

TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS

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ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2025

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**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

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## **INTRODUCTORY SECTION**

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Principal Officials  
June 30, 2025**

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**BOARD OF TRUSTEES**

Gary Kovanda - President

Bob Geddeis - Vice President

Mary Katherine Lindt - Treasurer

Hilaree Lombarado - Secretary

Dan Garlow - Trustee

Nadine Kelley - Trustee

Terrie Garlow - Trustee

**ADMINISTRATION**

Megan Gove - Director

## **FINANCIAL SECTION**

This section includes:

Independent Auditor's Report

Basic Financial Statements

Other Supplementary Information

Supplemental Schedule

## **INDEPENDENT AUDITOR'S REPORT**

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



**INDEPENDENT AUDITOR'S REPORT**

December 12, 2025

Members of the Board of Trustees  
Talcott Free Library District  
Rockton, Illinois

**Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Talcott Free Library District (the District), Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Talcott Free Library District, Illinois, as of June 30, 2025, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**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 opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Talcott Free Library District, Illinois' basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises of the introductory section 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.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **BASIC FINANCIAL STATEMENTS**

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

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Statement of Net Position - Modified Cash Basis  
June 30, 2025**

|                                  | <u>Governmental<br/>Activities</u> |
|----------------------------------|------------------------------------|
| <b>ASSETS</b>                    |                                    |
| Current Assets                   |                                    |
| Cash and Investments             | \$ 756,916                         |
| Restricted Cash and Investments  | 260,145                            |
| Total Current Assets             | <u>1,017,061</u>                   |
| Noncurrent Assets                |                                    |
| Capital Assets                   |                                    |
| Nondepreciable                   | 150                                |
| Depreciable                      | 3,290,362                          |
| Accumulated Depreciation         | (892,713)                          |
| Total Noncurrent Assets          | <u>2,397,799</u>                   |
| Total Assets                     | <u>3,414,860</u>                   |
| <b>LIABILITIES</b>               |                                    |
| Current Liabilities              |                                    |
| Accounts Payable                 | 2,422                              |
| Debt Certificates Payable        | 128,000                            |
| Total Current Liabilities        | <u>130,422</u>                     |
| Noncurrent Liabilities           |                                    |
| Debt Certificates Payable        | 662,000                            |
| Total Liabilities                | <u>792,422</u>                     |
| <b>NET POSITION</b>              |                                    |
| Net Investment in Capital Assets | 1,607,799                          |
| Restricted                       |                                    |
| Building Expansion               | 100,633                            |
| Working Cash                     | 89,373                             |
| Seiberling                       | 2,205                              |
| Unrestricted                     | <u>822,428</u>                     |
| Total Net Position               | <u><u>2,622,438</u></u>            |

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2025**

|                               | Expenses   | Program Revenues           |                                       |                                     | Net<br>(Expenses)/<br>Revenues and<br>Changes in<br>Net Position |
|-------------------------------|------------|----------------------------|---------------------------------------|-------------------------------------|--|
|                               |            | Charges<br>for<br>Services | Operating<br>Grants/<br>Contributions | Capital<br>Grants/<br>Contributions |  |
| Governmental Activities       |            |                            |                                       |                                     |  |
| Public Library                | \$ 718,845 | 11,341                     | 2,531                                 | —                                   | (704,973)  |
| Interest and Fiscal Charges   | 9,693      | —                          | —                                     | —                                   | (9,693)  |
| Total Governmental Activities | 728,538    | 11,341                     | 2,531                                 | —                                   | (714,666)  |

|                                  |                         |
|----------------------------------|-------------------------|
| General Revenues                 |                         |
| Taxes                            |                         |
| Property Taxes                   | 724,692                 |
| Intergovernmental - Unrestricted |                         |
| Replacement Taxes                | 32,391                  |
| Investment Income                | 49,456                  |
| Miscellaneous                    | 28,077                  |
|                                  | <u>834,616</u>          |
| Change in Net Position           | 119,950                 |
| Net Position - Beginning         | <u>2,502,488</u>        |
| Net Position - Ending            | <u><u>2,622,438</u></u> |

