

*Farmington Area Public Library District
Farmington, IL*

Annual Financial Report

June 30, 2021



**FARMINGTON AREA PUBLIC LIBRARY DISTRICT
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Eric Hjerpe, CPA
Brett Tennison, CPA, MBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited 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, 2021, 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 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.

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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Farmington Area Public Library District, IL, as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

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 opinions are not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Farmington Area Public Library District's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund information on pages 22-23, the budgetary comparison information on pages 18-21 and 24-25 is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Management has omitted the management 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 the 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.

Other Information

The defined benefit plan information and the schedule of assessed valuations, rates, extensions, and collections schedule on pages 27-28 have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Hjerpe & Tennison CPAs, LLC

Pekin, IL
January 11, 2022

Farmington Area Public Library District
Statement of Net Position - Modified Cash Basis
June 30, 2021

| | Governmental Activities |
|-------------------------------------|----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and deposits | \$ 540,839 |
| Non current Assets | |
| Land | 40,000 |
| Capital assets, net of depreciation | 2,021,118 |
| Total assets | 2,601,957 |
| LIABILITIES | |
| Non current liabilities | |
| Current portion of bond payable | 30,000 |
| Bonds payable | 525,000 |
| Total liabilities | 555,000 |
| NET POSITION | |
| Net investment in capital assets | 1,506,118 |
| Restricted | 325,600 |
| Unrestricted | 215,239 |
| Total net position | \$ 2,046,957 |

See independent auditor's report and accompanying notes.

**Farmington Area Public Library District
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ending June 30, 2021**

| Functions/Program | Program Revenues | | | Net (Expenses) Revenues and Change in Net Position |
|---------------------------------|----------------------------|---|----------------------------|---|
| Expenses | Charges for Services | Operating Grants and Contribution | Governmental Activities | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Culture and recreation | \$ 357,924 | \$ 2,649 | \$ 35,779 | \$ (319,496) |
| Interest expense | 19,100 | - | - | (19,100) |
| Total governmental activities | 377,024 | 2,649 | 35,779 | (338,596) |
| Total primary government | \$ 377,024 | \$ 2,649 | \$ 35,779 | (338,596) |
| General revenues | | | | |
| Taxes | | | | |
| Property tax | | | | 324,824 |
| Replacement tax | | | | 1,555 |
| Interest income | | | | 2,431 |
| Miscellaneous income | | | | 447 |
| Total general revenues | | | | 329,257 |
| Change in net position | | | | (9,339) |
| Net position, beginning of year | | | | 2,056,296 |
| Net position, end of year | | | | \$ 2,046,957 |

See independent auditor's report and accompanying notes.

Farmington Area Public Library District
Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
June 30, 2021

| | General Fund | Liability Insurance Fund | Building Maintenance Fund | Debt Service Fund | Non-Major Funds | Total Governmental Funds |
|---------------------------------------|-------------------|--------------------------------|---------------------------------|-------------------------|--------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash and deposits | \$ 213,194 | \$ 98,695 | \$ 205,359 | \$ 1,133 | \$ 22,458 | \$ 540,839 |
| Due from other funds | 11,654 | - | 2,515 | - | - | 14,169 |
| Total assets | <u>\$ 224,848</u> | <u>\$ 98,695</u> | <u>\$ 207,874</u> | <u>\$ 1,133</u> | <u>\$ 22,458</u> | <u>\$ 555,008</u> |
| LIABILITIES: | | | | | | |
| Due to other funds | \$ 2,515 | \$ 2,823 | \$ - | \$ 1,563 | \$ 7,268 | \$ 14,169 |
| Total liabilities | <u>2,515</u> | <u>2,823</u> | <u>-</u> | <u>1,563</u> | <u>7,268</u> | <u>14,169</u> |
| FUND BALANCES: | | | | | | |
| Restricted for: | | | | | | |
| Insurance | - | 95,872 | - | - | - | 95,872 |
| Maintenance | - | - | 207,874 | - | - | 207,874 |
| IMRF | - | - | - | - | 14,569 | 14,569 |
| Social security | - | - | - | - | 7,285 | 7,285 |
| Unassigned | 222,333 | - | - | (430) | (6,664) | 215,239 |
| Total fund balance | <u>222,333</u> | <u>95,872</u> | <u>207,874</u> | <u>(430)</u> | <u>15,190</u> | <u>540,839</u> |
| Total liabilities and fund balance | <u>\$ 224,848</u> | <u>\$ 98,695</u> | <u>\$ 207,874</u> | <u>\$ 1,133</u> | <u>\$ 22,458</u> | <u>\$ 555,008</u> |

