SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

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MADISON COUNTY, ILLINOIS
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SCHEFFEL
BOYLE
Certified Public Accountants

ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Six Mile Regional Library District
Madison County, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Six Mile Regional Library District (the District), Madison County, Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion on the Governmental Activities

The Six Mile Regional Library District has not capitalized and depreciated its collection of books and materials, which is required to be in accordance with accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board (GASB) Statement No. 34. The effects of that departure on the financial statements are not reasonably determinable.

Qualified Opinion

In our opinion, except for the omission of the District's collection of books and materials as capital assets and the related depreciation as described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Six Mile Regional Library District, Madison County, Illinois, as of June 30, 2019, and the changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of The Six Mile Regional Library District as of June 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the IMRF pension information, presented in Schedules A through E, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Scheffel Boyle

Alton, Illinois

December 13, 2019

EXHIBIT "A"

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS:	
Cash	$ 788,152
Property Taxes Receivable	1,947,427
Settlement Award Receivable	163,382
Prepaid Expenses	14,061
Capital Assets - Nondepreciable	141,000
Capital Assets - Depreciable, Net of Accumulated Depreciation	3,914,242
Total Assets	6,968,264
DEFERRED OUTFLOWS OF RESOURCES:	
Related to Defined Benefit Plan - IMRF	834,986
Total Deferred Outflows of Resources	834,986
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	7,803,250
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES:	
Accounts Payable	35,895
Accrued Payroll	22,189
Current Portion of Long-Term Debt	75,186
Noncurrent Liabilities	
Net Pension Liability - IMRF	741,895
Accumulated Compensated Absences	68,023
Bonds Payable, Net of Current Portion	1,200,177
Total Liabilities	2,143,365
DEFERRED INFLOWS OF RESOURCES:	
Unavailable Revenue	
Property Taxes	2,062,007
Related to Defined Benefit Plan - IMRF	351,937
Total Deferred Inflows of Resources	2,413,944
NET POSITION:	
Net Investment in Capital Assets	2,779,879
Restricted	738,632
Unrestricted	(272,570)
TOTAL NET POSITION	3,245,941
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 7,803,250

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

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses) Revenues and Change in Net Position Primary Government
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities					
Cultural and Recreation	$ 2,433,231	$ 28,155	$ 54,696	$ 9,000	$ (2,341,380)
Interest	38,784				(38,784)
Total Governmental Activities	2,472,015	28,155	54,696	9,000	(2,380,164)
TOTAL PRIMARY GOVERNMENT	$ 2,472,015	$ 28,155	$ 54,696	$ 9,000	(2,380,164)

General Revenues:	
Property Taxes	1,907,129
Payment in Lieu of Taxes	17,418
Settlement Award	161,865
Interest Income	13,755
Memorials/Donations Not Restricted to Specific Programs	2,610
Other Library Revenues	4,183
Miscellaneous	5,318
Total General Revenues and Loss	2,112,278
Change in Net Position	(267,886)
NET POSITION - BEGINNING	3,513,827
NET POSITION - ENDING	$ 3,245,941

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

EXHIBIT "C"

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Retirement Fund	Total Governmental Funds
ASSETS:			
Cash	$ 788,152		$ 788,152
Property Taxes Receivable	1,729,252	$ 218,175	1,947,427
Settlement Award Receivable	163,382		163,382
Prepaid Expenses	14,061		14,061
Due From Other Funds		102,947	102,947
Total Assets	2,694,847	321,122	3,015,969
LIABILITIES:			
Accounts Payable	35,895		35,895
Accrued Payroll	22,189		22,189
Due to Other Funds	102,947		102,947
Total Liabilities	161,031		161,031
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue			
Property Taxes	1,830,996	231,011	2,062,007
FUND BALANCE:			
Nonspendable	14,061		14,061
Restricted	634,460	90,111	724,571
Unassigned	54,299		54,299
Total Fund Balance	702,820	90,111	792,931
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 2,694,847	$ 321,122	$ 3,015,969

