



PHILLIPS, SALMI + ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**WASHINGTON DISTRICT LIBRARY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Washington District Library
Washington, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Washington District Library (Library), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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 and each major fund of Washington District Library, as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington District Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of the financial statements, which 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.

Responsibilities of Management 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, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington District Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington District Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's financial statements. The accompanying schedule listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The "Supplemental Information" is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The "Supplementary Information" has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the “Supplemental Information” is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in Note #1.

Other Information

Management is responsible for the other information as listed in the table of contents. The other information comprises budgetary comparison information and related notes but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Phillips, Salmi & Associates, LLC

Washington, IL
November 4, 2024

WASHINGTON DISTRICT LIBRARY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,554,092
Investments	454,840
Other assets	1,098
Capital assets not being depreciated	200,000
Capital assets, net of accumulated depreciation	<u>2,236,383</u>
TOTAL ASSETS	<u>\$ 4,446,413</u>
LIABILITIES	
Current liabilities	\$ -
NET POSITION	
Invested in capital assets, net of related debt	2,436,383
Restricted (Note #3)	403,333
Unrestricted	<u>1,606,697</u>
TOTAL NET POSITION	<u>4,446,413</u>
	<u>\$ 4,446,413</u>

The accompanying notes are an integral part of this statement.

WASHINGTON DISTRICT LIBRARY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2024

	<u>Expenses</u>	<u>Fees and Charges for Services</u>	<u>Operating and Capital Grants</u>	<u>Net (Expenses) Revenues</u>
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 178,298	\$ -	\$ -	\$ (178,298)
Culture and recreation	<u>1,344,054</u>	<u>10,887</u>	<u>108,793</u>	<u>(1,224,374)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,522,352</u></u>	<u><u>\$ 10,887</u></u>	<u><u>\$ 108,793</u></u>	<u><u>(1,402,672)</u></u>
General revenues:				
Property taxes				1,275,705
Replacement taxes				42,711
Earnings on investments				62,940
Miscellaneous				<u>3</u>
Total general revenues				<u>1,381,359</u>
Change in net position				(21,313)
Net position:				
Beginning of year				<u>4,467,726</u>
End of year				<u><u>\$ 4,446,413</u></u>

The accompanying notes are an integral part of this statement.

WASHINGTON DISTRICT LIBRARY
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Working Cash Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,539,373	\$ 14,719	\$ 1,554,092
Investments	262,603	192,237	454,840
Inventory	1,098	-	1,098
TOTAL ASSETS	<u>\$ 1,803,074</u>	<u>\$ 206,956</u>	<u>\$ 2,010,030</u>
LIABILITIES AND FUND BALANCES			
Current liabilities	\$ -	\$ -	\$ -
FUND BALANCES			
Non-spendable (Note #2)	1,098	193,064	194,162
Restricted (Note #2)	210,269	-	210,269
Committed (Note #2)	461,278	-	461,278
Unassigned	1,130,429	13,892	1,144,321
TOTAL FUND BALANCES	<u>1,803,074</u>	<u>206,956</u>	<u>2,010,030</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,803,074</u>	<u>\$ 206,956</u>	<u>\$ 2,010,030</u>

The accompanying notes are an integral part of this statement.

**WASHINGTON DISTRICT LIBRARY
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUND -
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balances - governmental funds	\$ 2,010,030
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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
financial resources and therefore are not reported as
assets in governmental funds. The cost of the assets
and related accumulated depreciation is:

Cost of capital assets	\$ 4,834,994	
Accumulated depreciation	<u>(2,398,611)</u>	<u>2,436,383</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,446,413</u></u>
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The accompanying notes are an integral part of this statement.

WASHINGTON DISTRICT LIBRARY
STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	Working Cash Fund	Total Governmental Funds
Cash Receipts:			
Property taxes	\$ 1,275,705	\$ -	\$ 1,275,705
State replacement taxes	42,711	-	42,711
Other state sources	77,984	-	77,984
Fines and forfeitures	10,887	-	10,887
Contributions and donations	30,809	-	30,809
Interest	55,777	7,163	62,940
Miscellaneous	3	-	3
	<hr/>	<hr/>	<hr/>
Total cash receipts	1,493,876	7,163	1,501,039
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
General government	178,298	-	178,298
Culture and recreation	1,205,647	-	1,205,647
Capital outlay	137,604	-	137,604
	<hr/>	<hr/>	<hr/>
Total cash disbursements	1,521,549	-	1,521,549
	<hr/>	<hr/>	<hr/>
Excess of cash receipts over (under) cash disbursements	(27,673)	7,163	(20,510)
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Beginning of year	1,830,747	199,793	2,030,540
	<hr/>	<hr/>	<hr/>
End of year	\$ 1,803,074	\$ 206,956	\$ 2,010,030
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

