

***Farmington Area Public Library District
Farmington, IL***

Annual Financial Report

June 30, 2022



**FARMINGTON AREA PUBLIC LIBRARY DISTRICT
TABLE OF CONTENTS**

	Page
Independent Accountant's Review Report	1-2
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Fund Financial Statements	
Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis – Governmental Funds	5
Reconciliation of the Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis - Governmental Funds to the Statement of Net Position – Modified Cash Basis	6
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Modified Cash Basis – Governmental Funds	7
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities – Modified Cash Basis	8
Notes to the Basic Financial Statements	9-17
Supplementary Information	
Budgetary Comparison Schedules – Major Funds.....	18-20
Combining Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis – Non-Major Governmental Funds.....	21
Combining Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Modified Cash Basis – Non-Major Governmental Funds	22
Budgetary Comparison Schedules – Non-major Funds.....	23-24
Notes to the Supplementary Information.....	25
Other Information	
Defined Benefit Plan Information.....	26
Assessed Valuations, Rates, Extensions, and Collections	27

Eric Hjerpe, CPA
Brett Tension, CPA, MBA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees and Management
Farmington Area Public Library District

We have reviewed the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Farmington Area Public Library District, IL, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Farmington Area Public Library District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Other Information

The other information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Hjerpe & Tennison CPAs, LLC

Pekin, IL

October 11, 2022

Farmington Area Public Library District
Statement of Net Position - Modified Cash Basis
June 30, 2022

	Governmental Activities
ASSETS	
Current Assets	
Cash and deposits	\$ 661,657
Non current Assets	
Land	40,000
Capital assets, net of depreciation	1,941,847
Total assets	2,643,504
 LIABILITIES	
Non current liabilities	
Current portion of bond payable	35,000
Bonds payable	490,000
Total liabilities	525,000
 NET POSITION	
Net investment in capital assets	1,456,847
Restricted	378,585
Unrestricted	283,072
Total net position	\$ 2,118,504

See independent accountant's review report and accompanying notes.

**Farmington Area Public Library District
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ending June 30, 2022**

Functions/Program	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contribution	Governmental Activities
Primary government:				
Governmental activities:				
Culture and recreation	\$ 354,351	\$ 3,390	\$ 24,168	\$ (326,793)
Interest expense	17,225	-	-	(17,225)
Total governmental activities	371,576	3,390	24,168	(344,018)
Total primary government	\$ 371,576	\$ 3,390	\$ 24,168	(344,018)
General revenues				
Taxes				
Property tax				411,502
Replacement tax				1,972
Interest income				2,046
Miscellaneous income				45
Total general revenues				415,565
Change in net position				71,547
Net position, beginning of year				2,046,957
Net position, end of year				\$ 2,118,504

See independent accountant's review report and accompanying notes.

Farmington Area Public Library District
Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
June 30, 2022

	General Fund	Liability Insurance Fund	Building Maintenance Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and deposits	\$ 250,345	\$ 128,154	\$ 238,126	\$ 12,248	\$ 32,784	\$ 661,657
Due from other funds	33,209	-	-	-	-	33,209
Total assets	<u>\$ 283,554</u>	<u>\$ 128,154</u>	<u>\$ 238,126</u>	<u>\$ 12,248</u>	<u>\$ 32,784</u>	<u>\$ 694,866</u>
LIABILITIES						
Due to other funds	\$ -	\$ 2,823	\$ 26,256	\$ 1,563	\$ 2,567	\$ 33,209
Total liabilities	<u>-</u>	<u>2,823</u>	<u>26,256</u>	<u>1,563</u>	<u>2,567</u>	<u>33,209</u>
FUND BALANCES						
Restricted for:						
Insurance	-	125,331	-	-	-	125,331
Maintenance	-	-	211,870	-	-	211,870
Debt service	-	-	-	10,685	-	10,685
IMRF	-	-	-	-	20,095	20,095
Social security	-	-	-	-	10,604	10,604
Unassigned	283,554	-	-	-	(482)	283,072
Total fund balance	<u>283,554</u>	<u>125,331</u>	<u>211,870</u>	<u>10,685</u>	<u>30,217</u>	<u>661,657</u>
Total liabilities and fund balance	<u>\$ 283,554</u>	<u>\$ 128,154</u>	<u>\$ 238,126</u>	<u>\$ 12,248</u>	<u>\$ 32,784</u>	<u>\$ 694,866</u>

See independent accountant's review report and accompanying notes.

