

PERU PUBLIC LIBRARY DISTRICT,
ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Basic Financial Statements
- Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

November 9, 2020

Members of the Board of Trustees
Peru Public Library District
City of Peru, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peru Public Library District, Illinois, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Peru Public Library District, Illinois, as of June 30, 2020, and the respective changes in modified cash basis financial position the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Peru Public Library District, Illinois' basic financial statements. The management's discussion and analysis, other supplementary information and supplemental schedule, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2020

Our discussion and analysis of the Library, Illinois' financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the financial statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Library's net position increased by \$207,616, or 24.7 percent, as a result of this year's operations.
- During the year, government-wide revenues totaled \$770,331, while expenses totaled \$562,715, resulting in an increase to net position of \$207,616.
- The Library's net position totaled \$1,046,718 on June 30, 2020, which includes \$323,662 net investment in capital assets, \$135,976 subject to external restrictions, and \$587,080 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported an increase fund balance for the current year of \$60,444, resulting in ending fund balance of \$363,814, an increase of 19.9 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 (on pages 11-12) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. The government-wide financial statements provide readers with a broad overview of the Library's finances, in a matter similar to a private-sector business. Fund financial statements begin on page 13. 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 operations in more detail than the government-wide statements by providing information about the Library's most significant funds.

Government-Wide Financial Statements

The Statement of Net Position reports information on all of the Library's assets and liabilities, 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 Library is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Library's property tax base, is needed to assess the overall health of the Library.

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).

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2020

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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

Governmental 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 Library, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are reported as 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 Library'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 Library maintains three 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 Fund, the Capital Projects Fund and the Working Cash Fund, which are considered major funds. The Library adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for all funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 13-16 of this report.

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. The notes to the financial statements can be found on pages 17-35 of this report.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2020

USING THIS ANNUAL REPORT – Continued

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Library's I.M.R.F. employee pension obligations and budgetary comparison schedules for the General Fund, the Capital Projects Fund, and the Working Cash Fund. Other supplementary information can be found on pages 36 - 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Library, assets exceeded liabilities by \$1,046,718.

	Net Position	
	2020	2019
Current Assets	\$ 726,255	561,500
Capital Assets	471,393	443,333
Total Assets	<u>1,197,648</u>	<u>1,004,833</u>
Long-Term Debt	132,597	148,375
Other Liabilities	18,333	17,356
Total Liabilities	<u>150,930</u>	<u>165,731</u>
Net Position		
Net investment in Capital Assets	323,662	281,142
Restricted	135,976	99,958
Unrestricted	<u>587,080</u>	<u>458,002</u>
Total Net Position	<u>1,046,718</u>	<u>839,102</u>

A large portion of the Library's net position, \$323,662 or 30.9 percent, reflects its investment in capital assets (for example, land, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion, \$135,976 or 13.0 percent, of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining 56.1 percent, or \$587,080, represents unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Management's Discussion and Analysis
June 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	<u>Change in Net Position</u>	
	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues		
Charges for Services	\$ 10,423	14,430
Operating Grants	69,407	19,128
General Revenues		
Property Taxes	647,574	647,179
Personal Property Replacement	34,550	34,923
Interest Income	7,704	1,851
Miscellaneous	673	421
Total Revenues	<u>770,331</u>	<u>717,932</u>
Expenses		
Culture and Recreation	556,191	550,144
Interest and Fiscal Charges	6,524	621
Total Expenses	<u>562,715</u>	<u>550,765</u>
Change in Net Position	207,616	167,167
Net Position - Beginning	<u>839,102</u>	<u>671,935</u>
Net Position - Ending	<u>1,046,718</u>	<u>839,102</u>

Net position of the Library's governmental activities increased by 24.7 percent (\$1,046,718 in 2020 compared to \$839,102 in 2019). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$587,080 at June 30, 2020.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