**WASHINGTON LIBRARY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES RECEIVED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2024**

Total net change in fund balances - governmental funds	\$	(20,510)
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Amounts reported for governmental activities in the statement
of activities are different because:

Capital outlays are reported in governmental funds as
expenditures paid. However, in the statement of activities,
the cost of those assets is allocated over their estimated
useful lives as depreciation expense. Below are the
depreciation expense and capital outlays for the year:

Capital outlay/equipment	\$ 137,604		
Depreciation expense	<u>(138,407)</u>	<u>(803)</u>	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(21,313)</u>
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The accompanying notes are an integral part of this statement.

WASHINGTON DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C., the government-wide financial statements are presented on a modified cash basis of accounting; the fund financial statements are presented on the cash basis of accounting. These modified bases of accounting differ from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Principles Used to Determine the Scope of the 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 Library has developed criteria to determine whether outside agencies with activities that benefit the citizens of the Library District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Library has determined that no other outside agency operating within the Library District's boundaries meets the above criteria and, therefore, no other agency has been included as a component unit in the Library's financial statements.

B. Basis of Presentation

Government wide financial statements – The Statement of Net Position and the Statement of Activities display information about the Library as a whole. They include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund financial statements – The accounts of the Library are organized on the basis of funds, each of which is 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, liabilities, fund balance, cash receipts, and cash disbursements. Library resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements. Separate statements are presented for governmental funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- Total assets, liabilities, cash receipts, or cash disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets, liabilities, cash receipts, or cash disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The various funds of the Library are described below:

Governmental Funds

Governmental funds are those through which most governmental functions of the Library are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

General Fund

The General Fund is the primary operating fund of the Library and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund. Illinois Municipal Retirement, Social Security, Tort Immunity, and Audit tax levies are restricted in their use and are included in revenues in this fund. This fund also includes donor restricted funds which are more fully described under Note #3.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for a specified purpose or designated to finance particular functions or activities of the Library. For the year ended June 30, 2024, the Library maintained no Special Revenue Funds.

Permanent Funds

The Working Cash Fund accounts for financial resources held by the Library to be used for temporary inter-fund loans to the General Fund. The principal of the Working Cash Fund cannot be spent without specific board action to permanently transfer those funds to the General Fund for expenditure. It would then take voter approval to replace those funds by referendum. The Working Cash Fund meets the major fund criteria outlined earlier.

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

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The government-wide Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis, as defined in the following paragraph. Accordingly, all of the Library's current and long-term assets and liabilities, including capital assets and infrastructure, are included in the accompanying Statement of Net Position as of June 30. The Statement of Activities presents changes in net position since July 1, the beginning of the fiscal year.

In the fund financial statements, all of the governmental funds utilize a “current financial resources” measurement focus, as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their statements of assets, liabilities and fund balances. Their operating statements present sources and uses of available spendable resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting - The government-wide Statement of Net Position and Statement of Activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) ***are not recorded*** in these financial statements.

The Library maintains its individual fund accounting records for all funds on the cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

If the Library utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, while government-wide financial statements would be presented on the full accrual basis of accounting.

Internal Activity - Transfers between funds are eliminated in the government-wide statement of activities so that the same income or expense will not be reported twice.

D. Assets and Liabilities

Cash and Cash Equivalents - For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments - Investments are stated at cost or amortized cost, which approximates market. The Library, under 30 ILCS 235/2, may legally invest in all securities guaranteed by the full faith and credit of the United States, as well as interest-bearing savings accounts, certificates of deposit, or time deposits constituting direct obligations of bank insured by FDIC. The Library may also invest in short-term obligations of the Federal National Mortgage Association, the Public Treasurer’s Investment Pool, and all interest-bearing obligations of the State of Illinois. As of June 30, 2024, the Library holds long-term Certificate of Deposits that are reported as investments in the financial statements.

The Library has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board.