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Balance Sheet - Modified Cash Basis  
June 30, 2025**

|                                     | General    | Permanent Funds |            | Totals    |
|-------------------------------------|------------|-----------------|------------|-----------|
|                                     |            | Working<br>Cash | Seiberling |           |
| <b>ASSETS</b>                       |            |                 |            |           |
| Cash and Investments                | \$ 756,916 | —               | —          | 756,916   |
| Restricted Cash and Investments     | —          | 237,940         | 22,205     | 260,145   |
| Due from Other Funds                | 10,887     | —               | —          | 10,887    |
| Total Assets                        | 767,803    | 237,940         | 22,205     | 1,027,948 |
| <b>LIABILITIES</b>                  |            |                 |            |           |
| Accounts Payable                    | 2,422      | —               | —          | 2,422     |
| Due to Other Funds                  | —          | 10,887          | —          | 10,887    |
| Total Liabilities                   | 2,422      | 10,887          | —          | 13,309    |
| <b>FUND BALANCES</b>                |            |                 |            |           |
| Nonspendable                        | —          | 137,680         | 20,000     | 157,680   |
| Restricted                          | 100,633    | 89,373          | 2,205      | 192,211   |
| Unassigned                          | 664,748    | —               | —          | 664,748   |
| Total Fund Balances                 | 765,381    | 227,053         | 22,205     | 1,014,639 |
| Total Liabilities and Fund Balances | 767,803    | 237,940         | 22,205     | 1,027,948 |

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental  
Activities - Modified Cash Basis  
June 30, 2025**

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|  |                         |
|--|-------------------------|
| <b>Total Fund Balances</b>   | \$ 1,014,639            |
| Amounts reported in the Statement of Net Position<br>are different because:  |                         |
| Capital assets are not financial resources and therefore,<br>are not reported in the funds.  | 2,397,799               |
| Long-term liabilities are not due and payable in the current<br>period and therefore are not reported in the funds.<br>Debt Certificates Payable | <u>(790,000)</u>        |
| <b>Net Position of Governmental Activities</b>   | <u><u>2,622,438</u></u> |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2025**

|                             | General    | Permanent Funds |            | Totals    |
|-----------------------------|------------|-----------------|------------|-----------|
|                             |            | Working<br>Cash | Seiberling |           |
| Revenues                    |            |                 |            |           |
| Taxes                       | \$ 724,692 | —               | —          | 724,692   |
| Intergovernmental           | 34,922     | —               | —          | 34,922    |
| Fines and Fees              | 11,341     | —               | —          | 11,341    |
| Investment Income           | 25,352     | 24,104          | —          | 49,456    |
| Miscellaneous               | 28,077     | —               | —          | 28,077    |
| Total Revenues              | 824,384    | 24,104          | —          | 848,488   |
| Expenditures                |            |                 |            |           |
| Public Library              | 655,566    | —               | —          | 655,566   |
| Debt Service                |            |                 |            |           |
| Principal Retirement        | 128,000    | —               | —          | 128,000   |
| Interest and Fiscal Charges | 9,693      | —               | —          | 9,693     |
| Total Expenditures          | 793,259    | —               | —          | 793,259   |
| Net Change in Fund Balances | 31,125     | 24,104          | —          | 55,229    |
| Fund Balances - Beginning   | 734,256    | 202,949         | 22,205     | 959,410   |
| Fund Balances - Ending      | 765,381    | 227,053         | 22,205     | 1,014,639 |

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2025**

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**Net Change in Fund Balances** \$ 55,229

Amounts reported in the Statement of Activities  
are different because:

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

Depreciation Expense (63,279)

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

Debt Retirement 128,000

**Changes in Net Position** 119,950

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Talcott Free Library District (the District), Rockton, Illinois provides services primarily to citizens of Rockton, Illinois, including lending or renting materials to adults and children to meet their informational, recreations, and educational needs. The basic financial statements of the District have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the District's accounting policies are described below.

**REPORTING ENTITY**

The District is a municipal corporation governed by an elected president and six-member Board of Trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of the District as pension trust funds and there are no discretely component units to include in the reporting entity.

**BASIS OF PRESENTATION**

**Government-Wide Statements**

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

In the government-wide Statement of Net Position the District's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The District's activities are supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The District accounts for all of its activities in governmental funds, with the emphasis in the fund financial statements being on the major funds.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**BASIS OF PRESENTATION - Continued**

**Fund Financial Statements - Continued**

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. The District only reports major funds. The following fund types are used by the District:

**Governmental Funds**

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

*General Fund* is the general operating fund of the District. It is used to account for all financial resources, except for those required to be accounted for in another fund. The District reports the General Fund as a major fund.

*Permanent funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. The District maintains two permanent funds. The Working Cash Fund, a major fund, is used to account for assets held by the District in a trustee capacity. The assets held by this fund were derived principally from property taxes levied by the District and are used to make operating loans to the general fund. The earnings are available for support of the District's general operations. The Seiberling Fund, also a major fund, is used to account for assets held by the District as an endowment. The assets held by this fund include contributions of \$20,000 that have been permanently restricted by the donor, and the earnings of \$2,205 which may be used for purposes that support the District's reading programs for children.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued**

**Measurement Focus - Continued**

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities associated with their activities are reported.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the District records capital assets, depreciation, and long-term debt.