Farmington Area Public Library District
Reconciliation of the Statement of Assets, Liabilities, and Fund Balance -
Governmental Funds to the Statement of Net Position - Modified Cash Basis
June 30, 2022

Total Fund Balances - Governmental Funds	\$	661,657
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not reported in the governmental funds balance sheet

Capital assets	2,708,240		
Less accumulated depreciation	<u>(726,393)</u>		
			1,981,847

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		(525,000)
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Net Position of Governmental Activities		<u>\$ 2,118,504</u>
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Farmington Area Public Library District
Statement of Revenues Received, Expenditures Disbursed, and Changes
in Fund Balance - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ending June 30, 2022

	General Fund	Liability Insurance Fund	Building Maintenance Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
REVENUE						
Taxes						
Property tax	\$ 238,391	\$ 49,921	\$ 31,755	\$ 58,815	\$ 32,620	\$ 411,502
Replacement tax	1,972	-	-	-	-	1,972
Interest income	961	368	655	25	37	2,046
Charges for service	3,390	-	-	-	-	3,390
Donations	3,537	-	-	-	-	3,537
Grant income	20,631	-	-	-	-	20,631
Other revenue	45	-	-	-	-	45
Total revenue	<u>268,927</u>	<u>50,289</u>	<u>32,410</u>	<u>58,840</u>	<u>32,657</u>	<u>443,123</u>
EXPENDITURES						
Current						
Culture and Recreation						
Personnel	133,215	5,000	-	-	17,630	155,845
Contractual Services	38,539	15,830	12,931	-	-	67,300
Commodities	34,716	-	3,151	-	-	37,867
Other	1,236	-	3,657	-	-	4,893
Capital Outlay						
Buildings	-	-	8,675	-	-	8,675
Debt Service						
Principal	-	-	-	30,000	-	30,000
Interest	-	-	-	17,225	-	17,225
Total expenditures	<u>207,706</u>	<u>20,830</u>	<u>28,414</u>	<u>47,225</u>	<u>17,630</u>	<u>321,805</u>
Excess revenue over (under) expenditures	<u>61,221</u>	<u>29,459</u>	<u>3,996</u>	<u>11,615</u>	<u>15,027</u>	<u>121,318</u>
OTHER FINANCING SOURCES (USES)						
Bond fees	-	-	-	(500)	-	(500)
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Net change in fund balance	61,221	29,459	3,996	11,115	15,027	120,818
Fund balance - beginning	<u>222,333</u>	<u>95,872</u>	<u>207,874</u>	<u>(430)</u>	<u>15,190</u>	<u>540,839</u>
Fund balance - ending	<u>\$ 283,554</u>	<u>\$ 125,331</u>	<u>\$ 211,870</u>	<u>\$ 10,685</u>	<u>\$ 30,217</u>	<u>\$ 661,657</u>

See independent accountant's review report and accompanying notes.

**Farmington Area Public Library District
 Reconciliation of the Statement of Revenues Received, Expenditures Disbursed,
 and Changes in Fund Balances - Governmental Funds to the
 Statement of Activities - Modified Cash Basis
 For the Fiscal Year Ending June 30, 2022**

Amounts reported for governmental activities in the Statement of Activities differ as follows:

Net change in fund balances - total governmental funds	\$	120,818
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay additions	8,675		
Depreciation expense	<u>(87,946)</u>		(79,271)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		30,000
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Change in Net Position of Governmental Funds	\$	<u><u>71,547</u></u>
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Farmington Area Public Library District
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies affecting the financial statement presentation.