Inventories - Inventory on the Statement of Assets Liabilities and Fund Balances consists of stamps held for sale to Library patrons. The Library also holds some inventory of expendable supplies held for consumption. The cost of supply inventory is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

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

Government Wide Statements - In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual was unavailable. Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 has been used to determine which purchases are reported as capital assets. Annual purchases of books are capitalized based on the aggregate purchases, which generally exceed the capitalization threshold. The range of estimated useful lives by type of assets is as follows:

Buildings	40-50 years
Improvements Other than Buildings	10-25 years
Books, Furniture and Fixtures,	5-10 years

Fund Financial Statements - In the fund financial statements, capital assets arising from cash transactions acquired for use in the governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Debt - All long-term debt arising from cash transactions to be repaid from governmental fund resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions in governmental funds is not reported as a liability in the individual fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

E. Revenues and Expenditures

Program Revenues - In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Library's taxpayers are reported as program revenues. The Library has the following revenues that support the Culture and Recreation Program activity: Fines and Forfeitures, Charges for Services, Grant Receipts, and Donations.

F. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive 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.

G. Leases

The Library accounts for lease contracts as follows:

Lease Contracts that transfer ownership - A contract that transfers ownership of the underlying asset to the Library by the end of the contract, does not contain termination options, does not have fiscal funding or cancellation clauses reasonably certain to be exercised, and in which the seller and lender are not the same party are treated as a financed purchase of the underlying asset following a cash or in substance cash transaction.

Within the Government-Wide Statements, a capital asset and financed purchase obligation is recorded at inception and subsequent lease payments are allocated between principal and interest on long-term debt. Within the Governmental Fund Statements, financed purchases are recorded both as capital expenditures and other financing sources at inception and subsequent lease payments are recognized as expenditures when paid.

All other lease contracts - Lease payments are recognized as expenditures when paid in the Government-Wide and Governmental Funds. No right-of-use asset and corresponding liability has been recorded in the financial statements in accordance with the basis of accounting described in this note.

H. Subscription Based Information Technology Arrangements

The Library accounts for subscription-based technology arrangements by recognizing expenditures in the individual funds as Culture and Recreation when paid. No right-of-use asset and corresponding liability has been recorded in the financial statements in accordance with the basis of accounting described in this note.

NOTE 2 – FUND BALANCE REPORTING

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The Library maintains a Working Cash Fund which is classified as a Permanent Fund and the principal of this fund (\$193,064) cannot be spent for operating expenditures. These amounts are shown as nonspendable in the Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions. They are shown as Restricted in the Statement of Net Position. In addition, the Library maintains Stamp Inventory in the General Fund in the amount of \$1,098. This amount shown as nonspendable in the Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions and Unrestricted in the Statement of Net Position.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has several revenue sources received within the General Fund that fall into these categories –

Restricted Tax Levies - The Illinois legislature has created various special tax levies that the Library may establish. These levies must be restricted and utilized only for the purposes specified for the special tax levy. Proceeds from the Tort Immunity, Social Security, Municipal Retirement, and Audit tax levies and related expenditures have been included in the cash receipts and disbursements of the General Fund. At June 30, 2024, cash receipts and previously accumulated balances from these levies exceeded the expenditures disbursed for the related purposes in the General Fund, resulting in restricted fund balances as follows:

Restricted Fund Balance June 30, 2024

Tort Immunity Levy	\$ 56,754
Social Security Levy	47,763
Municipal Retirement Levy	105,752
Total Restricted Net Position	<u>\$ 210,269</u>

This balance is part of the restricted fund balance of the General Fund on the Statement of Assets, Liabilities, and Fund Balances. The balance is also part of the restricted net position balance on the government-wide Statement of Net Position.

State Grants - Proceeds from a state grant and related expenditures are generally included in the revenue received and expenditures disbursed of the General Fund. At June 30, 2024, expenditures disbursed from State grant sources have exceeded the related revenue received, resulting in no restricted fund balance for this purpose.

Committed Fund Balance - The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Library Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The Library Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

The Library Board passed a resolution dated February 16, 1979, establishing a Capital Development Fund, commonly known as the Special Reserve Fund. This fund is to be used for repairs and maintenance of the building, acquisition of furniture and equipment, and acquisition of land for additional parking and facilities. The balance of this fund at the beginning of the year was \$423,001. The balance of this special reserve as of June 30, 2024, was \$461,278 and is shown as committed fund balance of the General Fund on the Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions.

Assigned Fund Balance - The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the Library Board itself or (b) the finance committee or by the Director when the Library Board has delegated the authority to assign amounts to be used for specific purposes. The Library currently has no assigned fund balances.