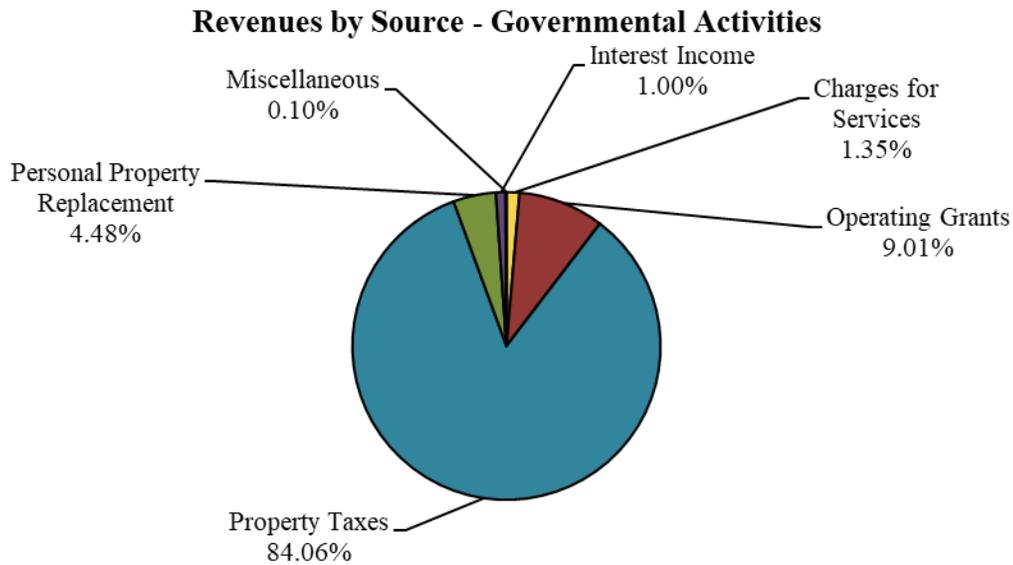
**Management’s Discussion and Analysis
June 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Revenues for governmental activities totaled \$770,331, while the cost of all governmental functions totaled \$562,715. This results in a surplus of \$207,616. In 2019, revenues totaled \$717,932 while the cost of all functions totaled \$550,765 resulting in a surplus of \$167,167. The increase for 2020 was the result of an increase in overall revenues of \$52,399 for the Library.

The Library relies on a combination of user fees and taxes to fund its services and programs. While the primary source of fund is property taxes.

The following table graphically depicts the major revenue sources of the Library. It depicts very clearly the reliance of property taxes to fund governmental activities. It also clearly identifies the less significant percentage the Library receives from replacement and other taxes.

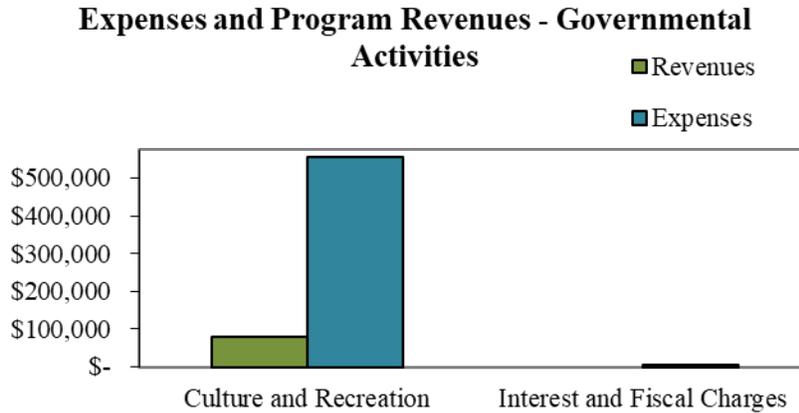


PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Management’s Discussion and Analysis
June 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

The ‘Expenses and Program Revenues’ Table identifies that governmental functions are not supported by program revenues. All functions of the Library are supplemented with receipts from property taxes, replacement taxes, interest income and miscellaneous income (general revenues).



FINANCIAL ANALYSIS OF THE LIBRARY’S GOVERNMENTAL FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Library’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.

The Library’s governmental funds reported combining ending fund balances of \$723,056, which is \$165,096, or 29.6 percent, more than last year’s total of \$557,960. Of the \$723,056 total, \$227,838 or approximately 31.5 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported an increase in fund balance for the year of \$60,444, an increase of 19.9 percent. Total revenues in the General Fund came in \$45,798 over budget. At the same time, expenditures of \$521,756 came in \$62,714 under budget; therefore, resulting in an overall increase to the fund of \$74,773, prior to transfers out of \$14,329. The General Fund is the chief operating fund of the Library. At June 30, 2020, unassigned fund balance in the General Fund was \$227,838, which represents 62.6 percent of the total fund balance of the General Fund. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 43.7 percent of total General Fund expenditures.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2020

FINANCIAL ANALYSIS OF THE LIBRARY'S GOVERNMENTAL FUNDS – Continued

The Capital Projects Fund reported a decrease of \$19,492 to fund balance, which was originally budgeted at an increase of \$15,862. Ending fund balance is reported at \$0. This decrease in the current year is due to planned spending of accumulated fund balance.

