

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

FINANCIAL STATEMENTS
Year Ended April 30, 2020

ELMWOOD PARK PUBLIC LIBRARY

Elmwood Park, Illinois

FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2020

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 29

Note to Budgetary Comparison Schedule..... 30

Pension Schedules:

Schedule of Illinois Municipal Retirement Fund Contributions..... 31

Schedule of the Library's Proportionate Share of the Net Pension Liability 32

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, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

(Continued)

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, 2020, 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

Oak Brook, Illinois
September 17, 2020

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
Management's Discussion and Analysis
Year Ended April 30, 2020

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, 2020. 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 \$6,146,779. Of this amount, \$1,173,265 (unrestricted Net Position) may be used to meet the Library's ongoing obligations to citizens and creditors.
- General revenues were \$1,670,155 or 98%, of all revenues. Program-specific revenues, in the form of charges for services and grants, were \$40,340, or 2%, of total revenues of \$1,710,495.

Operational Highlights

- In FY19, the Library continued to reach goals in its 2016-19 Strategic Plan and looked toward drafting a one-year plan for FY20-21. Due to the pandemic and refocus and reevaluation of programs, services, and space, we are in the middle of planning strategic goals for 2021.
- After the spring 2019 lobby remodel, the Library has pressed pause on large scale building projects so that we can reassess needs and plan financially, including determining when to apply for future grants. However, we did complete a significant community outreach project with the You Are Beautiful artist campaign and our local schools. We will have a custom art installation attached to the building by Spring 2021 – be kind. be strong. be yourself. you belong. We also applied for a RAILS grant for the My Library Is...campaign and received approximately \$2,100, which will be applied to FY20-21.
- During the start of the pandemic, the Library also worked hard to address access issues for the public and staff. We set up many remote connections for staff, increased access to online databases, eBooks, and purchased additional WiFi hotspots and laptops for checkout.
- The Library's copier, fax, and interest lines held steady through 2019, but saw less revenue in all areas due to a slow winter and the emergency closing due to the pandemic in mid-March 2020.

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.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
Management's Discussion and Analysis
Year Ended April 30, 2020

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 \$85,387 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.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
Management's Discussion and Analysis
Year Ended April 30, 2020

Library-Wide Financial Analysis

Net Position

Condensed Statement of Net Position			Table 1
	2020	2019	Change
Current and other assets	\$ 1,783,531	\$ 1,742,300	\$ 41,231
Capital assets	5,001,714	5,073,540	(71,826)
Deferred pension outflows	99,396	462,711	(363,315)
Total assets and deferred outflows of resources	<u>6,884,641</u>	<u>7,278,551</u>	<u>(393,910)</u>
Long-term debt outstanding	292,098	908,452	(616,354)
Other liabilities	83,789	61,021	22,768
Deferred pension inflows	361,975	220,390	141,585
Total liabilities and deferred inflows of resources	<u>737,862</u>	<u>1,189,863</u>	<u>(452,001)</u>
Net investment in capital assets	4,973,514	5,071,058	(97,544)
Unrestricted net position	1,173,265	1,017,630	155,635
Total net position	<u>\$ 6,146,779</u>	<u>\$ 6,088,688</u>	<u>\$ 58,091</u>

Changes in Net Position

The increase in Net Position of \$58,091 consists of an excess of operating revenues over expenses as portrayed on the statement of activities for the year ended April 30, 2020.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
Management's Discussion and Analysis
Year Ended April 30, 2020

Changes in Net Position			Table 2
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 21,205	\$ 22,652	\$ (1,447)
Operating grants and contributions	19,135	50,439	(31,304)
Capital grants and contributions	-	45,166	(45,166)
General revenues:			
Taxes	1,643,586	1,595,362	48,224
Investment earnings	15,204	7,749	7,455
Miscellaneous	11,365	13,632	(2,267)
Total revenues	<u>1,710,495</u>	<u>1,735,000</u>	<u>(24,505)</u>
Expenses:			
Library programs and services	1,649,921	1,708,973	(59,052)
Interest on long-term debt	2,483	575	1,908
Total expenses	<u>1,652,404</u>	<u>1,709,548</u>	<u>(57,144)</u>
Increase (decrease) in net position	58,091	25,452	32,639
Net position - Beginning	<u>6,088,688</u>	<u>6,063,236</u>	<u>25,452</u>
Net position - Ending	<u>\$ 6,146,779</u>	<u>\$ 6,088,688</u>	<u>\$ 58,091</u>