Unassigned Fund Balance - The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned Fund Balance amounts are shown in the financial statements as unassigned fund balance of the General Fund on the Statement of Assets, Liabilities, and Fund Balances.

Expenditures of Fund Balance - Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 3 – RESTRICTED NET POSITION

Net Position in the Government Wide Financial Statements are considered Restricted only if there is some form of external restrictions, such as legal restrictions on how funds can be used.

Reconciliation of Restricted Balances -	
Restricted Tax Levies	\$ 210,269
Working Cash Fund (Non-Spendable)	193,064
Total Restricted Net Position	<u>\$ 403,333</u>

NOTE 4 – MANDATORY TORT IMMUNITY INFORMATION

The Illinois legislature has created a requirement that local governments that levy for tort immunity must include a detailed accounting in their annual financial report. Following are the transactions of revenue and expenditures included in the Tort Immunity balance:

Revenue Received:	
Tax Levy	<u>\$ 9,026</u>
Expenditures Disbursed:	
Insurance	8,695
Unemployment Insurance	2,611
Legal & Professional Fees	1,080
Security and Safety Equipment	5,797
Risk Management – Salaries and Benefits	7,356
Total Expenditures Disbursed	<u>25,539</u>
Excess of Expenditures Over Revenue	(16,513)
Balance as of July 1, 2023	<u>73,267</u>
Balance as of June 30, 2024	<u>\$ 56,754</u>

NOTE 5 – PROPERTY TAXES

The Library District's property tax is levied each year on all taxable real property located in the Library District on or before the last Tuesday in December. The 2022 levy (to fund fiscal year 2024) was passed by the board on November 15, 2022. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments on June 1 and September 1. For the tax year 2023 payable in 2025 the due dates are June 1 and September 1. The Library receives significant distributions of tax receipts approximately one month after these due dates. The taxes included in these statements are from the 2022 and prior levies.

The Property Tax Extension Limitation Law of the State of Illinois, as amended (PTELL), limits the amount of annual increase in property taxes to be extended for certain Illinois non-home rule units of government, including this district. In general, the PTELL restricts the amount of a property tax

extension increase to the lesser of 5% or the percentage increase in the Consumer Price Index for Urban Consumers during the preceding calendar year. Tax levies may also be increased due to assessed valuation increases from new construction, referendum approval, and consolidation of local government units.

The effect of the PTELL is to limit the growth of the amount of property taxes that can be extended for a taxing body. The PTELL was effective for Tazewell County for property taxes levied after 1998.

The following are the tax rate limits permitted by local referendum and the actual rates levied per \$100 of assessed valuation.

	Limit	Actual	
		2023 Levy	2022 Levy
Assessed Valuation		\$599,359,878	\$550,428,764
General	.6000	.20013	.21297
IMRF	None	.00878	.00992
Social Security	None	.00895	.00900
Audit	.0050	.00321	.00074
Tort Immunity	None	.00507	.00166
Revenue Recovery	None	.00050	.00033
		.22664	.23462

NOTE 6 – RETIREMENT FUND COMMITMENTS – IMRF

Plan Description

The District's defined benefit pension plan for employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information, for the plan as a whole, but not for individual employers. That report can be obtained online at <https://www.imrf.org/en/publications-and-archive/annual-financial-reports>.

Benefits Provided

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

All three IMRF benefit plans have two tiers. Tier 2 benefits are lower than Tier 1, and cost about 40% less to provide. All IMRF members initially hired on or after January 1, 2011, are in Tier 2.

Both the member and the employer contribute toward retirement benefits. Members contribute a percentage of their salary as established by the Pension Code. The percentage depends on the plan in which the member participates.

Regular members contribute 4.5%. SLEP and ECO members contribute 7.5%. Members also have the option of making voluntary after-tax contributions up to 10% of their salary. Employer contribution rates are actuarially calculated annually for each employer. Employers pay most of the cost for member and survivor pensions and all of the cost for supplemental retirement, death, and disability benefits. All contributions are pooled for investment purposes.