A. THE FINANCIAL REPORTING ENTITY

The Library's reporting entity includes the Library's governing board and all related organizations for which the Library exercises oversight responsibility.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Criteria for determining if other entities are potential component units that should be reported within the Library's financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for the identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Library such that exclusion would cause the Library's financial statements to be misleading. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. It has been determined that there are no component units to report.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The basic financial statements include both government-wide (based on the Library as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position-Modified Cash Basis and Statement of Activities-Modified Cash Basis) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. The Library has no fiduciary nor business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meet the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the Library are organized on the basis of funds, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund equity, cash receipts and disbursements. Library resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The focus of the fund financial statements is on major funds. All major individual governmental funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the Library or if total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund is at least 10% of the corresponding total for all governmental funds combined.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

The following are Library major governmental funds:

General Fund - the primary operating fund of the Library which is always classified as major. It is used to account for all activities except for those legally or administratively required to be accounted for in another fund.

Liability Insurance Fund - accounts for the property taxes levied for and the expenditures associated with tort liability.

Building Maintenance Fund - accounts for the property taxes levied for and expenditures associated with building maintenance.

Debt Service Fund - accounts for the property taxes levied for and expenditures associated with the payment of the Library's bond.

The Library reports the Audit Fund, IMRF Fund, and Social Security Fund as nonmajor.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b). In the fund financial statements, the current financial resources measurement focus, as applied to the modified cash basis of accounting, is used as defined in item (a).

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide statements utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets, and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitation of the modified cash basis of accounting.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for good or services received but not yet paid or other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Library utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

D. CASH AND DEPOSITS

Governmental funds record cash and certificates of deposits together and use the title "cash and deposits". Deposits are carried at cost. As of June 30, 2022, the Library has one certificate of deposit in the Liability Insurance Fund.

E. INVENTORIES

The cost of inventory items are recorded as expenditures when purchased rather than when consumed.

F. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers are loans and transfers of money between the separate funds of the Library. In the process of aggregating the financial information for the Government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis the internal balances and activity in the fund statements has been combined and eliminated or reclassified.

G. CAPITAL ASSETS

The Library's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. CAPITAL ASSETS - Continued

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position – Modified Cash Basis. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are capitalized and depreciated over the estimated useful lives as follows:

<u>Category of Asset</u>	<u>Capitalization Threshold</u>	<u>Estimated Life</u>
Buildings	\$ 4,000	40 years
Building improvements	\$ 4,000	20 years
Equipment and furniture	\$ 2,000	7 years
Computer systems and software	\$ 2,000	5 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounting for as capital outlay expenditures of the governmental fund upon acquisition.

H. NET POSITION AND FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components

Net investment in capital assets. Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

Restricted. Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted. Net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Library currently uses the method suggested by GASB which is to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. The Library has no set policy for this allocation of expenditures.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. NET POSITION AND FUND BALANCE CLASSIFICATIONS - Continued

Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as:

Nonspendable - amounts that cannot be spent either because they are either (a) in a nonspendable form or (b) they are legally or contractually required to be maintained intact.

Restricted - amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (which as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Library has classified property taxes as restricted because their use is restricted by state laws and regulations.

Committed - amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Library Board. These amounts cannot be used for any other purpose unless the Library Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

Assigned - amounts that are constrained by the Library's intent to be used for specific purpose but are neither restricted nor committed. This intent can be expressed by the Library Board or through the Library Board delegating this responsibility to a Board member or the Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

Unassigned – the residual funds balance of the General Fund and any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

As of the end of the fiscal year, the Library had no policy for the allocation of expenditures when all the above fund balances are available. Currently the method suggested by GASB 54 has been applied in which the amounts will first be spent out of the committed funds, and then the assigned funds, and finally the unassigned funds unless the Library Board has provided otherwise in its commitment or assignment actions.