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

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS (EXHIBIT "C")	$ 792,931
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of $5,620,971, net of accumulated depreciation of $1,565,729, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,055,242
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds (see Note 5).	(1,343,386)
Some liabilities, including net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. Net pension liability - IMRF	(741,895)
Deferred outflows and inflows of resources related to defined benefit pension are applicable to future periods and, therefore, are not reported in the funds.	483,049
NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT "A")	$ 3,245,941

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

EXHIBIT "E"

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General	Retirement Fund	Total Governmental Funds
REVENUES:			
Taxes			
Property	$ 1,682,912	$ 224,217	$ 1,907,129
Intergovernmental Receipts			
State/Local Grant Income	63,696		63,696
Payment in Lieu of Taxes	17,418		17,418
Settlement Award	161,865		161,865
Library Fees	9,403		9,403
Photocopies	17,013		17,013
Interest Income	13,740	15	13,755
Miscellaneous	5,318		5,318
Other Library Revenues	5,922		5,922
Memorials/Donations	2,610		2,610
Total Revenues	1,979,897	224,232	2,204,129
EXPENDITURES:			
Current			
Cultural and Recreation	1,939,246	187,933	2,127,179
Debt Service	111,855		111,855
Capital Outlay	9,000		9,000
Total Expenditures	2,060,101	187,933	2,248,034
Net Change in Fund Balance	(80,204)	36,299	(43,905)
Fund Balance, Beginning of Year	783,024	53,812	836,836
FUND BALANCE, END OF YEAR	$ 702,820	$ 90,111	$ 792,931

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

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS (EXHIBIT "E")	$ (43,905)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, they are capitalized and depreciated in the statement of activities. This is the amount of capital outlays in the current period.	9,000
Governmental funds report district defined benefit pension contributions as expenditures. However, in the statement of activities, the cost of defined benefit pension benefits earned net of employee contributions is reported as pension expense.	(38,872)
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. Depreciation expense	(276,506)
The repayment of long-term debt is reported as an expenditure when due in the governmental funds but as a reduction of principal outstanding in the statement of activities.	73,071
The changes in compensated absences provide or use current financial resources in the governmental funds but the change increases or decreases long-term liabilities in the statement of net position.	9,326
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT "B")	$ (267,886)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Six Mile Regional Library District (District) are prepared in accordance with U. S. Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a municipal corporation governed by an elected eight-member District Board of Trustees. As required by generally accepted accounting principles, these financial statements present the District (the primary government).

The District has developed criteria to determine whether outside agencies with activities that benefit the District should be included within its financial reporting entity. The criteria for including organizations within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity" and updated in GASB Statement No. 61, is financial accountability. Financial accountability is defined as either 1) appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government or 2) the component unit is fiscally dependent on the primary government and there are potential financial benefits or burdens on the primary government. Based on these criteria, there are no component units in the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information for the District as a whole excluding fiduciary activities of the District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Government-Wide and Fund Financial Statements (cont'd)

1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) operating grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns with composite columns for nonmajor funds in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the District's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Retirement Fund is a special revenue fund used to account for the financial transactions involving retirement obligations of the District.

The District has no business-type activities.

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into three categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Fund Accounting (cont'd)

funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The General Fund, the main operating fund of the District, is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The District has no proprietary funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The District has no fiduciary funds.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned and expenses and deductions are reported when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considered revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

E. Cash and Investments

Cash

The District's cash includes cash on hand, demand deposits, certificates of deposit with an original maturity of three months or less from the date of acquisition, and deposits in public treasurer's investment pools which are recorded at original cost plus accrued interest, which approximates fair value.

Investments

United States government securities are recorded at cost and adjusted by amortization of discount or premium. Time deposits and other deposits with financial institutions which are recorded at original cost plus accrued interest, which approximates fair value. As of June 30, 2019, the District did not hold any items classified as investments.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of a fiscal year are referred to as due to and from other funds.

Property taxes are levied each year by the last Tuesday of December on all real property located in the District. The District levied its property taxes on November 13, 2018 based upon the assessed valuation as of the previous January 1. Property taxes attach as an enforceable lien on property as of January 1. The Madison County Assessor is responsible for the taxes assessed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Receivables and Payables (cont'd)

The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the State. The County Clerk computes the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the County Collector.

