

**ELMWOOD PARK PUBLIC LIBRARY**  
(A Component Unit of the Village of Elmwood Park)  
Elmwood Park, Illinois

**FINANCIAL STATEMENTS**  
Year Ended April 30, 2019

ELMWOOD PARK PUBLIC LIBRARY

Elmwood Park, Illinois

FINANCIAL STATEMENTS  
YEAR ENDED APRIL 30, 2019

CONTENTS

FINANCIAL SECTION:

Independent Auditor's Report..... 1

REQUIRED SUPPLEMENTARY INFORMATION:

Management's Discussion and Analysis ..... 3

BASIC FINANCIAL STATEMENTS:

Library-Wide Financial Statements:

Statement of Net Position ..... 9

Statement of Activities..... 10

Fund Financial Statements:

Governmental Funds Balance Sheet..... 11

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Position ..... 12

Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances..... 13

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities ..... 14

Notes to Financial Statements..... 15

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual – General Fund ..... 28

Note to Budgetary Comparison Schedule..... 29

Pension Schedules:

Schedule of Illinois Municipal Retirement Fund Contributions..... 30

Schedule of the Library's Proportionate Share of the Net Pension Liability ..... 31

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Elmwood Park Public Library  
Elmwood Park, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Elmwood Park Public Library (the "Library"), a component unit of the Village of Elmwood Park, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Library, as of April 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Crowe LLP*  
Crowe LLP

Oak Brook, Illinois  
September 19, 2019

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ELMWOOD PARK PUBLIC LIBRARY  
Management's Discussion and Analysis  
Year Ended April 30, 2019

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The discussion and analysis of Elmwood Park Public Library's (the "Library") financial performance provides an overall review of the Library's financial activities for the year ended April 30, 2019. The management of the Library encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the Library's financial performance.

### Financial Highlights

- The total Net Position of the Library at the close of the fiscal year was \$6,088,688. Of this amount, \$1,017,630 (unrestricted Net Position) may be used to meet the Library's ongoing obligations to citizens and creditors.
- General revenues were \$1,616,743 or 93%, of all revenues. Program-specific revenues, in the form of charges for services and grants, were \$118,257, or 7%, of total revenues of \$1,735,000.

### Operational Highlights

- The Elmwood Park Public Library strives to provide an environment where people can "explore, connect, create" and be a place where "life, work, and play unite." In staying true to our vision and goals in our 2016-19 Strategic Plan, the Library continues to provide free access to materials and online resources, technology, and space that provide a foundation for lifelong learning, personal enjoyment and entertainment.
- In FY19, the Library continued to reach goals in its 2016-19 Strategic Plan. Large scale and high impact building projects were the remodel of our kids and teens programming room, complete with a built-in puppet stage, as well as the remodel of the lobby with new Snack Space vending and seating areas. The Library also received an AgeOptions grant for support services and programs for seniors and their caregivers. This grant provided new health and wellness programs, technology, and furniture, specific to the needs of this audience. An important new collection: Beyond Books, is a library of things. This includes, an ice cream maker, Instamatic camera, WiFi hot spots, backyard games, an LED light for season affective disorder, and much more. Improved outreach and partnerships have brought the community the first Community Read with SD401. This provides the Library with improved promotion and awareness of helplines and social service networks. Staff successes include two staff members presenting at C2E2 and a RAILS continuing education grant to a youth services managers group, which is led by our Kids & Teens department head. The Friends of the Library also awarded its first-ever volunteer scholarship.
- While overall revenue for fines and fees have declined, the Library's new investments and change to interest bearing checking has helped make up for that deficit.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The basic financial statements are comprised of three components:

- Library-wide financial statements,
- Fund financial statements,
- Notes to the financial statements, and

Each component is explained below.

#### *Library-Wide Financial Statements*

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

The statement of net position presents information on all Library assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
Management's Discussion and Analysis  
Year Ended April 30, 2019

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The statement of activities presents information showing how the Library's Net Position changed during the fiscal year being reported. All changes in Net Position are reported when revenue is earned and expenses are incurred. Additionally, activity related to the acquisition, depreciation and year-end balances of capital assets, as well as year-end balances and related changes in long-term debt in its government-wide financial statements, are reported.

The Library-wide financial statements present the Library functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Library's governmental activities include Library Programs and Services, and non-programmed charges.

*Fund Financial Statements*

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Library funds are considered governmental funds (the Library maintains no proprietary or fiduciary funds).

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

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

The Library maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Building Fund, both of which are considered to be major funds.

The Library adopts an annual budget for the General Fund. Actual general fund expenditures were \$106,675 below budget for the current fiscal year because grant revenues and expenditures were included in the budget that were not awarded. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

*Notes to the Financial Statements*

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

*Required Supplementary Information*

The required supplementary information includes this management discussion and analysis, the budgetary comparison schedule for the general fund, the schedule of Illinois Municipal Retirement Fund (IMRF) contributions, and the schedule of the Library's proportionate share of the IMRF net pension liability. These are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board.