As of June 30, 2022, the governmental fund financial statements reported fund balances as restricted due to property tax revenues received but not yet expended for their levied purposes. The restricted purposes for these balances are as presented on the face of the governmental fund financial statements.

I. PROPERTY TAXES

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board adopts the levy in September. Taxes attached as an enforceable lien on property on January 1 and are payable in two installments (on or about June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts in each of these months. Pursuant to the Library Board resolution, property tax levies passed in September 2021 are allocated and will be recognized as revenue in the fiscal year 2022. The property tax revenues collected and reported in these statements are for the 2020 and prior levies.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the Library requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 – CASH, DEPOSITS, AND CUSTODIAL CREDIT RISK

Authorized investments

Cash of the Library includes checking, savings deposits and certificates of deposits; which are recorded at cost. State statutes authorize the Library to make deposits in commercial banks and savings and loan institutions, and to make investments in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool. The Library does not have a policy to limit allowable deposits or investments. As of June 30, 2022, the Library does not have any investments other than certificates of deposits.

Custodial Risk

Custodial credit risk is defined as the risk that in the event of a bank failure, the Library's deposits may not be returned to it. Financial institutions holding deposits and investments of the Library hold pledged securities to provide collateralization for deposits in excess of the FDIC limit. As of June 30, 2022, \$310,642 of the Library's bank balance was above the FDIC limit and was covered by additional collateral held by the pledging financial institution in the Library's name. The Library does not have a policy for custodial credit risk.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Balances

Individual interfund assets and liabilities are as follows:

Receivable Fund	Payable Fund	Balance
General Fund	Liability Insurance Fund	\$ 2,823
General Fund	Building & Maintenance Fund	26,256
General Fund	Debt Service Fund	1,563
General Fund	Audit Fund	1,963
General Fund	IMRF Fund	250
General Fund	Social Security Fund	354
		\$ 33,209

Interfund receivables/payables resulted from timing differences between when one fund pays expenses on behalf of another fund and when that fund reimburses those expenses.

Interfund Transfers

For the year ended June 30, 2022, the Library did not have any interfund transfers.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022.

	Beginning Balances	Additions	Disposals	Ending Balances
Capital assets, not being depreciated				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Capital assets, being depreciated				
Land improvements	11,770	-	-	11,770
Buildings	2,347,647	-	-	2,347,647
Equipment	300,148	8,675	-	308,823
Subtotal	<u>2,659,565</u>	<u>8,675</u>	<u>-</u>	<u>2,668,240</u>
Less: accumulated depreciation				
Land improvements	(11,209)	(561)	-	(11,770)
Buildings	(361,928)	(58,691)	-	(420,619)
Equipment	(265,310)	(28,694)	-	(294,004)
Subtotal	<u>(638,447)</u>	<u>(87,946)</u>	<u>-</u>	<u>(726,393)</u>
Total net capital assets, being depreciated	<u>2,021,118</u>	<u>(79,271)</u>	<u>-</u>	<u>1,941,847</u>
Total net capital assets	<u>\$ 2,061,118</u>	<u>\$ (79,271)</u>	<u>\$ -</u>	<u>1,981,847</u>
Less: related long-term debt				(525,000)
Net investment in capital assets				<u>\$ 1,456,847</u>

NOTE 5 – BONDS PAYABLE

The following is a summary of changes in bonds payable reported on the government-wide financial statements for the year ended June 30, 2022.