Property taxes are collected by the County Collector who remits to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in installments during the following year. The installments are generally due between June and December, and are considered delinquent after the due dates. The District receives a substantial portion of these taxes from July through December. Property taxes attach as an enforceable lien on property as of January 1.

For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Property taxes for 2018 are recorded as a receivable. Property tax revenue in these financial statements is from the 2017 levy.

G. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The District has set a capitalization threshold of $5,000 for fixed assets. The District expenses all books and materials as purchased and does not capitalize such items.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Capital Assets (cont'd)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Machinery and Equipment	5-15 Years
Buildings	50-100 Years
Building Improvements	10-20 Years
Furniture, Fixtures and Equipment	5-10 Years

I. Accumulated Compensated Absences

In the fund financial statements, vested or accumulated vacation and/or sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation and/or sick pay in the government-wide financial statements is recorded as an expense and a liability of those funds as the benefits accrue to employees.

In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

J. Long-Term Obligations

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial statements. Bond premiums and discounts are amortized over the life of the bonds. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuance are reported as other financing uses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Net Position/Fund Balances

Net Position - Governmental Activities

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balances - Governmental Funds

As of June 30, 2019, the fund balances of the governmental funds are classified as follows:

Nonspendable - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District's nonspendable fund balance was $14,061 as of June 30, 2019.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District had a restricted fund balance of $634,460 in the general fund consisting of $542,158 for building and equipment, $82,624 for liability insurance, and $9,678 for audit. The District also had a restricted fund balance of $90,111 in the retirement fund. The District's total restricted fund balance was $724,571 as of June 30, 2019.

Committed - consists of fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action by the District's Board of Trustees, the District's highest level of decision-making authority. The District has no committed fund balance as of June 30, 2019.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Net Position/Fund Balances (cont'd)

Fund Balances - Governmental Funds (cont'd)

Assigned - consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the District's Board of Trustees. The District has no assigned fund balance as of June 30, 2019.

Unassigned - fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the fund. The District's unassigned fund balance was $54,299 as of June 30, 2019.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then committed, assigned and unassigned, in order as needed.

L. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2. CASH AND INVESTMENTS

The District is authorized by state statute to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the United States of America, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The District does not enter into any reverse repurchase agreements.

Investments made by the District, in addition to certificates of deposit, which are collateralized below, consist of participation in the "Illinois Fund," a local government public treasurers' investment pool. This is an investment that is not subject to risk categorization. Investments are stated at fair value. The Illinois Fund is considered to be a 2a7-like-pool that operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pool is not registered with the SEC as an investment company.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is that all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized and the preferred method for safekeeping is to have the securities registered in the District's name and held by a third-party custodian.

At year-end, the carrying amount of the District's deposits totaled $877,585 including petty cash of $1,100, and bank balances totaled $876,485. Of the bank balances, $354,881 was insured by the Federal Deposit Insurance Corporation (FDIC) and $521,604 was covered by pledged collateral, which was held in the District's name, and, therefore, there were no amounts that were uninsured or uncollateralized at June 30, 2019.

NOTE 2. CASH AND INVESTMENTS (CONT'D)

Custodial Credit Risk – Illinois Funds

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. It is the District's policy to minimize this risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District does business.

At June 30, 2019 the District had the following:

External Investment Pool	
Illinois Funds	$ 522,604

Reconciliation to the financial statements:

Primary Government

	Deposits	Illinois Funds	Total
Exhibit "A"			
Cash	$ 265,548	$ 522,604	$ 788,152

Interest Rate Risk

The District's investment policy seeks to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operation, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities.

NOTE 6. OPERATING LEASES

The District leases three copiers. Two copiers are leased for 60 months for $315 per month through May 2020, and a third copier is leased for 60 months for $315 per month through May 2022. The rental expense for the year ended June 30, 2019 is $5,400.

The District also entered into a software subscription agreement for 36 months for $425 per month through November 2018. The expense for the year ended June 30, 2019 is $2,125.