The Working Cash Fund reported an increase of \$124,144 to fund balance, which was originally budgeted at no change. Ending fund balance is reported at a surplus of \$359,242. This was due to the planned receipts of property taxes.

GENERAL LIBRARY FUND BUDGETARY HIGHLIGHTS

The Library's Board did not make any budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$596,529, compared to final budgeted revenues of \$550,731. This was mainly due to grants and donations revenues being higher than budgeted.

The General Fund actual expenditures for the year were \$62,714 lower than budgeted (\$521,756 actual compared to \$584,470 final budgeted). This was due to all expenditures coming in lower than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Library's investment in capital assets for its governmental activities as of June 30, 2020 was \$471,393 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, and library materials.

	Capital Assets - Net of Depreciation	
	2020	2019
Land	\$ 10	10
Construction in Progress	61,332	-
Buildings and Improvements	338,654	371,060
Furniture and Equipment	6,733	10,773
Library Materials	64,664	61,490
Total	471,393	443,333

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Management’s Discussion and Analysis
June 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

This year’s major additions included:

Construction in Progress	\$	61,332
Library Materials		<u>27,304</u>
		<u>88,636</u>

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

Debt Administration

At year-end, the Library had total outstanding bonded debt of \$147,731, a decrease of \$14,460. The following is a comparative statement of outstanding debt:

	<u>Long-Term Debt Outstanding</u>	
	<u>2020</u>	<u>2019</u>
Installment Contract	<u>\$ 147,731</u>	<u>162,191</u>

Additional information on the Library’s long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Library’s elected and appointed officials considered many factors when setting the fiscal year 2021 budget and the associated property tax rates and charges for services.

In preparing the budget, the Library Board, Management and Treasurer take into consideration long-term goals of the Library, along with any unforeseen expenses that might occur, as well as the potential impact of current economic conditions.

As of the date of this report, the extent of the impact of COVID-19 on the Library’s operations and financial position cannot be determined.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library’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 Peru Public Library District at 1409 11th Street, Peru, IL 61354.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Net Position - Modified Cash Basis
June 30, 2020**

ASSETS	
Current Assets	
Cash and Investments	<u>\$ 726,255</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	61,342
Depreciable	1,214,488
Accumulated Depreciation	<u>(804,437)</u>
Total Noncurrent Assets	<u>471,393</u>
Total Assets	<u>1,197,648</u>
LIABILITIES	
Current Liabilities	
Accrued Payroll	3,199
Current Portion of Long-Term Debt	<u>15,134</u>
Total Current Liabilities	18,333
Noncurrent Liabilities	
Installment Contract	<u>132,597</u>
Total Liabilities	<u>150,930</u>
NET POSITION	
Net Investment in Capital Assets	323,662
Restricted	
Donations	7,663
Social Security	2,238
IMRF	23,002
Audit	16,696
Liability Insurance	86,377
Unrestricted	<u>587,080</u>
Total Net Position	<u><u>1,046,718</u></u>

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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2020**

	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expenses)/ Revenues and Changes in Net Position
Governmental Activities				
Culture and Recreation	\$ 556,191	10,423	69,407	(476,361)
Interest and Fiscal Charges	6,524	-	-	(6,524)
	<u>562,715</u>	<u>10,423</u>	<u>69,407</u>	<u>(482,885)</u>
		General Revenues		
		Taxes		
		Property Taxes		647,574
		Personal Property Replacement		34,550
		Interest		7,704
		Miscellaneous		673
				<u>690,501</u>
		Change in Net Position		207,616
		Net Position - Beginning		<u>839,102</u>
		Net Position - Ending		<u><u>1,046,718</u></u>

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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Balance Sheet - Modified Cash Basis - Governmental Funds
June 30, 2020**

	General	Capital Projects	<u>Permanent Working Cash</u>	Totals
ASSETS				
Cash and Investments	\$ 367,013	-	359,242	726,255
LIABILITIES				
Accrued Payroll	3,199	-	-	3,199
FUND BALANCES				
Nonspendable	-	-	359,242	359,242
Restricted	135,976	-	-	135,976
Unassigned	227,838	-	-	227,838
Total Fund Balances	363,814	-	359,242	723,056
Total Liabilities and Fund Balances	367,013	-	359,242	726,255

