

WILMETTE PUBLIC LIBRARY DISTRICT,
ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

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INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

October 12, 2022

Member of the Board of Trustees
Wilmette Public Library District
Wilmette, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilmette Public Library District, Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilmette Public Library District, Illinois, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the District 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.

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 opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 the District'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 the District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and GASB-required pension and other post-employment benefit (OPEB) reporting, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilmette Public Library District, Illinois' basic financial statements. The other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, other supplementary information and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis

June 30, 2022

Our discussion and analysis of the Wilmette Public Library District's (District) financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The District's net position decreased from \$23,646,197 beginning balance to \$23,010,672, a decrease of \$635,525 or 2.69 percent.
- During the year, government-wide revenues totaled \$6,164,397, while government-wide expenses totaled \$6,799,922, resulting in a decrease to net position of \$635,525.
- Total fund balances for the governmental funds were \$13,352,911 at June 30, 2022 compared to a prior year balance of \$14,919,894, a decrease of \$1,566,983 or 10.50 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operation in more detail than the government-wide statements by providing information about the District's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the District's finances, in a matter similar to a private-sector business.

The Statement of Net Position reports information on all of the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the District's property tax base, is needed to assess the overall health of the District.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements report functions of the District that are principally supported by taxes and charges for services revenues (governmental activities). The governmental activities of the District include the cultural function.

Management's Discussion and Analysis

June 30, 2022

USING THIS ANNUAL REPORT - Continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only maintains governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Special Reserve Funds, which are considered major funds. Data from the other three governmental funds are presented as a nonmajor fund.

The Library adopts an annual appropriated budget for all of the governmental funds, except for the Unemployment Compensation Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis

June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a District's financial position. The following tables show that in the case of the District, assets exceeded liabilities by \$23,010,672.

	Statement of Net Position	
	2022	2021
Assets		
Current Assets	\$ 13,352,911	14,923,849
Capital Assets	9,657,761	8,726,303
Total Assets	23,010,672	23,650,152
Other Liabilities	—	3,955
Net Position		
Investment in Capital Assets	9,657,761	8,726,303
Restricted	6,398,646	6,065,687
Unrestricted	6,954,265	8,854,207
Total Net Position	23,010,672	23,646,197

A large portion of the District's net position \$9,657,761 or 41.97 percent reflects its investment in capital assets (for example, land, buildings, equipment and furniture), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of \$6,398,646 or 27.81 percent of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$6,954,265 or 30.22 percent represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis

June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position	
	2022	2021
Revenues		
Program Revenues		
Charges for Services	\$ 188,944	175,418
Operating Grants/Contributions	73,364	85,536
General Revenues		
Property Taxes	5,550,344	5,501,780
Replacement Taxes	153,118	70,246
Interest	73,813	187,404
Miscellaneous	124,814	8,330
Total Revenues	6,164,397	6,028,714
Expenses		
Culture and Recreation	6,799,922	6,099,443
Change in Net Position	(635,525)	(70,729)
Net Position-Beginning	23,646,197	23,716,926
Net Position-Ending	23,010,672	23,646,197

Net position of the District's governmental activities decreased from a balance \$23,646,197 to \$23,010,672.

Expenses of \$6,799,922 exceeded revenues of \$6,164,397, resulting in the decrease to net position in the current year of \$635,525.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis

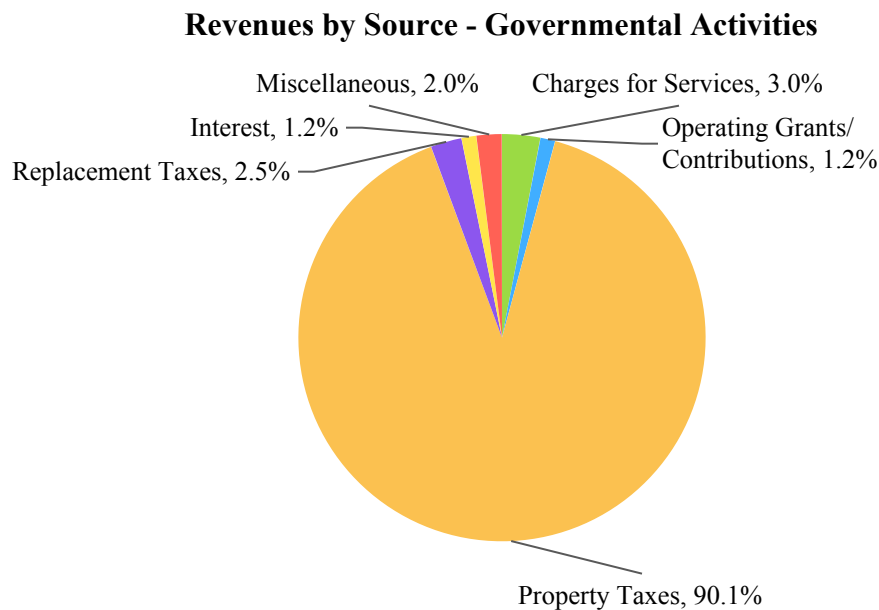
June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities

In the current year, governmental net position decreased \$635,525, a decrease of 2.69 percent. This decrease was due to an increase in expenses compared to the prior fiscal year.