	Beginning Balances	Additions/ Proceeds	Reductions/ Payments	Ending Balances	Principal Due Within One Year
Bonds payable					
General obligation bond	\$ 555,000	\$ -	\$ (30,000)	\$ 525,000	\$ 35,000

Debt Certificates in the original amount of \$700,000 are due in varying installments through December 14, 2032, with interest rates at 3.30%-7.75%. Annual debt service requirements, being paid from the Debt Service Fund, for all general obligation debt certificates outstanding at June 30, 2022, including interest are as follows:

Fiscal Year	Principal	Interest	Total
June 30, 2023	\$ 35,000	\$ 15,275	\$ 50,275
June 30, 2024	35,000	13,805	48,805
June 30, 2025	40,000	12,885	52,885
June 30, 2026	40,000	11,865	51,865
June 30, 2027	45,000	10,738	55,738
June 30, 2028 - 2032	265,000	32,263	297,263
June 30, 2033	65,000	1,073	66,073
Total	<u>\$ 525,000</u>	<u>\$ 97,903</u>	<u>\$ 622,903</u>

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

Farmington Area Public Library District's defined benefit pension plan for employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. This plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, Farmington Area Public Library District's plan members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2021 was 6.96%. Farmington Area Public Library 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 Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The required contribution for calendar year 2021 was \$7,218.

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2021	\$ 7,218	100%	\$ -
12/31/2020	7,322	100%	-
12/31/2019	7,651	100%	-

Additional plan information, including a schedule of funding progress, can be found in the other information section of the financial statements.

Participation in the plans as of December 31, 2021 was as follows:

Retirees and beneficiaries	3
Inactive, non-retired members	8
Active members	4
Total	15

NOTE 7 – RISK OF LOSS

The Farmington Area Public Library District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance policies. The Library is responsible for deductibles and losses exceeding policy limits. There have been no settlements in excess of insurance coverage for the past three years.

NOTE 8 – DEFICIT FUND BALANCE

As of June 30, 2022, Farmington Area Public Library District had a deficit fund balance of \$482 in the Audit Fund. Based on reporting standards, these funds are presented as unassigned. The general fund is liable for any deficits in these funds and provides transfers when cash is required.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2022

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 11, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**Farmington Area Public Library District
Supplementary Information
Budgetary Comparison Schedule
Major Fund - General Fund
For the Fiscal Year Ending June 30, 2022**

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<u>REVENUES</u>			
Taxes			
Property tax	\$ 200,000	\$ 238,391	\$ 38,391
Replacement tax	1,250	1,972	722
Interest income	500	961	461
Charges for service	4,650	3,390	(1,260)
Donations	6,500	3,537	(2,963)
Grant income	8,750	20,631	11,881
Other income	-	45	45
Total revenues	<u>221,650</u>	<u>268,927</u>	<u>47,277</u>
<u>EXPENDITURES</u>			
CURRENT			
Culture and Recreation			
Personnel			
Salaries	150,000	133,215	(16,785)
Contractual Services			
Utilities	10,000	11,051	1,051
Telephone, internet, networking service	1,800	1,489	(311)
Publishing/advertising	1,200	871	(329)
Legal service	1,800	1,530	(270)
Training	5,500	7,268	1,768
Dues and memberships	8,250	9,000	750
Bank fees	-	130	130
Audit fees	-	7,200	7,200
Commodities			
Library materials	21,000	19,308	(1,692)
Office supplies	600	785	185
Operating supplies	1,500	2,356	856
Program supplies	11,000	12,267	1,267
Other expenditures			
Miscellaneous expense	3,500	1,236	(2,264)
Contingencies	7,500	-	(7,500)
Total expenditures	<u>223,650</u>	<u>207,706</u>	<u>(15,944)</u>
Net change in fund balance	(2,000)	61,221	63,221
Fund balance - beginning	<u>222,333</u>	<u>222,333</u>	<u>-</u>
Fund balance - ending	<u>\$ 220,333</u>	<u>\$ 283,554</u>	<u>\$ 63,221</u>

See notes to the supplementary information.

