

McHenry Public Library District

McHenry County, Illinois

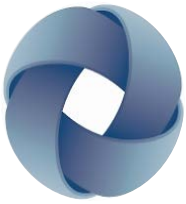
Annual Financial Report



For the Year Ended June 30, 2023

McHenry Public Library District
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Illinois NFP Audit & Tax, LLP
Certified Public Accountants

Independent Auditors' Report

To the Board of Trustees
McHenry Public Library District
McHenry County, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McHenry Public Library District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the McHenry Public Library 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 McHenry Public Library District, as of June 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity 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 McHenry Public Library 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.

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 McHenry Public Library 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 McHenry Public Library 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 McHenry Public Library 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, major fund budgetary schedules, and certain pension and post-employment benefit disclosures be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McHenry Public Library District basic financial statements. The combining and individual fund financial statements and schedules for non-major funds, and other non-required supplemental schedules as listed in the table of contents, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements schedules for non-major funds and other non-required supplemental schedules as listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included within the audit report. The other information comprises of the introductory and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

IL NFP Audit & Tax, LLP

Chicago, Illinois
October 20, 2023

**MCHENRY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

As management of McHenry Public Library District (Library), we offer readers of the Library's statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Library's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference 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.

The Statement of Activities presents information showing how the Library'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 and earned but unused vacation leave).

Both of the government-wide financial statements present functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library does not have any functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include general government and library operations.

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are 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, unlike the government-wide financial statements, 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 a government'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 Library'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 this 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, Special Reserve Fund, and Grant and Gift Fund, all of which are considered to be major funds.

The Library adopts an annual appropriated budget for the General Fund, Special Reserve Fund, and Grant and Gift Fund. A budgetary comparison schedule has been provided for each of these funds 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in meeting its obligation to provide as fully adequate as possible library services to its residents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,998,167 at the close of the most recent fiscal year. By far the largest portion of the Library's net position reflects its investment in capital assets (e.g., land, fine art, building, equipment and furnishings, and collection) 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.

A condensed version of the Statement of Net Position at June 30, 2022 and 2021 follows:

	McHenry Public Library District's Net Position	
	Governmental Activities	
	2023	2022
Assets		
Current and Other Assets	\$ 6,864,554	\$ 5,703,157
Net Pension Asset – IMRF	0	263,785
Capital Assets	5,422,232	5,707,545
Total Assets	12,286,786	11,674,487
Deferred Outflow s of Resources		
Pension Expense - IMRF	753,448	144,006
Total Deferred Outflow s of Resources	753,448	144,006
Liabilities		
Long-Term Liabilities Outstanding	1,343,092	274,129
Current Liabilities	161,494	62,835
Total Liabilities	1,504,586	336,964
Deferred Inflow s of Resources		
Unavailable Revenue - Property Taxes	3,531,931	3,333,147
Pension Revenue - IMRF	5,550	868,204
Total Deferred Inflow s of Resources	3,537,481	4,201,351
Net Position		
Investment in Capital Assets	5,422,232	5,707,545
Restricted	-	-
Unrestricted/(Deficit)	2,575,935	1,572,633
Total Net Position	\$ 7,998,167	\$ 7,280,178

The balance of unrestricted net position, \$2,575,935, may be used to meet the Library's ongoing obligations to citizens and creditors.

The Library's net position increased by \$702,423 during the current fiscal year. A prior period adjustment of \$15,566 was made during the current fiscal year.

Governmental Activities - Governmental activities increased the Library's net position by \$717,989, inclusive of a prior period adjustment of \$15,566. Key elements of this increase are as follows:

	McHenry Public Library District's Change in Net Position	
	Governmental Activities	
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 54,165	\$ 33,888
Operating Grants and Contributions	154,223	133,718
General Revenues		
Property Taxes	3,356,066	3,271,483
Impact Fees	-	-
Developer Fees	43,076	127,092
Investment Earnings	51,825	1,245
Other	0	39,362
Total General Revenues and Transfers	<u>3,659,355</u>	<u>3,606,788</u>
Expenses		
General Government	122,589	101,041
Library Operations	2,834,343	2,531,753
Total Expenses	<u>2,956,932</u>	<u>2,632,794</u>
Increase/(Decrease) in Net Position	702,423	973,994
Net Position - Beginning	7,280,178	6,276,214
Net Position Adjustment	15,566	29,970
Net Position - Ending	<u>\$ 7,998,167</u>	<u>\$ 7,280,178</u>

- Total revenues increased \$52,567 from the prior year mainly due to the increase of Operating Grants and Contributions, Property Taxes, Developer Fees, and Other Revenues.
- Total expenses increased \$324,138 from the prior year, which was mainly attributable to the increase in Library Operations of \$302,590. This includes increases in the various areas in comparison to the prior year.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

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

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

As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$3,209,966.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,218,601. The total fund balance of the Library's General Fund increased by \$831,335.

The Special Reserve Fund has a total fund balance of \$393,214. The Special Reserve Fund reports a \$70,025 increase in fund balance.

The Grant and Gift Fund has a total fund balance of \$493,918. The Grant and Gift Fund reports a \$1,431 increase in fund balance. The Library received more gifts and donations during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Library did not amend its budget for the fiscal year ended June 30, 2023; therefore, the amounts shown as original and final budget are the same.

Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$36,904 (unfavorable) and was primarily attributable to collecting less than anticipated property taxes, impact fees and photocopier income.
- The difference between the estimated expenditures and the actual expenditures was \$868,202 (favorable) and was primarily attributable to less than expected library general government, library operations, and capital outlay expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Library's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$5,422,232 (net of accumulated depreciation). This investment in capital assets includes land, parking lot, fine art, building, landscaping, equipment and furnishings, and collection. The Library reports a \$(285,313) change in the Library's investment in capital assets i.e. capital asset acquisitions less depreciation expense.

The following table presents a summary of capital assets for the years ended June 30, 2023 and 2022:

	McHenry Public Library District's Capital Assets	
	(net of depreciation)	
	Governmental Activities	
	2023	2022
Land	\$ 1,245,836	\$ 1,245,836
Fine Art	18,600	18,600
Parking Lot	165,185	183,585
Building	2,584,994	2,684,120
Landscaping	5,685	6,418
Equipment and Furnishings	288,192	321,500
Collection	1,113,740	1,247,486
Total	<u>\$ 5,422,232</u>	<u>\$ 5,707,545</u>

Additional information on the Library's capital assets can be found in Note 4 to the financial statements.