The following table graphically depicts the major revenue sources of the District. It depicts very clearly the reliance of property taxes to fund governmental activities.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$13,352,911 which is a decrease of 10.50 percent from last year's ending fund balance of \$14,919,894.

In the current year, governmental fund balances decreased by \$1,566,983. The General Fund reported a decrease to fund balance due to an increase in total expenditures compared to prior year. The Special Reserve Fund reported an increase to fund balance due to a transfer in from the General Fund of \$1,800,000, which was a result of a Board approved resolution passed in January 2022.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis

June 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, no supplemental amendments were made to the budget for the General Fund.

The General Fund actual revenues were lower than budgeted revenues. Actual revenues for the current year were \$5,573,625, compared to budgeted revenues of \$5,371,588. This resulted primarily from property taxes being \$36,671 lower than the budgeted amount of \$5,030,779.

The General Fund actual expenditures were lower than budgeted expenditures. Actual expenditures totaled \$5,678,356, while budgeted expenditures totaled \$5,715,887. This was due primarily to savings realized versus the budgeted expenditures in the areas of culture and recreation and operations.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2022 was \$9,657,761 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and improvements, furniture and fixtures, and library materials.

	Capital Assets - net of Depreciation	
	2022	2021
Land	\$ 51,384	51,384
Construction in Progress	—	512,972
Building and Improvements	8,235,805	7,085,889
Furniture and Equipment	274,058	94,155
Library Materials	1,096,514	981,903
Total Net Capital Assets	9,657,761	8,726,303

This year's additions to capital assets included:

Building and Improvements	\$ 1,091,329
Furniture and Equipment	208,892
Library Materials	420,002
Total	1,720,223

Additional information on the District's capital assets can be found in Note 3 of this report.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis

June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected officials and staff considered many factors when setting the fiscal-year 2023 budget. Those factors include tax rates, patron services, resources, and capital improvement projects. The District is faced with similar economic challenges as other local municipalities, including inflation and unemployment rates. The District is committed to providing high quality library services to its constituents, while remaining a fiscally responsible unit of government.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Library Director at Wilmette Public Library District, 1242 Wilmette Avenue, Wilmette, Illinois 60091-2558.

BASIC FINANCIAL STATEMENTS

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Statement of Net Position - Modified Cash Basis

June 30, 2022

ASSETS	
Current Assets	
Cash and Investments	\$ 13,352,094
Receivables - Net of Allowances	817
Total Current Assets	<u>13,352,911</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	51,384
Depreciable	18,187,780
Accumulated Depreciation	<u>(8,581,403)</u>
Total Noncurrent Assets	<u>9,657,761</u>
Total Assets	<u>23,010,672</u>
LIABILITIES	
Current Liabilities	
None	<u>—</u>
NET POSITION	
Investment in Capital Assets	9,657,761
Restricted	
Audit	6,880
Liability Insurance	19,645
Retirement	412,402
Specific Programs	156,344
Capital Improvements	5,803,375
Unrestricted	<u>6,954,265</u>
Total Net Position	<u>23,010,672</u>

The notes to the financial statements are an integral part of this statement.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2022**

	Program Revenues		Net
	Charges for Services	Operating Grants/ Contributions	(Expenses) Revenues and Changes in Net Position
Expenses			
Functions/Programs			
Culture and Recreation	\$ 6,799,922	188,944	73,364
			(6,537,614)
	General Revenues		
	Taxes		5,550,344
	Intergovernmental		
	Replacement Taxes		153,118
	Investment Income		73,813
	Miscellaneous		124,814
			5,902,089
	Change in Net Position		(635,525)
	Net Position - Beginning		23,646,197
	Net Position - Ending		23,010,672

The notes to the financial statements are an integral part of this statement.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Balance Sheet - Governmental Funds - Modified Cash Basis
June 30, 2022**

	General	Capital Projects Special Reserve	Nonmajor	Totals
ASSETS				
Cash and Investments	\$ 7,109,792	5,803,375	438,927	13,352,094
Receivables - Net of Allowances				
Accounts	817	—	—	817
Total Assets	7,110,609	5,803,375	438,927	13,352,911
LIABILITIES				
None	—	—	—	—
FUND BALANCES				
Restricted	156,344	5,803,375	438,927	6,398,646
Unassigned	6,954,265	—	—	6,954,265
Total Fund Balances	7,110,609	5,803,375	438,927	13,352,911
Total Liabilities and Fund Balances	7,110,609	5,803,375	438,927	13,352,911

The notes to the financial statements are an integral part of this statement.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities - Modified Cash Basis

June 30, 2022

Total Fund Balances	\$ 13,352,911
Amounts reported in the Statement of Net Position are different because:	
Capital assets are not financial resources and therefore, are not reported in the funds.	<u>9,657,761</u>
Net Position	<u><u>23,010,672</u></u>

The notes to the financial statements are an integral part of this statement.