See independent auditor's 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, 2021

| | | |
|--|----|---------|
| Total Fund Balances - Governmental Funds | \$ | 540,839 |
|--|----|---------|

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 | 2,699,565 | | |
| Less accumulated depreciation | <u>(638,447)</u> | | 2,061,118 |

| | | |
|--|--|-----------|
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds | | (555,000) |
|--|--|-----------|

| | | |
|---|--|----------------------------|
| Net Position of Governmental Activities | | <u><u>\$ 2,046,957</u></u> |
|---|--|----------------------------|

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, 2021

| | General Fund | Liability Insurance Fund | Building Maintenance Fund | Debt Service Fund | Non-Major Funds | Total Governmental Funds |
|---|-------------------|--------------------------------|---------------------------------|-------------------------|--------------------|--------------------------------|
| REVENUE: | | | | | | |
| Taxes: | | | | | | |
| Property tax | \$ 191,503 | \$ 30,253 | \$ 25,471 | \$ 49,523 | \$ 28,074 | \$ 324,824 |
| Replacement tax | 1,555 | - | - | - | - | 1,555 |
| Interest income | 1,004 | 692 | 692 | 18 | 25 | 2,431 |
| Charges for service | 2,649 | - | - | - | - | 2,649 |
| Donations | 2,111 | - | 20,000 | - | - | 22,111 |
| Grant income | 12,074 | 1,594 | - | - | - | 13,668 |
| Other revenue | 432 | 15 | - | - | - | 447 |
| Total revenue | <u>211,328</u> | <u>32,554</u> | <u>46,163</u> | <u>49,541</u> | <u>28,099</u> | <u>367,685</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Culture and Recreation | | | | | | |
| Personnel | 132,936 | 5,108 | - | - | 18,014 | 156,058 |
| Contractual Services | 26,108 | 12,412 | 14,088 | - | 7,200 | 59,808 |
| Commodities | 33,302 | - | 3,423 | - | - | 36,725 |
| Other | 750 | 1,588 | - | - | - | 2,338 |
| Debt Service | | | | | | |
| Principal | - | - | - | 30,000 | - | 30,000 |
| Interest | - | - | - | 19,100 | - | 19,100 |
| Total expenditures | <u>193,096</u> | <u>19,108</u> | <u>17,511</u> | <u>49,100</u> | <u>25,214</u> | <u>304,029</u> |
| Excess revenue over (under) expenditures | <u>18,232</u> | <u>13,446</u> | <u>28,652</u> | <u>441</u> | <u>2,885</u> | <u>63,656</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 | 18,232 | 13,446 | 28,652 | (59) | 2,885 | 63,156 |
| Fund balance - beginning | <u>204,101</u> | <u>82,426</u> | <u>179,222</u> | <u>(371)</u> | <u>12,305</u> | <u>477,683</u> |
| Fund balance - ending | <u>\$ 222,333</u> | <u>\$ 95,872</u> | <u>\$ 207,874</u> | <u>\$ (430)</u> | <u>\$ 15,190</u> | <u>\$ 540,839</u> |

See independent auditor's 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, 2021

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

| | | |
|--|----|--------|
| Net change in fund balances - total governmental funds | \$ | 63,156 |
|--|----|--------|

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.

| | | |
|----------------------|------------------|-----------|
| Depreciation expense | <u>(102,495)</u> | (102,495) |
|----------------------|------------------|-----------|

| | | |
|--|--|--------|
| 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 |
|--|--|--------|

| | | |
|--|-----------|----------------|
| Change in Net Position of Governmental Funds | <u>\$</u> | <u>(9,339)</u> |
|--|-----------|----------------|