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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

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

June 30, 2020

Total Fund Balances	\$ 723,056
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.	471,393
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Installment Contract	<u>(147,731)</u>
Net Position	<u><u>1,046,718</u></u>

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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Modified Cash Basis
For the Fiscal Year Ended June 30, 2020**

	General	Capital Projects	<u>Permanent Working Cash</u>	Totals
Revenues				
Taxes	\$ 508,322	49,658	124,144	682,124
Charges for Services	10,423	-	-	10,423
Grants and Donations	69,407	-	-	69,407
Interest	7,704	-	-	7,704
Miscellaneous	673	-	-	673
Total Revenues	<u>596,529</u>	<u>49,658</u>	<u>124,144</u>	<u>770,331</u>
Expenditures				
Current				
Culture and Recreation	508,887	-	-	508,887
Capital Outlay	12,869	62,495	-	75,364
Debt Service				
Principal Retirement	-	14,460	-	14,460
Interest and Fiscal Charges	-	6,524	-	6,524
Total Expenditures	<u>521,756</u>	<u>83,479</u>	<u>-</u>	<u>605,235</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,773	(33,821)	124,144	165,096
Other Financing Sources (Uses)				
Transfer In	-	14,329	-	14,329
Transfer Out	(14,329)	-	-	(14,329)
	<u>(14,329)</u>	<u>14,329</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	60,444	(19,492)	124,144	165,096
Fund Balances - Beginning	<u>303,370</u>	<u>19,492</u>	<u>235,098</u>	<u>557,960</u>
Fund Balances - Ending	<u><u>363,814</u></u>	<u><u>-</u></u>	<u><u>359,242</u></u>	<u><u>723,056</u></u>

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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Modified Cash Basis - Governmental Activities**

For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances \$ 165,096

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	88,636
Depreciation Expense	(60,576)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Retirement of Debt	<u>14,460</u>
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Changes in Net Position 207,616

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Peru Public Library District (Library), Illinois operates under a Board of Trustees form of government. The basic financial statements of the Library 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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the Library's accounting policies are described below.

REPORTING ENTITY

In determining the financial reporting entity, the Library complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Library. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). The Library's general administrative, public safety services, and highways and streets services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are: (a) presented on a consolidated basis and (b) reported on a modified cash basis. The Library's net position is reported in three parts: investment in capital assets; restricted; and unrestricted. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are supported by general government revenues (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) 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 (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.).

The Library does not allocate indirect or administrative service costs.

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. 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 District or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund type is used by the Library:

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 following is a description of the governmental funds of the Library:

General Fund is the general operating fund of the Library. It accounts for all revenues and expenditures of the Library which are not accounted for in other funds. The General Fund is a major fund.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Library maintains one Capital Projects Fund and is treated as a major fund.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. The Working Cash Fund, a major fund, is used to account for the financial resources held by the Library to be used for loans for working capital requirement.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus is used.

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.

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.

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.

ASSETS, LIABILITIES, AND NET POSITION

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library 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. The Library has no investment at year-end.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION – Continued

Capital Assets

Capital assets purchased or acquired with an original cost of more than \$5,000, depending on asset type, 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 Library as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is 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:

Buildings and Improvements	15 - 50 Years
Furniture and Equipment	5 - 10 Years
Library Materials	5 Years

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize debt issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION – 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 ac

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 legislations.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- Prior to September 1, the Director submits to the Board of Trustees a proposed operating budget for the fiscal year commencing July 1. The proposed appropriation ordinance includes both expenditures and estimated revenues.
- Prior to the 4th Tuesday of September, the budget is to be legally enacted through passage of an ordinance by approval of the Board of Trustees and signature of the Library President. The appropriation ordinance may be amended at fund, purpose or object level by a two-thirds vote of the Board of Trustees, but may not amend the total appropriation unless there are additional funds available in the amount of the increase of total appropriations.
- Appropriations under each annual ordinance lapse when the new annual ordinance is enacted.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- Formal budgetary integration is employed as a management control device at the fund level during the year for the General Fund
- The Library made no amendments to the original budget.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Capital Projects	\$ 7,747

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Library maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the Library's funds.

Permitted Deposits and Investments – Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

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.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$388,108 and the bank balances totaled \$390,571. In addition, the Library had \$338,147 invested in the Illinois Funds with an average maturity of less than one year.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library does not have an investment policy that addresses interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The does not have an investment policy that addresses credit risk.