**Farmington Area Public Library District
Supplementary Information
Budgetary Comparison Schedule
Major Fund - Liability Insurance Fund
For the Fiscal Year Ending June 30, 2022**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
<u>REVENUES</u>			
Taxes			
Property tax	\$ 43,000	\$ 49,921	\$ 6,921
Interest income	-	368	368
Total revenues	<u>43,000</u>	<u>50,289</u>	<u>7,289</u>
<u>EXPENDITURES</u>			
CURRENT			
Culture and Recreation			
Personnel			
Salaries	-	5,000	5,000
Contractual Services			
Liability insurance	32,000	3,635	(28,365)
General insurance	-	3,339	3,339
Other professional services	4,000	7,323	3,323
Maintenance service - grounds	-	1,077	1,077
Maintenance service - building	-	456	456
Other expenditures			
Contingencies	7,000	-	(7,000)
Total expenditures	<u>43,000</u>	<u>20,830</u>	<u>(22,170)</u>
Net change in fund balance	-	29,459	29,459
Fund balance - beginning	<u>95,872</u>	<u>95,872</u>	-
Fund balance - ending	<u>\$ 95,872</u>	<u>\$ 125,331</u>	<u>\$ 29,459</u>

See notes to the supplementary information.

**Farmington Area Public Library District
Supplementary Information
Budgetary Comparison Schedule
Major Fund - Building Maintenance Fund
For the Fiscal Year Ending June 30, 2022**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
<u>REVENUES</u>			
Taxes			
Property tax	\$ 26,500	\$ 31,755	\$ 5,255
Interest income	-	655	655
Total revenues	<u>26,500</u>	<u>32,410</u>	<u>5,910</u>
<u>EXPENDITURES</u>			
CURRENT			
Culture and Recreation			
Contractual Services			
Maintenance service - grounds	2,800	1,636	(1,164)
Maintenance service - building	10,000	4,929	(5,071)
Maintenance service - equipment	3,000	2,634	(366)
Equipment rental	-	3,732	3,732
Commodities			
Operating supplies	4,000	3,151	(849)
Other expenditures			
Miscellaneous expense	5,300	3,657	(1,643)
Contingencies	1,400	-	(1,400)
Total expenditures	<u>26,500</u>	<u>19,739</u>	<u>(6,761)</u>
CAPITAL OUTLAY			
Buildings	-	8,675	8,675
Total capital outlay	<u>-</u>	<u>8,675</u>	<u>8,675</u>
Total expenditures	<u>26,500</u>	<u>28,414</u>	<u>1,914</u>
Net change in fund balance	-	3,996	3,996
Fund balance - beginning	207,874	207,874	-
Fund balance - ending	<u>\$ 207,874</u>	<u>\$ 211,870</u>	<u>\$ 3,996</u>

See notes to the supplementary information.

Farmington Area Public Library District
Supplementary Information
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Non-Major Governmental Funds
June 30, 2022

	Audit Fund	IMRF Fund	Social Security Fund	Total Non-Major Funds
ASSETS				
Cash and deposits	\$ 1,481	\$ 20,345	\$ 10,958	\$ 32,784
Total assets	<u>\$ 1,481</u>	<u>\$ 20,345</u>	<u>\$ 10,958</u>	<u>\$ 32,784</u>
LIABILITIES				
Due to other funds	\$ 1,963	\$ 250	\$ 354	\$ 2,567
Total liabilities	<u>1,963</u>	<u>250</u>	<u>354</u>	<u>2,567</u>
FUND BALANCES				
Restricted for:				
IMRF	-	20,095	-	20,095
Social security	-	-	10,604	10,604
Unassigned	(482)	-	-	(482)
Total fund balance	<u>(482)</u>	<u>20,095</u>	<u>10,604</u>	<u>30,217</u>
Total liabilities and fund balance	<u>\$ 1,481</u>	<u>\$ 20,345</u>	<u>\$ 10,958</u>	<u>\$ 32,784</u>

See notes to the supplementary information.