**ASSETS, LIABILITIES, AND FUND BALANCE/NET POSITION**

**Cash and Investments**

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Restricted Cash and Investments**

Certain proceeds derived from property taxes levied by the District and held by the District in a trustee capacity as well as proceeds held by the District as an endowment.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**ASSETS, LIABILITIES, AND FUND BALANCE/NET POSITION - Continued**

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

|                                    |          |
|------------------------------------|----------|
| Buildings and Improvements         | 50 Years |
| Furniture, Fixtures, and Equipment | 5 Years  |

**Long-Term Liabilities**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**ASSETS, LIABILITIES, AND FUND BALANCE/NET POSITION - Continued**

**Net Position**

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

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

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

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

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

The appropriation and budget for all governmental fund types is prepared on the modified cash basis of accounting which is the same basis that is used in the fund financial statements. This allows for comparability between budget and actual amount. The budget, which was not amended, was passed on September 21, 2024. The budget lapses at the end of each fiscal year.

Formal budgetary accounting is employed as a management control of the District. The General Fund operating budget is adopted each fiscal year on a basis consistent with the modified cash basis of accounting through passage of an annual budget and appropriation ordinance. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in the General Fund lapse at the end of the fiscal year. The budget for the General Fund was not amended. No budgets are adopted for the Working Cash Fund or the Seiberling Fund.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS**

**DEPOSITS AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments."

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

*Deposits.* At year-end, the carrying amount of the District's deposits totaled \$1,017,061 and the bank balances totaled \$1,021,349.

*Investments.* At year-end, the District had no investments.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not address interest rate risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy does not address credit risk.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that amounts held at a financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) limit be properly collateralized by a pledging of allowable assets or a letter of credit. Deposits held in local and area banks are insured by the FDIC in the amount of \$250,000 for all time and savings accounts and \$250,000 for all demand deposit accounts. At June 30, 2025, the District's bank balances were not exposed to custodial credit risk as they were fully covered by a combination of FDIC insurance and a letter of credit.

For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not mitigate custodial credit risk for investments. At year-end, the District had no investments.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not address concentration risk. At year-end, the District does not have any investments.

**PROPERTY TAXES**

Property taxes for 2024 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**INTERFUND BALANCE**

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages. The composition of interfund balances as of the date of this report, is as follows:

| Receivable Fund | Payable Fund | Amount           |
|-----------------|--------------|------------------|
| General         | Working Cash | <u>\$ 10,887</u> |

**CAPITAL ASSETS**

Capital asset activity for the year was as follows:

|   | Beginning<br>Balances | Increases       | Decreases | Ending<br>Balances |
|---|-----------------------|-----------------|-----------|--------------------|
| <b>Nondepreciable Capital Assets</b>        |                       |                 |           |                    |
| Land  | \$ 150                | —               | —         | 150                |
| <b>Depreciable Capital Assets</b>           |                       |                 |           |                    |
| Buildings and Improvements                  | 2,964,219             | —               | —         | 2,964,219          |
| Furniture, Fixtures and Equipment           | 326,143               | —               | —         | 326,143            |
|   | <u>3,290,362</u>      | —               | —         | <u>3,290,362</u>   |
| <b>Less Accumulated Depreciation</b>        |                       |                 |           |                    |
| Buildings and Improvements                  | 517,274               | 59,284          | —         | 576,558            |
| Furniture, Fixtures and Equipment           | 312,160               | 3,995           | —         | 316,155            |
|   | <u>829,434</u>        | <u>63,279</u>   | —         | <u>892,713</u>     |
| <b>Total Net Depreciable Capital Assets</b> | <u>2,460,928</u>      | <u>(63,279)</u> | —         | <u>2,397,649</u>   |
| <b>Total Net Capital Assets</b>             | <u>2,461,078</u>      | <u>(63,279)</u> | —         | <u>2,397,799</u>   |

Depreciation expense of \$63,279 was charged to the public library function.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT**

**Debt Certificates**

The District issues debt certificates to provide funds for the acquisition and construction of major capital facilities. Debt certificates currently outstanding are as follows:

| Issue  | Beginning<br>Balance | Issuances | Retirements | Ending<br>Balance |
|--|----------------------|-----------|-------------|-------------------|
| Debt Certificate of 2020 - Due in annual installments of \$125,000 to \$136,000 plus interest at 0.50% to 1.50% through December 15, 2030. | \$ 918,000           | —         | 128,000     | 790,000           |

**Long-Term Liability Activity**

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

| Type of Debt     | Beginning<br>Balances | Additions | Deductions | Ending<br>Balances | Amounts<br>Due within<br>One Year |
|------------------|-----------------------|-----------|------------|--------------------|-----------------------------------|
| Debt Certificate | \$ 918,000            | —         | 128,000    | 790,000            | 128,000                           |