Farmington Area Public Library District
Notes to the Basic Financial Statements
June 30, 2021

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 is 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, 2021

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, 2021

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, 2021, 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, 2021

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, 2021

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, 2021, 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 2020 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 2019 and prior levies.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2021

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, 2021, 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, 2021, \$204,050 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:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Balance</u> |
|-----------------------------|--------------------------|------------------|
| General Fund | Liability Insurance Fund | \$ 2,823 |
| General Fund | Debt Service Fund | 1,563 |
| General Fund | Audit Fund | 6,664 |
| General Fund | IMRF Fund | 250 |
| General Fund | Social Security Fund | 354 |
| Building & Maintenance Fund | General Fund | <u>2,515</u> |
| | | <u>\$ 14,169</u> |

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

Interfund Transfers

For the year ended June 30, 2021, the Library did not have any interfund transfers.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2021

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021.

| | 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 | - | - | 300,148 |
| Subtotal | <u>2,659,565</u> | <u>-</u> | <u>-</u> | <u>2,659,565</u> |
| Less: accumulated depreciation | | | | |
| Land improvements | (9,528) | (1,681) | - | (11,209) |
| Buildings | (303,237) | (58,691) | - | (361,928) |
| Equipment | (223,187) | (42,123) | - | (265,310) |
| Subtotal | <u>(535,952)</u> | <u>(102,495)</u> | <u>-</u> | <u>(638,447)</u> |
| Total net capital assets, being depreciated | <u>2,123,613</u> | <u>(102,495)</u> | <u>-</u> | <u>2,021,118</u> |
| Total net capital assets | <u>\$ 2,163,613</u> | <u>\$ (102,495)</u> | <u>\$ -</u> | <u>2,061,118</u> |
| Less: related long-term debt | | | | <u>(555,000)</u> |
| Net investment in capital assets | | | | <u>\$ 1,506,118</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, 2021.

| | Beginning Balances | Additions/ Proceeds | Reductions/ Payments | Ending Balances | Principal Due Within One Year |
|-------------------------|-----------------------|------------------------|-------------------------|--------------------|-------------------------------------|
| Bonds payable | | | | | |
| General obligation bond | <u>\$ 585,000</u> | <u>\$ -</u> | <u>\$ (30,000)</u> | <u>\$ 555,000</u> | <u>\$ 30,000</u> |

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, 2021, including interest are as follows:

| Fiscal Year | Principal | Interest | Total |
|----------------------|-------------------|-------------------|-------------------|
| June 30, 2022 | \$ 30,000 | \$ 17,225 | \$ 47,225 |
| 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 - 2031 | 250,000 | 39,895 | 289,895 |
| June 30, 2032 | 125,000 | 4,177 | 129,177 |
| Total | <u>\$ 555,000</u> | <u>\$ 115,127</u> | <u>\$ 670,127</u> |

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued

June 30, 2021

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 2020 was 6.98%. 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 2020 was \$7,322.

| <u>Calendar Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------------|--------------------------------------|--|-----------------------------------|
| 12/31/2020 | \$ 7,322 | 100% | \$ - |
| 12/31/2019 | 7,651 | 100% | - |
| 12/31/2018 | 8,998 | 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, 2020 was as follows:

| | |
|-------------------------------|----|
| Retirees and beneficiaries | 2 |
| Inactive, non-retired members | 9 |
| 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 – RISK AND UNCERTAINTIES

In early March 2020, the COVID-19 virus was declared a global pandemic. Planned events and programs for calendar year 2020 were postponed or canceled as a result. These cancellations resulted in reduced revenue from charges for services during that time, but revenue from real estate taxes and donations have offset any revenue decline. During the fiscal year ended June 30, 2021 the Library's programs gradually resumed while adhering to various governmental mandates.

Farmington Area Public Library District
Notes to the Basic Financial Statements - Continued
June 30, 2021

NOTE 8 – RISK AND UNCERTAINTIES – Continued

Management is continuing to monitor the situation and evaluate options during this time to continue to serve its residents during the ongoing pandemic while complying with various governmental mandates. No adjustments have been made to these financial statements as a result.