The Library had no outstanding debt as of June 30, 2023.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The equalized assessed valuation (EAV) for the Library for 2022 is \$1,288,926,948. This represents an EAV increase of \$101,819,484 (8.6%) from the prior year. This increase will affect the calculation of the Library's property tax revenue and was considered in preparing the Library's budget for the 2024 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of McHenry Public Library District's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, McHenry Public Library District, 809 North Front Street, McHenry, IL 60050-5578.

McHenry Public Library District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and Investments	\$ 5,011,797
Receivables	
Property Taxes	1,708,637
Developer Fees	38,448
Prepaid Items	105,672
Capital Assets	
Capital Assets Not Being Depreciated	1,264,436
Other Capital Assets, Net of Depreciation	4,157,796
Total Capital Assets	5,422,232
Total Assets	12,286,786
Deferred Outflows	
Deferred Items - IMRF	753,448
Total Deferred Outflows	753,448
Liabilities	
Accounts Payable	81,291
Accrued Payroll	41,366
Long-term Liabilities	
Due Within One Year	
Compensated Absences	38,837
Due in More than One Year	
Net OPEB Liability	111,354
Net Pension Liability - IMRF	1,231,738
Total Liabilities	1,504,586
Deferred Inflows	
Deferred Property Taxes	3,531,931
Deferred Items - IMRF	5,550
Total Deferred Inflows	3,537,481
Net Position	
Net Investment in Capital Assets	5,422,232
Unrestricted	2,575,935
Total Net Position	\$ 7,998,167

See Accompanying Notes to the Financial Statements

McHenry Public Library District
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	Grant and Gift Fund	Total
Assets				
Cash and Investments	\$ 4,147,599	\$ 354,766	\$ 509,432	\$ 5,011,797
Receivables				
Property Taxes	1,708,637	0	0	1,708,637
Developer Fees	0	38,448	0	38,448
Prepays Items	104,233	0	1,439	105,672
Total Assets	5,960,469	393,214	510,871	6,864,554
Total Deferred Outflows	0	0	0	0
Total Assets and Deferred Outflows	5,960,469	393,214	510,871	6,864,554
Liabilities				
Accounts Payable	64,338	0	16,953	81,291
Accrued Payroll	41,366	0	0	41,366
Total Liabilities	105,704	0	16,953	122,657
Deferred Inflows				
Deferred Property Taxes	3,531,931	0	0	3,531,931
Total Deferred Inflows	3,531,931	0	0	3,531,931
Fund Balance				
Nonspendable	104,233	0	1,439	105,672
Committed	0	393,214	492,479	885,693
Unassigned	2,218,601	0	0	2,218,601
Total Fund Balance	2,322,834	393,214	493,918	3,209,966
Total Liabilities, Deferred Inflows and Fund Balance	\$ 5,960,469	\$ 393,214	\$ 510,871	\$ 6,864,554

See Accompanying Notes to the Financial Statements

McHenry Public Library District
Reconciliation of Fund Balances of the Governmental Funds to the Governmental Activities
in the Statement of Net Position
June 30, 2023

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported in the Statement of Net Position are different because:

Fund Balance - Balance Sheet of Governmental Funds	3,209,966
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,422,232
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:

Deferred items related to changes in pension assumptions and differences between expected and actual pension plan experience:	
Deferred Outflows - IMRF	753,448

Long-term liabilities, including notes and capital leases payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences	(38,837)
Net OPEB Liability	(111,354)
Net Pension Liability - IMRF	(1,231,738)

Deferred items related to difference between projected and actual earnings on pension plan investments and difference between expected and actual pension plan experience:	
Deferred Inflows - IMRF	<u>(5,550)</u>

Net Position of Governmental Activities	<u><u>\$ 7,998,167</u></u>
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McHenry Public Library District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Grant and Gift Fund</u>	<u>Total</u>
Revenues				
Property Taxes	\$ 3,356,066	\$ 0	\$ 0	3,356,066
CCS/LLSAP	7,648	0	0	7,648
Developer Fees	0	43,076	0	43,076
Fines and Fees	15,962	0	0	15,962
Interest	36,381	4,116	11,136	51,633
Photocopier Income	16,771	0	0	16,771
Program Fees/Miscellaneous Fees	1,255	0	0	1,255
Staff Cobra/Insurance Payments	5,761	0	0	5,761
Meeting Room Fees	1,510	0	0	1,510
Lost or Damaged Materials	3,362	0	0	3,362
Dividends	192	0	0	192
Collection Agency Fees	210	0	0	210
Special Credits	1,686	0	0	1,686
Gifts and Donations	0	0	14,012	14,012
Per Capita Grant	0	0	61,732	61,732
Miscellaneous Grants	0	0	500	500
Miscellaneous Income	77,979	0	0	77,979
Total Revenues	<u>3,524,783</u>	<u>47,192</u>	<u>87,380</u>	<u>3,659,355</u>
Expenditures				
Current				
General Government	122,589	0	0	122,589
Library Operations	2,113,993	0	104,555	2,218,548
Capital Outlay	406,966	24,027	0	430,993
Total Expenditures	<u>2,643,548</u>	<u>24,027</u>	<u>104,555</u>	<u>2,772,130</u>
Excess (Deficiency) of Revenues over Expenditures	881,235	23,165	(17,175)	887,225
Other Financing Sources (Uses)				
Transfer In	0	49,900	0	49,900
Transfer Out	(49,900)	0	0	(49,900)
Total Other Financing Sources (Uses)	<u>(49,900)</u>	<u>49,900</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	831,335	73,065	(17,175)	887,225
Fund Balance,				
Beginning of Year	1,491,499	323,189	492,487	2,307,175
Prior Period Adjustment	0	(3,040)	18,606	15,566
Beginning of Year, Restated	<u>1,491,499</u>	<u>320,149</u>	<u>511,093</u>	<u>2,322,741</u>
End of Year	<u>\$ 2,322,834</u>	<u>\$ 393,214</u>	<u>\$ 493,918</u>	<u>\$ 3,209,966</u>