Financial Analysis of the Library's Funds

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

	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>Change</u>
General fund	\$ 837,353	\$ 784,717	\$ 52,636
Building fund	122,397	114,720	7,677
Total	<u>\$ 959,750</u>	<u>\$ 899,437</u>	<u>\$ 60,313</u>

Capital Asset and Debt Administration

Capital Assets

By the end of 2020, the Library had invested \$8,535,027 (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).

ELMWOOD PARK PUBLIC LIBRARY
Management's Discussion and Analysis
Year Ended April 30, 2020

Depreciation expense for the year was \$250,255.

Capital Assets			Table 3
	2020	2019	Change
Land	\$ 45,685	\$ 45,685	\$ -
Land improvements	265,116	265,116	-
Buildings	5,611,572	5,595,372	16,200
Furniture and equipment	881,786	870,144	11,642
Books	1,730,868	1,688,289	42,579
Total	<u>\$ 8,535,027</u>	<u>\$ 8,464,606</u>	<u>\$ 70,421</u>

At year-end, the Library had \$297,376 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
	2020	2019	Change
Compensated absences	\$ 24,184	\$ 23,484	\$ 700
IMRF net pension liability	244,992	884,968	(639,976)
Capital lease obligation	28,200	2,482	25,718
Total	<u>\$ 297,376</u>	<u>\$ 910,934</u>	<u>\$ (613,558)</u>

Factors Bearing on the Library's Future

At the time these financial statements were prepared and audited the Library is proceeding with caution and planning as we are aware of the following existing circumstances that could significantly affect its financial health in the future:

The Library continues its efforts to remain competitive in the marketplace and meet minimum wage standards. We are ahead of the state mandate at this time and wanted to reach the \$15 minimum wage by 2023 and are hopeful that we can do this without having to downsize staff.

The Library's property tax revenue may be affected as businesses close or request reassessments, or as property becomes vacant or residents miss payments. We will be cautious and look at economic trends as we plan our FY20-21 budget and make it as flat or reduced as possible.

We do not expect the Library's non-property tax revenue to be steady for at least two years and it will affect the operating budget. With lower usage, we can expect less income in copier use, faxing, and overdue fees. We've also recently lowered unnecessary fees, like lost card replacement. Some of our expenses will be lessened as well, such as collection agency fees, and copy machine charges, but it will not offset the loss of revenue. The operating budget also includes the State Library Per Capita Grant, which we expect to go up by \$5,000 in coming years as a new formula has been approved.

ELMWOOD PARK PUBLIC LIBRARY
Management's Discussion and Analysis
Year Ended April 30, 2020

Other library funds, such as our Gift Fund, will be impacted by the cancellation of our annual fundraiser in September 2020, and less activity by our Friends of the Library who support us through their book sales, which are also cancelled at this time.

We are hopeful for some reimbursement of PPE and safety items from Cook County, and will be looking at applying for construction grants in Dec/Jan 2021 when we are eligible for the State Live & Learn grants again. The State Library and other educational and non-profits are trying to fill the void with new grants, and we will take advantage of those whenever possible.

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, 2020

	Governmental Activities
Assets	
Current assets	
Cash and investments	\$ 959,750
Property taxes receivable	811,246
Prepays	12,535
Total current assets	1,783,531
Capital assets	
Capital assets not being depreciated	45,685
Capital assets, net of accumulated depreciation	4,956,029
Total capital assets	5,001,714
Total assets	6,785,245
Deferred outflows of resources	
Deferred pension outflows	99,396
Total deferred outflows of resources	99,396
Liabilities	
Current liabilities	
Accrued payroll	27,916
Accounts payable	37,272
Unearned grant revenues	13,323
Lease payable, current	5,278
Total current liabilities	83,789
Long term obligations, due in more than one year	
Compensated absences	24,184
IMRF net pension liability	244,992
Lease payable	22,922
Total long term liabilities	292,098
Total liabilities	375,887
Deferred inflows of resources	
Deferred pension inflows	361,975
Total deferred inflows of resources	361,975
Net position	
Net investment in capital assets	4,973,514
Unrestricted	1,173,265
Total net position	\$ 6,146,779