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ELMWOOD PARK PUBLIC LIBRARY  
Management's Discussion and Analysis  
Year Ended April 30, 2019

**Library-Wide Financial Analysis**

**Net Position**

Condensed Statement of Net Position			Table 1
	2019	2018	Change
Current and other assets	\$ 1,742,300	\$ 1,775,627	\$ (33,327)
Capital assets	5,073,540	5,039,030	34,510
Deferred pension outflows	462,711	75,034	387,677
Total assets and deferred outflows of resources	<u>7,278,551</u>	<u>6,889,691</u>	388,860
Long-term debt outstanding	908,452	239,723	668,729
Other liabilities	61,021	54,532	6,489
Deferred pension inflows	220,390	532,200	(311,810)
Total liabilities and deferred inflows of resources	<u>1,189,863</u>	<u>826,455</u>	363,408
Net investment in capital assets	5,071,058	5,031,991	39,067
Unrestricted net position	1,017,630	1,031,245	(13,615)
Total net position	<u>\$ 6,088,688</u>	<u>\$ 6,063,236</u>	<u>\$ 25,452</u>

**Changes in Net Position**

The increase in Net Position of \$25,452 consists of an excess of operating revenues over expenses as portrayed on the statement of activities for the year ended April 30, 2019.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
Management's Discussion and Analysis  
Year Ended April 30, 2019

Changes in Net Position			Table 2
	2019	2018	Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 22,652	\$ 26,166	\$ (3,514)
Operating grants and contributions	50,439	39,778	10,661
Capital grants and contributions	45,166	-	45,166
General revenues:			
Taxes	1,595,362	1,583,849	11,513
Investment earnings	7,749	1,736	6,013
Miscellaneous	13,632	14,605	(973)
Total revenues	1,735,000	1,666,134	68,866
<b>Expenses:</b>			
Library programs and services	1,708,973	1,754,440	(45,467)
Interest on long-term debt	575	1,069	(494)
Total expenses	1,709,548	1,755,509	(45,961)
<b>Increase (decrease) in net position</b>	25,452	(89,375)	114,827
Net position - Beginning	6,063,236	6,152,611	(89,375)
Net position - Ending	\$ 6,088,688	\$ 6,063,236	\$ 25,452

**Financial Analysis of the Library's Funds**

The balances of cash and temporary investments in the General and the Building funds are as follows:

	April 30, 2019	April 30, 2018	Change
General fund	\$ 784,717	\$ 819,999	\$ (35,282)
Building fund	114,720	143,505	(28,785)
Total	\$ 899,437	\$ 963,504	\$ (64,067)

**Capital Asset and Debt Administration**

*Capital Assets*

By the end of 2019, the Library had invested \$8,464,606 (before depreciation) in a broad range of capital assets, including buildings, fixtures and equipment (computer, audio-visual, books and furniture) and land (See Table 3 below). (More detailed information about capital assets can be found in Note 2 to the financial statements).

Depreciation expense for the year was \$248,690.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
Management's Discussion and Analysis  
Year Ended April 30, 2019

Capital Assets			Table 3
	2019	2018	Change
Land	\$ 45,685	\$ 45,685	\$ -
Land improvements	265,116	265,116	-
Buildings	5,595,372	5,437,321	158,051
Furniture and equipment	870,144	845,126	25,018
Books	1,688,289	1,724,834	(36,545)
Total	<u>\$ 8,464,606</u>	<u>\$ 8,318,082</u>	<u>\$ 146,524</u>

At year-end, the Library had \$910,934 in long-term obligations outstanding, as shown below. (More detailed information about the Library's long-term liabilities is presented in Note 4 to the financial statements).

Outstanding Long-Term Obligations			Table 4
	2019	2018	Change
Compensated absences	\$ 23,484	\$ 20,607	\$ 2,877
IMRF net pension liability	884,968	216,634	668,334
Capital lease obligation	2,482	7,039	(4,557)
Total	<u>\$ 910,934</u>	<u>\$ 244,280</u>	<u>\$ 666,654</u>

**Factors Bearing on the Library's Future**

At the time these financial statements were prepared and audited the Library was aware of the following existing circumstances that could significantly affect its financial health in the future:

The Library continues to pursue grants and other fundraising efforts as it continues to update and improve spaces. This year the Library received a Live and Learn Construction Grant from the Illinois State Library/Secretary of State for our lobby, and the Board approved use of the Gift Fund for the Story Room. These changes will decrease savings in the Special Funds, but we do not have any other immediate needs other than furniture replacement. The Library will be looking toward saving for capital improvements over the next 10-20 years - carpet, roof, HVAC. The Library has continued e-Rate funding to offset telecommunications costs and savings have gone toward computer equipment and meeting room improvements, such as development of a smart board. The Library continues to evaluate large expenses, and will need to make difficult decisions regarding online databases, equipment leases, and streaming services in the near future.