Concentration Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library does not have an investment policy that addresses concentration risk.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have an investment policy for custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

PROPERTY TAXES

Property taxes for 2019 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 the County and are payable in two installments, on or about July 7 and September 7. The County collects such taxes and remits them periodically.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 10	-	-	10
Construction in Progress	-	61,332	-	61,332
	<u>10</u>	<u>61,332</u>	<u>-</u>	<u>61,342</u>
Depreciable Capital Assets				
Buildings and Improvements	1,053,436	-	-	1,053,436
Furniture and Equipment	40,403	-	-	40,403
Library Materials	93,345	27,304	-	120,649
	<u>1,187,184</u>	<u>27,304</u>	<u>-</u>	<u>1,214,488</u>
Less Accumulated Depreciation				
Buildings and Improvements	682,376	32,406	-	714,782
Furniture and Equipment	29,630	4,040	-	33,670
Library Materials	31,855	24,130	-	55,985
	<u>743,861</u>	<u>60,576</u>	<u>-</u>	<u>804,437</u>
Total Net Depreciable Capital Assets	<u>443,323</u>	<u>(33,272)</u>	<u>-</u>	<u>410,051</u>
Total Net Capital Assets	<u>443,333</u>	<u>28,060</u>	<u>-</u>	<u>471,393</u>

Depreciation expense of \$60,756 was charged to the culture and recreation function.

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets was comprised of the following as of June 30, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 471,393</u>
Less Capital Related Debt:	
Installment Contract of 2018	<u>(147,731)</u>
Net Investment in Capital Assets	<u>323,662</u>

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCES CLASSIFICATION

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

	General	Capital Projects	<u>Permanent Working Cash</u>	Totals
Fund Balances				
Nonspendable				
Working Cash	\$ -	-	359,242	359,242
Restricted				
Donations	7,663	-	-	7,663
Social Security	2,238	-	-	2,238
IMRF	23,002	-	-	23,002
Audit	16,696	-	-	16,696
Liability Insurance	86,377	-	-	86,377
	<u>135,976</u>	-	-	<u>135,976</u>
Unassigned	<u>227,838</u>	-	-	<u>227,838</u>
Total Fund Balances	<u>363,814</u>	-	<u>359,242</u>	<u>723,056</u>

In the governmental fund financial statements, the Library 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 Library 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.

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.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCES CLASSIFICATION – Continued

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.

Minimum Fund Balance Policy. The Library’s policy states that the General Fund will maintain a minimum fund balance of 25% of current budgeted expenditures.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Capital Projects	General	<u>\$ 14,329</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Installment Contract Payable

The Library issued an installment contract payable to provide funds for the purchase of capital assets. Installment contract currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$219,395 Installment Contract of 2018 dated September 18, 2018 due in monthly installments of \$1,013 to \$1,744 plus interest at 4.50% through January 18, 2029	\$ 162,191	-	14,460	147,731

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities Installment Contract	\$ 162,191	-	14,460	147,731	15,134

The installment contract is liquidated by the Capital Projects Fund.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities	
	Installment Contract	
	Principal	Interest
2021	\$ 14,460	6,468
2022	15,134	5,794
2023	15,838	5,090
2024	16,576	4,352
2025	17,348	3,580
2026	18,157	2,771
2027	19,004	1,924
2028	19,888	1,040
2029	11,326	183
Totals	<u>147,731</u>	<u>31,202</u>

NOTE 4 – OTHER INFORMATION

CONTINGENT LIABILITIES

Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Library’s employees. The Library has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

Litigation

The Library is not a defendant in any lawsuits.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

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 Library expects such amounts, if any, to be immaterial.

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Library's operations and financial position cannot be determined.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement System

Plan Description

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. 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 Administration. All employees 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).

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement System – Continued

Plan Description – Continued

Benefits Provided – Continued. 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.