ELMWOOD PARK PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended April 30, 2020

<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	\$ 1,649,921	\$ 21,205	\$ 19,135	\$ -	\$ (1,609,581)
Interest on long-term debt	<u>2,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,483)</u>
Total governmental activities	<u>\$ 1,652,404</u>	<u>\$ 21,205</u>	<u>\$ 19,135</u>	<u>\$ -</u>	<u>(1,612,064)</u>
General revenues					
Taxes					
Property taxes, levied for general purposes					1,634,086
Replacement taxes					9,500
Unrestricted investment earnings					15,204
Miscellaneous					<u>11,365</u>
Total general revenues					<u>1,670,155</u>
Change in net position					58,091
Net position - beginning					<u>6,088,688</u>
Net position - ending					<u>\$ 6,146,779</u>

ELMWOOD PARK PUBLIC LIBRARY
 GOVERNMENTAL FUNDS BALANCE SHEET
 April 30, 2020

	Major Funds		Total
	General Fund	Building Fund	
Assets			
Cash and investments	\$ 837,353	\$ 122,397	\$ 959,750
Property taxes receivable	811,246	-	811,246
Prepays	12,535	-	12,535
Total assets	<u>\$ 1,661,134</u>	<u>\$ 122,397</u>	<u>\$ 1,783,531</u>
Liabilities			
Accrued payroll	\$ 27,916	\$ -	\$ 27,916
Accounts payable	37,272	-	37,272
Unearned grant revenue	13,323	-	13,323
Total liabilities	<u>78,511</u>	<u>-</u>	<u>78,511</u>
Deferred inflows of resources			
Unavailable revenue-property taxes	803,054	-	803,054
Total deferred inflows of resources	<u>803,054</u>	<u>-</u>	<u>803,054</u>
Fund balance			
Nonspendable			
Prepays	12,535	-	12,535
Assigned			
Building improvement/repairs	-	122,397	122,397
Unassigned	767,034	-	767,034
Total fund balances	<u>779,569</u>	<u>122,397</u>	<u>901,966</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,661,134</u>	<u>\$ 122,397</u>	<u>\$ 1,783,531</u>

ELMWOOD PARK PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
April 30, 2020

Total fund balances - governmental funds \$ 901,966

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	\$	8,535,027	
Accumulated depreciation		<u>(3,533,313)</u>	
Capital outlay in excess of depreciation			5,001,714

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. 803,054

Deferred outflows of resources related to pensions do not involve available financial resources and accordingly are not reported on the fund financial statements. 99,396

Deferred inflows of resources related to pensions do not involve available financial resources and accordingly are not reported on the fund financial statements. (361,975)

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		24,184	
IMRF net pension liability		244,992	
Lease payable		<u>28,200</u>	
			<u>(297,376)</u>

Net position of governmental activities \$ 6,146,779

ELMWOOD PARK PUBLIC LIBRARY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2020

	Major Funds		Total
	General Fund	Building Fund	
Revenues			
Property taxes	\$ 1,607,227	\$ -	\$ 1,607,227
Charges for services	21,205	-	21,205
Grants	50,239	-	50,239
Other taxes	9,500	-	9,500
Other revenue	11,365	-	11,365
Interest income	13,551	1,653	15,204
Total revenue	<u>1,713,087</u>	<u>1,653</u>	<u>1,714,740</u>
Expenditures			
Current			
Wages	934,826	-	934,826
Health insurance	111,935	-	111,935
Payroll taxes	193,648	-	193,648
Professional fees	21,788	-	21,788
General Insurance	24,436	-	24,436
Utilities	6,251	-	6,251
Telephone	13,160	-	13,160
Software	47,874	-	47,874
Building improvements and repairs	60,859	18,976	79,835
Supplies	14,329	-	14,329
Books	74,370	-	74,370
Periodicals	9,706	-	9,706
Grant expenditures	39,757	-	39,757
AV materials	31,887	-	31,887
Office and computer equipment	14,476	-	14,476
Capital lease equipment	31,385	-	31,385
Postage	544	-	544
Marketing and advertising	10,648	-	10,648
Conferences and training	13,828	-	13,828
Fees	7,356	-	7,356
Programs	21,802	-	21,802
Grants	7,158	-	7,158
Miscellaneous	1,472	-	1,472
Debt service			
Principal	5,667	-	5,667
Interest	2,483	-	2,483
Total expenditures	<u>1,701,645</u>	<u>18,976</u>	<u>1,720,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,442</u>	<u>(17,323)</u>	<u>(5,881)</u>
Other financing sources (uses)			
Transfers in	-	25,000	25,000
Transfers out	(25,000)	-	(25,000)
Capital lease proceeds	31,385	-	31,385
Total other financing sources (uses)	<u>6,385</u>	<u>25,000</u>	<u>31,385</u>
Net change in fund balance	17,827	7,677	25,504
Fund balance at beginning of year	<u>761,742</u>	<u>114,720</u>	<u>876,462</u>
Fund balance at end of year	<u>\$ 779,569</u>	<u>\$ 122,397</u>	<u>\$ 901,966</u>