WILMETTE PUBLIC LIBRARY, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Fiscal Year Ended June 30, 2022**

	General	Capital Projects Special Reserve	Nonmajor	Totals
Revenues				
Property Taxes	\$ 4,994,108	—	556,236	5,550,344
Intergovernmental				
Replacement Taxes	153,118	—	—	153,118
Grant	52,354	—	—	52,354
Kenilworth Library Services Contract	179,302	—	—	179,302
Interest	39,277	33,295	1,241	73,813
Fines and Fees	9,642	—	—	9,642
Friends Donations	21,010	—	—	21,010
Miscellaneous	124,814	—	—	124,814
Total Revenues	5,573,625	33,295	557,477	6,164,397
Expenditures				
Culture and Recreation	5,678,356	—	497,234	6,175,590
Capital Outlay	—	1,555,790	—	1,555,790
Total Expenditures	5,678,356	1,555,790	497,234	7,731,380
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,731)	(1,522,495)	60,243	(1,566,983)
Other Financing Sources (Uses)				
Transfers In	—	1,800,000	—	1,800,000
Transfers Out	(1,800,000)	—	—	(1,800,000)
	(1,800,000)	1,800,000	—	—
Net Change in Fund Balance	(1,904,731)	277,505	60,243	(1,566,983)
Fund Balances - Beginning	9,015,340	5,525,870	378,684	14,919,894
Fund Balances - Ending	7,110,609	5,803,375	438,927	13,352,911

The notes to the financial statements are an integral part of this statement.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities - Governmental Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2022**

Net Change in Fund Balances	\$ (1,566,983)
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Amounts reported in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	1,720,223
Depreciation Expense	(788,765)
Disposal of Capital Assets - Cost	(202,287)
Disposal of Capital Assets - Depreciation	<u>202,287</u>

Changes in Net Position	<u>(635,525)</u>
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WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wilmette Public Library District (the "District"), Illinois have been prepared in conformity with accounting principals generally accepted in the United States of America, as applied to government units (hereinafter referred to generally accepted accounting principals (GAAP) except for the basis of accounting. The Governmental Accounting Standards Board (GASB) is accepted standard-setting body for establishing governmental accounting and reporting principles.

The basic financial statements of the District have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies established in GAAP and used by the District are described below.

REPORTING ENTITY

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Criteria for including a component unit in the District's reporting entity principally consist of the potential component unit's financial interdependency and accountability to the District. Based on those criteria, there are no potential component units to be included in the reporting entity. The District is not a component unit of another governmental entity.

BASIS OF PRESENTATION

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in two parts: investment in capital assets and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions (culture and recreation). These functions are supported by program revenues (fines and fees) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The net costs (by function) are normally covered by general revenue. The District does not allocate indirect costs. This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in a single governmental fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures. The District's fund is organized into governmental category. The emphasis in fund financial statements is on the major fund.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those for in another fund.

Capital Projects Funds. The Special Reserve Fund is used to account for resources restricted for capital improvements a the District.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" 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

On the government-wide Statement of Net Position and the Statement of Activities, governmental funds are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows 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.

The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

In the fund financial statements, governmental funds are presented on the modified cash basis of accounting. The modified cash basis of accounting omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more, or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building and Improvements	10 - 40 Years
Furniture and Equipment	5 - 40 Years
Library Materials	7 Years

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund position is available.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- The Board of Trustees prepares a Combined Annual Budget and Appropriation Ordinance for all funds, except for the Special Reserve Fund.
- Budget hearings are conducted.
- The budget is legally enacted through passage of an ordinance.
- The budget may be amended by the Board of Trustees. No supplemental appropriations were adopted by the Board of Trustees in the current fiscal year.
- Budgets are adopted on the cash basis.
- The level of control (level at which expenditures/expenses may not exceed appropriations) is the fund level. All appropriations lapse at year end.

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, which is the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the District's deposits totaled \$12,233,305 and the bank balances totaled \$12,172,884. The District also has \$128,007 invested in the Illinois Funds and \$990,782 in U.S. Treasury Securities at year end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states they will attempt to match its investments with anticipated cash flows requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase. Any investment purchased with a maturity longer than four years must be supported with written documentation explaining the reason for the purchase and must be supported with written documentation explaining the reason for the purchase and must be specifically approved by the District Board. The District's investments in the Illinois Funds has an average maturity of less than one year.