NOTE 9 – DEFICIT FUND BALANCE

As of June 30, 2021, Farmington Area Public Library District had a deficit fund balance of (\$430) in the Debt Service Fund and (\$6,664) in the Audit Fund. Based on reporting standards, these funds are presented as unassigned and the general fund is liable for any deficits in these funds and provides transfers when cash is required.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 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, 2021**

| | Original & Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|----------------------------|-------------------|---|
| <u>REVENUES:</u> | | | |
| Taxes | | | |
| Property tax | \$ 195,000 | \$ 191,503 | \$ (3,497) |
| Replacement tax | 1,000 | 1,555 | 555 |
| Interest income | 500 | 1,004 | 504 |
| Charges for service | 5,450 | 2,649 | (2,801) |
| Donations | 6,500 | 2,111 | (4,389) |
| Grant income | 9,250 | 12,074 | 2,824 |
| Other income | - | 432 | 432 |
| Total revenues | <u>217,700</u> | <u>211,328</u> | <u>(6,372)</u> |
| <u>EXPENDITURES:</u> | | | |
| CURRENT | | | |
| Culture and Recreation | | | |
| Personnel | | | |
| Salaries | 142,500 | 132,936 | (9,564) |
| Contractual Services | | | |
| Utilities | 10,000 | 8,197 | (1,803) |
| Telephone, internet, networking service | 1,800 | 1,820 | 20 |
| Publishing/advertising | 1,800 | 879 | (921) |
| Legal service | 1,800 | 1,370 | (430) |
| Training | 2,500 | 4,526 | 2,026 |
| Dues | 8,100 | 9,157 | 1,057 |
| Bank fees | - | 159 | 159 |
| Commodities | | | |
| Library materials | 25,000 | 23,306 | (1,694) |
| Office supplies | 800 | 399 | (401) |
| Operating supplies | 3,000 | 1,749 | (1,251) |
| Program supplies | 12,000 | 7,848 | (4,152) |
| Other expenditures | | | |
| Miscellaneous expense | 4,900 | 750 | (4,150) |
| Contingencies | 7,500 | - | (7,500) |
| Total expenditures | <u>221,700</u> | <u>193,096</u> | <u>(28,604)</u> |
| Net change in fund balance | (4,000) | 18,232 | 22,232 |
| Fund balance - beginning | 204,101 | 204,101 | - |
| Fund balance - ending | <u>\$ 200,101</u> | <u>\$ 222,333</u> | <u>\$ 22,232</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, 2021**

| | <u>Original & Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|--------------------------------|--|------------------|--|
| <u>REVENUES:</u> | | | |
| Taxes | | | |
| Property tax | \$ 40,000 | \$ 30,253 | \$ (9,747) |
| Interest income | - | 692 | 692 |
| Grant income | - | 1,594 | 1,594 |
| Other income | - | 15 | 15 |
| Total revenues | <u>40,000</u> | <u>32,554</u> | <u>(7,446)</u> |
| <u>EXPENDITURES:</u> | | | |
| CURRENT | | | |
| Culture and Recreation | | | |
| Personnel | | | |
| Salaries | 20,000 | 4,800 | (15,200) |
| Unemployment tax | - | 308 | 308 |
| Contractual Services | | | |
| Liability insurance | 11,000 | 3,066 | (7,934) |
| General insurance | - | 3,653 | 3,653 |
| Other professional services | 4,000 | 3,080 | (920) |
| Maintenance service - grounds | - | 2,515 | 2,515 |
| Maintenance service - building | - | 98 | 98 |
| Other expenditures | | | |
| Contingencies | 5,000 | 1,588 | (3,412) |
| Total expenditures | <u>40,000</u> | <u>19,108</u> | <u>(20,892)</u> |
| Net change in fund balance | - | 13,446 | 13,446 |
| Fund balance - beginning | <u>82,426</u> | <u>82,426</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 82,426</u> | <u>\$ 95,872</u> | <u>\$ 13,446</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, 2021**