The debt certificate are generally liquidated by the General Fund.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT - Continued**

**Debt Service Requirements to Maturity**

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

| Fiscal<br>Year | Debt<br>Certificates |               |
|----------------|----------------------|---------------|
|                | Principal            | Interest      |
| 2026           | \$ 128,000           | 8,680         |
| 2027           | 129,000              | 7,517         |
| 2028           | 131,000              | 6,118         |
| 2029           | 132,000              | 4,540         |
| 2030           | 134,000              | 2,878         |
| 2031           | 136,000              | 1,020         |
|                | <u>790,000</u>       | <u>30,753</u> |

**Legal Debt Margin**

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 2.875% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

|   |                       |
|---|-----------------------|
| Assessed Valuation - 2024                   | <u>\$ 295,424,007</u> |
| Legal Debt Limit - 2.875% of Assessed Value | 14,771,200            |
| Amount of Debt Applicable to Limit          | <u>—</u>              |
| Legal Debt Margin                           | <u>14,771,200</u>     |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**NET POSITION CLASSIFICATION**

Net investment in capital assets was comprised of the following as of year-end:

|  |                         |
|--|-------------------------|
| Governmental Activities                          |                         |
| Capital Assets - Net of Accumulated Depreciation | \$ 2,397,799            |
| Less Capital Related Debt:                       |                         |
| Debt Certificate of 2020                         | <u>(790,000)</u>        |
| Net Investment in Capital Assets                 | <u><u>1,607,799</u></u> |

**FUND BALANCE CLASSIFICATIONS**

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

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

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

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

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

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**FUND BALANCE CLASSIFICATIONS - Continued**

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

|                     | General | Permanent Funds |            | Totals    |
|---------------------|---------|-----------------|------------|-----------|
|                     |         | Working Cash    | Seiberling |           |
| Fund Balances       |         |                 |            |           |
| Nonspendable        |         |                 |            |           |
| Working Cash        | \$ —    | 137,680         | —          | 137,680   |
| Seiberling          | —       | —               | 20,000     | 20,000    |
|                     | —       | 137,680         | 20,000     | 157,680   |
| Restricted          |         |                 |            |           |
| Building Expansion  | 100,633 | —               | —          | 100,633   |
| Working Cash        | —       | 89,373          | —          | 89,373    |
| Seiberling          | —       | —               | 2,205      | 2,205     |
|                     | 100,633 | 89,373          | 2,205      | 192,211   |
| Unassigned          | 664,748 | —               | —          | 664,748   |
| Total Fund Balances | 765,381 | 227,053         | 22,205     | 1,014,639 |

**NOTE 4 - OTHER INFORMATION**

**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; natural disasters; and injuries to the District’s employees. The District has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

**CONTINGENT LIABILITIES**

**Litigation**

From time to time, the District is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District financial position or results of operations.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 4 - OTHER INFORMATION - Continued**

**CONTINGENT LIABILITIES - Continued**

**Grants**

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

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN**

**Illinois Municipal Retirement Fund (IMRF)**

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

**Plan Descriptions**

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

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

IMRF provides two tiers of pension benefits. 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.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Plan Descriptions - Continued**

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

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

*Plan Membership.* As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

|  |                  |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits               | 11               |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 9                |
| Active Plan Members  | <u>9</u>         |
| Total  | <u><u>29</u></u> |

*Contributions.* As set by statute, the 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. For the year-ended June 30, 2025, the District's contribution was 6.09% of covered payroll.

*Net Pension Liability.* The District's net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Plan Descriptions - Continued**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

|                            |                     |
|----------------------------|---------------------|
| Actuarial Cost Method      | Entry Age<br>Normal |
| Asset Valuation Method     | Fair Value          |
| Actuarial Assumptions      |                     |
| Interest Rate              | 7.25%               |
| Salary Increases           | 2.85% to 13.75%     |
| Cost of Living Adjustments | 2.75%               |
| Inflation                  | 2.25%               |

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. 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-2021. 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-2021.

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

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Plan Descriptions - Continued**

*Actuarial Assumptions - Continued*

| Asset Class               | Target | Long-Term<br>Expected Real<br>Rate of Return |
|---------------------------|--------|--|
| Fixed Income              | 24.50% | 5.20%  |
| Domestic Equities         | 33.50% | 4.35%  |
| International Equities    | 18.00% | 5.40%  |
| Real Estate               | 10.50% | 6.40%  |
| Blended                   | 12.50% | 4.85% - 6.25%                                |
| Cash and Cash Equivalents | 1.00%  | 3.60%  |

**Discount Rate**

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

**Discount Rate Sensitivity**

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

|                                  | 1% Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) \$ | 232,329                | 99,967                              | (8,581)                |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Changes in the Net Pension Liability**