As has been true for the past several years, the Library continues to work toward more competitive staff salaries while paying the early retirement obligations for IMRF, all while receiving less income in fines and fees. However, moving forward, the Library anticipates receiving the Illinois State Library Per Capita in full. The Library will also be replenishing the Gift Fund with our annual evening fundraiser. Furthermore, interest income will increase due to investment changes approved by the Board. Lastly, in the next 3-6 years, we expect there to be some retirements that will allow staffing reconfigurations and eventual cost savings.

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ELMWOOD PARK PUBLIC LIBRARY  
Management's Discussion and Analysis  
Year Ended April 30, 2019

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**Requests for Information**

This financial report is designed to provide the Library's patrons, taxpayers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the funding received. If you have questions about this report or need additional financial information, contact the Elmwood Park Public Library Board of Trustees or the Library Director. The Board generally meets the third Thursday of every month.

ELMWOOD PARK PUBLIC LIBRARY  
STATEMENT OF NET POSITION  
April 30, 2019

	Governmental Activities
<b>Assets</b>	
Current assets	
Cash and investments	\$ 899,437
Property taxes receivable	792,085
Grants receivable	31,104
Prepays	19,674
Total current assets	1,742,300
Capital assets	
Capital assets not being depreciated	45,685
Capital assets, net of accumulated depreciation	5,027,855
Total capital assets	5,073,540
Total assets	6,815,840
Deferred outflows of resources	
Deferred pension outflows	462,711
Total deferred outflows of resources	462,711
<b>Liabilities</b>	
Current liabilities	
Accrued payroll	27,446
Accounts payable	14,135
Unearned grant revenues	16,958
Lease payable, current	2,482
Total current liabilities	61,021
Long term obligations, due in more than one year	
Compensated absences	23,484
IMRF net pension liability	884,968
Total long term liabilities	908,452
Total liabilities	969,473
Deferred inflows of resources	
Deferred pension inflows	220,390
Total deferred inflows of resources	220,390
<b>Net position</b>	
Net investment in capital assets	5,071,058
Unrestricted	1,017,630
Total net position	\$ 6,088,688

ELMWOOD PARK PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
Year Ended April 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary government					
Governmental activities					
Library programs and services	\$ 1,708,973	\$ 22,652	\$ 50,439	\$ 45,166	\$ (1,590,716)
Interest on long-term debt	<u>575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(575)</u>
Total governmental activities	<u>\$ 1,709,548</u>	<u>\$ 22,652</u>	<u>\$ 50,439</u>	<u>\$ 45,166</u>	<u>(1,591,291)</u>
General revenues					
Taxes					
Property taxes, levied for general purposes					1,585,862
Replacement taxes					9,500
Unrestricted investment earnings					7,749
Miscellaneous					<u>13,632</u>
Total general revenues					<u>1,616,743</u>
Change in net position					25,452
Net position - beginning					<u>6,063,236</u>
Net position - ending					<u>\$ 6,088,688</u>

ELMWOOD PARK PUBLIC LIBRARY  
GOVERNMENTAL FUNDS BALANCE SHEET  
April 30, 2019

	Major Funds		Total
	General Fund	Building Fund	
<b>Assets</b>			
Cash and investments	\$ 784,717	\$ 114,720	\$ 899,437
Property taxes receivable	792,085	-	792,085
Grants receivable	31,104	-	31,104
Prepays	19,674	-	19,674
<b>Total assets</b>	<b>\$ 1,627,580</b>	<b>\$ 114,720</b>	<b>\$ 1,742,300</b>
<b>Liabilities</b>			
Accrued payroll	\$ 27,446	\$ -	\$ 27,446
Accounts payable	14,135	-	14,135
Unearned grant revenue	16,958	-	16,958
<b>Total liabilities</b>	<b>58,539</b>	<b>-</b>	<b>58,539</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue-grants	31,104	-	31,104
Unavailable revenue-property taxes	776,195	-	776,195
<b>Total deferred inflows of resources</b>	<b>807,299</b>	<b>-</b>	<b>807,299</b>
<b>Fund balance</b>			
<b>Nonspendable</b>			
Prepays	19,674	-	19,674
<b>Assigned</b>			
Building improvement/repairs	-	114,720	114,720
Unassigned	742,068	-	742,068
<b>Total fund balances</b>	<b>761,742</b>	<b>114,720</b>	<b>876,462</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 1,627,580</b>	<b>\$ 114,720</b>	<b>\$ 1,742,300</b>