Custodial Credit Risk. Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the District's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral held by an independent third party in the name of the District.

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, the District's investment in the Illinois Funds is not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have an investment policy that addresses concentration of credit risk. At year-end, the District does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Credit Risk. Concentration of credit risk is the risk that the District has too high a percentage of their investments invested in one type of investment. The District investment policy does not require diversification of investment to avoid.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by County Collector and are payable in two installments, on or about March 1, and September 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

CAPITAL ASSETS

The following is a summary of capital asset activity for the fiscal year ended June 30, 2022:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 51,384	—	—	51,384
Construction in Progress	512,972	—	512,972	—
	<u>564,356</u>	<u>—</u>	<u>512,972</u>	<u>51,384</u>
Depreciable Capital Assets				
Building and Improvements	13,750,538	1,604,301	—	15,354,839
Furniture and Equipment	486,315	208,892	—	695,207
Library Materials	1,920,019	420,002	202,287	2,137,734
	<u>16,156,872</u>	<u>2,233,195</u>	<u>202,287</u>	<u>18,187,780</u>
Less Accumulated Depreciation				
Building and Improvements	6,664,649	454,385	—	7,119,034
Furniture and Equipment	392,160	28,989	—	421,149
Library Materials	938,116	305,391	202,287	1,041,220
	<u>7,994,925</u>	<u>788,765</u>	<u>202,287</u>	<u>8,581,403</u>
Total Net Depreciable Capital Assets	<u>8,161,947</u>	<u>1,444,430</u>	<u>—</u>	<u>9,606,377</u>
Total Net Capital Assets	<u>8,726,303</u>	<u>1,444,430</u>	<u>512,972</u>	<u>9,657,761</u>

Depreciation expense of \$788,765 was charged to the culture and recreation function.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Special Reserve	General	<u>\$ 1,800,000</u>

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND TRANSFERS - Continued

Transfers are used to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Reserve	Nonmajor	Totals
Fund Balances				
Restricted				
Audit	\$ —	—	6,880	6,880
Liability Insurance	—	—	19,645	19,645
Retirement	—	—	412,402	412,402
Specific Programs	156,344	—	—	156,344
Capital Improvements	—	5,803,375	—	5,803,375
	156,344	5,803,375	438,927	6,398,646
Unassigned	6,954,265	—	—	6,954,265
Total Fund Balances	7,110,609	5,803,375	438,927	13,352,911

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Library's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The District is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers' compensation, illnesses of employees and public officials' liability. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year or prior two years.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

The District does not have any pending or threatened litigation, claims or assessments as of the opinion date.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

JOINTLY GOVERNED ORGANIZATION

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental entity formed by library members of the North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2022 were \$69,185.

KENILWORTH CONTRACT

The Kenilworth Public Library District entered into a contract with the District and the Winnetka-Northfield Public Library District to pay for services provided to Kenilworth District residents. The amounts to be paid are based on an agreed-upon amount, adjusted for inflation, divided between the two libraries based on their proportion of circulation.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 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.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	54
Inactive Plan Members Entitled to but not yet Receiving Benefits	20
Active Plan Members	<u>52</u>
Total	<u>126</u>

Contributions. As set by statute, the Library'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. For the year-ended June 30, 2022, the Library's contribution was 9.00% of covered payroll.

Net Pension Liability. The Library's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	-0.85%
Domestic Equities	37.00%	2.85%
International Equities	18.00%	3.85%
Real Estate	9.00%	4.05%
Blended	7.00%	0.70% - 4.80%
Cash and Cash Equivalents	1.00%	-1.45%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Library contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Notes to the Financial Statements****June 30, 2022****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued****Illinois Municipal Retirement Fund (IMRF) - Continued****Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability/(asset) of the Library calculated using the discount rate as well as what the Library's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset) \$	(384,814)	(1,838,699)	(3,044,373)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2020	\$ 14,785,927	15,105,312	(319,385)
Changes for the Year:			
Service Cost	235,777	—	235,777
Interest	1,040,179	—	1,040,179
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	159,794	—	159,794
Changes of Assumptions	—	—	—
Contributions - Employer	—	225,498	(225,498)
Contributions - Employees	—	110,002	(110,002)
Net Investment Income	—	2,647,073	(2,647,073)
Benefit Payments, Including Refunds of Employee Contributions	(1,113,038)	(1,113,038)	—
Other (Net Transfer)	—	(27,509)	27,509
Net Changes	322,712	1,842,026	(1,519,314)
Balances at December 31, 2021	15,108,639	16,947,338	(1,838,699)

