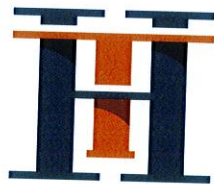


COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS

ANNUAL FINANCIAL REPORT
and
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

JUNE 30, 2023



HOFFMAN & TRANEL, PC
Certified Public Accountants

Rock Island, Illinois

September 12, 2023

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
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HOFFMAN & TRANEL, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

President and Trustees of
Colona District Public Library, Illinois
Henry County, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and aggregate remaining fund information of the Colona District Public Library, Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Colona District Public Library, Illinois' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the aggregate remaining fund information of Colona District Public Library, Illinois, as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Colona District Public Library, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Colona District Public Library, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Colona District Public Library, Illinois' ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023, on our consideration of the Colona District Public Library, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Colona District Public Library, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colona District Public Library, Illinois' internal control over financial reporting and compliance.

Hoffman & Tranel, PC

Rock Island, Illinois
September 12, 2023

BASIC FINANCIAL STATEMENTS

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 656,489
Total Current Assets	<u>\$ 656,489</u>
Non Current Assets	
Capital Assets	\$ 411,484
Accumulated Depreciation	<u>(131,702)</u>
Total Non Current Assets	<u>\$ 279,782</u>
Total Assets	<u><u>\$ 936,271</u></u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Payroll Taxes Payable	\$ 236
Deferred Revenue	<u>165,893</u>
Total Liabilities	<u>\$ 166,129</u>
Net Position	
Net Investment in Capital Assets	\$ 279,782
Restricted For:	
Building	22,293
Audit	4,404
Liability Insurance	36,630
Social Security	22,595
Illinois Municipal Retirement Fund	82,321
Employment Insurance	2,292
Unrestricted	<u>319,825</u>
Total Net Position	<u>\$ 770,142</u>
Total Liabilities and Net Position	<u><u>\$ 936,271</u></u>

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2023

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Library							
Total Governmental Activities	\$ (282,528)	\$ 3,387	\$ 28,744	\$ -	\$ (250,397)	\$ -	\$ (250,397)
	\$ (282,528)	\$ 3,387	\$ 28,744	\$ -	\$ (250,397)	\$ -	\$ (250,397)
Total Functions/Programs	\$ (282,528)	\$ 3,387	\$ 28,744	\$ -	\$ (250,397)	\$ -	\$ (250,397)
General Revenues:							
Property Taxes					\$ 318,477	\$ -	\$ 318,477
Replacement Taxes					6,270	-	6,270
Interest Income					6,086	-	6,086
Gain (Loss) on Disposal of Assets					39	-	39
Miscellaneous Income					6,791	-	6,791
Total General Revenues					\$ 337,663	\$ -	\$ 337,663
Change in Net Position					\$ 87,266	\$ -	\$ 87,266
Net Position, Beginning of Year					682,876	-	682,876
Net Position, End of Year					\$ 770,142	\$ -	\$ 770,142

See independent auditor's report and accompanying notes to financial statements.

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - CASH BASIS
June 30, 2023

	<u>Governmental Funds</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 656,489
Total Current Assets	\$ 656,489
Total Assets	\$ 656,489
LIABILITIES AND FUND BALANCES	
Current Liabilities	
Payroll Taxes Payable	\$ 236
Deferred Revenue	165,893
Total Current Liabilities	\$ 166,129
Fund Balances	
Restricted For:	
Building	\$ 22,293
Audit	4,404
Liability Insurance	36,630
Social Security	22,595
Illinois Municipal Retirement Fund	82,321
Employee Insurance	2,292
Assigned	246,449
Unassigned	73,376
Total Fund Balances	\$ 490,360
Total Liabilities and Fund Balances	\$ 656,489

Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances - Cash Basis to the Statement of Net Position - Modified Cash Basis:

Total Fund Balance:	\$ 490,360
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets of \$411,484 net of accumulated depreciation (\$131,702). In the Statement of Net Position, capital assets are reported at historical cost and depreciated instead of reporting them as expenditures.