ELMWOOD PARK PUBLIC LIBRARY  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
April 30, 2019

Total fund balances - governmental funds \$ 876,462

Amounts reported for governmental activities net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	\$	8,464,606	
Accumulated depreciation		<u>(3,391,066)</u>	
Capital outlay in excess of depreciation			5,073,540

Property taxes receivable and to be collected in the next fiscal year are intended to be used to pay for the current period's expenditures, and therefore are recorded as revenue in the government-wide statements and unavailable in the fund statements. 776,195

Grants receivable and to be collected in the next fiscal year are intended to be used to pay for the current period's expenditures, and therefore are recorded as revenue in the government-wide statements and unavailable in the fund statements. 31,104

Deferred outflows of resources related to pensions do not involve available financial resources and accordingly are not reported on the fund financial statements. 462,711

Deferred inflows of resources related to pensions do not involve available financial resources and accordingly are not reported on the fund financial statements. (220,390)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in the governmental funds. These liabilities consist of:

Compensated absences		23,484	
IMRF net pension liability		884,968	
Lease payable		<u>2,482</u>	
			<u>(910,934)</u>

Net position of governmental activities \$ 6,088,688

ELMWOOD PARK PUBLIC LIBRARY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Year Ended April 30, 2019

	Major Funds		Total
	General Fund	Building Fund	
Revenues			
Property taxes	\$ 1,559,626	\$ -	\$ 1,559,626
Charges for services	22,652	-	22,652
Grants	50,439	45,166	95,605
Other taxes	9,500	-	9,500
Other revenue	13,632	-	13,632
Interest income	4,980	2,769	7,749
Total revenue	<u>1,660,829</u>	<u>47,935</u>	<u>1,708,764</u>
Expenditures			
Current			
Wages	934,460	-	934,460
Health insurance	95,803	-	95,803
Payroll taxes	204,987	-	204,987
Professional fees	27,250	-	27,250
General Insurance	17,285	-	17,285
Utilities	6,628	-	6,628
Telephone	9,700	-	9,700
Software	48,615	-	48,615
Building improvements and repairs	58,044	96,247	154,291
Supplies	11,317	-	11,317
Books	62,127	-	62,127
Periodicals	10,185	-	10,185
Grant expenditures	26,413	-	26,413
AV materials	27,819	-	27,819
Office and computer equipment	18,172	-	18,172
Postage	300	-	300
Marketing and advertising	11,241	-	11,241
Conferences and training	10,822	-	10,822
Fees	30,674	-	30,674
Programs	27,230	-	27,230
Grants	18,060	18,110	36,170
Miscellaneous	270	-	270
Debt service			
Principal	4,557	-	4,557
Interest	575	-	575
Total expenditures	<u>1,662,534</u>	<u>114,357</u>	<u>1,776,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,705)</u>	<u>(66,422)</u>	<u>(68,127)</u>
Other financing sources (uses)			
Transfers in	-	31,764	31,764
Transfers out	<u>(31,764)</u>	<u>-</u>	<u>(31,764)</u>
Total other financing sources (uses)	<u>(31,764)</u>	<u>31,764</u>	<u>-</u>
Net change in fund balance	(33,469)	(34,658)	(68,127)
Fund balance at beginning of year	<u>795,211</u>	<u>149,378</u>	<u>944,589</u>
Fund balance at end of year	<u>\$ 761,742</u>	<u>\$ 114,720</u>	<u>\$ 876,462</u>

ELMWOOD PARK PUBLIC LIBRARY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended April 30, 2019

Net change in fund balances - total governmental funds	\$	(68,127)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Depreciation	\$ (248,690)	
Capital outlay	<u>283,200</u>	
Net capital assets		34,510
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property tax difference		26,236
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.</p>		
		4,557
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Increase in pension liability and deferral items		31,153
Decrease in compensated absences		<u>(2,877)</u>
Change in net position of governmental activities	\$	<u>25,452</u>

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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

The accounting policies of the Elmwood Park Public Library (Library) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The accepted standard setting body for establishing accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The following is a summary of the significant policies.

Reporting Entity and Its Services: The Library has adopted the provisions of GASB Statement No. 61. Based on these criteria, the Library has no component units. However, the Library is a component unit of the Village of Elmwood Park and is included in their Basic Financial Statements.

Basis of Presentation: The Library's basic financial statements consist of Library-wide statements, including a statement of net position, statement of activities and fund financial statements, which provide a more detailed level of financial information. The Library-wide focus is more on the sustainability of the Library as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

*Library-Wide Financial Statements* – The statement of position and the statement of activities display information about the Library as a whole. In the Library-wide statement of net position, the governmental activities are presented on a consolidated basis. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library does not participate in any business-type activities. The Library-wide statement of activities reflects both the direct expenses and net cost of each function of the Library's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Library.