Since 1982, investment returns account for 65% of IMRF revenue.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

At December 31, 2023, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	18
Total	<u>56</u>

Contributions

As set by statute, the Library District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library District's annual contribution rate for calendar year 2023 was 11.02%. The total employer contribution paid for 2023 was \$67,844. The Library District's contribution rate for the calendar year 2024 is 10.66%. The actual contributions paid during the fiscal year ended June 30, 2024, were \$69,817. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTE 7 – CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Construction in Progress	10,335	-	10,335	-
Total Capital assets not being depreciated	210,335	-	10,335	200,000
Capital assets being depreciated				
Building and Improvements	2,632,729	85,893	-	2,718,622
Books	1,287,204	62,046	-	1,349,250
Equipment	567,122	-	-	567,122
Total Capital assets being depreciated	4,487,055	147,939	-	4,634,994
Less accumulated depreciation for:				
Building and Improvements	771,893	54,199	-	826,092
Books	1,162,346	59,794	-	1,210,999
Equipment	325,965	35,555	-	361,520
Total accumulated depreciation	2,260,204	138,407	-	2,398,611
Depreciable Capital Assets, net				
Building and Improvements	1,860,836	31,694	-	1,892,530
Books	124,858	13,393	-	138,251
Equipment	241,157	(35,555)	-	205,602
Total Depreciable Capital Assets, net	2,226,851	9,532	-	2,236,383
Total Governmental Activities Capital Assets, net	\$ 2,437,186	\$ 9,532	\$(10,335)	\$ 2,436,383

Deprecation was charged to the Culture and Recreation activity in the Statement of Activities.

NOTE 8 – CONTINGENCIES

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

NOTE 9 – CASH AND INVESTMENTS

The Library District is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235). These include the following items:

- in bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

- in interest-bearing savings accounts, interest-bearing certificates of deposits, interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
- in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000;
- in money market mutual funds registered under the Investment Company Act of 1940;
- in short term discount obligations of the Federal National Mortgage Association;
- in dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States and is located within the State of Illinois;
- in a Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act;
- in repurchase agreements of government securities;
- in any investment as authorized by the Public Funds Investment Act, and Acts amendatory thereto.

Custodial Credit Risk Related to Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by securities eligible for District investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating services to include Standard & Poor's, Moody's, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The District's investment policy states the preferred method for safekeeping of collateral is to have securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board's Statement III, Category I, the highest recognized safekeeping procedures.

As of June 30, 2024, all of the District's deposits, including \$454,840 in Certificate of Deposits shown as Investments, were either covered by FDIC insurance or collateralized with a third party, therefore were not exposed to custodial credit risk

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library does not have a policy for custodial credit risk. At year end, none of the Library's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the Library and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the Library's name

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Library's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Public Funds Investment Act contained in the Illinois Compiled Statutes limits the types of investments a public agency may purchase. The Library has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer.

NOTE 10 – COMPENSATED ABSENCES

The Library provides its employees with paid sick and vacation time. The employees may carry over to succeeding years any unused sick time and may carry over a limited amount of unused vacation time. As of June 30, 2024, the Library had a balance of \$151,790 in sick and vacation time unused by its employees.

NOTE 11 – INTERFUND LOANS AND PERMANENT TRANSFERS

There were no interfund loans or permanent transfers during the year ended June 30, 2024.

NOTE 12 – LONG TERM DEBT

As of June 30, 2024, the Library had no outstanding debt. State statutes allow library districts to borrow funds up to a limit of 2.875 percent of their last known Equalized Assessed Valuation (EAV) of Real Estate in the district. As of January 1, 2024, the EAV for Washington District Library was \$599,359,878. This would allow them to borrow up to \$17,231,596.

NOTE 13 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended June 30, 2024, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years.

The Library is insured under a retrospectively-rated policy for workers' compensation coverage, for which the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2024, there were no significant adjustments in premiums based on actual experience.

NOTE 14 – POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description. The District administers a single-employer defined benefit healthcare plan. The employees who contribute to IMRF are eligible for post-retirement medical coverage as required by State statute. The plan does not issue a separate publicly available financial report.

Funding Policy. The contribution requirements of the Library may be amended by the Library Board. Current policy is to pay for post-retirement medical and insurance benefits or premiums as they occur. The Library requires retirees to contribute 100% of the premium for their desired coverage. The premiums are established for the employee/retiree group within various classifications and are graduated by age groups, currently the highest age-based premium is \$1,663 per month for individual coverage. Although, with regard to retirees, this amount contains an implied rate subsidy by the Library through the blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy. Since there are no retirees currently participating in the plan (nor have there ever been), the Library believes that the future liability is near zero and certainly not enough to affect operations.