See Accompanying Notes to the Financial Statements

McHenry Public Library District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Governmental Activities in the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 887,225

Amounts reported for governmental activities 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	221,242
Depreciation expense	(506,555)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in the following deferred items related to pension investment experience, changes in pension assumptions, and difference between expected and actual pension plan experience:

Deferred Outflows - IMRF	609,442
Deferred Outflows - OPEB	0

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in Compensated Absences	(2,069)
Change in OPEB Liability	126,007
Change in Net Pension Liability - IMRF	(1,495,523)
Change in the following deferred items related to difference between expected and actual pension plan experience:	
Deferred Inflows - IMRF	862,654
Deferred Inflows - OPEB	0

Change in Net Position of Governmental Activities	\$ 702,423
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**McHenry Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2023**

1. Summary of Significant Accounting Policies

The McHenry Public Library District (the “District”) is incorporated in McHenry County, Illinois. The District provides a variety of library services to its residents. Through its collections, services, programs, and policies, the District aspires to be an equitable, diverse, inclusive community resource that strives to meet the needs of all community members. The District operates under the trustee-director form of government.

The financial statements of the District, have been prepared in conformity with Generally Accepted Accounting Principles as applied to local governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below:

Financial Reporting Entity

The accompanying financial statements present the District’s primary government and any component units over which the District exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the District (as distinct from legal relationships). Management has considered all potential component units and has determined that there are no entities outside of the primary government that should be blended into or discretely presented with the District’s financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District as a whole (except for fiduciary activities) and distinguish between the governmental and business-type activities of the District. Governmental activities, which are normally supported by taxes and governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s library operations function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds include non-major Special Revenue funds and non-major Capital Projects funds. The combined amounts for these funds are reflected in a single column titled "Other Governmental Funds" in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules in the supplemental schedules of the financial statements.

Funds are organized as major funds or non-major funds within the governmental statements. 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 entity or meets the following criteria:

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

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements when applicable. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are those which governmental functions of the District finance. The acquisition, use, and balances of the District's expendable resources and the related liabilities are accounted for through governmental funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government does *not* consider revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Property taxes, fees, licenses, charges for service, amounts due from other governments, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if applicable. Charges for sales and services and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received.

Basis of Presentation

The accounts of the District are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are summarized by type within the financial statements.

The District reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Expenditures from this fund provide basic District services, such as such as finance and data processing, personnel, and general administration of the District. Revenue sources include taxes, which include property taxes, interest income and other income.

The Capital Projects Fund, also referred to as the Special Reserve Fund, accounts for the District's financial resources that are restricted, committed, or assigned to expenditure for capital outlays such as building improvements and land acquisitions.

The Grant and Gift Fund, a special revenue fund, accounts for activity related to the District's donations and per capita grant.

The District reports no non-major governmental funds.

Fiduciary fund level financial statements are custodial in nature and are merely clearing accounts for assets held by the District as an agent for individuals, private organization, or other governments. Fiduciary funds are excluded from government-wide financial statements. The District reports no fiduciary funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The District reports no proprietary funds.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

When applicable, on the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Cash and Investments

For purpose of the Statement of Net Position, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Pooled Cash

Cash resources of the individual governmental fund types are combined to form a pool of cash and, when applicable, investments. At June 30, 2023, the District's cash was deposited in demand accounts and money market savings accounts.

Interfund Activity

During the course of normal operations, the District has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. Legally authorized transfers are treated as transfers and are included in the results of operations of Governmental Funds and, when applicable, Proprietary Funds. Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables. Short-term amounts owed between funds are classified as "Due to/from other funds".

Receivables

Receivables consist of all revenues earned at year-end that are not yet received as of June 30, 2023. Major receivable balances for governmental activities include property taxes. The District carries its receivables at cost less an allowance for doubtful accounts. On a periodic basis, the District evaluates its receivables and establishes the amount of its allowance for doubtful accounts based on a history of past write-offs and collections. The allowance for doubtful accounts amounts to \$0 for property taxes receivable.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Prepaid Items and Prepaid Expenditures

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items/expenditures using the consumption method of recognition.

Inventory

Inventory is valued at cost which approximates the lower of cost or net realizable value using the first-in/first-out (FIFO) method. The District reports no inventory as of June 30, 2023.

Deferred Revenue/Unearned Revenue

When applicable, the District reports unearned revenues on its Statement of Net Position and deferred revenues on its Governmental Funds Balance Sheet. For governmental fund financial statements, deferred revenues occur when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period or when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

Compensated Absences

Accumulated vacation, that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation of proprietary funds, when applicable, is recorded as an expense and liability of those funds as the benefits accrue to employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The General Fund is used to liquidate the compensated absences liability.

Full-time District employees are entitled to paid vacation time in varying amounts based on years of service. Unused vacation time is payable upon resignation or retirement. The District’s compensated absences liability at June 30, 2023 comprises of accumulated vacation amounting to \$38,837.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and when applicable, infrastructure assets, are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$1,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Donated capital assets, donated works of art and similar items, and capital assets received in a service arrangement are reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Building	10 - 50 Years
Collection	4 - 10 Years
Equipment and Furnishings	5 - 20 Years
Parking Lot	20 Years
Landscaping	20 Years

Finance Leases

Leases that span more than twelve months that are material in nature to the financial statements, and that do not transfer ownership are recognized as a right-of-use asset and finance lease liability. The right-of-use assets are measured at an amount equal to the present value of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease. Finance leases that transfer ownership that are material in nature to the financial statements are recognized as capital assets at cost and a related lease liability. The District reports no finance leases.

Subscription-Based Information Technology Arrangements

A Subscription-Based Information Technology Arrangements ("SBITAs") is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs that span more than twelve months that are material in nature to the financial statements are recognized as a subscription right-of-use asset and subscription liability. The right-of-use assets are measured at an amount equal to the present value of the related subscription liability. The right-of-use assets are amortized on a straight-line basis over the life of the related subscription. The District reports no material long-term SBITAs.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations, when applicable, are accounted for in those funds.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Non-spendable fund balance - The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts can only be used for specific purposes pursuant to constraints imposed by ordinances of the District Board of Trustees - the government's highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the District Board of Trustees removes the specified use by ordinance. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects assets constrained by the expressed written intent of the District Board of Trustees for ambulance services, capital equipment and/or capital projects.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed. The District does not have a stabilization policy established.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned and, lastly unassigned funds.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Net Position Classifications

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

Net investment in capital assets - These amounts consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent bond or other debt proceeds.