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2023   | \$ 1,289,516                         | 1,203,324                             | 86,192                                |
| Changes for the Year:   |                                      |                                       |                                       |
| Service Cost  | 24,518                               | —                                     | 24,518                                |
| Interest on the Total Pension Liability   | 90,698                               | —                                     | 90,698                                |
| Difference Between Expected and Actual<br>Experience of the Total Pension Liability | 42,329                               | —                                     | 42,329                                |
| Changes of Assumptions  | —                                    | —                                     | —                                     |
| Contributions - Employer  | —                                    | 14,567                                | (14,567)                              |
| Contributions - Employees   | —                                    | 12,729                                | (12,729)                              |
| Net Investment Income   | —                                    | 122,849                               | (122,849)                             |
| Benefit Payments, Including Refunds<br>of Employee Contributions                    | (101,532)                            | (101,532)                             | —                                     |
| Other (Net Transfer)  | —                                    | (6,375)                               | 6,375                                 |
| Net Changes   | 56,013                               | 42,238                                | 13,775                                |
| Balances at December 31, 2024   | 1,345,529                            | 1,245,562                             | 99,967                                |

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

For the year ended June 30, 2025, the District recognized pension expense of \$17,426 on a modified cash basis. At June 30, 2025, the District would have reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources under the GAAP basis of accounting:

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

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

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals  |
|--|--------------------------------------|-------------------------------------|---------|
| Difference Between Expected and Actual Experience                | \$ 56,429                            | —                                   | 56,429  |
| Change in Assumptions  | —                                    | (2,692)                             | (2,692) |
| Net Difference Between Projected and Actual                      |                                      |                                     |         |
| Earnings on Pension Plan Investments                             | 31,474                               | —                                   | 31,474  |
| Total Expense to be Recognized in Future Periods                 | 87,903                               | (2,692)                             | 85,211  |
| <br>   |                                      |                                     |         |
| Pension Contributions Made Subsequent<br>to the Measurement Date | 8,421                                | —                                   | 8,421   |
| <br>   |                                      |                                     |         |
| Total Deferred Amounts Related to IMRF                           | 96,324                               | (2,692)                             | 93,632  |

\$8,421 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2026, under the GAAP basis of accounting. Amounts that would be reported under the GAAP basis of accounting as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

| Fiscal<br>Year | Net Deferred<br>Outflows/<br>(Inflows)<br>of Resources |
|----------------|--|
| 2026           | \$ 56,070  |
| 2027           | 53,470   |
| 2028           | (16,623)   |
| 2029           | (7,706)  |
| 2030           | —  |
| Thereafter     | —  |
| Total          | 85,211   |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2025**

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**NOTE 4 - OTHER INFORMATION - Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

The District has evaluated its potential other post-employment benefits liability. The District does not have a health insurance policy and does not offer health insurance through the District to current or retired employees, and thus there is no benefit to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the District has not recorded a liability as of June 30, 2025.

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such schedules include:

Schedule of Employer Contributions - Last Ten Fiscal Years  
Illinois Municipal Retirement Fund

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

Budgetary Comparison Schedules - General Fund

## **INDIVIDUAL FUND DESCRIPTIONS**

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### **GENERAL FUND**

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

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### **PERMANENT FUNDS**

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs, that is, for the benefit of the District or its citizenry.

#### **Working Cash Fund**

The Working Cash Fund is used to account for assets held by the District in a trustee capacity. The assets held by this fund were derived principally from property taxes levied by the District and are used to make operating loans to the general fund. The earnings are available for support of the District's general operations.

#### **Seiberling Fund**

The Seiberling Fund is used to account for assets held by the District as an endowment. The assets held by this fund include contributions of \$20,000 that have been permanently restricted by the donor, and the earnings of \$2,190 which may be used for purposes that support the District's reading programs for children.

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**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Illinois Municipal Retirement Fund  
Schedule of Employer Contributions - Last Ten Fiscal Years  
June 30, 2025**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2016        | \$ 13,754                           | \$ 13,754  | \$ —                              | \$ 154,534      | 8.90%  |
| 2017        | 18,810                              | 18,810   | —                                 | 154,534         | 12.17%   |
| 2018        | 20,634                              | 20,634   | —                                 | 205,924         | 10.02%   |
| 2019        | 20,874                              | 20,874   | —                                 | 214,096         | 9.75%  |
| 2020        | 14,486                              | 14,486   | —                                 | 196,022         | 7.39%  |
| 2021        | 18,936                              | 18,936   | —                                 | 218,664         | 8.66%  |
| 2022        | 18,132                              | 18,132   | —                                 | 233,964         | 7.75%  |
| 2023        | 13,021                              | 13,021   | —                                 | 265,783         | 4.90%  |
| 2024        | 12,386                              | 12,386   | —                                 | 281,554         | 4.40%  |
| 2025        | 17,426                              | 17,426   | —                                 | 286,284         | 6.09%  |

