

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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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, 2020, 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.

## **Opinion**

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, 2020, 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.



Alton, Illinois

December 28, 2020

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

		<u>Governmental Activities</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
ASSETS:		
Cash	\$	1,084,451
Property Taxes Receivable		1,951,784
Prepaid Expenses		11,767
Restricted Assets - Cash		25,000
Capital Assets - Nondepreciable		141,000
Capital Assets - Depreciable, Net of Accumulated Depreciation		4,114,631
Total Assets		7,328,633
DEFERRED OUTFLOWS OF RESOURCES:		
Related to Defined Benefit Plan - IMRF		617,557
Total Deferred Outflows of Resources		617,557
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		7,946,190
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
LIABILITIES:		
Accounts Payable		31,889
Accrued Payroll		30,486
Current Portion of Long-Term Debt		77,542
Noncurrent Liabilities		
Net Pension Liability - IMRF		254,858
Accumulated Compensated Absences		90,917
Bonds Payable, Net of Current Portion		1,122,601
Total Liabilities		1,608,293
DEFERRED INFLOWS OF RESOURCES:		
Deferred Property Taxes		2,037,571
Related to Defined Benefit Plan - IMRF		639,779
Total Deferred Inflows of Resources		2,677,350
NET POSITION:		
Net Investment in Capital Assets		3,055,488
Restricted - Expendable		
Retirement		125,282
Audit		9,395
Building and Equipment		508,513
Liability Insurance		154,536
Restricted - Nonexpendable		
Prepaid Expenses		11,767
Permanent Endowment		25,000
Unrestricted		(229,434)
TOTAL NET POSITION		3,660,547
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$	7,946,190

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, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	Primary Government
PRIMARY GOVERNMENT:					Governmental Activities
Governmental Activities					
Cultural and Recreation	\$ 2,313,484	\$ 19,117	\$ 54,696	\$ 11,041	\$ (2,228,630)
Interest	36,636				(36,636)
Total Governmental Activities	2,350,120	19,117	54,696	11,041	(2,265,266)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,350,120</b>	<b>\$ 19,117</b>	<b>\$ 54,696</b>	<b>\$ 11,041</b>	<b>(2,265,266)</b>
General Revenues:					
Property Taxes					2,050,292
Payment in Lieu of Taxes					119,353
Interest Income					10,591
Memorials/Donations Not Restricted to Specific Programs					3,808
Other Library Revenues					3,414
Miscellaneous					5,342
Contributions to Permanent Funds					25,000
Total General Revenues, Contributions, and Loss					2,217,800
Change in Net Position					(47,466)
NET POSITION - BEGINNING, AS PREVIOUSLY STATED					3,245,941
PRIOR PERIOD ADJUSTMENT					462,072
NET POSITION - BEGINNING, RESTATED					3,708,013
NET POSITION - ENDING					\$ 3,660,547

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

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Special Revenue Fund Retirement Fund	Permanent Fund Helen R. Kuenstler Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash	\$ 1,084,451			\$ 1,084,451
Restricted Cash			\$ 25,000	25,000
Property Taxes Receivable	1,727,894	\$ 223,890		1,951,784
Prepaid Expenses	11,767			11,767
Due From Other Funds		135,123		135,123
Total Assets	<u>2,824,112</u>	<u>359,013</u>	<u>25,000</u>	<u>3,208,125</u>
<b>LIABILITIES:</b>				
Accounts Payable	31,889			31,889
Accrued Payroll	30,486			30,486
Due to Other Funds	135,123			135,123
Total Liabilities	<u>197,498</u>			<u>197,498</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue Property Taxes	<u>1,803,840</u>	<u>233,731</u>		<u>2,037,571</u>
<b>FUND BALANCE:</b>				
Nonspendable	11,767		25,000	36,767
Restricted	672,444	125,282		797,726
Unassigned	138,563			138,563
Total Fund Balance	<u>822,774</u>	<u>125,282</u>	<u>25,000</u>	<u>973,056</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 2,824,112</u>	<u>\$ 359,013</u>	<u>\$ 25,000</u>	<u>\$ 3,208,125</u>