| | Original & Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|----------------------------|------------|---|
| <u>REVENUES:</u> | | | |
| Taxes | | | |
| Property tax | \$ 26,000 | \$ 25,471 | \$ (529) |
| Interest income | - | 692 | 692 |
| Donations | - | 20,000 | 20,000 |
| Total revenues | 26,000 | 46,163 | 20,163 |
| <u>EXPENDITURES:</u> | | | |
| CURRENT | | | |
| Culture and Recreation | | | |
| Contractual Services | | | |
| Maintenance service - grounds | 2,000 | 2,920 | 920 |
| Maintenance service - building | 11,500 | 4,631 | (6,869) |
| Maintenance service - equipment | 2,500 | 2,611 | 111 |
| Equipment rental | 3,000 | 3,926 | 926 |
| Commodities | | | |
| Toner and furnishings | - | 167 | 167 |
| Operating supplies | 5,000 | 3,256 | (1,744) |
| Other expenditures | | | |
| Contingencies | 3,000 | - | (3,000) |
| Total expenditures | 27,000 | 17,511 | (9,489) |
| Excess revenue over (under) expenditures | (1,000) | 28,652 | 29,652 |
| <u>OTHER FINANCING SOURCES:</u> | | | |
| Transfers out | 74,000 | - | (74,000) |
| Total other financing sources | 74,000 | - | (74,000) |
| Net change in fund balance | 73,000 | 28,652 | (44,348) |
| Fund balance - beginning | 179,222 | 179,222 | - |
| Fund balance - ending | \$ 252,222 | \$ 207,874 | \$ (44,348) |

See notes to the supplementary information.

**Farmington Area Public Library District
 Supplementary Information
 Budgetary Comparison Schedule
 Major Fund - Debt Service Fund
 For the Fiscal Year Ending June 30, 2021**

| | <u>Original & Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|--|--|-----------------|--|
| <u>REVENUES:</u> | | | |
| Taxes | | | |
| Property tax | \$ - | \$ 49,523 | \$ 49,523 |
| Interest income | - | 18 | 18 |
| Total revenues | <u>-</u> | <u>49,541</u> | <u>49,541</u> |
| <u>EXPENDITURES:</u> | | | |
| Debt Service | | | |
| Principal | - | 30,000 | 30,000 |
| Interest | - | 19,100 | 19,100 |
| Total expenditures | <u>-</u> | <u>49,100</u> | <u>49,100</u> |
| Excess revenue over (under) expenditures | <u>-</u> | <u>441</u> | <u>441</u> |
| <u>OTHER FINANCING SOURCES:</u> | | | |
| Bond fees | - | (500) | (500) |
| Total other financing sources | <u>-</u> | <u>(500)</u> | <u>(500)</u> |
| Net change in fund balance | - | (59) | (59) |
| Fund balance - beginning | (371) | (371) | - |
| Fund balance - ending | <u>\$ (371)</u> | <u>\$ (430)</u> | <u>\$ (59)</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, 2021

| | Audit Fund | IMRF Fund | Social Security Fund | Total Non-Major Funds |
|---------------------------------------|----------------|------------------|----------------------------|-----------------------------|
| ASSETS: | | | | |
| Cash and deposits | \$ - | \$ 14,819 | \$ 7,639 | \$ 22,458 |
| Total assets | <u>\$ -</u> | <u>\$ 14,819</u> | <u>\$ 7,639</u> | <u>\$ 22,458</u> |
| LIABILITIES: | | | | |
| Due to other funds | \$ 6,664 | \$ 250 | \$ 354 | \$ 7,268 |
| Total liabilities | <u>6,664</u> | <u>250</u> | <u>354</u> | <u>7,268</u> |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| IMRF | - | 14,569 | - | 14,569 |
| Social security | - | - | 7,285 | 7,285 |
| Unassigned | <u>(6,664)</u> | <u>-</u> | <u>-</u> | <u>(6,664)</u> |
| Total fund balance | <u>(6,664)</u> | <u>14,569</u> | <u>7,285</u> | <u>15,190</u> |
| Total liabilities and fund balance | <u>\$ -</u> | <u>\$ 14,819</u> | <u>\$ 7,639</u> | <u>\$ 22,458</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, 2021**