See accompanying notes to financial statements.

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, 2020

Net change in fund balances - total governmental funds	\$	25,504
<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	\$	(250,255)
Capital outlay		<u>178,429</u>
Net capital assets		(71,826)
<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		26,859
Grant revenue difference		(31,104)
<p>Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
		(31,385)
<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>		
		5,667
<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		135,076
Decrease in compensated absences		<u>(700)</u>
Change in net position of governmental activities	\$	<u>58,091</u>

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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 \$24,184 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, 2020, 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.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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, 2020, 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, 2020, 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.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2021. 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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2021. This statement will have no effect on the Library.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2023. 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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2021. 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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2022. Management has not determined what impact, if any, this statement will have on its financial statements.

In August 2018, GASB issued Statement 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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2021. 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. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2023. This Statement will have no effect on the Library.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2020, GASB issued Statement 92 *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their year ended April 30, 2023. Management has not determined what impact, if any, this statement will have on its financial statements.

In March 2020, GASB issued Statement 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. Upon the Library's adoption of GASB 95, the effective date for the statement was delayed for the Library until their fiscal year ended April 30, 2023. Management has not determined what impact, if any, this statement will have on its financial statements.

In April 2020, GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. In addition, the statement provides guidance for accounting and financial reporting for availability payment arrangements. This will be effective for the Library's fiscal year ended April 30, 2024. Management has not determined what impact, if any, this statement will have on its financial statements.

In May 2020, GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for the Library's fiscal year-ended April 30, 2024. Management has not yet determined the impact of this statement on the Library's financial statements.

In June 2020, GASB issued Statement 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in which the a component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Objective (1) and (2) of this Statement is effective immediately. Objective (3) is effective for the fiscal year ended April 30, 2023. This Statement will have no effect on the Library.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

NOTE 2 - CAPITAL ASSETS

A summary of changes in the Library's capital assets for the period from May 1, 2019 through April 30, 2020 follows:

	<u>Balance at May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2020</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	5,595,372	16,200	-	5,611,572
Furniture and equipment	870,144	46,266	34,624	881,786
Books	<u>1,688,289</u>	<u>115,963</u>	<u>73,384</u>	<u>1,730,868</u>
Subtotal	<u>8,418,921</u>	<u>178,429</u>	<u>108,008</u>	<u>8,489,342</u>
Accumulated depreciation				
Land improvements	231,980	13,256	-	245,236
Buildings	2,332,655	143,796	-	2,476,451
Furniture and equipment	782,369	23,968	34,624	771,713
Books	<u>44,062</u>	<u>69,235</u>	<u>73,384</u>	<u>39,913</u>
Total accumulated depreciation	<u>3,391,066</u>	<u>250,255</u>	<u>108,008</u>	<u>3,533,313</u>
Total capital assets being depreciated, net	<u>5,027,855</u>	<u>(71,826)</u>	<u>-</u>	<u>4,956,029</u>
Governmental activities capital assets, net	<u>\$ 5,073,540</u>	<u>\$ (71,826)</u>	<u>\$ -</u>	<u>5,001,714</u>

Depreciation expense for the Library was charged to the governmental function Library programs and services in the amount of \$250,255.