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, 2020

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS (EXHIBIT "C")	\$ 973,056
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$6,613,336, net of accumulated depreciation of \$2,357,705 used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,255,631
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds (see Note 5).	(1,291,060)
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	(254,858)
Deferred outflows and inflows of resources related to defined benefit pension are applicable to future periods and, therefore, are not reported in the funds.	<u>(22,222)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT "A")	<u>\$ 3,660,547</u>

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

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund Retirement Fund	Permanent Fund Helen R. Kuenstler Fund	Total Governmental Funds
REVENUES:				
Taxes				
Property	\$ 1,820,594	\$ 229,698		\$ 2,050,292
Intergovernmental Receipts				
State/Local Grant Income	65,737			65,737
Payment in Lieu of Taxes	119,353			119,353
Library Fees	5,537			5,537
Photocopies	12,078			12,078
Interest Income	10,587	4		10,591
Miscellaneous	5,342			5,342
Other Library Revenues	4,916			4,916
Memorials/Donations	3,808		\$ 25,000	28,808
Total Revenues	<u>2,047,952</u>	<u>229,702</u>	<u>25,000</u>	<u>2,302,654</u>
EXPENDITURES:				
Current				
Cultural and Recreation	1,703,717	194,531		1,898,248
Debt Service	111,856			111,856
Capital Outlay	112,425			112,425
Total Expenditures	<u>1,927,998</u>	<u>194,531</u>		<u>2,122,529</u>
Net Change in Fund Balance	119,954	35,171	25,000	180,125
Fund Balance, Beginning of Year	<u>702,820</u>	<u>90,111</u>		<u>792,931</u>
FUND BALANCE, END OF YEAR	<u>\$ 822,774</u>	<u>\$ 125,282</u>	<u>\$ 25,000</u>	<u>\$ 973,056</u>

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, 2020

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS (EXHIBIT "E")	\$ 180,125
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.	112,425
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.	(18,234)
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	(374,108)
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.	75,220
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.	<u>(22,894)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT "B")	<u>\$ (47,466)</u>

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

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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:

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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 Helen R. Kuenstler Fund is a permanent fund used to account for the permanent endowment and related investment income of the fund.

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 funds), the acquisition or construction of general fixed assets (capital projects funds), the

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

C. Fund Accounting (cont'd)

servicing of general long-term debt (debt service funds) and the holding of resources that cannot be expended (permanent 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

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2020, the District held \$25,000 for future investment but had not yet formally been invested. This has been presented as restricted cash on the Statement of Net Position. This money will be part of an investment in the next fiscal year. The District did not hold any other 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 12, 2019 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.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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 2019 are recorded as a receivable. Property tax revenue in these financial statements is from the 2018 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.



SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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
Collections	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.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2020, 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 had a nonspendable fund balance of 11,767 in the general fund consisting of prepaid expenses. The District also had a nonspendable fund balance of 25,000 in the permanent fund consisting of a permanent endowment. The District's total nonspendable fund balance was 36,767 as of June 30, 2020.

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 \$672,444 in the general fund consisting of \$508,513 for building and equipment, \$154,536 for liability insurance, and \$9,395 for audit. The District also had a restricted fund balance of \$125,282 in the retirement fund. The District's total restricted fund balance was \$797,726 as of June 30, 2020.

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, 2020.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2020.

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 \$138,563, within the General Fund as of June 30, 2020.

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.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
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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 cash totaled \$1,109,451 including petty cash of \$1,100, and bank balances totaled \$1,114,703. Of the bank balances, \$443,427 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$671,276 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, 2020.

SIX MILE REGIONAL LIBRARY DISTRICT  
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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, 2020 the District had the following:

External Investment Pool	
Illinois Funds	<u>\$ 538,176</u>

Reconciliation to the financial statements:

Primary Government

	<u>Deposits</u>	<u>Illinois Funds</u>	<u>Total</u>
Exhibit "A"			
Cash	<u>\$ 571,275</u>	<u>\$ 538,176</u>	<u>\$ 1,109,451</u>

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.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
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NOTE 2. CASH AND INVESTMENTS (CONT'D)

Credit Risk

State law limits investments in commercial paper, corporate bonds and money market mutual funds to the top two ratings, issued by nationally recognized statistical rating organizations. The District's investment policy does not place further limits on its investment choices. As of June 30, 2020 the District's investments in the external investment pool was rated AAA by Standard & Poor's.