Notes to the Required Supplementary Information:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Aggregate Entry Age Normal   |
| Amortization Method           | Level % Pay (Closed)   |
| Remaining Amortization Period | 19 Years   |
| Asset Valuation Method        | 5-Year Smoothed Fair Value   |
| Inflation                     | 2.25%  |
| Salary Increases              | 2.75% to 13.75%, Including Inflation   |
| 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. |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Measurement Years**

**June 30, 2025**

|   | 12/31/2015 | 12/31/2016 | 12/31/2017 |
|---|------------|------------|------------|
| Total Pension Liability   |            |            |            |
| Service Cost  | \$ 17,861  | 17,291     | 19,741     |
| Interest  | 67,082     | 72,558     | 78,073     |
| Changes in Benefit Terms  | —          | —          | —          |
| Differences Between Expected and Actual Experience                          | 28,717     | 39,856     | (33,397)   |
| Change of Assumptions   | 1,870      | (1,990)    | (30,973)   |
| Benefit Payments, Including Refunds of Member Contributions                 | (24,783)   | (54,525)   | (61,454)   |
| Net Change in Total Pension Liability                                       | 90,747     | 73,190     | (28,010)   |
| Total Pension Liability - Beginning   | 897,892    | 988,639    | 1,061,829  |
| Total Pension Liability - Ending  | 988,639    | 1,061,829  | 1,033,819  |
| Plan Fiduciary Net Position   |            |            |            |
| Contributions - Employer  | \$ 13,754  | 18,809     | 20,633     |
| Contributions - Members   | 6,954      | 8,753      | 9,267      |
| Net Investment Income   | 4,582      | 60,357     | 173,529    |
| Benefit Payments, Including Refunds of Member Contributions                 | (24,783)   | (54,525)   | (61,454)   |
| Other (Net Transfer)  | (14,250)   | 18,263     | (60,021)   |
| Net Change in Plan Fiduciary Net Position                                   | (13,743)   | 51,657     | 81,954     |
| Plan Net Position - Beginning   | 918,361    | 904,618    | 956,275    |
| Plan Net Position - Ending  | 904,618    | 956,275    | 1,038,229  |
| Employer's Net Pension Liability/(Asset)                                    | \$ 84,021  | 105,554    | (4,410)    |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 91.50%     | 90.06%     | 100.43%    |
| Covered Payroll   | \$ 154,534 | 194,520    | 205,924    |
| Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll | 54.37%     | 54.26%     | (2.14%)    |

*Changes of Assumptions.* Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

| 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 |
|------------|------------|------------|------------|------------|------------|------------|
| 19,575     | 20,711     | 19,325     | 19,344     | 19,952     | 23,305     | 24,518     |
| 75,652     | 78,141     | 77,713     | 78,833     | 80,742     | 83,932     | 90,698     |
| —          | —          | —          | —          | —          | —          | —          |
| 36,661     | (7,870)    | 27,092     | 17,513     | 35,828     | 93,912     | 42,329     |
| 22,566     | —          | (19,083)   | —          | —          | (8,700)    | —          |
| (69,834)   | (101,981)  | (90,387)   | (88,837)   | (90,482)   | (97,926)   | (101,532)  |
| 84,620     | (10,999)   | 14,660     | 26,853     | 46,040     | 94,523     | 56,013     |
| 1,033,819  | 1,118,439  | 1,107,440  | 1,122,100  | 1,148,953  | 1,194,993  | 1,289,516  |
| 1,118,439  | 1,107,440  | 1,122,100  | 1,148,953  | 1,194,993  | 1,289,516  | 1,345,529  |
| 20,874     | 14,485     | 18,936     | 18,133     | 14,990     | 10,251     | 14,567     |
| 9,634      | 8,821      | 9,840      | 10,528     | 11,856     | 12,535     | 12,729     |
| (60,599)   | 185,699    | 167,370    | 216,962    | (192,088)  | 123,857    | 122,849    |
| (69,834)   | (101,981)  | (90,387)   | (88,837)   | (90,482)   | (97,926)   | (101,532)  |
| 43,134     | 4,254      | 6,684      | (696)      | 1,604      | 47,478     | (6,375)    |
| (56,791)   | 111,278    | 112,443    | 156,090    | (254,120)  | 96,195     | 42,238     |
| 1,038,229  | 981,438    | 1,092,716  | 1,205,159  | 1,361,249  | 1,107,129  | 1,203,324  |
| 981,438    | 1,092,716  | 1,205,159  | 1,361,249  | 1,107,129  | 1,203,324  | 1,245,562  |
| 137,001    | 14,724     | (83,059)   | (212,296)  | 87,864     | 86,192     | 99,967     |
| 87.75%     | 98.67%     | 107.40%    | 118.48%    | 92.65%     | 93.32%     | 92.57%     |
| 214,096    | 196,022    | 218,664    | 233,963    | 263,463    | 278,555    | 282,864    |
| 63.99%     | 7.51%      | (37.98%)   | (90.74%)   | 33.35%     | 30.94%     | 35.34%     |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**General Fund**