Restricted net position - These amounts consist of net position with constraints placed on its 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. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Unrestricted net position - These amounts consist of all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Budgets

The Board of Trustees follows these procedures in establishing the budget:

1. The Executive Director and budget committee prepare a proposed operating budget which is submitted to the Board of Trustees for their approval. The budget document is made available for public inspection for at least 30 days prior to Board action.
2. The Board of Trustees is required to hold at least one public hearing prior to passage of the annual Budget and Appropriation Ordinance. The budget is an estimate of actual expenditures and the appropriation represents the legal spending limit.
3. The Budget and Appropriation Ordinance must be enacted into law prior to the end of the first quarter of the fiscal year (September 30).
4. The Board of Trustees has the power to: Amend the Budget and Appropriation Ordinance in the same manner as its enactment, transfer between line items of any fund an amount not exceeding in the aggregate the total amount appropriated for that fund, and transfer any appropriation item it anticipates being unexpended to any other appropriation item.
5. Expenditures legally may not exceed the total appropriations at the fund level. All unspent budgetary amounts lapse at year-end. The budget information in the financial statements includes adjustments made during the year.

The budget is prepared for all funds on the same basis as the basic financial statements and is consistent with GAAP. The budget is derived from the annual Budget and Appropriation Ordinance of the District. All budgetary funds are controlled by an integrated budgetary accounting system in accordance, with various legal requirements, which govern the District.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property Taxes

Property taxes become an enforceable lien on property as of January 1. Taxes are levied each year and are payable in two installments, due in June and September of the following year. McHenry County bills and collects all property taxes and remits them to the District. The District recognizes property taxes in the year in which they attach as an enforceable lien and are available.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources, or expenses/expenditures, until then. The District has deferred changes in proportion dealing with pensions and contributions made after the measurement date, and where applicable, deferred charges on refunding debt. These represent a consumption of net position that applies to future periods and is not recognized as an outflow of resources until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources, or revenues, until that time. A deferred inflow of resources dealing with pension is reported for the differences between expected and actual experience, the net difference between projected and actual earnings on pension investments, and changes of assumptions.

2. Deposits

Deposits

At June 30, 2023, the carrying amount of the District's demand deposits in financial institutions was \$4,990,221 and the bank balance is \$5,001,283.

Custodial Credit Risk - Deposits

In case of cash deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2023, all District bank deposits are insured or covered by collateral.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

3. Investments

Policies for Investments

It is the policy of the District to invest public funds in a manner to conform to all state and local statutes governing the investment of public funds; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives, in priority order, of safety, liquidity, return on investment and public trust. The District's general credit risk policy is to apply the prudent person rule: Investments shall be made with the exercise of judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

The District's investment policy permits the District to invest in: bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, bonds, notes debentures or similar obligations of the agencies of the United States of America; interest-bearing savings accounts, certificates of deposit, time deposits or other investment constituting direct obligations of a bank as defined by the Illinois Banking Act; short-term obligations (maturing within 180 days of dates of purchase) of corporations with assets exceeding \$500 million (such obligations must be rated at the time of purchase as AAA by at least two standard rating services); money market mutual funds registered under the Investment Company Act of 1940 which invest only in bonds, notes, certificates of indebtedness, treasury bills and other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest and agrees to repurchase such obligations; state and local government obligations or operated and administered by a bank and other securities as allowed by the Illinois Public Funds Investment Act.

Fair Value Measurements

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes 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 District investments subject to fair value measurements are as follows:

Investments Type	Value as of June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity and Debt Securities				
Common Stock	\$ 21,576	\$ 21,576	\$ 0	\$ 0
Total Investments Measured at Fair Value	<u>\$ 21,576</u>	<u>\$ 21,576</u>	<u>\$ 0</u>	<u>\$ 0</u>

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

4. Capital Assets

Capital asset activity for the year ended June 30, 2023, consisted of the following:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
<u>Governmental Activities</u>				
Assets Not Subject to Depreciation				
Land	\$ 1,245,836	\$ 0	\$ 0	\$ 1,245,836
Fine Art	18,600	0	0	18,600
Assets Subject to Depreciation				
Building	4,543,143	15,605	0	4,558,748
Collection	2,879,696	150,277	(301,923)	2,728,050
Equipment and Furnishings	1,507,865	55,360	(8,501)	1,554,724
Parking Lot	368,003	0	0	368,003
Landscaping	14,653	0	0	14,653
Subtotal	<u>10,577,796</u>	<u>221,242</u>	<u>(310,424)</u>	<u>10,488,614</u>
Less - Accumulated Depreciation				
Building	(1,859,022)	(114,732)	0	(1,973,754)
Collection	(1,632,210)	(284,023)	301,923	(1,614,310)
Equipment and Furnishings	(1,186,366)	(88,667)	8,501	(1,266,532)
Parking Lot	(184,418)	(18,400)	0	(202,818)
Landscaping	(8,235)	(733)	0	(8,968)
Subtotal	<u>(4,870,251)</u>	<u>(506,555)</u>	<u>310,424</u>	<u>(5,066,382)</u>
Net Capital Assets	<u>\$ 5,707,545</u>	<u>\$ (285,313)</u>	<u>\$ 0</u>	<u>\$ 5,422,232</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

<u>Governmental Activities</u> – Library Operations	\$ 506,555
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5. Long-term Liabilities

The District enters into debt transactions to finance additions of machinery and equipment and major construction, improvements or land acquisitions. The District reports no debt commitments as of June 30, 2023. Other long-term liabilities activity is as follows:

	Balance June 30 2022	Additions and Other Changes	Retirements	Balance June 30 2023	Amount Due Within One Year	Debt Retired By Fund
Other Long-term Liabilities						
Compensated Absences	\$ 36,768	\$ 38,837	\$ (36,768)	\$ 38,837	\$ 38,837	General
Net Pension Liability						
IMRF	(263,785)	1,907,338	(411,815)	1,231,738	0	General
Total OPEB Liability	<u>237,361</u>	<u>(100,245)</u>	<u>(25,762)</u>	<u>111,354</u>	<u>0</u>	N/A
	<u>\$ 10,344</u>	<u>\$ 1,845,930</u>	<u>\$ (474,345)</u>	<u>\$ 1,381,929</u>	<u>\$ 38,837</u>	

**McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023**

6. Compliance and Accountability

At June 30, 2023, none of the District’s funds had deficit fund balances.