*Fund Financial Statements* – The financial transactions of the Library are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate.

Measurement Focus and Basis of Accounting:

*Library-Wide Financial Statements* – The Library-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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

The Library has reported two categories of program revenues in the statement of activities: (1) charges for services, and (2) program-specific operating grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Library's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net position to remove the "grossing up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables and advances. Similarly, operating transfers between funds have been eliminated in the statement of activities.

*Fund Financial Statements* – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Library considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the library. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Unearned revenue is reported on the governmental fund balance sheet. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria. Unearned revenues also arise when resources are received prior to the Library having a legal claim to them. In a subsequent period, when both recognition criteria are met or when the Library has a legal claim to the resources, the liability is removed, and the revenue recognized.

Differences occur from the manner in which the governmental activities and the Library-wide financial statements are prepared because of the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the Library-wide statements and the statements for governmental funds.

The Library reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Building Fund* – Building Funds are used to account for financial resources to be used for the acquisition of building equipment or maintenance of the building.

Capital Assets: Capital assets, which include property, equipment and infrastructure assets (e.g., buildings, furniture & equipment, and similar items), are reported in the governmental activities columns in the Library-wide financial statements. Capital assets are defined by the Library as assets with a useful life of more than one year and a historical cost of \$5,000 or more. All books and library materials are capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property and equipment that are not above the \$5,000 capitalization threshold are expensed in the year they are purchased.

All reported capital assets except land, land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Books and library materials are depreciated using a composite depreciation rate of 4%. Depreciation on all remaining assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Land improvements	20 years
Furniture and equipment	5-10 years

Investments: Investments are stated at fair value in accordance with GASB Statement No. 31. Fair values for the Illinois Treasurer's Investment Pool are the same as the value of the pool shares. State statute requires these funds to comply with the Illinois Public Funds Investment Act.

Property Tax Revenues Recognition: Property taxes attach as an enforceable lien on January 1. They are levied in September (by passage of a Tax Levy Ordinance). Tax Bills are prepared by the County and issued on or about February 1, and are payable in two installments on or about March 1 and on or about October 1 the following year. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available, in accordance with National Council on Governmental Accounting (NCGA) Interpretation No. 3. Property taxes receivable is recorded net of an allowance and the unearned portion of the receivable is shown as a deferred inflow on the fund statements.

Accumulated Unpaid Vacation and Other Employee Benefit Amounts: The Library inventories its employee benefits at year end based on both a legal commitment and internal policy. Based on a review it applies the accrual basis of accounting to determine its liability. The Library had \$23,484 in accumulated unpaid vacation and other employee benefits at year end recorded in the library-wide financial statements. None of this amount was determined to be funded out of current resources and the entire amount will be labeled as long term.

Claims and Judgments: Liabilities resulting from claims and judgments, if any, have been reflected in the financial statements in accordance with GASB Statement No. 62. As of April 30, 2019, management is not aware of any existing, threatened, or potential law suits, and accordingly there is no provision for loss recorded on the books.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Fund Balance/Net Position:

*Government-wide Statements* – Net position represent the difference between the total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

*Governmental Funds Statements* – The components of the fund balance include the following line items:

- a) Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact.
- b) Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation. As of April 30, 2019, the Library does not have any restricted fund balance.
- c) Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the Library, the Library's Board of Trustees is the highest level of decision making. As of April 30, 2019, the Library does not have any commitments of fund balance.
- d) Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Trustees designated for that purpose. The intended use is established by an official designated for that purpose. When it is appropriate for fund balance to be assigned in any fund, the Library delegates such authority to the Library Director.
- e) Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. In addition, if there is a deficit balance in another governmental fund, it will be reported as a negative amount in that fund's unassigned classification.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Interfund Receivables/Payables and Transfers: During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due To/From Other Funds" on the governmental balance sheet.

Risk Management: The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Health insurance coverage is provided by the Village of Elmwood Park. The amount of coverage has neither decreased nor have the amount of settlements exceeded coverage in at least the past three fiscal years.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library reports change in pension assumptions, Library contributions subsequent to the measurement date but before the fiscal year end, differences between projected and actual experience, and change in proportionate share of the net pension liability. Changes in pension plan assumptions, differences between projected and actual experience, and change in proportionate share are deferred and amortized over the average of the expected remaining service lives of employees that are provided with benefits through the pension plan. Employer contributions subsequent to the measurement date but before the fiscal year end are deferred and recognized as a reduction of net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Certain amounts related to pensions must be deferred. Differences between expected and actual experience and changes in pension assumptions are deferred and amortized over the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan. The net difference between projected and actual earnings on pension plan investments is deferred and amortized over five years.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Plan (IMRF) and additions to/deductions from IMRF's net pension liability have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates: Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements:

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement is effective for the Library's fiscal year ended April 30, 2020. This statement will have no effect on the Library.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for the Library's fiscal year ended April 30, 2020. This statement will have no effect on the Library.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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

In June 2017, the GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the Library's fiscal year ended April 30, 2021. Management has not determined what impact, if any, this statement will have on its financial statements.