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Notes to the Financial Statements****June 30, 2022****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued****Illinois Municipal Retirement Fund (IMRF) - Continued****Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the Library recognized pension expense of \$229,955. At June 30, 2022, the Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 440,110	(49,961)	390,149
Change in Assumptions	—	(88,665)	(88,665)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	—	(2,068,452)	(2,068,452)
Total Expense to be Recognized in Future Periods	440,110	(2,207,078)	(1,766,968)
Pension Contributions Made Subsequent to the Measurement Date	106,093	—	106,093
Total Deferred Amounts Related to IMRF	546,203	(2,207,078)	(1,660,875)

\$106,093 reported as deferred outflows of resources related to pension resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023, on an accrual basis of accounting. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (314,577)
2024	(659,933)
2025	(476,233)
2026	(316,225)
2027	—
Thereafter	—
Total	<u>(1,766,968)</u>

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The Library has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, there is minimal participation. As the Library provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. Therefore, the Library has not recorded a liability as of June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General Fund
Retirement - Special Revenue Fund
Audit - Special Revenue Fund
Liability - Special Revenue Fund

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Retirement Fund

The Retirement Fund is used to account for the Library's participation in the Illinois Municipal Retirement Fund. Financing is provided by a specific annual property tax levy.

Audit Fund

The Audit Fund is used to account for the expenses related to the District's annual audit. Financing is provided by a specific annual tax levy.

Liability Insurance Fund

The Liability Insurance Fund is used to account for the operations of the Library's insurance and risk management activities. Financing is provided by a specific annual levy.

CAPITAL PROJECTS FUND

Special Reserve Fund

The Special Reserve Fund is used to account for financial resources used for the acquisition or construction of major capital assets.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS
Illinois Municipal Retirement Fund
Schedule of Employer Contributions
June 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 244,487	\$ 244,487	\$ —	\$ 1,980,561	12.34%
2017	248,140	248,140	—	2,064,161	12.02%
2018	242,530	242,530	—	2,044,912	11.86%
2019	242,018	242,018	—	2,146,702	11.27%
2020	249,946	249,946	—	2,431,018	10.28%
2021	250,131	250,131	—	2,449,107	10.21%
2022	229,955	229,955	—	2,554,133	9.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Illinois Municipal Retirement Fund****Schedule of Changes in the Employer's Net Pension Liability****June 30, 2022**

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	\$ 221,975
Interest	789,283
Changes in Benefit Terms	—
Difference Between Expected and Actual Experience	10,152
Change of Assumptions	653,312
Benefit Payments, Including Refunds of Member Contributions	<u>(645,909)</u>
Net Change in Total Pension Liability	1,028,813
Total Pension Liability - Beginning	<u>10,735,741</u>
Total Pension Liability - Ending	<u><u>11,764,554</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 245,788
Contributions - Members	100,484
Net Investment Income	630,484
Benefit Payments, Including Refunds of Member Contributions	(645,909)
Other (Net Transfer)	<u>(48,545)</u>
Net Change in Plan Fiduciary Net Position	282,302
Plan Net Position - Beginning	<u>10,485,629</u>
Plan Net Position - Ending	<u><u>10,767,931</u></u>
Employer's Net Pension Liability	<u><u>\$ 996,623</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.53%
Covered Payroll	\$ 1,958,000
Employer's Net Pension Liability as a Percentage of Covered Payroll	50.90%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
223,722	224,722	230,400	217,813	254,628	262,000	235,777
864,059	881,555	920,306	928,618	978,392	987,045	1,040,179
—	—	—	—	—	—	—
(198,907)	96,893	194,285	429,170	(239,477)	727,200	159,794
12,088	(37,758)	(458,226)	320,570	—	(199,117)	—
(649,641)	(653,929)	(743,635)	(795,646)	(806,530)	(949,227)	(1,113,038)
251,321	511,483	143,130	1,100,525	187,013	827,901	322,712
11,764,554	12,015,875	12,527,358	12,670,488	13,771,013	13,958,026	14,785,927
12,015,875	12,527,358	12,670,488	13,771,013	13,958,026	14,785,927	15,108,639
238,069	254,528	234,556	263,835	222,883	289,384	225,498
90,708	109,923	92,996	104,237	113,037	119,077	110,002
53,037	730,139	2,002,380	(746,583)	2,270,491	1,918,887	2,647,073
(649,641)	(653,929)	(743,635)	(795,646)	(806,530)	(949,227)	(1,113,038)
94,607	112,377	(122,208)	299,478	100,711	89,440	(27,509)
(173,220)	553,038	1,464,089	(874,679)	1,900,592	1,467,561	1,842,026
10,767,931	10,594,711	11,147,749	12,611,838	11,737,159	13,637,751	15,105,312
10,594,711	11,147,749	12,611,838	11,737,159	13,637,751	15,105,312	16,947,338
1,421,164	1,379,609	58,650	2,033,854	320,275	(319,385)	(1,838,699)
88.17%	88.99%	99.54%	85.23%	97.71%	102.16%	112.17%
1,997,222	2,076,076	2,066,571	2,316,376	2,501,501	2,637,959	2,436,608
71.16%	66.45%	2.84%	87.80%	12.80%	(12.11%)	(75.46%)