Plan Membership. As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>9</u>
Total	<u><u>10</u></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 fiscal year-ended June 30, 2020, the Library’s annual contribution rate was 9.93% of covered payroll.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement System – Continued

Plan Description – Continued

Net Pension Liability. The Library’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement System – Continued

Plan Description – Continued

Actuarial Assumptions – Continued. 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:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same in 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.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement System – Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Library calculated using the discount rate as well as what the Library’s net pension liability 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	\$ 156,903	129,019	103,234

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 184,921	62,201	122,720
Changes for the Year:			
Service Cost	25,615	-	25,615
Interest on the Total Pension Liability	14,296	-	14,296
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	12,484	-	12,484
Changes of Assumptions	-	-	-
Contributions - Employer	-	26,004	(26,004)
Contributions - Employees	-	11,880	(11,880)
Net Investment Income	-	10,448	(10,448)
Benefit Payments, including Refunds of Employee Contributions	(1,088)	(1,088)	-
Other (Net Transfer)	-	(2,236)	2,236
Net Changes	51,307	45,008	6,299
Balances at December 31, 2019	236,228	107,209	129,019

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement System – Continued

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

For the year ended June 30, 2020, the Library recognized on a cash basis pension expense of \$26,205. At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 13,375	-	13,375
Changes of Assumptions	3,633	-	3,633
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(691)	(691)
Total Pension Expense to be Recognized in Future Periods	17,008	(691)	16,317
Pension Contributions Made Subsequent to the Measurement Date	13,094	-	13,094
Total Deferred Amounts Related to IMRF	30,102	(691)	29,411

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement System – Continued

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

\$13,094 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June, 30, 2021. 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 Outflows of Resources
2021	\$ 3,537
2022	3,537
2023	3,310
2024	2,441
2025	2,684
Thereafter	<u>808</u>
Total	<u><u>16,317</u></u>

OTHER POST-EMPLOYMENT BENEFITS PLAN

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, 2020.

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.

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund

- Schedule of Changes in the Employer's Net Pension Liability
 Illinois Municipal Retirement Fund

- Budgetary Comparison Schedule
 General Fund
 Capital Projects Fund
 Working Cash – Permanent Fund

Notes to the Other Supplementary Information

Budgetary Information – Budgets are adopted on a cash basis.

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.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for all resources used for the acquisition of capital facilities by the Library.

PERMANENT FUND

Permanent Funds are created to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Working Cash Fund

The Working Cash Fund is used to account for the financial resources held by the Library to be used for loans for working capital requirement.

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

June 30, 2020

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
2018	\$ 21,920	\$ 21,920	\$ -	\$ 254,886	8.60%
2019	24,494	24,494	-	262,904	9.32%
2020	26,205	26,205	-	263,915	9.93%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market, 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2017 (base year 2015).

Notes:

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

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Illinois Municipal Retirement Fund

**Schedule of Changes in the Employer's Net Pension Liability
June 30, 2020**

	<u>12/31/17</u>
Total Pension Liability	
Service Cost	\$ -
Interest	-
Differences Between Expected and Actual Experience	141,664
Change of Assumptions	(1,782)
Benefit Payments, Including Refunds of Member Contributions	<u>-</u>
Net Change in Total Pension Liability	139,882
Total Pension Liability - Beginning	<u>-</u>
Total Pension Liability - Ending	<u><u>139,882</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 21,422
Contributions - Members	11,209
Net Investment Income	-
Benefit Payments, Including Refunds of Member Contributions	-
Other (Net Transfer)	<u>(2,218)</u>
Net Change in Plan Fiduciary Net Position	30,413
Plan Net Position - Beginning	<u>-</u>
Plan Net Position - Ending	<u><u>30,413</u></u>
Employer's Net Pension Liability	<u><u>\$ 109,469</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.74%
Covered Payroll	\$ 249,091
Employer's Net Pension Liability as a Percentage of Covered Payroll	43.95%

Notes:

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

<u>12/31/18</u>	<u>12/31/19</u>
24,825	25,615
11,402	14,296
4,095	12,484
5,241	-
(524)	(1,088)
<u>45,039</u>	<u>51,307</u>
<u>139,882</u>	<u>184,921</u>
<u>184,921</u>	<u>236,228</u>
22,323	26,004
11,681	11,880
(832)	10,448
(524)	(1,088)
(860)	(2,236)
<u>31,788</u>	<u>45,008</u>
<u>30,413</u>	<u>62,201</u>
<u>62,201</u>	<u>107,209</u>
<u>122,720</u>	<u>129,019</u>
33.64%	45.38%
259,573	264,008
47.28%	48.87%

PERU PUBLIC LIBRARY DISTRICT, 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, 2020