The future minimum lease payments for the above operating leases are as follows:

Fiscal Year Ending	Copiers
6/30/2020	$ 4,770
6/30/2021	1,620
6/30/2022	1,350
	$ 7,740

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-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).

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Benefits Provided (cont'd)

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 8 years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 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 10 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 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 10 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.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	17
Active Plan Members	33
Total	75

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.50% 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 District's annual required contribution rate for calendar year 2018 was 10.14%. For the fiscal year ended June 30, 2019, the District contributed $103,108 to the plan. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality 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 adjustment 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.
Other Information:	
Notes	There were no benefit changes during the year.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Actuarial Assumptions (cont'd)

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2018 Illinois Municipal Retirement Fund annual actuarial valuation report.

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

			Projected Returns/Risk	
Asset Class	Target Allocation	Return 12/31/2018	One Year Arithmetic	Ten Year Geometric
Equities	37.00%	-6.08%	8.50%	7.15%
International Equities	18.00%	-14.16%	9.20%	7.25%
Fixed Income	28.00%	-0.28%	3.75%	3.75%
Real Estate	9.00%	8.36%	7.30%	6.25%
Alternatives	7.00%			
Private Equity		N/A	12.40%	8.50%
Hedge Funds		N/A	5.75%	5.50%
Commodities		N/A	4.75%	3.20%
Cash Equivalents	1.00%	N/A	2.50%	2.50%
Total	100.00%			

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. 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:

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Single Discount Rate (cont'd)

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 the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2017	$ 4,487,328	$ 4,407,057	$ 80,271
Changes for the year:			
Service Cost	108,971		108,971
Interest	331,745		331,745
Difference between expected and actual experience	91,666		91,666
Changes in assumptions	134,351		134,351
Contributions-employees		51,268	(51,268)
Contributions- employer		112,759	(112,759)
Net investment income		(259,581)	259,581
Benefit payments including refunds of employee contributions	(237,095)	(237,095)	0
Other (Net Transfer)		100,663	(100,663)
Net Changes	429,638	(231,986)	661,624
Balance, December 31, 2018	$ 4,916,966	$ 4,175,071	$ 741,895

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

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:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.25%	$ 1,346,011
Current discount rate	7.25%	741,895
1% increase	8.25%	238,849

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the District recognized pension expense of $141,979. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$140,151	$ 1,378
Changes of assumptions	114,537	95,065
Net difference between projected and actual earnings on Plan investments	535,142	255,494
Contributions after Measurement Date	45,157	
Total	$834,987	$351,937

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (cont'd)

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

Year ending December 31,	
2019	$ 180,739
2020	70,515
2021	65,027
2022	162,452
2023	4,317
Thereafter	0
Total	$ 483,050

NOTE 8. OTHER NOTE DISCLOSURES

A. Social Security

Employees not qualifying under the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid $68,748, the total required contribution for the current fiscal year.

B. Risk Management - Claims and Judgments

Description

Losses are covered by commercial insurance for the District's workers' compensation, property, and general liability, and treasurer's bond insurance coverage. There have been no significant reductions in coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

C. Deficit Fund Balances of Individual Funds

At June 30, 2019, the District had no funds with a deficit fund balance.

NOTE 8. OTHER NOTE DISCLOSURES (CONT'D)

D. Tort Expenditures

The District levies for liability insurance, a restricted levy, as follows:

Liability Insurance - Restricted Fund Balance - June 30, 2018	$	86,092
2017 Levy Collected in 2018		316,157
Risk Management Expenses		(319,625)
Liability Insurance - Restricted Fund Balance - June 30, 2019	$	82,624

E. Legal Debt Margin

The computation of legal debt margin at June 30, 2019 is as follows:

ASSESSED VALUATION - 2018 Tax Year	$	438,351,893
Debt Limit - 8.625% of Assessed Value		37,807,851
Total Debt		1,275,363
LEGAL DEBT MARGIN	$	36,532,488

F. Contingencies

The District has received funding from state and federal grants in the current and prior years, which are subject to audits by the granting agencies. The District believes any adjustments that may arise from these audits will be insignificant to District operations.