Farmington Area Public Library District
Supplementary Information
Combining Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance - Modified Cash Basis
Non-Major Governmental Funds
For the Fiscal Year Ending June 30, 2022

	Audit Fund	IMRF Fund	Social Security Fund	Total Non-Major Funds
REVENUE				
Taxes				
Property tax	\$ 6,182	\$ 12,614	\$ 13,824	\$ 32,620
Interest income	-	22	15	37
Total revenue	<u>6,182</u>	<u>12,636</u>	<u>13,839</u>	<u>32,657</u>
EXPENDITURES				
Current				
Culture and Recreation				
Personnel	-	7,110	10,520	17,630
Total expenditures	<u>-</u>	<u>7,110</u>	<u>10,520</u>	<u>17,630</u>
Net change in fund balance	6,182	5,526	3,319	15,027
Fund balance - beginning	<u>(6,664)</u>	<u>14,569</u>	<u>7,285</u>	<u>15,190</u>
Fund balance - ending	<u>\$ (482)</u>	<u>\$ 20,095</u>	<u>\$ 10,604</u>	<u>\$ 30,217</u>

See notes to the supplementary information.

**Farmington Area Public Library District
Supplementary Information
Budgetary Comparison Schedule
Non-Major Funds
For the Fiscal Year Ending June 30, 2022**

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Audit Fund			
<u>REVENUES</u>			
Taxes			
Property tax	\$ 6,500	\$ 6,182	\$ (318)
Total revenues	6,500	6,182	(318)
<u>EXPENDITURES</u>			
Culture and Recreation			
Contractual Services			
Audit fees	6,500	-	(6,500)
Total expenditures	6,500	-	(6,500)
Net change in fund balance	-	6,182	6,182
Fund balance - beginning	(6,664)	(6,664)	-
Fund balance - ending	\$ (6,664)	\$ (482)	\$ 6,182
IMRF Fund			
<u>REVENUES</u>			
Taxes			
Property tax	\$ 11,100	\$ 12,614	\$ 1,514
Interest income	-	22	22
Total revenues	11,100	12,636	1,536
<u>EXPENDITURES</u>			
Culture and Recreation			
Personnel			
Retirement contribution	11,100	7,110	(3,990)
Total expenditures	11,100	7,110	(3,990)
Net change in fund balance	-	5,526	5,526
Fund balance - beginning	14,569	14,569	-
Fund balance - ending	\$ 14,569	\$ 20,095	\$ 5,526

See notes to the supplementary information.

Farmington Area Public Library District
Supplementary Information
Budgetary Comparison Schedule
Non-Major Funds - Continued
For the Fiscal Year Ending June 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Social Security Fund			
<u>REVENUES</u>			
Taxes			
Property tax	\$ 12,200	\$ 13,824	\$ 1,624
Interest income	-	15	15
Total revenues	<u>12,200</u>	<u>13,839</u>	<u>1,639</u>
<u>EXPENDITURES</u>			
Culture and Recreation			
Personnel			
Social security contributions	12,200	8,526	(3,674)
Medicare contributions	-	1,994	1,994
Total expenditures	<u>12,200</u>	<u>10,520</u>	<u>(1,680)</u>
Net change in fund balance	-	3,319	3,319
Fund balance - beginning	<u>7,285</u>	<u>7,285</u>	-
Fund balance - ending	<u>\$ 7,285</u>	<u>\$ 10,604</u>	<u>\$ 3,319</u>

See notes to the supplementary information.

Farmington Area Public Library District
Notes to the Supplementary Information
June 30, 2022

BUDGET AND APPROPRIATIONS

The Library adopts an annual budget and appropriation ordinance in accordance with Illinois Compiled Statutes on or before August 31 of the issuing year. The appropriation covers the financial year ending June 30. These appropriations are adopted on a cash basis method of accounting.

Prior to the adoption of the annual budget and appropriation ordinance, the Library Board, at least 30 days prior to such adoption, shall make this proposed appropriation ordinance conveniently available to public inspection and shall hold at least one public hearing thereon. Notice of this hearing shall be given publication in one or more newspapers published locally at least 30 days prior to the time of the public hearing.