| | Audit Fund | IMRF Fund | Social Security Fund | Total Non-Major Funds |
|----------------------------|-------------------|------------------|----------------------------|-----------------------------|
| REVENUE: | | | | |
| Taxes: | | | | |
| Property tax | \$ 6,249 | \$ 10,404 | \$ 11,421 | \$ 28,074 |
| Interest income | - | 15 | 10 | 25 |
| Total revenue | <u>6,249</u> | <u>10,419</u> | <u>11,431</u> | <u>28,099</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and Recreation | | | | |
| Personnel | - | 7,527 | 10,487 | 18,014 |
| Contractual Services | 7,200 | - | - | 7,200 |
| Total expenditures | <u>7,200</u> | <u>7,527</u> | <u>10,487</u> | <u>25,214</u> |
| Net change in fund balance | (951) | 2,892 | 944 | 2,885 |
| Fund balance - beginning | <u>(5,713)</u> | <u>11,677</u> | <u>6,341</u> | <u>12,305</u> |
| Fund balance - ending | <u>\$ (6,664)</u> | <u>\$ 14,569</u> | <u>\$ 7,285</u> | <u>\$ 15,190</u> |

See notes to the supplementary information.

**Farmington Area Public Library District
Supplementary Information
Budgetary Comparison Schedule
Non-Major Fund
For the Fiscal Year Ending June 30, 2021**

| | Original & Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|----------------------------|-------------------|---|
| Audit Fund | | | |
| REVENUES: | | | |
| Taxes | | | |
| Property tax | \$ 6,400 | \$ 6,249 | \$ (151) |
| Total revenues | <u>6,400</u> | <u>6,249</u> | <u>(151)</u> |
| EXPENDITURES: | | | |
| Culture and Recreation | | | |
| Contractual Services | | | |
| Audit fees | 6,400 | 7,200 | 800 |
| Total expenditures | <u>6,400</u> | <u>7,200</u> | <u>800</u> |
| Net change in fund balance | - | (951) | (951) |
| Fund balance - beginning | <u>(5,713)</u> | <u>(5,713)</u> | <u>-</u> |
| Fund balance - ending | <u>\$ (5,713)</u> | <u>\$ (6,664)</u> | <u>\$ (951)</u> |
| Illinois Municipal Retirement Fund | | | |
| REVENUES: | | | |
| Taxes | | | |
| Property tax | \$ 10,000 | \$ 10,404 | \$ 404 |
| Interest income | - | 15 | 15 |
| Total revenues | <u>10,000</u> | <u>10,419</u> | <u>419</u> |
| EXPENDITURES: | | | |
| Culture and Recreation | | | |
| Personnel | | | |
| Retirement contribution | 10,000 | 7,527 | (2,473) |
| Total expenditures | <u>10,000</u> | <u>7,527</u> | <u>(2,473)</u> |
| Net change in fund balance | - | 2,892 | 2,892 |
| Fund balance - beginning | <u>11,677</u> | <u>11,677</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 11,677</u> | <u>\$ 14,569</u> | <u>\$ 2,892</u> |

See notes to the supplementary information.

**Farmington Area Public Library District
 Supplementary Information
 Budgetary Comparison Schedule
 Non-Major Fund - Continued
 For the Fiscal Year Ending June 30, 2021**

| | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|-------------------------------|-----------------|--|
| Social Security Fund | | |
| <u>REVENUES:</u> | | |
| Taxes | | |
| Property tax | \$ 11,000 | \$ 11,421 |
| Interest income | - | 10 |
| Total revenues | <u>11,000</u> | <u>11,431</u> |
| <u>EXPENDITURES:</u> | | |
| Culture and Recreation | | |
| Personnel | | |
| Social security contributions | 11,000 | 8,499 |
| Medicare contributions | - | 1,988 |
| Total expenditures | <u>11,000</u> | <u>10,487</u> |
| Net change in fund balance | - | 944 |
| Fund balance - beginning | <u>6,341</u> | <u>6,341</u> |
| Fund balance - ending | <u>\$ 6,341</u> | <u>\$ 944</u> |

See notes to the supplementary information.