279,782

Net Position of Governmental Activities	\$ 770,142
---	------------

770,142

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES
IN FUND BALANCES - CASH BASIS
For the Fiscal Year Ended June 30, 2023

	<u>Governmental Funds</u>
Revenues Received	
Property Tax	\$ 318,477
Replacement Tax	6,270
Interest Income	6,086
Per Capita Grant Income	9,766
Fines and Fees	708
Service Fees	2,679
Miscellaneous Income	32,709
Total Revenues	<u>\$ 376,695</u>
Expenditures Disbursed	
Library Operations	\$ 269,900
Capital Outlay	20,699
Total Expenditures	<u>\$ 290,599</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	\$ 86,096
Fund Balances, June 30, 2022	<u>404,264</u>
Fund Balances, June 30, 2023	<u>\$ 490,360</u>

Reconciliation of the Governmental Funds Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances - Cash Basis to Statement of Activities - Modified Cash Basis:

Net changes in fund balances - total government funds \$ 86,096

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. This is the amount by which depreciation of \$12,628 did not exceed capital outlays of \$20,699 in the current period. 8,071

As stated above, governmental funds report capital outlays as expenditures, therefore upon disposal of the capital assets, the entire amount is reflected as revenue. However, the statement of activities reflects the gain(loss) on the capital assets after cost and accumulated depreciation has been considered. This is the amount by which gross proceeds did not exceed the gain on disposal. (6,901)

Change in Net Position of Governmental Activities \$ 87,266

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization, Reporting Entity, and Accounting: Colona District Public Library, Illinois, was established under the provisions of the Library Code of Illinois. Citizens of the Library District elect seven trustees who internally elect the President, Vice President, Secretary, and Treasurer.

The Library District has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the Library District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library District exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing relationships. The Library District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Library District's financial statements. In addition, the Library District is not aware of any entity that would exercise such oversight as to result in the Library District being considered a component unit of the entity.

The accounting policies of the Library District conform to the modified cash basis of accounting as applicable to state and local governmental units. The following is a summary of the more significant of such policies.

Basis of Presentation: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function. The Library District does not allocate indirect expenses to its functions. Program revenues include charges for services, grants or contributions restricted to meeting the operating or capital requirements of a particular function. The Library District's charges for services include charges to citizens who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. Funds are grouped into three broad categories depending on whether they are used to account for governmental activities, business-type activities, or fiduciary activities. The Library District does not conduct any business-type or fiduciary activities, and therefore, does not use proprietary or fiduciary funds.

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Governmental fund types are those through which all governmental functions of the Library District are financed. The Library District's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position instead of net income determination. Governmental fund types include the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds.

Governmental Funds: Funds are organized as major 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, meets certain quantitative criteria or if its operations are deemed significant by the Library District's management. The quantitative criteria for major fund inclusion require an individual fund to constitute at least 10% of the total assets, liabilities, revenues, or expenditures for all governmental funds. The Library District reports the following major governmental funds:

The **Library Fund** is the general operating fund of the Library District and is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, fund equity, revenues, and expenditures when they result from cash transactions with a provision for inter-fund receivables and payables in the fund financial statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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

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

Measurement Focus: On the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus.

The measurement focus of the fund financial statements is the flow of current financial resources, all sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in the Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances – Cash Basis. Only resources available to finance current expenditures and liabilities due in the current period are presented on the Statement of Assets, Liabilities and Fund Balances – Cash Basis.

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance: In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. When an expenditure is incurred for which multiple fund balances are available, the Library District's policy is to use funds in the order of the most restrictive level to the least restrictive. These levels are as follows:

Non-spendable - This category represents funds not in spendable form.

Restricted - This category represents funds limited in use due to constraints on purpose by enabling legislation.

Committed - This category represents funds limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action.

Assigned - The category represents intentions of the Board to use the funds for specific purposes. The Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - This category includes the residual classification for the Library District's General Fund and includes all spendable amounts not contained in other classifications.

Net Position: The government-wide financial statements are required to report three components of net position:

Invested in capital assets, net of related debt - This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of constraints placed on net position use through external restrictions such as enabling legislation.

Unrestricted - This component of net position consists of net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt." When an expense is incurred for which both restricted and unrestricted resources are available for use, it is the Library District's policy to use restricted resources first, then unrestricted resources as needed.

Capital Assets: Capital Assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Assets are capitalized when they meet certain thresholds and have a useful life of more than one year. Depreciation has been calculated on each class of depreciable property using the straight-line method over a five to forty-year period.

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget and Budgetary Accounting: The budgets for all funds of the Library District are adopted on a cash basis. Budgeted amounts are as approved by the Board of Trustees. Appropriations approved through this budgeting process lapse at year-end.