Concentration of Credit Risk

More than 5% of the District's deposits are in the external investment pool.

NOTE 3. INTERFUND RECEIVABLES/PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Due From</u>	<u>Due To</u>
Primary Government	
	<u>Governmental Activities</u>
	<u>Major Governmental Funds</u>
	<u>Retirement</u>
Governmental Activities	
Major Governmental Funds	
General	<u>\$ 135,123</u>

Interfund balances are the result of temporary loans and/or reimbursements for services provided.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
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JUNE 30, 2020

NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 141,000			\$ 141,000
Capital Assets Being Depreciated				
Buildings and Improvements	5,060,675	\$ 40,781		5,101,456
Furniture, Fixtures and Equipment	419,296			419,296
Collections	996,857	71,644	\$(116,917)	951,584
Total Capital Assets Being Depreciated	<u>6,476,828</u>	<u>112,425</u>	<u>(116,917)</u>	<u>6,472,336</u>
Less Accumulated Depreciation for				
Buildings and Improvements	1,382,216	233,333		1,615,549
Furniture, Fixtures and Equipment	183,513	43,236		226,749
Collections	534,785	97,539	(116,917)	515,407
Total Accumulated Depreciation	<u>2,100,514</u>	<u>374,108</u>	<u>(116,917)</u>	<u>2,357,705</u>
Total Capital Assets Being Depreciated, Net	<u>4,376,314</u>	<u>(261,683)</u>	<u>0</u>	<u>4,114,631</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$4,517,314</u>	<u>\$(261,683)</u>	<u>\$ 0</u>	<u>\$4,255,631</u>

Depreciation expense is charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
Culture and Recreation	<u>\$ 374,108</u>
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u>\$ 374,108</u>

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

<u>Description and Purpose</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Primary Government					
<u>Governmental Activities</u>					
General Fund					
Accumulated Compensated					
Absences	\$ 68,023	\$22,894		\$ 90,917	
Direct Borrowings					
G.O. Bonds Series 2013	<u>1,275,363</u>		<u>\$75,220</u>	<u>1,200,143</u>	<u>\$77,542</u>
Total Government Activities	<u>\$1,343,386</u>	<u>\$22,894</u>	<u>\$75,220</u>	<u>\$1,291,060</u>	<u>\$77,542</u>

Accumulated Compensated Absences

All employees of the District can accumulate vacation and sick days. This amount represents the liability for the District for accumulated vacation and sick days as of June 30, 2020.

Direct Borrowings - G.O. Bonds Series 2013

During fiscal year 2018, the District issued \$1,680,000 of general obligation bonds, series 2013 to help pay for renovations to the District's main library facility. The bonds bear interest at 2.95% and are payable in monthly installments of \$9,321 through May 2033. The debt service for the bonds is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 77,542	\$ 34,313	\$ 111,855
2022	79,807	32,048	111,855
2023	82,194	29,661	111,855
2024	84,611	27,244	111,855
2025	87,220	24,635	111,855
2026-2030	476,608	82,668	559,276
2031-2034	<u>312,161</u>	<u>14,035</u>	<u>326,196</u>
	<u>\$1,200,143</u>	<u>\$244,604</u>	<u>\$1,444,747</u>



SIX MILE REGIONAL LIBRARY DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6. OPERATING LEASES

The District leases three copiers. Two copiers are leased for 60 months for \$300 per month through July 2025, and a third copier is leased for 60 months for \$135 per month through May 2022. The rental expense for the year ended June 30, 2020 is \$5,220.

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

<u>Fiscal Year</u>	<u>Copiers</u>
<u>Ending</u>	
6/30/2021	\$ 5,220
6/30/2022	5,220
6/30/2023	3,600
6/30/2024	3,600
6/30/2025	<u>3,600</u>
	<u>\$ 21,240</u>

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](http://www.imrf.org).

Benefits Provided

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

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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.