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for the Library's fiscal year ended April 30, 2020. Management has not determined what impact, if any, this statement will have on its financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement is effective for the Library's fiscal year ended April 30, 2021. Management has not determined what impact, if any, this statement will have on its financial statements.

In August 2018, GASB issued State No. 90, *Majority Equity Interest*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization to improve the relevance of financial statement information. The requirements of this Statement is effective for the Library's fiscal year ended April 30, 2020. Management has not determined what impact, if any, this statement will have on its financial statements.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the Library's fiscal year ended April 30, 2022. This Statement will have no effect on the Library.

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

**NOTE 2 - CAPITAL ASSETS**

A summary of changes in the Library's capital assets for the period from May 1, 2018 through April 30, 2019 follows:

	<u>Balance at May 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2019</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 45,685	\$ -	\$ -	45,685
Subtotal	<u>45,685</u>	<u>-</u>	<u>-</u>	<u>45,685</u>
Capital assets being depreciated:				
Land improvements	265,116	-	-	265,116
Building	5,437,321	158,051	-	5,595,372
Furniture and equipment	845,126	25,018	-	870,144
Books	1,724,834	100,131	136,676	1,688,289
Subtotal	<u>8,272,397</u>	<u>283,200</u>	<u>136,676</u>	<u>8,418,921</u>
Accumulated depreciation:				
Land improvements	(218,724)	(13,256)	-	(231,980)
Buildings	(2,189,264)	(143,391)	-	(2,332,655)
Furniture and equipment	(757,858)	(24,511)	-	(782,369)
Books	(113,206)	(67,532)	(136,676)	(44,062)
Accumulated depreciation	<u>(3,279,052)</u>	<u>(248,690)</u>	<u>(136,676)</u>	<u>(3,391,066)</u>
Total capital assets being depreciated, net	<u>4,993,345</u>	<u>34,510</u>	<u>-</u>	<u>5,027,855</u>
Governmental activities capital assets, net	<u>\$ 5,039,030</u>	<u>\$ 34,510</u>	<u>\$ -</u>	<u>5,073,540</u>

Depreciation expense for the Library was charged to the governmental function Library programs and services in the amount of \$248,690.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

**NOTE 3 – CASH AND INVESTMENTS**

The Library is authorized by state statute and their own local ordinances to invest in the following:

- Certificates of deposit
- Savings accounts
- Money markets
- Illinois Treasurer’s Investment Pool (Illinois Funds)

The carrying value of the Library’s deposits as of April 30, 2019 was \$699,280. The bank balances were \$716,893. The carrying value and bank value of the Library’s Certificate of Deposit as of April 30, 2019 was \$200,157. All account balances at banks were insured by the Federal Deposit Insurance Corporation (FDIC).

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library adheres to the Village’s investment policy that limits investment maturities to two years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library adheres to the Village’s investment policy that requires all fixed income investments to be of investment grade quality or higher at purchase.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the investor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library adheres to the Village’s investment policy that requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AAA/Aaa by one or more standard rating service to include Standard & Poor’s, Moody’s, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

Concentration of Credit Risk: The Library adheres to the Village’s investment policy that places no limit on the amount it may invest in any one issuer.

**NOTE 4 – LONG TERM OBLIGATIONS**

A summary of changes in the Library’s long-term obligations is as follows:

	Balance at May 1, 2018	Issued	Retired	Balance at April 30, 2019	Due within One Year
Compensated absences	\$ 20,607	\$ 23,848	\$ 20,971	\$ 23,484	\$ -
IMRF net pension liability	216,634	668,334	-	884,968	-
Capital lease obligation	7,039	-	4,557	2,482	2,482
<b>Total</b>	<b>\$ 244,280</b>	<b>\$ 692,182</b>	<b>\$ 25,528</b>	<b>\$ 910,934</b>	<b>\$ 2,482</b>

Compensated absences will be paid as they come due. It is considered a long term liability with no current portion. The absences represent amounts owed to employees for earned but unused vacation pay, which will be paid from the General Fund.

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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**NOTE 4 – LONG TERM OBLIGATIONS** (Continued)

On November 13, 2014, the Library entered into a capital lease for two copier printers with an imputed interest rate of 11.51% to be paid monthly on the 15<sup>th</sup> with final payment due on October 15, 2019. The assets under the capital lease in the amount of \$19,445 were capitalized at the inception of the lease. As of April 30, 2019, the accumulated depreciation balance relating to this asset is \$17,501.