Budgets include fund balance carried over from prior years. It is not revenue of the current period, but it is presented as revenue only for budgetary purposes. In statements comparing budget to actual, beginning budgetary fund balances have been reduced for carryover and reflect the budgetary ending fund balances projected.

The budget is prepared on the basis of cash receipts and disbursement; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Subsequent Events: In accordance with the Accounting Standards Codification 855-10-20, Subsequent Events, these financial statements considered subsequent events through September 12, 2023, the date the financial statements were available to be issued.

NOTE 2 CASH AND INVESTMENTS

Cash and Cash Equivalents: The Library District is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the Library District Trustees and the Treasurer of the State of Illinois.

Deposits: Deposits (cash and certificates of deposit) are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the Statement of Assets, Liabilities, and Fund Balances - Cash Basis as "Cash and Cash Equivalents".

The Library District maintains its cash in bank deposit accounts at various financial institutions, which, at times, may exceed federally insured limits. At June 30, 2023, the bank balances were \$661,349.

The Library's deposits are categorized below to give an indication of the level of risk assumed by the entity. Category 1 includes deposits that are insured or collateralized with securities held by the Library or by its agent in the Library's name. Category 2 includes deposits collateralized with securities held by the pledging institutions trust department or agent in the Library's name. Category 3 includes deposits that are uncollateralized.

	Carrying Amount	Bank Balance
Category 1	\$ 392,259	\$ 392,259
Category 2	264,208	269,090
Category 3	22	--
	<u>\$ 656,489</u>	<u>\$ 661,349</u>

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 RISK MANAGEMENT

The Library 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; illnesses of employees; and natural disasters. The Library District covers these risks through commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

NOTE 4 PROPERTY TAXES

The Library District's Henry County property taxes are levied each calendar year on all taxable real property located in the Library District. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. A certified copy of the tax levy has to be filed annually with the Henry County Clerk no later than the second Tuesday in December, and the county clerk extends the tax and the county treasurer collects the tax.

Henry County property taxes are due and payable in two installments payable on or about June 1 and September 1 of the calendar year subsequent to the tax levy. The County Treasurer collects the taxes and transfers the amount collected for the Library District in two installments in the months of June and September. Any additional amounts collected in the calendar year are paid in November. The property taxes reflected on the Statement of Activities reflect those levied in 2021 collected in July 2022 through the beginning of 2023 and those levied in 2022 collected in June 2023.

NOTE 5 CAPITAL ASSETS

The Library District's capital asset changes are as follows for the year ended June 30, 2023:

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
<u>Capital Assets</u>				
Beginning Balance	\$ 18,000	\$ 362,012	\$ 24,432	\$ 404,444
Addition(s)	--	3,630	17,069	20,699
Disposition(s)	--	<u>(6,940)</u>	<u>(6,719)</u>	<u>(13,659)</u>
Ending Balance	<u>\$ 18,000</u>	<u>\$ 358,702</u>	<u>\$ 34,782</u>	<u>\$ 411,484</u>
<u>Depreciation</u>				
Beg Accumulated Depreciation	\$ --	\$ 107,548	\$ 18,284	\$ 125,832
Current Year Depreciation	--	8,876	3,752	12,628
Disposition(s)	--	<u>(39)</u>	<u>(6,719)</u>	<u>(6,758)</u>
Ending Accumulated Depreciation	<u>\$ --</u>	<u>\$ 116,385</u>	<u>\$ 15,317</u>	<u>\$ 131,702</u>

Depreciation expense in the amount of \$12,628 was charged to the Library for the year ended June 30, 2023.

NOTE 6 DEFERRED REVENUE

The Library District's Henry County property taxes received at the end of the fiscal year are reflected as deferred revenue as the District budgets them into their next fiscal year. The property taxes received at year-end on the 2022 tax levy, 2023 collection year are reflected as deferred revenue in the amount of \$165,893.

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 LINES OF CREDIT

The Library District has two credit card agreements with Blackhawk Bank & Trust under which it has total credit lines up to \$5,000 at a variable rate of interest which at June 30, 2023 was 12.99%. The Library has utilized \$55 of the credit lines as of June 30, 2023.

These amounts are reflected as expenditures at the time the Library makes payment.