Farmington Area Public Library District
Notes to the Supplementary Information
June 30, 2021

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 schedule (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, 2021, 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 \$49,100. The Library also had expenditures that exceeded appropriations in the Audit Fund by \$800.

OTHER INFORMATION

**Farmington Area Public Library District
Other Information (Unaudited)
Defined Benefit Plan Information
June 30, 2021**

Annual Pension Cost. Farmington Area Public Library District's required contribution for 2020 was determined as part of the December 31, 2018, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2018, included (a) 7.5 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 Regular 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, 2018 is being amortized as a level percentage of projected payroll on an open 23 year basis.

Funded Status and Funding Progress. As of December 31, 2020, the most recent actuarial valuation date, the Regular plan was 93.40 percent funded. The actuarial accrued liability for benefits was \$435,589 and the actuarial value of assets was \$406,858, resulting in an underfunded actuarial accrued liability (UAAL) of \$28,731. The covered payroll for calendar year 2020 (annual payroll of active employees covered by the plan) was \$104,892 and the ratio of the UAAL to covered payroll was 27 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) |
|--------------------------------|--|---|-----------------------------------|-------------------------|-----------------------------|---|
| 12/31/20 | \$ 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% |
| 12/31/18 | 332,662 | 348,602 | 15,940 | 95.43% | 99,866 | 15.96% |

On a market value basis, the actuarial value of assets as of December 31, 2020 is \$446,940. On a market basis, the funded ratio would be 102.61%

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.

Farmington Area Public Library District
Other Information (Unaudited)
Assessed Valuations, Rates, Extensions, and Collections
Tax Year 2020, 2019, 2018
For the Fiscal Year Ending June 30, 2021

| | Tax Year | | |
|---|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2018 |
| Assessed Valuation | <u>\$ 128,422,087</u> | <u>\$ 127,849,689</u> | <u>\$ 125,736,722</u> |
| <u>Tax Rates (per \$100 assessed valuation)</u> | | | |
| General corporate | 0.15000 | 0.14870 | 0.14720 |
| Bond and interest | 0.03678 | 0.03850 | 0.03660 |
| Building maintenance | 0.02000 | 0.01980 | 0.01950 |
| Illinois municipal retirement | 0.00779 | 0.00810 | 0.00880 |
| Audit | 0.00499 | 0.00500 | 0.00500 |
| Liability insurance | 0.03115 | 0.02350 | 0.01700 |
| Social Security | 0.00857 | 0.00890 | 0.00960 |
| | <u>0.25928</u> | <u>0.25250</u> | <u>0.24370</u> |
| <u>Tax Extensions</u> | | | |
| General corporate | \$ 192,633 | \$ 190,112 | \$ 185,084 |
| Bond and interest | 47,234 | 49,222 | 46,020 |
| Building maintenance | 25,684 | 25,314 | 24,519 |
| Illinois municipal retirement | 10,004 | 10,356 | 11,065 |
| Audit | 6,408 | 6,392 | 6,287 |
| Liability insurance | 40,003 | 30,045 | 21,375 |
| Social Security | 11,006 | 11,379 | 12,071 |
| | <u>\$ 332,972</u> | <u>\$ 322,820</u> | <u>\$ 306,421</u> |
| <u>Tax Collected</u> | | | |
| General corporate | | \$ 191,503 | \$ 185,677 |
| Bond and interest | | 49,523 | 46,144 |
| Building maintenance | | 25,471 | 24,602 |
| Illinois municipal retirement | | 10,404 | 11,066 |
| Audit | | 6,249 | 6,306 |
| Liability insurance | | 30,253 | 21,441 |
| Social Security | | 11,421 | 12,075 |
| | | <u>\$ 324,824</u> | <u>\$ 307,311</u> |
| Percentage of taxes collected | | <u>100.6%</u> | <u>100.3%</u> |