As of June 30, 2019, the District was no longer involved in any ongoing litigation. The litigation with multiple parties related to the elevator installation during fiscal year June 30, 2014 received a judgement in the current year, awarding the District a settlement of $159,465 plus $2,400 in costs for a total of $161,865. The settlement award was paid to the District in August of 2019, subsequent to year end.

NOTE 8. OTHER NOTE DISCLOSURES (CONT'D)

G. Other Post Employment benefits

The GASB has issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The District currently offers two post-employment benefits to retirees. Those benefits are 1) continuation of participation in the System's health insurance plan as required by law for a period of 18 months (COBRA coverage) and 2) retiree continuation of health insurance coverage on the District's plan beyond the COBRA period. In relation to both of these benefits, the retiree pays 100% of their own premium cost. As of June 30, 2019, no retirees were covered under COBRA coverage and no retirees were currently participating in the health insurance coverage. Due to the limited number of participants in the plan, and the insignificance of the cost incurred by the District, no Other Post Employment Benefit's liability has been recorded as of June 30, 2019.

H. Subsequent Events

Management has evaluated subsequent events through the date of this report, the date on which the financial statements were available to be issued.

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL GENERAL AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund			Retirement Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Property Taxes	$ 1,887,471	$ 1,887,471	$ 1,682,912	$ 230,682	$ 230,682	$ 224,217
Settlement Award			161,865			
Payments in Lieu of Taxes			17,418			
Grant Income	54,700	54,700	63,696			
Library Fees	11,250	11,250	9,403			
Photocopies	19,700	19,700	17,013			
Interest Income	5,000	5,000	13,740			15
Miscellaneous Income	27,363	27,363	5,318			
Memorials/Donations	100	100	2,610			
Other Library Revenues			5,922			
Total Revenues	2,005,584	2,005,584	1,979,897	230,682	230,682	224,232
EXPENDITURES:	$ 2,114,383	$ 2,114,383		$ 233,738	$ 433,738	
Salaries			$ 1,115,256			
Contract Labor			3,614			
Retirement						$ 187,933
Group Insurance			192,031			
Unemployment Taxes			2,061			
Workers' Compensation			5,266			
Insurance			13,520			
Legal and Accounting			273,365			
Auditing			5,400			
Building Repair			13,329			
Custodial and Grounds Supply			197			
Dues			6,540			
Library Supplies			15,685			
Postage			3,921			
Printing			18,143			
Continuing Education/Travel			15,139			
Programming			14,490			
Rental/Service Agreements			47,370			
Telephone			14,701			

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund			Retirement Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
EXPENDITURES (CONT'D):						
Utilities			$ 29,659			
Vehicle Operation			1,306			
Vehicle Repair			1,021			
Miscellaneous			3,383			
Contingencies			2,069			
Automation			22,245			
Waste Removal			3,517			
Adult Books			36,593			
Juvenile Books			7,963			
Periodicals			9,063			
Audio Visual			12,724			
Technology			6,902			
Databases			38,225			
Other Library Expenditures			3,447			
Library Material Fines			1,101			
Capital Expenditures			9,000			
Debt Service			111,855			
Total Expenditures	2,114,383	2,114,383	2,060,101	233,738	433,738	187,933
Net Change in Fund Balance	$ (108,799)	$ (108,799)	(80,204)	$ (3,056)	$ (203,056)	36,299
Fund Balance, Beginning of Year			783,024			53,812
FUND BALANCE, END OF YEAR			$ 702,820			$ 90,111

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1. LEGAL COMPLIANCE AND ACCOUNTABILITY

The District followed these procedures in establishing the budgetary data reported in the financial statements for the year ended June 30, 2019:

1. The Library Director submits a tentative budget to the Library Board of Trustees for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and all special revenue funds.

2. A public hearing is conducted to obtain taxpayers comments.

3. Prior to October 31, the appropriation is legally enacted through passage of an ordinance.

4. Operating budgets are used as a management control device during the year.

5. Amendments to the appropriation ordinance that affect transfers of amounts between expense categories must be approved by the Library Board of Trustees.