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

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, 2020 was \$959,750. The bank balances were \$989,818. 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, 2019	Issued	Retired	Balance at April 30, 2020	Due within One Year
Compensated absences	\$ 23,484	\$ 16,397	\$ 15,697	\$ 24,184	\$ -
IMRF net pension liability	884,968	-	639,976	244,992	-
Capital lease obligation	2,482	31,385	5,667	28,200	5,278
Total	<u>\$ 910,934</u>	<u>\$ 47,782</u>	<u>\$ 661,340</u>	<u>\$ 297,376</u>	<u>\$ 5,278</u>

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, 2020

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 15th 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, 2020, the accumulated depreciation balance relating to this asset is \$19,445.

Interest in the amount of \$84 was paid on the lease in fiscal year 2020.

The capital lease was paid in full during fiscal year 2020.

On August 19, 2019, the Library entered into a capital lease for three copier printers with an imputed interest rate of 11.99% to be paid monthly on the 15th with final payment due on August 15, 2024. The assets under the capital lease in the amount of \$31,385 were capitalized at the inception of the lease. As of April 30, 2020, the accumulated depreciation balance relating to this asset is \$4,185.

A summary of annual principal and interest requirements to maturity:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 5,278	\$ 3,097
2022	5,947	2,429
2023	6,701	1,675
2024	7,550	826
<u>2025</u>	<u>2,724</u>	<u>68</u>
Total	<u>\$ 28,200</u>	<u>\$ 8,095</u>

Interest in the amount of \$2,399 was paid on the lease in fiscal year 2020.

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

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)

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.

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).

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 2019 was 14.05%. For the fiscal year ended April 30, 2020, the Library contributed \$121,879 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, 2020, the Library reported a liability of \$244,992 for its proportionate share of the Village's net pension liability. The net pension liability was measured as of December 31, 2019, 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

(Continued)

ELMWOOD PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2020

NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)

pension plan relative to all contributions. At December 31, 2019, the Library's proportion was 17.32%, which was a decrease of 0.08% from its proportion measured as of December 31, 2018.

For the year ended April 30, 2020, the Library recognized pension expense of \$115,386. At April 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 85,678
Assumption changes	55,404	22,864
Net difference between projected and actual earnings on pension plan investments	-	249,292
Change in proportionate share within the Village and Library	-	4,141
Contributions made subsequent to the measurement date	43,992	-
	\$ 99,396	\$ 361,975

At April 30, 2020, there was \$43,992 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, 2021. Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in future periods as follows:

Year ending April 30:		
2020		\$ (119,191)
2021		(94,408)
2022		21,319
2023		(114,291)
Total		\$ (306,571)

Actuarial Assumptions:

The Village's net pension liability for IMRF was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2019 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	3.35% 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.

ELMWOOD PARK PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2020

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, 2019 Illinois Municipal Retirement Fund annual actuarial valuation. The investment rate of return of 7.25% did not change from the prior year rate of 7.25%. There were no other significant changes in assumptions. 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%	5.75%
International Equity	18.00%	6.50%
Fixed Income	28.00%	3.25%
Real Estate	9.00%	5.20%
Alternative Investments	7.00%	3.60%-7.60%
Cash Equivalents	1.00%	1.85%
	<u>100.00%</u>	

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, 2020

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, 2019 to arrive at the discount rates used to determine the total pension liability. For the purposes of the most recent valuation, the expected rate of return on the plan investments is 7.25%, and the municipal bond rate is 2.75%, therefore the resulting single discount rate is 7.25%. The discount rate was 7.25% in the prior year.

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%
Village's net pension liability (asset) for IMRF's plan	\$ 960,846	\$ 244,992	\$ (349,395)

Summary of the Library's Pension Plan Information:

Net pension liability	\$ 244,992
Deferred outflows of resources	99,396
Deferred inflows of resources	361,975
Pension expense	115,386

NOTE 7 – INTERFUNDS AND TRANSFERS

During the year ended April 30, 2020, the Library made a transfer into the Building Fund from the General Fund for \$25,000. The purpose of this transfer was to pay for capital expenditures out of local funds.

