1, 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>
FUND BALANCES - JUNE 30, 2021	<u>\$ 200,193</u>	<u>\$ 238,681</u>	<u>\$ 141,319</u>	<u>\$ 277,282</u>	<u>\$ 65,586</u>	<u>\$ 311,426</u>	<u>\$ -</u>	<u>\$ 1,234,487</u>

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