NOTE 8 DEFINED BENEFIT PENSION PLAN

The Library District participates in an employer's defined benefit pension plan, Illinois Municipal Retirement (IMRF) an agent multiple-employer plan. The Library 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. 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 online at www.imrf.org.

As set by statute, the Library District's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for the calendar year 2022 was 14.04%. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level.

Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For the calendar year ending December 31, 2022, the Library District's annual pension cost of \$14,477 for the Regular plan was equal to the Library District's required contributions.

As of December 31, 2022, the Library District's pension plan membership consisted of 2 retirees and beneficiaries, 2 inactive, non-retired members, and 4 active members.

The Library District's net pension liability was measured as of December 31, 2022, and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions:

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%

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 DEFINED BENEFIT PENSION PLAN (continued)

The total pension liability retirement age projection was from the experience-based table of rates, that are specific to the type of eligibility condition. The table of rates was last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019. For non-disabled retirees, mortality rates were based on 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, mortality rates were based on 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, mortality rates were based on Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

The 2022 contribution rate retirement age projection was from the experience-based table of rates, that are specific to the type of eligibility condition. The table of rates was last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019. For non-disabled retirees, mortality rates were based on 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, mortality rates were based on 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, mortality rates were based on Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Governmental Accounting Standards Board 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.

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 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 the Library District's 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%.

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 DEFINED BENEFIT PENSION PLAN (continued)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance, December 31, 2021	322,162	256,522	65,640
Changes for the Year			
Service cost	8,297	-	8,297
Interest	23,254	-	23,254
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,450	-	3,450
Changes of assumptions	-	-	-
Contributions - employer	-	14,476	(14,476)
Contributions - employee	-	4,640	(4,640)
Net investment income	-	(28,796)	28,796
Benefit payments, including refunds of employee contributions	(11,124)	(11,124)	-
Other	-	(743)	743
Net Changes	23,877	(21,547)	45,424
Balance, December 31, 2022	346,039	234,975	111,064

Plan fiduciary net position as a percentage of the total pension liability is 67.90%.

The following presents the net pension liability of the Library District, calculated using the discount rate of 7.25%, as well as what the Library District's net pension liability would be if it were to be calculated using discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate. This shows the sensitivity of the net pension liability to the single discount rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$396,351	\$346,039	\$304,968
Plan Fiduciary Net Position	234,975	234,975	234,975
Library District's Net Pension Liability (Asset)	\$ 161,376	\$ 111,064	\$ 69,993

The required contribution for 2022 was determined as part of the December 31, 2020, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2019, included (a) 7.25% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Library District's Regular plan assets was determined using techniques that spread the effects of short-

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 DEFINED BENEFIT PENSION PLAN (continued)

term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Library District's Regular plan's unfunded actuarial accrued liability at December 31, 2020 is being amortized as a level percentage of projected payroll on an open 21-year basis.

As of December 31, 2022, the most recent actuarial valuation date, the Regular plan was 54.06% funded. The actuarial accrued liability for benefits was \$201,552 and the actuarial value of assets was \$108,967, resulting in an underfunded actuarial accrued liability (UAAL) of \$92,585. The covered payroll for calendar year 2022 (annual payroll of active employees covered by the plan) was \$103,115 and the ratio of the UAAL to the covered payroll was 90%.

The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 9 FRIENDS OF THE LIBRARY

The Friends of the Library receive income from book sales, aluminum can redemption and other fundraisers. The Friends of the Library cover the costs of books and supplies for the Head Start and pre-kindergartners at Colona School, sponsoring an anti-bullying program, and sponsoring the summer reading programs. The Friends collected \$325 from the above sources, expensed \$225, and have an ending cash balance in the amount of \$4,263 that has not been reflected in the Statement of Net Position.