None of the District funds report an excess of actual expenditures over legally enacted budgeted amounts for the year ended June 30, 2023.

7. Interfund Transactions

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money and (2) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

At June 30, 2023, no interfund receivables and payables exist.

During the year ended June 30, 2023, the following transfers occurred:

Fund	Transfer from Other Funds	Transfer to Other Funds
General	\$ 0	\$ 49,900
Capital Projects	49,900	0
	\$ 49,900	\$ 49,900

8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District purchases commercial insurance to handle these risks of loss. During June 30, 2023, there were no significant reductions in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The District is insured under a retrospectively-rated policy for workers’ compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2023, there were no significant adjustments in premiums based on actual experience.

**McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023**

9. Prior Period Adjustments

The following prior adjustments were made to correct beginning balances at June 30, 2022:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Grant and Gift Fund</u>	<u>Total</u>
Cash and Investments	\$ 0	\$ 0	\$ 19,106	\$ 19,106
Receivables	0	(3,040)	(500)	(3,540)
	<u>\$ 0</u>	<u>\$ (3,040)</u>	<u>\$ 18,606</u>	<u>\$ 15,566</u>

10. Commitments and Contingencies

At June 30, 2023, the District had no material payable commitments and no contingencies with the exception of the general obligation bonds discussed in Note 5.

11. Evaluation of Subsequent Events

The District has evaluated subsequent events through October 20, 2023, the date which the financial statements were available to be issued.

12. Governmental Accounting Standards Board (GASB) Statements

Recently Implemented GASB Statements Relevant to the District

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) , was issued May 2020 and was adopted by the District during the year ended June 30, 2023.

Upcoming GASB Statements Relevant to the District

GASB Statement No. 100, Accounting Changes and Error Corrections, was issued June 2022 and will be effective for the District with the fiscal year ending June 30, 2025.

GASB Statement No. 101, Compensated Absences, was issued June 2022 and will be effective for the District with the fiscal year ending June 30, 2025.

The District management has not yet determined the effect these Statements will have on the District's financial statements.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

13. Other Post-Employment Benefits

The net other postemployment health care benefits (“OPEB”) liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the District’s proportionate share of its OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical future (long-term) variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The proportionate share of each plan’s unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

Plan Description. The District provides other postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report. The plan’s latest actuarial valuation is June 30, 2023.

Benefits Provided. The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the District’s retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan but can purchase a Medicare supplement plan from the District’s insurance provider. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the District is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

13. Other Post-Employment Benefits (Continued)

OPEB Disclosures.

Actuarial Valuation Date	July 1, 2023
Measurement Date of the OPEB Liability	June 30, 2023
Fiscal Year End	June 30, 2023

Membership

Number of		
- Retirees and Beneficiaries	0	
- Inactive, Non-Retired Members	0	
- Active Members	21	
- Total	<u>21</u>	

Deferred Outflows and Deferred Inflows of Resources by Source
(to be recognized in Future OPEB Expenses)

	Deferred Outflows of Resources	Deferred Inflows of Resources
1. Difference between expected and actual experience	\$ 0	\$ 0
2. Assumption Changes	0	0
3. Net Difference between projected and actual earnings on OPEB plan investments	<u>0</u>	<u>0</u>
4. Total	<u>\$ 0</u>	<u>\$ 0</u>

Deferred outflows and deferred inflows of resources will be recognized in future OPEB expense as follows:

Plan Year Ending June 30	Net Deferred Inflows of Resources
2024	\$ 0
2025	0
2026	0
2027	0
2028	0
Thereafter	<u>0</u>
	<u>\$ 0</u>

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

13. Other Post-Employment Benefits (Continued)

OPEB Disclosures (Continued).

The Discount Rate is 3.65%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of the Plan measurement date. The following is a sensitivity analysis of total OPEB liability to changes in the discount rate:

Sensitivity of Net OPEB Liability/(Asset) to the Single Discount Rate Assumption			
	1% Decrease 2.65%	Current Single Discount Rate Assumption 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 119,521	\$ 111,354	\$ 103,708
Plan Net Position	0	0	0
Net OPEB Liability/(Asset)	\$ 119,521	\$ 111,354	\$ 103,708

The North American health care rate is 5.00% to 7.40%. The following is a sensitivity analysis of total OPEB liability to changes in the healthcare cost trend rate.

Sensitivity of Net OPEB Liability/(Asset) to the Health Care Rate Assumption			
	1% Decrease (4.00% to 6.40%)	Current Health Care Rate Assumption (5.00% to 7.40%)	1% Increase (6.00% to 8.40%)
Total OPEB Liability	\$ 98,541	\$ 111,354	\$ 127,134
Plan Net Position	0	0	0
Net OPEB Liability/(Asset)	\$ 98,541	\$ 111,354	\$ 127,134

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

13. Other Post-Employment Benefits (Continued)

OPEB Disclosures (Continued).

Summary of Actuarial Methods and Assumptions
Used in the Calculation of the Total OPEB Liability

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry-Age Normal, Lower Percentage of Pay
Asset Valuation Method	N/A
Price Inflation	2.25%
Discount Rate	3.65%
Investment Rate of Return	N/A
Health Care Cost Rate	Medical: 7.40% - 5.00%
Mortality	PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates
<u>Other Information:</u>	There were no benefit changes during the year.