A summary of annual principal and interest requirements to maturity:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>\$ 2,482</u>	<u>\$ 84</u>
Total	<u>\$ 2,482</u>	<u>\$ 84</u>

Interest in the amount of \$575 was paid on the lease in fiscal year 2019.

**NOTE 5 - OPERATING LEASES**

The Library has two operating leases with the Village of Elmwood Park (the Village). First, the land on which the Library was built is owned by the Village and leased to the Library for a 50-year period, whereas the Library makes payments to the Village of one dollar per year. At the end of the lease term, the rights to the land revert back to the Village. Secondly, land owned by the Library was leased to the Village for the purposes of constructing a recreational facility. The lease term is 99 years, whereas the Village pays the Library the sum of one dollar annually. At the conclusion of the 99-year period, rights to the land revert back to the Library.

**NOTE 6 – PENSION AND RETIREMENT PLAN**

Plan Description:

Eligible employees of the Elmwood Park Public Library are enrolled in the Illinois Municipal Retirement Fund (IMRF) through the Village of Elmwood Park. The Village acts as a single-employer cost sharing defined benefit pension plan to the Library. Therefore, all required disclosures are presented in the Village of Elmwood Park's annual financial statements. The Village includes Library employees in its reports to IMRF. The Library issues its checks in payment of the employees' and the Library's share monthly.

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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).

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(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

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**NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)**

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

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Contributions:

As set by statute, the Library's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual required contribution rate for calendar year 2018 was 17.01%. For the fiscal year ended April 30, 2019, the Library contributed \$134,189 to the plan. The Library 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.

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

At April 30, 2019, the Library reported a liability of \$884,968 for its proportionate share of the Village's net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's share of contributions to the pension plan relative to all contributions. At December 31, 2018, the Library's proportion was 17.40%, which was a decrease of 0.59% from its proportion measured as of December 31, 2017.

For the year ended April 30, 2019, the Library recognized pension expense of \$103,036. At April 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ELMWOOD PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended April 30, 2019

**NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,803	\$ 134,777
Assumption changes	106,355	78,444
Net difference between projected and actual earnings on pension plan investments	310,879	-
Change in proportionate share within the Village and Library	-	7,169
Contributions made subsequent to the measurement date	38,674	-
	\$ 462,711	\$ 220,390

At April 30, 2019, there was \$38,674 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended April 30, 2020. Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in future periods as follows:

Year Ended April 30:	
2019	\$ 17,718
2020	14,015
2021	34,657
2022	137,257
Total	\$ 203,647

Actuarial Assumptions:

The Village's net pension liability for IMRF was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014-2016.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended April 30, 2019

**NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)**

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

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2018 Illinois Municipal Retirement Fund annual actuarial valuation. There were no benefit changes during the year.

Expected Return on Pension Plan Investments:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.00%	7.15%
International Equity	18.00%	7.25%
Fixed Income	28.00%	3.75%
Real Estate	9.00%	6.25%
Alternative Investments	7.00%	3.20%-8.50%
Cash Equivalents	1.00%	2.50%
	100.00%	

Discount Rate:

A single discount rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rates 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) the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended April 30, 2019

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**NOTE 6 – PENSION AND RETIREMENT PLAN** (Continued)

Therefore, the long-term expected rate of return on pension plan investments was not blended with the AA rated general obligation bond index at December 31, 2018 to arrive at the discount rates used to determine the total pension liability. The discount rate was adjusted from 7.50% in the prior year to 7.25%.

Sensitivity of the Library’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Library’s proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the Library’s proportionate share of the net pension liability for the IMRF plan would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Library’s portion of the net pension liability	\$ 1,593,790	\$ 884,968	\$ 296,777

Summary of the Library’s Pension Plan Information:

Net pension liability	\$ 884,968
Deferred outflows of resources	462,711
Deferred inflows of resources	220,390
Pension expense	103,036

**NOTE 7 – INTERFUNDS AND TRANSFERS**

During the year ended April 30, 2019, the Library made transfers into the Building Fund from the General Fund for \$31,764. The purpose of this transfer was to pay for capital expenditures out of local funds.