OTHER INFORMATION

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2023

	Original & Final Budget	Actual	Over (Under) Budget
Revenues			
Property Tax	\$ 274,101	\$ 318,477	\$ 44,376
Replacement Tax	4,000	6,270	2,270
Interest Income	8,000	6,086	(1,914)
Per Capita Grant Income	9,765	9,766	1
Service Fees	4,000	2,679	(1,321)
Fines and Fees	-	708	708
Miscellaneous Income	12,250	32,709	20,459
Total Revenues before Carryover	\$ 312,116	\$ 376,695	\$ 64,579
Budget Carryover	415,700	404,264	(11,436)
Total Revenues and Budget Carryover	\$ 727,816	\$ 780,959	\$ 53,143
Expenditures			
Personnel	\$ 170,000	\$ 142,237	\$ 27,763
Contractual Services	13,763	21,968	(8,205)
Commodities	43,650	33,079	10,571
Miscellaneous	2,000	3,120	(1,120)
Repairs/Maintenance	24,780	5,094	19,686
Utilities	10,340	9,727	613
Insurance	12,603	8,315	4,288
Retirement	24,101	14,964	9,137
Audit	4,100	4,130	(30)
Liability and Security Expenditures	10,493	8,791	1,702
Social Security	12,000	10,988	1,012
Unemployment Insurance	800	708	92
Memorial and Commemorative	400	-	400
Special Program Expenditures	6,500	2,864	3,636
Summer Reading	200	3,915	(3,715)
Furniture and Fixtures	10,000	-	10,000
Capital Outlays	5,000	20,699	(15,699)
Miscellaneous	-	-	-
Total Expenditures	\$ 350,730	\$ 290,599	\$ 60,131
Excess of Revenues over Expenditures	\$ 377,086	\$ 490,360	\$ 113,274
FUND BALANCE, June 30, 2022	404,264	404,264	-
Less Budget Carryover	(415,700)	(404,264)	11,436
FUND BALANCE, June 30, 2023	\$ 365,650	\$ 490,360	\$ 124,710

COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
NOTES TO OTHER INFORMATION
June 30, 2023

NOTE 1 BUDGETARY INFORMATION

The District adopts an annual appropriations ordinance on a basis consistent with the cash basis of accounting for the Library Fund. All annual appropriations lapse at fiscal year-end.

The District director submits to the District Board of Trustees a proposed list of appropriations for the fiscal year commencing July 1. The annual appropriations ordinance includes proposed expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to the end of the first fiscal quarter, the annual appropriations ordinance is approved by resolution of the District Board of Trustees. Formal budgetary integration is employed as a management control device during the year for the general fund.

The District is authorized to change budgeted amounts within any fund; however, revisions must be approved by two-thirds of the members of the District Board of Trustees. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The annual appropriations ordinance is prepared by fund. The District Board of Trustees is authorized to transfer budget amounts between departments within any fund; however, a petition signed by the electors during a regular election or emergency referendum is required in order to approve revisions that alter the total expenditures of any fund.

**COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
SCHEDULE OF FUNDING PROGRESS FOR THE LIBRARY DISTRICT
RETIREMENT PLAN
June 30, 2023**

Other Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/22	\$ 108,967	\$ 201,552	\$ 92,585	54.06%	\$ 103,115	89.79%
12/31/21	79,405	178,339	98,934	44.52%	89,394	110.67%
12/31/20	54,953	148,390	93,437	37.03%	130,767	71.45%
12/31/19	61,619	151,956	90,337	40.55%	127,065	71.10%
12/31/18	45,043	128,217	83,174	35.13%	124,157	66.99%
12/31/17	119,542	190,270	70,728	62.83%	127,733	55.37%
12/31/16	95,368	162,371	67,003	58.73%	111,872	59.89%
12/31/15	74,116	142,780	68,664	51.91%	117,359	58.51%

On a market value basis, the actuarial value of assets as of December 31, 2022 is \$90,817. On a market basis, the funded ratio would be 45.06%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Colona District Public Library. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

IMRF fiscal year December 31, 2014 is the first year of GASB No. 68 implementation. The report will build prospectively.

**Schedules of Required Supplementary Information
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios**

Last 10 Calendar Years
(Schedule to be built prospectively from 2014)