WILMETTE PUBLIC LIBRARY, ILLINOIS**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022****(with Comparative Information for the Fiscal Year Ended June 30, 2021)**

	2022		2021
	Original and Final Budget	Actual	Actual
Revenues			
Property Taxes	\$ 5,030,779	4,994,108	4,950,411
Intergovernmental			
Replacement Taxes	45,000	153,118	70,246
Grant	33,859	52,354	51,768
Kenilworth Library Services Contract	171,950	179,302	166,292
Interest	30,000	39,277	119,718
Fines and Fees	8,500	9,642	9,126
Friends Donations	—	21,010	33,768
Miscellaneous	51,500	124,814	8,330
Total Revenue	5,371,588	5,573,625	5,409,659
Expenditures			
Culture and Recreation			
Personnel Services	3,829,287	3,772,767	3,541,320
Patron Materials/Services	1,209,000	1,264,466	1,264,850
Operation	677,600	641,123	673,627
Total Expenditures	5,715,887	5,678,356	5,479,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,299)	(104,731)	(70,138)
Other Financing (Uses)			
Transfers Out	—	(1,800,000)	—
Net Change in Fund Balance	<u>(344,299)</u>	(1,904,731)	(70,138)
Fund Balance - Beginning		9,015,340	9,085,478
Fund Balance - Ending		<u>7,110,609</u>	<u>9,015,340</u>

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**General Fund****Scheduling of Expenditures - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022****(with Comparative Information for the Fiscal Year Ended June 30, 2021)**

	2022		2021
	Original and Final Budget	Actual	Actual
Culture and Recreation			
Personnel Services			
Salaries			
Librarian	\$ 1,518,474	1,342,024	1,281,119
Non-Librarian	1,347,613	1,470,203	1,326,748
Custodial	277,200	252,593	260,355
Professional Memberships	7,000	5,038	7,958
Registrations	10,000	7,765	9,828
Travel - Mileage	7,000	5,356	478
Staff Development	12,000	13,779	14,075
Insurance	650,000	676,009	640,759
Total Personnel Services	3,829,287	3,772,767	3,541,320
Patron Materials/Services			
Books and Continuations	303,000	316,703	350,938
Audio Visual Materials	100,000	103,299	90,666
Periodicals	42,000	41,644	43,260
Electronic Resources	500,000	545,292	530,299
Computer Software	10,000	7,602	8,751
Electronic Service Providers	125,000	131,864	118,371
Programming	45,000	40,946	44,977
Friends Purchases	36,000	34,248	32,275
Web Design	—	3,191	19,925
Newsletter	35,000	26,348	14,943
Promotion	8,000	8,049	8,060
Rutherford Trust Expenditures	5,000	5,280	2,385
Total Patron Materials/Services	1,209,000	1,264,466	1,264,850
Operation			
Accounting	12,000	11,172	10,209
Administrative	—	—	16,785
Professional Fees	25,000	218	10,560
Legal Fees	—	4,973	5,558
Bank and Other Fees	—	16,508	13,099
Library Supplies	25,000	25,700	23,770

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**General Fund****Scheduling of Expenditures - Budget and Actual - Modified Cash Basis - Continued****For the Fiscal Year Ended June 30, 2022****(with Comparative Information for the Fiscal Year Ended June 30, 2021)**

	2022		2021
	Original and Final Budget	Actual	Actual
Culture and Recreation - Continued			
Operation - Continued			
Office Supplies	\$ 30,000	31,006	30,241
Copiers	28,000	27,244	27,529
Printing	5,000	646	1,026
Postage and Shipping	6,000	6,302	4,722
Telephone	15,000	9,554	13,746
Equipment/Furniture/Computers	125,000	98,899	43,643
Equipment/Computer/Maintenance	85,000	115,404	185,991
Insurance - Property/Casualty	27,500	27,500	—
Building Improvement	18,000	19,636	10,991
Building Supplies	30,000	28,379	32,263
Building Maintenance	75,000	49,593	38,235
Building Maintenance Contracts	100,000	104,104	94,367
Grounds Maintenance	30,000	27,597	36,521
Parking Lot Rental	13,000	11,798	11,400
Utilities	22,000	23,819	16,770
Vehicle Maintenance	4,000	1,015	3,907
Miscellaneous	2,100	56	42,294
Total Operation	677,600	641,123	673,627
Total Expenditures	5,715,887	5,678,356	5,479,797