ELMWOOD PARK PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 1,585,228	\$ 1,559,626	\$ (25,602)
Charges for services	25,500	22,652	(2,848)
Grants	106,681	50,439	(56,242)
Other taxes	9,500	9,500	-
Other revenue	39,300	13,632	(25,668)
Interest income	3,000	4,980	1,980
<b>Total Revenue</b>	<u>1,769,209</u>	<u>1,660,829</u>	<u>(108,380)</u>
<b>Expenditures</b>			
<b>Current</b>			
Wages	931,200	934,460	(3,260)
Health insurance	103,500	95,803	7,697
Payroll taxes	217,900	204,987	12,913
Professional fees	29,500	27,250	2,250
General Insurance	16,500	17,285	(785)
Utilities	8,750	6,628	2,122
Telephone	9,500	9,700	(200)
Software	50,600	48,615	1,985
Building improvements and repairs	48,500	58,044	(9,544)
Supplies	11,800	11,317	483
Books	71,300	62,127	9,173
Periodicals	11,400	10,185	1,215
Grant expenditures	31,681	26,413	5,268
AV materials	38,750	27,819	10,931
Office and computer equipment	31,728	18,172	13,556
Postage	1,300	300	1,000
Marketing and advertising	11,400	11,241	159
Conferences and training	10,200	10,822	(622)
Fees	26,700	30,674	(3,974)
Programs	31,650	27,230	4,420
Grants	75,000	18,060	56,940
Miscellaneous	350	270	80
<b>Debt service</b>			
Principal	-	4,557	(4,557)
Interest	-	575	(575)
<b>Total expenditures</b>	<u>1,769,209</u>	<u>1,662,534</u>	<u>106,675</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(1,705)</u>	<u>(1,705)</u>
<b>Other financing sources (uses)</b>			
Transfers out	-	(31,764)	(31,764)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(31,764)</u>	<u>(31,764)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(33,469)</u>	<u>\$ (33,469)</u>
Fund balance at beginning of year		<u>795,211</u>	
Fund balance at end of year		<u>\$ 761,742</u>	

ELMWOOD PARK PUBLIC LIBRARY  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
Year Ended April 30, 2019

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**NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING**

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

- A. The Library Board of Trustees approves a levy and appropriations ordinance for inclusion in the annual levy and appropriations ordinance of the Village of Elmwood Park (Village). The operating budget includes proposed expenditures and the means of financing them. The Village has the ability under their home rule powers to increase or decrease the amount of the levy.
- B. Budget hearings are conducted.
- C. The budget is legally enacted through passage of an ordinance by the Village's Board of Trustees after approval through a motion.
- D. The budget may be amended by the Library Board of Trustees with the approval of the Village Board. There were no amendments during the year.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. Budget/appropriations lapse at year end.

The General Fund and Building Fund have legally adopted budgets.

ELMWOOD PARK PUBLIC LIBRARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT FUND CONTRIBUTIONS  
 Last Four Fiscal Years

	2019	2018	2017	2016
Actuarially determined contribution	\$ 134,189	\$ 137,717	\$ 144,606	\$ 141,099
Contributions in relation to the actuarially determined contribution	134,189	137,717	144,606	141,099
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 788,885	\$ 822,191	\$ 818,015	\$ 794,556
Contributions as a percentage of covered-employee payroll	17.01%	16.75%	17.68%	17.76%

**Notes to Schedule**

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine 2018 contribution rates:**

Actuarial cost method Aggregate entry age normal  
 Amortization method Level percentage of payroll, closed  
 Remaining amortization period Non-Taxing bodies: 10-year rolling period.  
 Taxing bodies (Regular, SLEP, and ECO groups): 25 year closed period  
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.  
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employees (three employers were financed over 29 years)

Asset valuation method 5-year smoothed market, 20% corridor  
 Wage growth 3.50%  
 Price inflation 2.75%  
 Salary increases 3.75% to 14.50% including inflation  
 Investment rate of return 7.50%  
 Retirement age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality table with adjustments to match current IMRF experience.

Other information There were no benefit changes during the year.

The calculation of the 2018 contribution rate is based on valuation assumptions used in the December 31, 2016 actuarial valuation.

This is a ten year schedule. However, the information prior to fiscal year 2016 is not available. Years will be added in future periods until ten years of information is available.

ELMWOOD PARK PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Last Four Fiscal Years

	2019	2018	2017	2016
Library's proportion of the net pension liability	17.40%	17.99%	17.90%	17.92%
Library's proportionate share of the net pension liability	\$ 884,968	\$ 216,634	\$ 931,285	\$ 913,100
Library's covered-employee payroll	\$ 829,536	\$ 826,243	\$ 817,460	\$ 780,338
Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll	106.68%	26.22%	113.92%	117.01%
Plan fiduciary net position as a percentage of the total pension liability	84.65%	96.20%	83.95%	83.59%

**Notes to Schedule**

This is a ten year schedule. However, the information displayed in this schedule is not required to be presented retroactively. Years will be added in future periods until ten years of information is available. The amounts presented were determined as of December 31 each year, which is four months prior to the fiscal year end.

**Methods and assumptions used to determine total pension liability:**

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Price inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.25% for measurement date 12/31/18 7.50% for measurement dates 12/31/15 - 12/31/17
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality table with adjustments to match current IMRF experience.
Other information	There were no benefit changes during the year.