**Schedule of Revenues and Expenditures - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2025**

|                             | Budget           |                  | Actual                |
|-----------------------------|------------------|------------------|-----------------------|
|                             | Original         | Final            |                       |
| Revenues                    |                  |                  |                       |
| Taxes                       | \$ 313,308       | 313,308          | 724,692               |
| Intergovernmental           | 40,600           | 40,600           | 34,922                |
| Fines and Fees              | 4,148            | 4,148            | 11,341                |
| Investment Income           | —                | —                | 25,352                |
| Miscellaneous               | 14,050           | 14,050           | 28,077                |
| Total Revenues              | <u>372,106</u>   | <u>372,106</u>   | <u>824,384</u>        |
| Expenditures                |                  |                  |                       |
| Public Library              | 811,824          | 811,824          | 655,566               |
| Debt Service                |                  |                  |                       |
| Principal Retirement        | 128,000          | 128,000          | 128,000               |
| Interest and Fiscal Charges | 10,000           | 10,000           | 9,693                 |
| Total Expenditures          | <u>949,824</u>   | <u>949,824</u>   | <u>793,259</u>        |
| Net Change in Fund Balance  | <u>(577,718)</u> | <u>(577,718)</u> | 31,125                |
| Fund Balance - Beginning    |                  |                  | <u>734,256</u>        |
| Fund Balance - Ending       |                  |                  | <u><u>765,381</u></u> |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2025**

|                               | Budget         |                | Actual         |
|-------------------------------|----------------|----------------|----------------|
|                               | Original       | Final          |                |
| Revenues                      |                |                |                |
| Taxes                         |                |                |                |
| Property Taxes                | \$ 313,308     | 313,308        | 724,692        |
| Intergovernmental             |                |                |                |
| Replacement Taxes             | 40,000         | 40,000         | 32,391         |
| Grants                        | —              | —              | 1,310          |
| Special Purpose Grants        | 600            | 600            | 1,221          |
|                               | <u>40,600</u>  | <u>40,600</u>  | <u>34,922</u>  |
| Fines and Fees                |                |                |                |
| Patron Support                | 100            | 100            | 24             |
| Fines                         | 254            | 254            | 254            |
| Copy/Print                    | 3,794          | 3,794          | 3,794          |
| Non-Resident                  | —              | —              | 5,661          |
| Lost or Damaged:A/V Materials | —              | —              | 127            |
| Lost or Damaged:Books         | —              | —              | 1,481          |
|                               | <u>4,148</u>   | <u>4,148</u>   | <u>11,341</u>  |
| Investment Income             | —              | —              | 25,352         |
| Miscellaneous                 |                |                |                |
| E-Rate Reimbursement          | —              | —              | 3,540          |
| Rent                          | 14,050         | 14,050         | 13,963         |
| Miscellaneous                 | —              | —              | 10,574         |
|                               | <u>14,050</u>  | <u>14,050</u>  | <u>28,077</u>  |
| Total Revenues                | <u>372,106</u> | <u>372,106</u> | <u>824,384</u> |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis**