NOTE 8 – COVID-19 IMPACT

The United States and the State of Illinois declared a state of emergency in March 2020 due to the COVID-19 global pandemic. In response to the pandemic and in compliance with various state and local ordinances, Library was closed from March 17, 2020 through May 29, 2020. At the end of May, the Library implemented curbside pickup and virtual options for summer programs. Regarding the financial impact, most of the Library's revenue come from taxes and grants which were unaffected by the pandemic for fiscal year 2020.

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, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 1,616,932	\$ 1,607,227	\$ (9,705)
Charges for services	23,000	21,205	(1,795)
Grants	118,600	50,239	(68,361)
Other taxes	9,500	9,500	-
Other revenue	12,000	11,365	(635)
Interest income	6,000	13,551	7,551
Total Revenue	<u>1,786,032</u>	<u>1,713,087</u>	<u>(72,945)</u>
Expenditures			
Current			
Wages	964,000	934,826	29,174
Health insurance	107,500	111,935	(4,435)
Payroll taxes	195,000	193,648	1,352
Professional fees	24,432	21,788	2,644
General Insurance	18,300	24,436	(6,136)
Utilities	8,750	6,251	2,499
Telephone	10,000	13,160	(3,160)
Software	43,600	47,874	(4,274)
Maintenance services - equipment	5,000	-	5,000
Building improvements and repairs	58,600	60,859	(2,259)
Supplies	11,300	14,329	(3,029)
Books	72,100	74,370	(2,270)
Periodicals	11,100	9,706	1,394
Grant expenditures	43,600	39,757	3,843
AV materials	38,050	31,887	6,163
Office and computer equipment	32,000	14,476	17,524
Capital lease	-	31,385	(31,385)
Postage	1,100	544	556
Marketing and advertising	12,800	10,648	2,152
Conferences and training	12,600	13,828	(1,228)
Fees	10,500	7,356	3,144
Programs	30,450	21,802	8,648
Grants	75,000	7,158	67,842
Miscellaneous	250	1,472	(1,222)
Debt service			
Principal	-	5,667	(5,667)
Interest	-	2,483	(2,483)
Total expenditures	<u>1,786,032</u>	<u>1,701,645</u>	<u>84,387</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>11,442</u>	<u>11,442</u>
Other financing sources (uses)			
Transfers out	-	(25,000)	(25,000)
Capital lease proceeds	-	31,385	31,385
Total other financing sources (uses)	<u>-</u>	<u>6,385</u>	<u>6,385</u>
Net change in fund balance	<u>\$ -</u>	<u>17,827</u>	<u>\$ 17,827</u>
Fund balance at beginning of year		<u>761,742</u>	
Fund balance at end of year		<u>\$ 779,569</u>	

ELMWOOD PARK PUBLIC LIBRARY
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended April 30, 2020

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 Five Fiscal Years

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 121,879	\$ 134,189	\$ 137,717	\$ 144,606	\$ 141,099
Contributions in relation to the actuarially determined contribution	121,879	134,189	137,717	144,606	141,099
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 834,533	\$ 788,885	\$ 822,191	\$ 818,015	\$ 794,556
Contributions as a percentage of covered-employee payroll	14.60%	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 2019 contribution rates:

Actuarial cost method Aggregate entry age normal
 Amortization method Level percentage of payroll, closed
 Remaining amortization period 24 year closed period

Asset valuation method 5-year smoothed market, 20% corridor
 Wage growth 3.25%
 Price inflation 2.50%
 Salary increases 3.35% to 14.25% 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 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.

The calculation of the 2019 contribution rate is based on valuation assumptions used in the December 31, 2017 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 Five Fiscal Years

	2020	2019	2018	2017	2016
Library's proportion of the net pension liability	17.32%	17.40%	17.99%	17.90%	17.92%
Library's proportionate share of the net pension liability	\$ 244,992	\$ 884,968	\$ 216,634	\$ 931,285	\$ 913,100
Library's covered-employee payroll	\$ 829,623	\$ 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	29.53%	106.68%	26.22%	113.92%	117.01%
Plan fiduciary net position as a percentage of the total pension liability	95.84%	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 3.35% to 14.25%
Investment rate of return 7.25% for measurement date 12/31/18 - 12/31/19
 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.