Calendar year ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ 8,297	\$ 7,777	\$ 12,104	\$ 12,263	\$ 14,923	\$ 12,482	\$ 12,911	\$ 12,591	\$ 12,652	
Interest on the Total Pension Liability	23,234	21,019	18,759	16,964	14,245	12,498	11,379	10,163	7,609	
Benefit Changes	0	0	0	0	0	0	0	0	0	
Difference between Expected and Actual Experience	3,450	12,980	1,948	4,450	17,100	7,322	(5,880)	(6,467)	0,566	
Assumption Changes	0	0	(4,887)	0	8,355	(6,174)	(1,982)	0	7,270	
Benefit Payments and Refunds	(11,124)	(10,772)	(8,077)	(9,551)	(9,311)	0	0	0	0	
Net Change in Total Pension Liability	23,677	39,004	34,957	24,216	44,317	26,728	14,378	16,217	36,397	
Total Pension Liability - Beginning	372,162	291,858	256,661	232,445	187,133	160,405	146,077	129,890	93,493	
Total Pension Liability - Ending (a)	\$ 346,039	\$ 322,162	\$ 291,658	\$ 256,661	\$ 232,445	\$ 187,133	\$ 160,405	\$ 146,077	\$ 129,890	
Plan Fiduciary Net Position										
Employer Contributions	\$ 14,476	\$ 9,984	\$ 19,381	\$ 11,449	\$ 12,394	\$ 13,348	\$ 11,948	\$ 12,388	\$ 10,702	
Employee Contributions	4,640	4,023	5,885	5,718	5,387	5,748	5,034	5,281	5,173	
Pension Plan Net Investment Income	(78,796)	36,009	26,107	24,892	(4,123)	13,850	5,246	339	2,987	
Benefit Payments and Refunds	(11,124)	(10,772)	(8,017)	(9,451)	(9,311)	0	0	0	0	
Other	(663)	(1,228)	1,366	(757)	12,379	(1,313)	(873)	(3,468)	(836)	
Net Change in Plan Fiduciary Net Position	(72,547)	35,016	42,721	32,651	16,825	31,693	21,415	14,240	18,026	
Plan Fiduciary Net Position - Beginning	256,527	218,506	175,785	142,734	126,309	94,706	73,291	59,251	41,225	
Plan Fiduciary Net Position - Ending (b)	\$ 234,975	\$ 256,527	\$ 218,506	\$ 175,785	\$ 142,734	\$ 94,706	\$ 73,291	\$ 59,251	\$ 41,225	
Net Pension Liability/(Asset) - Ending (a) - (b)	111,064	65,640	73,152	80,876	89,711	63,824	65,679	72,786	70,749	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.90%	79.63%	74.92%	68.49%	61.58%	67.50%	59.04%	50.12%	47.49%	
Covered Valuation Payroll⁽¹⁾	\$ 103,115	\$ 89,394	\$ 130,767	\$ 127,066	\$ 124,157	\$ 127,733	\$ 111,872	\$ 117,359	\$ 104,956	
Net Pension Liability as a Percentage of Covered Valuation Payroll	107.71%	73.43%	55.94%	63.63%	71.93%	47.62%	58.73%	62.02%	67.34%	

**COLONA DISTRICT PUBLIC LIBRARY, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS FOR THE LIBRARY DISTRICT
 RETIREMENT PLAN
 June 30, 2023**

Other Information - Schedule of Funding Progress (Continued)

MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 LAST 10 CALENDAR YEARS

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	10,702	10,702	0	114,956	9.31%
2015	12,088	12,088	0	117,359	10.30%
2016	11,948	11,948	0	111,872	10.68%
2017	13,348	13,348	0	127,733	10.45%
2018	12,304	12,304	0	124,157	9.91%
2019	11,449	11,449	0	127,066	9.01%
2020	14,384	19,385	(5,001)	130,767	14.82%
2021	9,985	9,984	1	89,394	11.17%
2022	14,477	14,476	1	103,115	14.04%



HOFFMAN & TRANEL, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

President and Trustees of
Colona District Public Library, Illinois
Henry County, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colona District Public Library, Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Colona District Public Library, Illinois' basic financial statements, and have issued our report thereon dated September 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colona District Public Library, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Colona District Public Library, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Colona District Public Library, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colona District Public Library, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoffman & Tranel, PC

Rock Island, Illinois
September 12, 2023



HOFFMAN & TRANEL, PC
Certified Public Accountants

President and Trustees of
Colona District Public Library, Illinois
Henry County, Illinois

In planning and performing our audit of the financial statements of Colona District Public Library, Illinois as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Colona District Public Library, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Colona District Public Library, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Colona District Public Library, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be opportunities for strengthening internal controls.

During our audit, we became aware of the following deficiency in internal control, other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency.

Organizational Structure

The size of the Library District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Library to provide oversight and independent review functions.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Library, and is not intended to be, and should not be, used by anyone other than these specified parties.

Hoffman & Tranel, PC

Rock Island, Illinois
September 12, 2023