6. Supplements to the appropriation ordinance which alter the total expenditures of a fund must also be approved by the Library Board of Trustees. Unexpended appropriations lapse at year-end. The District amended their budget for the year ended June 30, 2019 on September 23, 2019.

No funds had actual expenditures in excess of budgeted expenditures for the fiscal year ended June 30, 2019:

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
JUNE 30, 2019

Calendar Year Ending December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	$ 108,971	$ 102,273	$ 114,532	$ 109,501	$ 116,669
Interest on the Total Pension Liability	331,745	321,784	308,412	291,695	260,861
Benefit Changes					
Difference Between Expected and Actual Experience	91,666	92,412	(3,205)	39,992	56,578
Assumption Changes	134,351	(151,194)	(9,850)	4,821	182,816
Benefit Payments and Refunds	(237,095)	(234,525)	(238,394)	(201,281)	(192,773)
Net Change in Total Pension Liability	429,638	130,750	171,495	244,728	424,151
Total Pension Liability - Beginning	4,487,328	4,356,578	4,185,083	3,940,355	3,516,204
Total Pension Liability - Ending (a)	$ 4,916,966	$ 4,487,328	$ 4,356,578	$ 4,185,083	$ 3,940,355
Plan Fiduciary Net Position					
Employer Contributions	$ 112,759	$ 110,051	$ 113,412	$ 105,805	$ 117,143
Employee Contributions	51,268	47,618	46,950	45,087	44,431
Pension Plan Net Investment Income	(259,581)	709,736	245,526	18,195	210,269
Benefit Payments and Refunds	(237,095)	(234,525)	(238,394)	(201,281)	(192,773)
Other	100,663	(99,496)	48,010	26,118	22,542
Net Change in Plan Fiduciary Net Position	(231,986)	533,384	215,504	(6,076)	201,612
Plan Fiduciary Net Position - Beginning	4,407,057	3,873,673	3,658,169	3,664,245	3,462,633
Plan Fiduciary Net Position - Ending (b)	$ 4,175,071	$ 4,407,057	$ 3,873,673	$ 3,658,169	$ 3,664,245
Net Pension Liability/(Asset) - Ending (a)-(b)	$ 741,895	$ 80,271	$ 482,905	$ 526,914	$ 276,110
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.91%	98.21%	88.92%	87.41%	92.99%
Covered Valuation Payroll	$ 1,112,027	$ 1,058,184	$ 1,043,339	$ 1,001,936	$ 987,354
Net Pension Liability as a Percentage of Covered Valuation Payroll	66.72%	7.59%	46.28%	52.59%	27.96%

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST 10 CALENDAR YEARS
(SCHEDULE TO BE BUILT PROSPECTIVELY FROM 2014)
JUNE 30, 2019

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2018	$ 112,760	$ 112,759	$ 1	$ 1,112,027	10.14%
2017	110,051	110,051	0	1,058,184	10.40%
2016	113,411	113,412	(1)	1,043,339	10.87%
2015	105,804	105,805	(1)	1,001,936	10.56%
2014	106,942	117,143	(10,201)	971,319	12.06%

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE*
JUNE 30, 2019

Valuation Date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 25-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (three employers were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with

SIX MILE REGIONAL LIBRARY DISTRICT
MADISON COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE*
JUNE 30, 2019

Mortality (cont'd)	adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes	There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

SIX MILE REGIONAL LIBRARY DISTRICT
AUDIT REPORT PRESENTATION
JUNE 30, 2019

Audit Report Page Reference	
1-3	Independent Auditor's Report - our opinion is unmodified, with the exception for the qualification on the Governmental Activities related to the fact that district has not capitalized and depreciated its collection of books and materials, which is required to be in accordance with accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board (GASB) Statement No. 34. The remaining statements have an unmodified opinion, which indicates the financial statements are presented fairly in all material respects.