Contributions Made. Because the retiree insurance premium established is paid entirely by retiree contributions, there is no net cash outflow by the Library related to these benefits when paid. Therefore, there are no cash-basis expenditures reported by the Library with regard to the plan benefits for retirees.

NOTE 15 – SUBSEQUENT EVENTS

The District evaluates events and transactions that occur subsequent to year-end for potential recognition or disclosure in the financial statements through the date of the Independent Auditor's Report, which is date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

**WASHINGTON DISTRICT LIBRARY
ALL FUNDS
SCHEDULE OF TAXES EXTENDED AND COLLECTED
JUNE 30, 2024**

2021 Levy

(Assessed valuation - \$522,102,257)

Tax rate per \$100	0.23343
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Taxes extended	\$ 1,218,743
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Taxes collected (99.802%)	\$ 1,216,334
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2022 Levy

(Assessed valuation - \$550,428,764)

Tax rate per \$100	0.23462
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Taxes extended	\$ 1,277,407
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Taxes collected (99.867%)	\$ 1,275,705
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2023 Levy

(Assessed valuation - \$599,359,878)

Tax rate per \$100	0.22664
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Taxes extended	\$ 1,342,425
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**WASHINGTON DISTRICT LIBRARY
OTHER INFORMATION
SCHEDULE OF BUDGET AND ACTUAL COMPARISON
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Property taxes	\$ 1,275,705	\$ 1,218,744	\$ 56,961
State replacement taxes	42,711	20,000	22,711
Other state sources	77,984	36,269	41,715
Fines and forfeitures	10,887	5,000	5,887
Contributions and donations	30,809	9,000	21,809
Interest	55,777	3,200	52,577
Miscellaneous	3	-	3
	<u>1,493,876</u>	<u>1,292,213</u>	<u>201,663</u>
Total cash receipts			
Cash Disbursements:			
General Government:			
Personal services	136,868	-	136,868
Retirement/social security	41,430	-	41,430
	<u>178,298</u>	<u>-</u>	<u>178,298</u>
Total general government			
Culture and recreation:			
Personal services	547,474	693,398	(145,924)
Retirement/social security	165,727	205,080	(39,353)
Contractual services	202,615	225,377	(22,762)
Commodities	162,372	166,985	(4,613)
Capital outlay	137,604	-	137,604
Other	131,269	144,049	(12,780)
	<u>1,347,061</u>	<u>1,434,889</u>	<u>(87,828)</u>
Total Culture and recreation			
Total Cash Disbursements	<u>1,525,359</u>	<u>1,434,889</u>	<u>90,470</u>
Excess of cash receipts over (under) cash disbursements	(31,483)	(142,676)	111,193
Beginning budgetary/cash balance	<u>1,833,459</u>	<u>1,681,924</u>	<u>151,535</u>
Ending budgetary/cash balance	1,801,976	<u><u>\$ 1,539,248</u></u>	<u><u>\$ 262,728</u></u>
Inventory	<u>1,098</u>		
Ending fund balance	<u><u>\$ 1,803,074</u></u>		

WASHINGTON DISTRICT LIBRARY
NOTES TO BUDGETARY
COMPARISON SCHEDULES
JUNE 30, 2024

BUDGET

The budget for the General Fund is prepared on the cash basis of accounting, which is the same basis that is used in individual fund financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with 75 ILCS 16/30-85. The appropriation budget was originally passed on June 20, 2023.

The Working Cash Fund (Major Permanent Fund) is not required to adopt a formal budget.

For the General Fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

The Library follows these procedures in establishing the budgetary data reflected on the financial statements:

1. Prior to July 1, the Director submits to the Board a proposed appropriations budget for the following fiscal year. The appropriations budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to the fourth Tuesday in September, the budget is legally adopted through passage of an appropriations ordinance.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board may amend the budget by transferring (no more than ten percent of the total budget amount) between line items.

BUDGETARY ACCOUNTING

The expenses on the budgetary basis of accounting are prepared on the “Pure” cash basis, meaning that only transactions that have affected cash are recorded. Expenses, such as payroll accruals or payroll taxes payable from withholdings, are not recorded until such time as cash has actually been paid to cover these liabilities. This differs from the individual fund financial statements, which recognize all transactions arising from previous cash transactions, which would include the liability for payroll taxes withheld on salaries already paid.

The Library also recognizes cash inflows and outflows from interfund loans as Other Financing Sources/ (Uses) on the Budgetary Basis.