Schedule of Changes in Net OPEB Liability and Related Ratios
Current Period
June 30, 2023 Measurement Date

A. Total OPEB liability	
1. Service cost	\$ 5,239
2. Interest on the total OPEB liability	7,947
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the total OPEB liability	(116,734)
5. Changes of assumptions	3,303
6. Benefit payments, including refunds of employee contributions	(25,762)
7. Other Charges	0
8. Net change in total OPEB liability	(126,007)
9. Total OPEB liability – beginning	237,361
10. Total OPEB liability – ending	<u>\$ 111,354</u>
B. Plan net position	
1. Plan fiduciary net position – beginning	0
2. Plan fiduciary net position – ending	<u>\$ 0</u>
C. Net OPEB liability/(asset)	<u>\$ 111,354</u>
D. Plan net position as a percentage of the total OPEB liability	0.00%

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

14. Retirement Fund Commitments – Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org. The plan's latest actuarial valuation is December 31, 2022.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). 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.

Funding Policy. As set by statute, the District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate from fiscal year 2023 was 9.73 percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Commissioners, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for the fiscal year 2023 was \$117,687.

**McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023**

14. Retirement Fund Commitments – Illinois Municipal Retirement Fund (Continued)

IMRF Pension Disclosures.

Actuarial Valuation Date	December 31, 2022
Measurement Date of the Net Pension Liability	December 31, 2022
Fiscal Year End	June 30, 2023

Membership

Number of	
- Retirees and Beneficiaries	34
- Inactive, Non-Retired Members	57
- Active Members	31
- Total	<u>122</u>

Covered Valuation Payroll	<u>\$ 1,294,460</u>
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Net Pension Liability

Total Pension Liability/(Asset)	\$ 7,524,827
Plan Fiduciary Net Position	<u>6,293,089</u>
Net Pension Liability/(Asset)	<u>\$ 1,231,738</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.63%
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Net Pension Liability as a Percentage of Covered Valuation Payroll	95.15%
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Development of the Single Discount Rate as of December 31, 2022

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	4.05%
Last year December 31 in the 2023 to 2122 projection period for which projected benefit payments are fully funded	2122
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate Calculated using December 31, 2021 Measurement Date	7.25%

Total Pension Expense/(Income)	<u>\$ 141,160</u>
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**McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023**

14. Retirement Fund Commitments – Illinois Municipal Retirement Fund (Continued)

IMRF Pension Disclosures (Continued).

Deferred Outflows and Deferred Inflows of Resources by Source
(to be recognized in Future Pension Expenses)

	Deferred Outflows of Resources	Deferred Inflows of Resources
1. Difference between expected and actual experience	\$ 118,231	\$ 4,099
2. Assumption Changes	0	1,451
3. Net Difference between projected and actual earnings on pension plan investments	578,003	0
4. Subtotal	696,234	5,550
5. Pension contributions made subsequent to the measurement date	57,214	0
6. Total	\$ 753,448	\$ 5,550

Deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

Plan Year Ending December 31	Net Deferred Outflows of Resources
2023	\$ 69,169
2024	142,353
2025	179,503
2026	299,659
2027	0
Thereafter	0
	\$ 690,684

**McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023**

14. Retirement Fund Commitments – Illinois Municipal Retirement Fund (Continued)

IMRF Pension Disclosures (Continued).

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	35.50%	6.50%
International Equity	18.00%	7.60%
Fixed Income	25.50%	4.90%
Real Estate	10.50%	6.20%
Alternative Investments	9.50%	6.25% - 9.90%
Cash Equivalents	1.00%	4.00%
	100.00%	

The single discount rate is calculated in accordance with GASB Statement No. 68. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph. The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.05%; and the resulting single discount rate is 7.25%.

Sensitivity of Net Pension Liability/(Asset) to the
Single Discount Rate Assumption

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 8,401,798	\$ 7,524,827	\$ 6,821,282
Plan Fiduciary Net Position	6,293,089	6,293,089	6,293,089
Net Pension Liability/(Asset)	\$ 2,108,709	\$ 1,231,738	\$ 528,193

**McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023**

14. Retirement Fund Commitments – Illinois Municipal Retirement Fund (Continued)

IMRF Pension Disclosures (Continued).

Summary of Actuarial Methods and Assumptions
Used in the Calculation of the Total Pension Liability

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled 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.

Other Information: There were no benefit changes during the year.

McHenry Public Library District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

14. Retirement Fund Commitments – Illinois Municipal Retirement Fund (Continued)

IMRF Pension Disclosures (Continued).

Schedule of Changes in Net Pension Liability and Related Ratios	
Current Period	
December 31, 2022 Measurement Date	
A. Total pension liability	
1. Service cost	\$ 110,042
2. Interest on the total pension liability	510,400
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the total pension liability	125,309
5. Changes of assumptions	0
6. Benefit payments, including refunds of employee contributions	<u>(411,815)</u>
7. Net change in total pension liability	333,936
8. Total pension liability – beginning	<u>7,190,891</u>
9. Total pension liability – ending	<u><u>\$ 7,524,827</u></u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 128,152
2. Contributions – employee	58,466
3. Net investment income	(964,955)
4. Benefit payments, including refunds of employee contributions	(411,815)
5. Other (net transfer)	<u>28,565</u>
6. Net change in plan fiduciary net position	(1,161,587)
7. Plan fiduciary net position – beginning	<u>7,454,676</u>
8. Plan fiduciary net position – ending	<u><u>\$ 6,293,089</u></u>
C. Net pension liability/(asset)	<u><u>\$ 1,231,738</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	83.63%
E. Covered Valuation Payroll	\$ 1,294,460
F. Net pension liability as a percentage of covered valuation payroll	95.15%

McHenry Public Library District
Other Post-Employment Benefits Disclosures
For the Year Ended June 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Multiyear Schedule of Changes in Net OPEB Liability and Related Ratios - Last 10 Plan Years (When Available)