SIX MILE REGIONAL LIBRARY DISTRICT  
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NOTE 7. DEFINED BENEFIT PENSION PLAN (CONT'D)

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	20
Active Plan Members	<u>36</u>
Total	<u>81</u>

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 2019 was 12.06%. For the fiscal year ended June 30, 2020, the District contributed \$107,084 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2019:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.50%
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 2014-2016.
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

**Other Information:  
Notes**

There were no benefit changes during the year.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2019 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, 2019:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Return 12/31/2019</b>	<b>Projected Returns/Risk</b>	
			<b>One Year Arithmetic</b>	<b>Ten Year Geometric</b>
Equities	37.00%	29.23%	7.05%	5.75%
International Equities	18.00%	23.76%	8.10%	6.50%
Fixed Income	28.00%	9.50%	3.70%	3.25%
Real Estate	9.00%	9.78%	6.35%	5.20%
Alternatives	7.00%			
Private Equity		N/A	11.30%	7.60%
Hedge Funds		N/A	N/A	N/A
Commodities		N/A	4.65%	3.60%
Cash Equivalents	1.00%	4%	1.85%	1.85%
<b>Total</b>	<b>100.00%</b>			

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:

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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 (to the extent that the plan's 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 plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, 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, 2018	\$4,916,966	\$ 4,175,071	\$ 741,895
Changes for the year:			
Service Cost	111,156		111,156
Interest	351,110		351,110
Difference between expected and actual experience	29,113		29,113
Contributions-employees		93,617	(93,617)
Contributions- employer		50,695	(50,695)
Net investment income		806,608	(806,608)
Benefit payments including refunds of employee contributions	(259,284)	(259,284)	-
Other (Net Transfer)		27,496	(27,496)
Net Changes	<u>232,095</u>	<u>719,132</u>	<u>(487,037)</u>
Balance, December 31, 2019	<u>\$5,149,061</u>	<u>\$ 4,894,203</u>	<u>\$ 254,858</u>

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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:

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.25%	\$ 886,438
Current discount rate	7.25%	254,858
1% increase	8.25%	(270,504)

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

For the year ended June 30, 2020, the District recognized pension expense of \$ 125,320 . At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 116,873	\$ 769
Changes of assumptions	81,828	63,012
Net difference between projected and actual earnings	360,230	575,998
Contributions after Measurement Date	58,626	
	<u>\$617,557</u>	<u>\$639,779</u>

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,	
2020	\$ 34,327
2021	(29,787)
2022	67,638
2023	(94,400)
2024	0
Thereafter	0
Total	<u>\$ (22,222)</u>

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 8. PRIOR PERIOD ADJUSTMENT

Information from the June 30, 2019 financial statements has been restated. In a prior year, the District’s collections consisting of books and other library materials were not capitalized and depreciated on the government-wide financial statements. A beginning and ending value for the District’s collections was obtained in the current fiscal year. The June 30, 2019 amount recorded is the cost of collections for fiscal years 2010 – 2019 net of accumulated depreciation. Adjustments have been made to the June 30, 2019 financial statements to reflect the change.

The restatements of the prior period numbers had the following effect on the fund balances as follows:

		<u>AS PREVIOUSLY STATED ON 6/30/19</u>	<u>ADJUSTMENT</u>		<u>6/30/2019 RESTATED</u>
Net Position	\$	3,245,941	\$ 462,072	\$	3,708,013

NOTE 9. 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 \$70,872, 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, 2020, the District had no funds with a deficit fund balance.



SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 9. 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, 2019	\$ 82,624
2018 Levy Collected in 2019	433,256
Risk Management Expenses	(361,344)
	<hr/>
Liability Insurance - Restricted Fund Balance - June 30, 2020	<u>\$ 154,536</u>

E. Legal Debt Margin

The computation of legal debt margin at June 30, 2020 is as follows:

ASSESSED VALUATION - 2019 Tax Year	<u>\$ 452,090,372</u>
Debt Limit - 8.625% of Assessed Value	38,992,795
Total Debt	<u>1,200,143</u>
LEGAL DEBT MARGIN	<u>\$ 37,792,652</u>

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.

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, 2020, 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, 2020.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 9. OTHER NOTE DISCLOSURES (CONT'D)

H. Permanent Endowment

The District began receiving a permanent endowment from the Helen R. Kuentler Revocable Trust. The trust provided for a gift to the organization of 20% of the balance after certain other expenses were paid. The value of the trust as of May 31, 2019 was approximately 3,900,000. The gift is to be held in perpetuity by Six Mile Regional Library District as long as its in existence. Income and net appreciation from the gift will be used for the purchase of books or any form of reading materials that are substitutes for books, including, but not limited to, electronic books. \$25,000 of the total amount was received in June 2020 and included as restricted cash as of June 30, 2020. As of June 30, 2020, no income had been generated from the endowment.