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 473,315	473,315	473,772
Replacement Taxes	34,997	34,997	34,550
Charges for Services	14,950	14,950	10,423
Grants and Donations	24,969	24,969	69,407
Interest	1,750	1,750	7,704
Miscellaneous	750	750	673
Total Revenues	<u>550,731</u>	<u>550,731</u>	<u>596,529</u>
Expenditures			
Culture and Recreation			
Administration	371,546	371,546	342,030
Operations	100,750	100,750	84,295
Building	55,205	55,205	45,646
Insurance	44,100	44,100	36,916
Capital Outlay	12,869	12,869	12,869
Total Expenditures	<u>584,470</u>	<u>584,470</u>	<u>521,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,739)	(33,739)	74,773
Other Financing (Uses)			
Transfer Out	-	-	(14,329)
Net Change in Fund Balance	<u>(33,739)</u>	<u>(33,739)</u>	60,444
Fund Balance - Beginning			<u>303,370</u>
Fund Balance - Ending			<u><u>363,814</u></u>

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Administration			
Payroll	\$ 286,833	286,833	283,735
Payroll Taxes	57,213	57,213	53,543
Legal	1,500	1,500	1,233
Professional Dues	1,000	1,000	85
Education/Meetings	2,000	2,000	380
Postage	1,000	1,000	449
Promotions	3,000	3,000	961
Operating Supplies	5,000	5,000	462
Miscellaneous	14,000	14,000	1,182
	<u>371,546</u>	<u>371,546</u>	<u>342,030</u>
Operations			
Automation Maintenance	13,000	13,000	10,900
Contractual Services	7,000	7,000	13,926
Operating Supplies	7,000	7,000	4,797
Programs	9,500	9,500	5,700
Reference Materials	2,000	2,000	75
Books	32,250	32,250	26,242
Replacements	1,500	1,500	488
Periodicals	4,000	4,000	3,176
Sound Recordings	1,000	1,000	836
DVDs	4,000	4,000	3,187
Software & Online Subscriptions	14,500	14,500	11,334
Donations	5,000	5,000	3,634
	<u>100,750</u>	<u>100,750</u>	<u>84,295</u>
Building			
Building Maintenance	12,000	12,000	6,303
Equipment Maintenance	9,205	9,205	12,726
Telephone	2,000	2,000	2,122
Internet Access	2,500	2,500	2,431
Utilities	24,000	24,000	16,475
Building Supplies	5,500	5,500	5,589
	<u>55,205</u>	<u>55,205</u>	<u>45,646</u>

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis - Continued
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Insurance			
Group Health Insurance	\$ 33,000	33,000	23,532
General Insurance	11,100	11,100	13,384
	<u>44,100</u>	<u>44,100</u>	<u>36,916</u>
Capital Outlay	<u>12,869</u>	<u>12,869</u>	<u>12,869</u>
Total Expenditures	<u>584,470</u>	<u>584,470</u>	<u>521,756</u>

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 49,594	49,594	49,658
Expenditures			
Capital Outlay	54,748	54,748	62,495
Debt Service			
Principal Retirement	14,460	14,460	14,460
Interest and Fiscal Charges	6,524	6,524	6,524
Total Expenditures	75,732	75,732	83,479
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,138)	(26,138)	(33,821)
Other Financing Sources			
Transfer In	42,000	42,000	14,329
Net Change in Fund Balance	15,862	15,862	(19,492)
Fund Balance - Beginning			19,492
Fund Balance - Ending			-

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Working Cash - Permanent Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 123,986	123,986	124,144
Expenditures			
Culture and Recreation			
Miscellaneous	123,986	123,986	-
Net Change in Fund Balance	<u>-</u>	<u>-</u>	124,144
Fund Balance - Beginning			<u>235,098</u>
Fund Balance - Ending			<u>359,242</u>

SUPPLEMENTAL SCHEDULE

PERU PUBLIC LIBRARY DISTRICT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Contract of 2018

June 30, 2020

Date of Issue	September 18, 2018
Date of Maturity	January 18, 2029
Authorized Issue	\$ 219,395
Interest Rate	4.50%
Interest Date	Monthly
Principal Maturity Date	Monthly
Payable at	Peru Federal Savings Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 14,460	6,468	20,928
2022	15,134	5,794	20,928
2023	15,838	5,090	20,928
2024	16,576	4,352	20,928
2025	17,348	3,580	20,928
2026	18,157	2,771	20,928
2027	19,004	1,924	20,928
2028	19,888	1,040	20,928
2029	11,326	183	11,509
	<u>147,731</u>	<u>31,202</u>	<u>178,933</u>