Measurement Date June 30,	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 5,239	\$ 6,711	\$ 9,885	\$ 1,398	\$ 11,601	\$ 11,169
Interest on the OPEB Liability	7,947	7,317	8,772	12,975	14,056	14,176
Difference between expected and actual experience of the OPEB Liability	(116,734)	0	(61,985)	900,607	0	0
Changes of assumptions	3,303	(106,075)	15,970	(849,907)	13,512	0
Benefit payments, including refunds of employee contributions	(25,762)	(18,657)	(42,999)	(34,761)	(28,541)	(28,339)
Other Changes	0	0	0	0	0	0
Implicit Benefit Payments	0	0	0	0	0	0
Net change in total OPEB liability	(126,007)	(110,704)	(70,357)	30,312	10,628	(2,994)
Total OPEB liability— beginning	<u>237,361</u>	<u>348,065</u>	<u>418,422</u>	<u>388,110</u>	<u>377,482</u>	<u>380,476</u>
Total OPEB liability – ending	<u>\$ 111,354</u>	<u>\$ 237,361</u>	<u>\$ 348,065</u>	<u>\$ 418,422</u>	<u>\$ 388,110</u>	<u>\$ 377,482</u>
Plan fiduciary net position						
Plan fiduciary net position - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan fiduciary net position - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net OPEB liability / (asset)	<u>\$ 111,354</u>	<u>\$ 237,361</u>	<u>\$ 348,065</u>	<u>\$ 418,422</u>	<u>\$ 388,110</u>	<u>\$ 377,482</u>
Plan fiduciary net position as a percent of the OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll ("CVP")	\$ 1,258,901	\$ 600,740	\$ 477,627	\$ 465,978	\$ 293,563	\$ 286,403
Net OPEB liability as a % of CVP	8.85%	39.51%	72.87%	89.79%	132.21%	131.80%

Notes to the Multiyear Schedule of Changes in Employer's Net OPEB Liability:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See Independent Auditors' Report

**McHenry Public Library District
IMRF Pension Disclosures
For the Year Ended June 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

Multiyear Schedule of Contributions
Last 10 Fiscal Years (When Available)

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
6/30/2015	\$ 157,817	\$ 156,868	\$ 949	\$ 1,447,866	10.83%
6/30/2016	174,334	174,334	0	1,495,144	11.66%
6/30/2017	179,311	179,311	0	1,544,455	11.61%
6/30/2018	186,873	186,873	0	1,636,546	11.42%
6/30/2019	204,703	204,703	0	1,582,867	12.93%
6/30/2020	186,332	186,332	0	1,753,423	10.63%
6/30/2021	192,184	192,184	0	1,513,570	12.70%
6/30/2022	154,756	149,852	4,904	1,323,156	11.33%
6/30/2023	117,687	117,687	0	1,209,760	9.73%

Notes to the Multiyear Schedule of Contributions:

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of 7.25% annually and projected salary increases assumption of 2.85% to 13.75% plus 2.25% for inflation compounded annually.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**McHenry Public Library District
IMRF Pension Disclosures (Continued)
For the Year Ended June 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Plan Years (When Available)

Measurement Date December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability ("TPL")									
Service cost	\$ 110,042	\$ 144,516	\$ 180,751	\$ 174,998	\$ 167,256	\$ 179,171	\$ 172,857	\$ 167,731	\$ 169,550
Interest on the TPL	510,400	488,383	480,669	449,284	420,121	405,595	370,239	335,182	295,518
Difference between expected and actual experience of the TPL	125,309	107,615	(135,796)	66,133	50,178	(10,876)	98,135	90,749	(16,836)
Changes of assumptions	0	0	(48,104)	0	182,340	(167,659)	(22,040)	6,836	193,145
Benefit payments, including refunds of employee contributions	(411,815)	(427,351)	(278,670)	(242,121)	(214,585)	(198,617)	(142,883)	(112,637)	(97,231)
Net change in total pension liability	333,936	313,163	198,850	448,294	605,310	207,614	476,308	487,861	544,146
Total pension liability— beginning	<u>7,190,891</u>	<u>6,877,728</u>	<u>6,678,878</u>	<u>6,230,584</u>	<u>5,625,274</u>	<u>5,417,660</u>	<u>4,941,352</u>	<u>4,453,491</u>	<u>3,909,345</u>
Total pension liability – ending	<u>\$ 7,524,827</u>	<u>\$ 7,190,891</u>	<u>\$ 6,877,728</u>	<u>\$ 6,678,878</u>	<u>\$ 6,230,584</u>	<u>\$ 5,625,274</u>	<u>\$ 5,417,660</u>	<u>\$ 4,941,352</u>	<u>\$ 4,453,491</u>
Plan fiduciary net position									
Contributions – employer	\$ 128,152	\$ 149,852	\$ 192,184	\$ 186,332	\$ 204,702	\$ 186,873	\$ 179,311	\$ 174,334	\$ 156,868
Contributions – employee	58,466	59,380	75,288	77,639	77,675	71,326	69,501	79,434	64,762
Net investment income	(964,955)	1,070,653	803,378	880,790	(240,691)	699,400	259,968	18,808	208,603
Benefit payments, including refunds of employee contributions	(411,815)	(427,351)	(278,670)	(242,121)	(214,585)	(198,617)	(142,883)	(112,637)	(97,231)
Other (net transfer)	28,565	24,231	35,544	28,319	89,067	(27,125)	15,516	(61,120)	449
Net change in plan fiduciary net position	(1,161,587)	876,765	827,724	930,959	(83,832)	731,857	381,413	98,819	333,451
Plan fiduciary net position - Beginning	<u>7,454,676</u>	<u>6,577,911</u>	<u>5,750,187</u>	<u>4,819,228</u>	<u>4,903,060</u>	<u>4,171,203</u>	<u>3,789,790</u>	<u>3,690,971</u>	<u>3,357,520</u>
Plan fiduciary net position - Ending	<u>\$ 6,293,089</u>	<u>\$ 7,454,676</u>	<u>\$ 6,577,911</u>	<u>\$ 5,750,187</u>	<u>\$ 4,819,228</u>	<u>\$ 4,903,060</u>	<u>\$ 4,171,203</u>	<u>\$ 3,789,790</u>	<u>\$ 3,690,971</u>
Net pension liability / (asset)	<u>\$ 1,231,738</u>	<u>\$ (263,785)</u>	<u>\$ 299,817</u>	<u>\$ 928,691</u>	<u>\$ 1,411,356</u>	<u>\$ 722,214</u>	<u>\$ 1,246,457</u>	<u>\$ 1,151,562</u>	<u>\$ 762,520</u>
Plan fiduciary net position as a % of TPL	83.63%	103.67%	95.64%	86.10%	77.35%	87.16%	76.99%	76.70%	82.88%
Covered Valuation Payroll ("CVP")	\$ 1,294,460	\$ 1,346,874	\$ 1,658,189	\$ 1,725,293	\$ 1,700,189	\$ 1,585,013	\$ 1,544,455	\$ 1,495,144	\$ 1,447,866
Net pension liability as a % of CVP	95.15%	-19.58%	18.08%	53.83%	83.01%	45.57%	80.71%	77.02%	52.67%