I. New Accounting Pronouncements

Effective July 1, 2019, the District adopted the provisions of GASB Statement No. 83, Certain Asset Retirement Obligations, and GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (“AROs”). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB Statement No. 83. The implementation of GASB Statement No. 83 had no impact on the financial statements of the District for the year ended June 30, 2020.

The objective of GASB Statement No. 88 is to improve the information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The implementation of GASB Statement No. 88 resulted in minor changes to the long-term debt disclosures for the year ended June 30, 2020.

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 9. OTHER NOTE DISCLOSURES (CONT'D)

J. 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.

In May of 2020, Six Mile Regional Library District was notified it was to receive a gift in the form of a permanent endowment from the Helen R. Kuentler Revocable Trust. The amount of the gift is \$781,291. As of June 30, 2020, the District had only received \$25,000 of the total amount. The remaining balance, \$756,291, will be received in fiscal year 2021. The endowment will begin generating investment income for the District during fiscal year 2021.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. The resulting restrictions on travel and quarantines imposed have had a negative impact on the U.S. Economy and business activity globally, the full impact of which is not yet known and may result in an adverse impact on the District's assets and operating results.

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, 2020

	General Fund			Retirement Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Property Taxes	\$ 1,835,603	\$ 1,835,603	\$ 1,820,594	\$ 230,682	\$ 230,682	\$ 229,698
Payments in Lieu of Taxes			119,353			
Grant Income	64,550	64,550	65,737			
Library Fees	9,000	9,000	5,537			
Photocopies	17,112	17,112	12,078			
Interest Income	10,200	10,200	10,587			4
Miscellaneous Income	10,390	10,390	5,342			
Memorials/Donations	4,700	4,700	3,808			
Other Library Revenues	10,256	10,256	4,916			
Total Revenues	<u>1,961,811</u>	<u>1,961,811</u>	<u>2,047,952</u>	<u>230,682</u>	<u>230,682</u>	<u>229,702</u>
EXPENDITURES:						
Salaries	\$ 1,170,977	\$ 1,170,977	\$ 1,158,430			
Contract Labor			3,968			
Retirement				\$ 231,515	\$ 231,515	\$ 194,531
Group Insurance	206,130	206,130	203,037			
Unemployment Taxes	2,300	2,300	2,600			
Workers' Compensation	5,390	5,390	4,859			
Insurance	19,918	19,918	17,433			
Legal and Accounting	77,000	77,000	11,183			
Auditing	6,000	6,000	5,950			
Building Repair	13,870	13,870	10,675			
Custodial and Grounds Supply	300	300	311			
Dues	9,800	9,800	5,368			
Library Supplies	12,790	12,790	16,796			
Postage	4,000	4,000	3,650			
Printing	14,320	14,320	10,616			
Continuing Education/Travel	42,591	42,591	27,773			
Programming	19,000	19,000	9,274			
Rental/Service Agreements	111,415	111,415	97,006			
Telephone	12,840	12,840	11,934			

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, 2020

	General Fund			Retirement Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
EXPENDITURES (CONT'D):						
Utilities	\$ 30,276	\$ 30,276	\$ 26,351			
Vehicle Operation	1,061	1,061	1,148			
Vehicle Repair	800	800	2,417			
Miscellaneous	4,220	4,220	1,747			
Contingencies	3,000	3,000	6,995			
Automation	22,604	22,604	22,604			
Waste Removal	3,216	3,216	3,302			
Adult Books	43,682	43,682	36,517			
Juvenile Books	15,418	15,418	7,776			
Periodicals	8,978	8,978	9,319			
Audio Visual	19,250	19,250	9,145			
Microforms	22,300	22,300	25,881			
Technology	10,600	10,600	5,507			
Databases	42,249	42,249	51,789			
Other Library Expenditures	3,229	3,229	3,626			
Library Material Fines	1,600	1,600	1,155			
Capital Outlay	9,854	9,854				
Debt Service	111,856	111,856	111,856			
Total Expenditures	<u>2,082,834</u>	<u>2,082,834</u>	<u>1,927,998</u>	<u>231,515</u>	<u>231,515</u>	<u>194,531</u>
Net Change in Fund Balance	<u>\$ (121,024)</u>	<u>\$ (121,024)</u>	119,954	<u>\$ (833)</u>	<u>\$ (833)</u>	35,171
Fund Balance, Beginning of Year			<u>702,820</u>			<u>90,111</u>
FUND BALANCE, END OF YEAR			<u>\$ 822,774</u>			<u>\$ 125,282</u>