4-5 Government - Wide Financial Statements (GASB 34) -

Net Position, Beginning of Year	$ 3,513,827
Change in Net Position	(267,886)
Net Position, End of Year	$ 3,245,941

8 Statement of Revenues, Expenditures, and Changes in Fund Balance -

	2019	2018	Change
General Fund			
Revenues	$ 1,979,897	$ 1,855,836	$ 124,061
Expenditures	2,060,101	2,304,196	244,095
Net Change In Fund Balance	$ (80,204)	$ (448,360)	$ 368,156
Retirement Fund			
Revenues	$ 224,232	$ 226,635	$ (2,403)
Expenditures	187,933	195,456	7,523
Net Change In Fund Balance	$ 36,299	$ 31,179	$ 5,120

22 Note 5 - Changes in Long-Term Debt

24-29 Note 7 - Defined Benefit Pension Plan

33-34 Budget to Actual (Major Funds)

SAS 115 Letter

SAS 114 Letter

Management Letter

SCHEFFEL
BOYLE
Certified Public Accountants

ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

December 13, 2019

Board of Trustees
Six Mile Regional Library District
Madison County, Illinois

We have audited the financial statements of the governmental activities and each major fund of the Six Mile Regional Library District, Madison County, Illinois for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 22, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Six Mile Regional Library District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the government-wide financial statements were:

> Management's estimate of useful lives for the calculation of the depreciation expense. We evaluated the key factors and assumptions used to develop this accounting estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Illinois Municipal Retirement Fund actuarial estimates of investment rate of return, rate of salary increase and rate of inflation used in determining net pension liability were based on actuarial methods and assumptions adopted by each pension plan. We evaluated the assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of long-term debt in Note 5 to the financial statements.

The disclosure of the pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension of the Illinois Municipal Retirement Fund in Note 7 to the financial statements.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. All of the material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Six Mile Regional Library District and is not intended to be and should not be used by anyone other than these specified parties.

Scheffel Boyle

Alton, Illinois

SCHEFFEL
BOYLE
Certified Public Accountants

ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

December 13, 2019

Board of Trustees
Six Mile Regional Library District
Madison County, Illinois

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Six Mile Regional Library District, Madison County, Illinois, as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Six Mile Regional Library District's internal control to be significant deficiencies:

- Although the District reviews and takes responsibility for the financial statements, the District lacks the resources to research, study and apply all the new accounting statements, standards, revisions and regulations needed to prepare the District's year-end financial statements including formatting notes and exhibits in accordance with accounting principles generally accepted in the United States of America.

The District does not make all journal entries required by accounting principles generally accepted in the United States of America and, therefore, cannot ensure all transactions are recorded properly.

The District lacks the resources to provide sufficient segregation of duties with regard to the functions of cash receipts and disbursements.

This communication is intended solely for the information and use of management, the Board of Trustees and others within the Six Mile Regional Library District, and is not intended to be and should not be used by anyone other than these specified parties.

Schuffel Boyle

Alton, Illinois

SCHEFFEL
BOYLE
Certified Public Accountants

ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

December 13, 2019

To Management of the
Six Mile Regional Library District

In planning and performing our audit of the financial statements of the Six Mile Regional Library District (the District), Madison County, Illinois as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following conditions in this letter summarizes our comments and suggestions regarding this matter. (A separate report dated December 13, 2019, contains our report on significant deficiencies and material weaknesses in the District's internal control.). This letter does not affect our report dated December 13, 2019 on the financial statements of the Six Mile Regional Library District.

Condition #1

We noted that the signature stamp of the board member needed to properly approve disbursements was in the custody of the accountant who enters each disbursement into the system, prints checks, and prepares monthly bank reconciliations. Disbursements should have at least dual signatures as an appropriate internal control, and when these signatures are applied by stamps which are in the custody of a single person, the control is not functioning properly and reliable. We recommend that each stamp is kept in the custody of the corresponding signor.

Condition #2

During testing, we observed multiple employee's timesheets that were missing the approval of the department manager. We recommend that each department manager signs off on every timesheet without exception in order for the control over payroll to function properly.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with Stacy Bond, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of the Board of Trustees and management of the Six Mile Regional Library District and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to thank management for their consideration and cooperation during our audit. If you should have any questions or need any additional assistance, please feel free to call us at any time.

Schaffel Boyle
Alton, Illinois