Notes to the Multiyear Schedule of Changes in Employer's Net Pension Liability:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See Independent Auditors' Report

McHenry Public Library District
General Fund
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 3,366,812	\$ 3,366,812	\$ 3,356,066	\$ (10,746)
CCS/LLSAP	10,500	10,500	7,648	(2,852)
Fines and Fees	17,500	17,500	15,962	(1,538)
Interest	575	575	36,381	35,806
Photocopier Income	15,000	15,000	16,771	1,771
Program Fees/Miscellaneous Fees	2,750	2,750	1,255	(1,495)
Staff Cobra/Insurance Payments	15,000	15,000	5,761	(9,239)
Meeting Room Fees	1,500	1,500	1,510	10
Lost or Damaged Materials	5,500	5,500	3,362	(2,138)
Dividends	300	300	192	(108)
Collection Agency Fees	500	500	210	(290)
Special Credits	5,250	5,250	1,686	(3,564)
Miscellaneous Income	120,500	120,500	77,979	(42,521)
Total Revenues	<u>3,561,687</u>	<u>3,561,687</u>	<u>3,524,783</u>	<u>(36,904)</u>
Expenditures				
Current				
General Government				
Professional Services	143,250	143,250	71,166	72,084
Printing, Publications & Postage	67,750	67,750	51,423	16,327
Total General Government	<u>211,000</u>	<u>211,000</u>	<u>122,589</u>	<u>88,411</u>
Library Operations				
Utilities	41,500	41,500	29,682	11,818
Contracted Services	129,250	129,250	133,490	(4,240)
Catalog and Network	147,500	147,500	135,207	12,293
Personnel Expense	2,222,750	2,222,750	1,630,299	592,451
Miscellaneous Operating	188,500	188,500	185,315	3,185
Total Library Operations	<u>2,729,500</u>	<u>2,729,500</u>	<u>2,113,993</u>	<u>615,507</u>
Capital Outlay				
Library Operations				
Materials and Supplies	459,250	459,250	363,474	95,776
Library Furnishings	17,500	17,500	6,125	11,375
Library Equipment	9,500	9,500	3,350	6,150
Small Equipment	5,000	5,000	565	4,435
Additional Capital Projects	80,000	80,000	33,452	46,548
Total Capital Outlay	<u>571,250</u>	<u>571,250</u>	<u>406,966</u>	<u>164,284</u>
Total Expenditures	<u>3,511,750</u>	<u>3,511,750</u>	<u>2,643,548</u>	<u>868,202</u>
Excess of Revenues over Expenditures	49,937	49,937	881,235	831,298
Other Financing Uses				
Transfers Out	(49,900)	(49,900)	(49,900)	0
Total Other Financing Uses	<u>(49,900)</u>	<u>(49,900)</u>	<u>(49,900)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 37</u>	<u>\$ 37</u>	<u>831,335</u>	<u>\$ 831,298</u>
Fund Balance,				
Beginning of Year			1,491,499	
End of Year			<u>\$ 2,322,834</u>	

See Independent Auditors' Report

McHenry Public Library District
Grant and Gift Fund
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 500	\$ 500	\$ 11,136	\$ 10,636
Gifts and Donations	75,000	75,000	14,012	(60,988)
Per Capita Grant	70,000	70,000	61,732	(8,268)
Miscellaneous Grants	40,000	40,000	500	(39,500)
Total Revenues	<u>185,500</u>	<u>185,500</u>	<u>87,380</u>	<u>(98,120)</u>
Expenditures				
Current				
Library Operations				
Operating Fund Gifts	150,000	150,000	40,155	109,845
FY2023 Per Capita Grant				
Capital Outlay	90,000	90,000	64,400	25,600
Miscellaneous Grants	40,000	40,000	0	40,000
Total Library Operations	<u>280,000</u>	<u>280,000</u>	<u>104,555</u>	<u>175,445</u>
Total Expenditures	<u>280,000</u>	<u>280,000</u>	<u>104,555</u>	<u>175,445</u>
Net Change in Fund Balance	<u>\$ (94,500)</u>	<u>\$ (94,500)</u>	<u>(17,175)</u>	<u>\$ 77,325</u>
Fund Balance,				
Beginning of Year			492,487	
Prior Period Adjustment			18,606	
Beginning of Year, Restated			<u>511,093</u>	
End of Year			<u>\$ 493,918</u>	

See Independent Auditors' Report

McHenry Public Library District
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Budgets are adopted on a basis consistent with generally accepted accounting principles. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

McHenry Public Library District
Capital Projects Fund
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Developer Fees	\$ 175,000	\$ 175,000	\$ 43,076	\$ (131,924)
Interest	1,000	1,000	4,116	3,116
Gifts and Donations	5,000	5,000	0	(5,000)
Miscellaneous Income	500	500	0	(500)
Total Revenues	<u>181,500</u>	<u>181,500</u>	<u>47,192</u>	<u>(134,308)</u>
Expenditures				
Capital Outlay				
Various Capital Outlay	250,000	250,000	24,027	225,973
Total Capital Outlay	<u>250,000</u>	<u>250,000</u>	<u>24,027</u>	<u>225,973</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>24,027</u>	<u>225,973</u>
Excess (Deficiency) of Revenues over Expenditures	(68,500)	(68,500)	23,165	91,665
Other Financing Sources				
Transfers In	0	0	49,900	49,900
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>49,900</u>	<u>49,900</u>
Net Change in Fund Balance	<u>\$ (68,500)</u>	<u>\$ (68,500)</u>	73,065	<u>\$ 141,565</u>
Fund Balance,				
Beginning of Year			323,189	
Prior Period Adjustment			<u>(3,040)</u>	
Beginning of Year, Restated			<u>320,149</u>	
End of Year			<u>\$ 393,214</u>	