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Nonmajor Governmental - Special Revenue Funds****Combining Balance Sheet - Modified Cash Basis****June 30, 2022**

	Retirement	Audit	Liability Insurance	Total
ASSETS				
Cash and Investments	\$ 412,402	6,880	19,645	438,927
LIABILITIES				
None	—	—	—	—
FUND BALANCES				
Restricted				
Audit	—	6,880	—	6,880
Liability	—	—	19,645	19,645
Retirement	412,402	—	—	412,402
Total Fund Balances	412,402	6,880	19,645	438,927
Total Liabilities and Fund Balances	412,402	6,880	19,645	438,927

WILMETTE PUBLIC LIBRARY, ILLINOIS**Nonmajor Governmental - Special Revenue Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Fiscal Year Ended June 30, 2022**

	Retirement	Audit	Liability Insurance	Total
Revenues				
Property Taxes	\$ 511,246	10,225	34,765	556,236
Interest	1,241	—	—	1,241
Total Revenues	512,487	10,225	34,765	557,477
Expenditures				
Culture and Recreation				
Fringe Benefits				
IMRF	454,065	—	—	454,065
Liability Insurance	—	—	16,314	16,314
Unemployment Insurance	—	—	18,355	18,355
Audit	—	8,500	—	8,500
Total Expenditures	454,065	8,500	34,669	497,234
Net Change in Fund Balances	58,422	1,725	96	60,243
Fund Balances - Beginning	353,980	5,155	19,549	378,684
Fund Balances - Ending	412,402	6,880	19,645	438,927

WILMETTE PUBLIC LIBRARY, ILLINOIS**Retirement - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022****(with Comparative Information for the Fiscal Year Ended June 30, 2021)**

	2022		2021
	Original and Final Budget	Actual	Actual
Revenues			
Property Taxes	\$ 515,000	511,246	506,773
Interest	—	1,241	397
Total Revenue	515,000	512,487	507,170
Expenditures			
Culture and Recreation			
Personnel Services			
IMRF	—	229,954	249,269
FICA	—	224,111	210,040
Total Expenditures	—	454,065	459,309
Net Change in Fund Balance	515,000	58,422	47,861
Fund Balance - Beginning		353,980	306,119
Fund Balance - Ending		412,402	353,980

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

Audit - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

(with Comparative Information for the Fiscal Year Ended June 30, 2021)

	2022		2021
	Original and Final Budget	Actual	Actual
Revenues			
Property Taxes	\$ 10,300	10,225	10,135
Expenditures			
Culture and Recreation			
Miscellaneous			
Audit	—	8,500	10,436
Net Change in Fund Balance	10,300	1,725	(301)
Fund Balance - Beginning		5,155	5,456
Fund Balance - Ending		6,880	5,155

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Liability Insurance - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022****(with Comparative Information for the Fiscal Year Ended June 30, 2021)**

	2022		2021
	Original and Final Budget	Actual	Actual
Revenues			
Property Taxes	\$ 35,020	34,765	34,461
Expenditures			
Culture and Recreation			
Personnel Services			
Liability Insurance	—	16,314	36,576
Unemployment Insurance	—	18,355	19,280
Total Expenditures	—	34,669	55,856
Net Change in Fund Balance	<u>35,020</u>	96	(21,395)
Fund Balance - Beginning		19,549	40,944
Fund Balance - Ending		<u>19,645</u>	<u>19,549</u>

SUPPLEMENTAL SCHEDULE

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS

**Property Tax Assessed Valuations, Rates, Extensions and Collections - Last Ten Tax Levy Years
June 30, 2022**

See Following Page

WILMETTE PUBLIC LIBRARY DISTRICT, ILLINOIS**Property Tax Assessed Valuations, Rates, Extensions and Collections - Last Ten Tax Levy Years
June 30, 2022**

Tax Levy Year	2012	2013	2014	2015
Assessed Valuations	\$ 1,733,948,674	1,559,393,904	1,583,111,678	1,540,264,790
Tax Rates:				
General	0.3068	0.3474	0.3487	0.3612
IMRF	0.0138	0.0169	0.0172	0.0128
FICA	0.0100	0.0122	0.0115	0.0166
Liability Insurance	0.0030	0.0037	0.0029	0.0030
Audit	0.0005	0.0006	0.0005	0.0006
Total Tax Rates	0.3341	0.3808	0.3808	0.3942
Tax Extensions:				
General	5,139,550	5,417,334	5,519,541	5,563,200
IMRF	239,259	263,537	271,920	197,760
FICA	173,256	190,246	181,280	255,440
Liability Insurance	51,500	57,697	46,350	46,350
Audit	8,858	9,356	8,549	8,549
Total Tax Extensions	5,612,423	5,938,170	6,027,640	6,071,299
Tax Collections	\$ 5,610,642	5,771,752	5,948,702	6,091,734
Percentage Collected	99.97%	97.20%	98.69%	100.34%

Property tax rates are per \$100 of assessed valuation.