Subsequent to the public hearing and before final action is taken on the annual budget and appropriation ordinance, the Board may revise, alter, increase, or decrease the items contained therein.

The budgetary comparison schedules (cash basis) for the governmental fund types present legally adopted appropriations with actual data on a budgetary basis. The appropriation ordinance lapses on the fiscal year end.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, the Library did not appropriate for the Debt Service Fund. As a result, the Library had expenditures that exceeded appropriations in the Debt Service Fund by \$47,225. The Library also had expenditures that exceeded appropriations in the Building Maintenance Fund by \$1,914.

OTHER INFORMATION

Farmington Area Public Library District
Other Information
Defined Benefit Plan Information
June 30, 2022

Annual Pension Cost. Farmington Area Public Library District's required contribution for 2021 was determined as part of the December 31, 2019, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2019, included (a) 7.25 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of Farmington Area Public Library District's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Farmington Area Public Library District's Regular plan's unfunded actuarial accrued liability at December 31, 2019 is being amortized as a level percentage of projected payroll on an open 22 year basis.

Funded Status and Funding Progress. As of December 31, 2021, the most recent actuarial valuation date, the plan was 99.05 percent funded. The actuarial accrued liability for benefits was \$459,232 and the actuarial value of assets was \$454,855, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,377. The covered payroll for calendar year 2021 (annual payroll of active employees covered by the plan) was \$103,702 and the ratio of the UAAL to covered payroll was 4 percent.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/21	\$ 454,855	\$ 459,232	\$ 4,377	99.05%	\$ 103,702	4.22%
12/31/20	406,858	435,589	28,731	93.40%	104,892	27.39%
12/31/19	363,303	391,473	28,170	92.80%	97,465	28.90%

On a market value basis, the actuarial value of assets as of December 31, 2021 is \$526,391. On a market basis, the funded ratio would be 114.62%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Farmington Area Public Library District. They do not include amounts for retirees. The accrued liability for retirees is 100% funded.

For the Fiscal Year Ending June 30, 2022

	Tax Year		
	2021	2020	2019
Assessed Valuation	<u>\$ 131,734,348</u>	<u>\$ 128,422,087</u>	<u>\$ 127,849,689</u>
<u>Tax Rates (per \$100 assessed valuation)</u>			
General corporate	0.15000	0.15000	0.14870
Bond and interest	0.03817	0.03678	0.03850
Building maintenance	0.02000	0.02000	0.01980
Illinois municipal retirement	0.00843	0.00779	0.00810
Audit	0.00494	0.00499	0.00500
Liability insurance	0.03265	0.03115	0.02350
Social Security	0.00927	0.00857	0.00890
	<u>0.26346</u>	<u>0.25928</u>	<u>0.25250</u>
<u>Tax Extensions</u>			
General corporate	\$ 197,601	\$ 192,633	\$ 190,112
Bond and interest	50,283	47,234	49,222
Building maintenance	26,347	25,684	25,314
Illinois municipal retirement	11,105	10,004	10,356
Audit	6,508	6,408	6,392
Liability insurance	43,011	40,003	30,045
Social Security	12,212	11,006	11,379
	<u>\$ 347,067</u>	<u>\$ 332,972</u>	<u>\$ 322,820</u>
<u>Tax Collected (based on tax year)</u>			
General corporate		\$ 193,069	\$ 191,503
Bond and interest		47,394	49,523
Building maintenance		25,742	25,471
Illinois municipal retirement		10,076	10,404
Audit		4,701	6,249
Liability insurance		40,162	30,253
Social Security		11,044	11,421
		<u>\$ 332,188</u>	<u>\$ 324,824</u>
Percentage of taxes collected		<u>99.8%</u>	<u>100.6%</u>

Note: Total tax collected reflects the tax year and not the District's fiscal year.