**For the Fiscal Year Ended June 30, 2025**

|  | Budget   |        | Actual |
|--|----------|--------|--------|
|  | Original | Final  |        |
| Expenditures                                     |          |        |        |
| Public Library                                   |          |        |        |
| Expenditures Paid From Fines - Cleaning Supplies | \$ 1,000 | 1,000  | 5      |
| Expenditures Paid From Fines - Miscellaneous     | 1,000    | 1,000  | 355    |
| Audio Visual                                     | 8,000    | 8,000  | 4,903  |
| Audit  | 8,200    | 8,200  | 8,200  |
| Books  | 40,000   | 40,000 | 195    |
| Books - Adult Books                              | —        | —      | 16,924 |
| Books - Juvenile Books                           | —        | —      | 11,637 |
| Books - Young Adult Books                        | —        | —      | 5,526  |
| Building and Equipment                           | 65,200   | 65,200 | 37,852 |
| Building and Equipment - Building Maintenance    | —        | —      | 2,420  |
| Building and Equipment - Custodian Salary        | 8,000    | 8,000  | 6,789  |
| Building and Equipment - Grounds Maintenance     | —        | —      | 5,808  |
| Building and Equipment - Leases                  | 18,000   | 18,000 | 16,145 |
| Building and Equipment - Repairs                 | 2,500    | 2,500  | 3,099  |
| Building and Equipment - Utilities               | 18,000   | 18,000 | 14,628 |
| Continuing Education                             | 25,000   | 25,000 | 14,475 |
| Contractual Services                             | 29,500   | 29,500 | 20,448 |
| Contractual Services - Programs                  | —        | —      | 203    |
| Custodial Supplies                               | 3,000    | 3,000  | 2,892  |
| Fees   | 7,800    | 7,800  | 3,268  |
| Fees - Memberships                               | —        | —      | 1,436  |
| Fees - Real Estate Taxes                         | —        | —      | 2,914  |
| Fringe Benefits                                  | 12,000   | 12,000 | 11,456 |
| IMRF   | 18,900   | 18,900 | 17,426 |
| Insurance  | 20,000   | 20,000 | 18,370 |
| Memorial and Gifts                               | 500      | 500    | 10     |
| Per Capita Grant                                 | 16,424   | 16,424 | 1,334  |
| Per Capita Grant - Databases                     | —        | —      | 8,555  |
| Per Capita Grant - E Materials                   | —        | —      | 6,570  |
| Periodicals - Magazines                          | —        | —      | 742    |
| Periodicals - Newspapers                         | 6,000    | 6,000  | 5,340  |

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis - Continued**

**For the Fiscal Year Ended June 30, 2025**

|                                | Budget   |         | Actual  |
|--------------------------------|----------|---------|---------|
|                                | Original | Final   |         |
| Expenditures - Continued       |          |         |         |
| Public Library - Continued     |          |         |         |
| Publicity                      | \$ 1,800 | 1,800   | 145     |
| Publicity - Social Media       | —        | —       | 30      |
| Publicity - Legal Notices      | —        | —       | 190     |
| Salaries - Director            | —        | —       | 64,823  |
| Salaries - Library Staff       | 400,000  | 400,000 | 255,375 |
| Social Security/Medicare       | 30,000   | 30,000  | 25,015  |
| Supplies                       | 13,000   | 13,000  | 8,966   |
| Supplies - Toner               | —        | —       | 2,031   |
| Tech/Software                  | 58,000   | 58,000  | 40,231  |
| Tech/Software - Internet/Phone | —        | —       | 8,835   |
| Total Public Library           | 811,824  | 811,824 | 655,566 |
| Debt Service                   |          |         |         |
| Principal Retirement           | 128,000  | 128,000 | 128,000 |
| Interest and Fiscal Charges    | 10,000   | 10,000  | 9,693   |
| Total Debt Service             | 138,000  | 138,000 | 137,693 |
| Total Expenditures             | 949,824  | 949,824 | 793,259 |

## **SUPPLEMENTAL SCHEDULE**

**TALCOTT FREE LIBRARY DISTRICT  
ROCKTON, ILLINOIS**

**Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections - Last Three Tax Levy Years  
June 30, 2025**

|                                      | 2022           | 2023        | 2024        |
|--------------------------------------|----------------|-------------|-------------|
| Assessed Valuations                  | \$ 244,363,978 | 263,784,885 | 295,424,007 |
| Tax Rates                            |                |             |             |
| Corporate                            | 0.2357         | 0.2209      | 0.1989      |
| Buildings, Equipment and Maintenance | 0.0200         | 0.0200      | 0.0200      |
| IMRF                                 | 0.0001         | 0.0027      | 0.0066      |
| Audit                                | 0.0013         | 0.0033      | 0.0033      |
| Tort Judgements, Liability           | 0.0069         | 0.0063      | 0.0063      |
| Social Security                      | 0.0104         | 0.0114      | 0.0093      |
| Total Tax Rates                      | 0.2744         | 0.2646      | 0.2444      |
| Tax Extensions                       |                |             |             |
| Corporate                            | 575,966        | 591,248     | 597,429     |
| Buildings, Equipment and Maintenance | 48,873         | 53,531      | 60,073      |
| IMRF                                 | 245            | 7,227       | 19,824      |
| Audit                                | 3,177          | 8,832       | 9,912       |
| Tort Judgements, Liability           | 16,861         | 16,862      | 18,923      |
| Social Security                      | 25,413         | 30,513      | 27,934      |
| Total Tax Extensions                 | 670,535        | 708,213     | 734,095     |
| Collections                          | 658,367        | 696,201     | —           |
| Percent Collected                    | 98.19%         | 98.30%      | —%          |

Data Source: Office of the County Clerk

Note: Rates are per \$1,000 of Assessed Value

2024 tax levy to be collected during fiscal year 2026.