SIX MILE REGIONAL LIBRARY DISTRICT  
MADISON COUNTY, ILLINOIS  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020

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, 2020:

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.

No funds had actual expenditures in excess of budgeted expenditures for the fiscal year ended June 30, 2020:

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, 2020

<u>Calendar Year Ending December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>						
Service Cost	\$ 111,156	\$ 108,971	\$ 102,273	\$ 114,532	\$ 109,501	\$ 116,669
Interest on the Total Pension Liability	351,110	331,745	321,784	308,412	291,695	260,861
Benefit Changes						
Difference Between Expected and Actual Experience	29,113	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	(259,284)	(237,095)	(234,525)	(238,394)	(201,281)	(192,773)
<b>Net Change in Total Pension Liability</b>	<u>232,095</u>	<u>429,638</u>	<u>130,750</u>	<u>171,495</u>	<u>244,728</u>	<u>424,151</u>
<b>Total Pension Liability - Beginning</b>	4,916,966	4,487,328	4,356,578	4,185,083	3,940,355	3,516,204
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 5,149,061</u>	<u>\$ 4,916,966</u>	<u>\$ 4,487,328</u>	<u>\$ 4,356,578</u>	<u>\$ 4,185,083</u>	<u>\$ 3,940,355</u>
<b>Plan Fiduciary Net Position</b>						
Employer Contributions	\$ 93,617	\$ 112,759	\$ 110,051	\$ 113,412	\$ 105,805	\$ 117,143
Employee Contributions	50,695	51,268	47,618	46,950	45,087	44,431
Pension Plan Net Investment Income	806,608	(259,581)	709,736	245,526	18,195	210,269
Benefit Payments and Refunds	(259,284)	(237,095)	(234,525)	(238,394)	(201,281)	(192,773)
Other	27,496	100,663	(99,496)	48,010	26,118	22,542
<b>Net Change in Plan Fiduciary Net Position</b>	<u>719,132</u>	<u>(231,986)</u>	<u>533,384</u>	<u>215,504</u>	<u>(6,076)</u>	<u>201,612</u>
<b>Plan Fiduciary Net Position - Beginning</b>	4,175,071	4,407,057	3,873,673	3,658,169	3,664,245	3,462,633
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 4,894,203</u>	<u>\$ 4,175,071</u>	<u>\$ 4,407,057</u>	<u>\$ 3,873,673</u>	<u>\$ 3,658,169</u>	<u>\$ 3,664,245</u>
<b>Net Pension Liability/(Asset) - Ending (a)-(b)</b>	<u>\$ 254,858</u>	<u>\$ 741,895</u>	<u>\$ 80,271</u>	<u>\$ 482,905</u>	<u>\$ 526,914</u>	<u>\$ 276,110</u>
Plan Fiduciary Net Position as a Percentage						
of Total Pension Liability	95.05%	84.91%	98.21%	88.92%	87.41%	92.99%
Covered Valuation Payroll	\$ 1,126,547	\$ 1,112,027	\$ 1,058,184	\$ 1,043,339	\$ 1,001,936	\$ 971,319
Net Pension Liability as a Percentage						
of Covered Valuation Payroll	22.62%	66.72%	7.59%	46.28%	52.59%	28.43%

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, 2020

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	\$ 93,616	\$ 93,617	\$ (1)	\$ 1,126,547	8.31%
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 2019 CONTRIBUTION RATE\*  
JUNE 30, 2020

**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 2019 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): 24-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 19 years for most employers (three employers were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
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

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 2019 CONTRIBUTION RATE\*  
JUNE 30, 2020

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-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.

**Other Information:**

Notes There were no benefit changes during the year.

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