*As of the date of the report, the 2021 tax levy extension is not available.

2016	2017	2018	2019	2020	2021
\$ 1,922,332,036	1,961,313,130	1,900,968,654	2,062,021,187	2,066,495,782	*
0.2920	0.2791	0.2707	0.2440	0.2434	*
0.0129	0.0126	0.0130	0.0137	0.0137	*
0.0086	0.0079	0.0081	0.0112	0.0112	*
0.0019	0.0018	0.0018	0.0017	0.0017	*
0.0005	0.0050	0.0005	0.0005	0.0005	*
0.3159	0.3064	0.2941	0.2711	0.2705	*
5,613,979	5,473,629	5,145,212	5,030,779	5,030,779	*
247,200	247,200	247,200	283,250	283,250	*
164,800	154,500	154,500	231,750	231,750	*
36,050	35,149	35,149	35,020	35,020	*
9,270	9,038	9,038	10,300	10,300	*
6,071,299	5,919,516	5,591,099	5,591,099	5,591,099	*
\$ 5,932,416	5,816,322	5,538,543	5,501,780	5,550,344	*
97.71%	98.26%	99.06%	98.40%	99.27%	*

WILMETTE PUBLIC LIBRARY DISTRICT,
ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



October 12, 2022

Member of the Board of Trustees
Wilmette Public Library District
Wilmette, Illinois

In planning and performing our audit of the financial statements of the Wilmette Public Library District (the District), Illinois, for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Finance Manager and senior management of the Wilmette Public Library District, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire District staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATION

1. **GASB STATEMENT NO. 96 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

Comment

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) by governments. It establishes uniform accounting and financial reporting requirements for SBITAs, improves the comparability of financial statements among governments that have entered into SBITAs, and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* is applicable to the District's financial statements for the year ended June 30, 2023.

Recommendation

Lauterbach & Amen, LLP will work directly with the District to review the new SBITA criteria in conjunction with the District's current arrangements to determine the appropriate financial reporting for these activities under GASB Statement No. 96.

Management's Response

Management acknowledges this comment and, if applicable, will work to implement it by June 30, 2023, as required by GASB.

PRIOR RECOMMENDATIONS

1. OUTSTANDING CHECK WRITE-OFF POLICY

Comment

Previously and during our current year-end audit procedures, we noted that the District does not have a formal policy for following up and processing old outstanding checks, which has resulted in several old outstanding checks being included in the bank reconciliations.

Recommendation

We recommended the District develop and implement an outstanding check policy that includes procedures to follow-up and subsequently how to process the outstanding checks. This policy should be in written form and should set specific instructions for these procedures including steps to be in compliance with State unclaimed property statutes. State unclaimed property statutes note that all checks that are greater than three years old are to be sent to the State of Illinois Treasurer along with the required forms.

Status

This comment has been implemented and will not be repeated in the future.

2. GASB STATEMENT NO. 87 LEASES

Comment

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was issued as temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 87, *Leases* is applicable to the District's financial statements for the year ended June 30, 2022.

Recommendation

Lauterbach & Amen, LLP will work directly with the District to review the new lease criteria in conjunction with the District's current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

Status

As the District has no material leases, there was no impact on the financial statements in the current year, therefore this comment is considered implemented. The District and Lauterbach & Amen will continue to monitor leases in the future to determine if additional reporting is required.

PRIOR RECOMMENDATIONS - Continued

3. CAPITAL ASSET POLICY

Comment

Previously and during our current year-end audit procedures, we noted the District does not have a formal capital asset policy to provide guidance on the financial aspects and stewardship of capital assets. With respect to the financial aspects, guidance should be provided on the minimum dollar amount and minimum useful life for an item to be capitalized as a capital asset. Stewardship issues include the physical custody of capital assets.

Recommendation

We recommended that the District adopt a capital asset policy, which addresses both financial, and stewardship issues. As part of developing the capital asset policy, a review of the current capitalization amount and estimated useful life should be performed for both financial reporting and stewardship. The capital asset policy should also establish standard depreciation methods and useful lives to be applied to specific categories of assets. With respect to stewardship, the policy should address location of assets, tagging, physical access and security and frequency of periodic inventories. Once the policy has been established, we recommended the District undertake a complete inventory and valuation of capital assets to create detail capital asset records that are in compliance with the new policy. Additionally, as part of this process we recommended land be inventoried and valued at its estimated fair value on the date donated.

Status

This comment has been implemented and will not be repeated in the future.