

**ELA AREA PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**



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## **Independent Auditor's Report**

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Board of Trustees  
Ela Area Public Library District  
Lake Zurich, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Ela Area Public Library District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District'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 the modified cash basis of accounting described in Note 1C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's 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.



## **Independent Auditor's Report**

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### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ela Area Public Library District, as of June 30, 2019, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1C.

### **Basis of Accounting**

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

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Ela Area Public Library District's basic financial statements. The Management's Discussion and Analysis, Supplementary Information, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, aforementioned information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Management's Discussion and Analysis and Other Information, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*McClure, Inserra & Co., Chtd.*

September 4, 2019

## **Management's Discussion and Analysis**

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As management of the Ela Area Public Library District, this narrative overview and analysis is provided of the District's financial activities for the fiscal year ending June 30, 2019. We recommend that readers consider this information in conjunction with the financial statements as a whole.

### **Required Financial Statements**

Fund and government-wide financial statements, combined on pages 6 and 7 of the Basic Financial Statements, are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, on a modified cash basis of accounting, in a manner similar to a private-sector business.

The Statement of Net Position - Modified Cash Basis presents information on all the District's assets and liabilities arising from cash transactions, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities - Modified Cash Basis presents information showing how the District's net position changed during the most recent fiscal year.

Fund financial statements show amounts paid to finance library services. Amounts remaining for future spending are also shown. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's three major funds and the total of all other funds.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the Basic Financial Statements.

### **Financial Analysis**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$21,787,681 and \$21,687,112 for the years ended June 30, 2019 and 2018, respectively. A large portion of the District's net position reflects its net investment in capital assets. The District uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending.

For the years ended June 30, 2019 and 2018, net position increased by \$100,569 and \$1,501,926, respectively.

## Management's Discussion and Analysis

### Condensed Statement of Net Position - Modified Cash Basis

	June 30,	
	2019	2018
Current Assets	\$ 10,280,726	\$ 10,639,060
Capital Assets, net of accumulated depreciation	11,506,955	12,116,799
<b>Total Assets</b>	<b>21,787,681</b>	<b>22,755,859</b>
Current Liabilities	-	-
Non-Current Liabilities	-	1,068,747
<b>Total Liabilities</b>	<b>-</b>	<b>1,068,747</b>
<b>Net Position</b>		
Net Investment in Capital Assets	11,506,955	11,048,052
Restricted	1,016,658	1,759,971
Unrestricted	9,264,068	8,879,089
<b>Total Net Position</b>	<b>\$ 21,787,681</b>	<b>\$ 21,687,112</b>

### Condensed Statement of Activities - Modified Cash Basis

	For Years Ended June 30,	
	2019	2018
<b>Revenues</b>		
Property and Replacement Taxes	\$ 5,959,998	\$ 7,280,594
Investment Income	139,308	89,141
Grants	43,078	26,758
Fees, Fines and Other	199,529	160,617
<b>Total Revenues</b>	<b>6,341,913</b>	<b>7,557,110</b>
<b>Expenses</b>		
Library Materials	418,147	366,615
Operating Expenses	398,885	380,109
Personnel	3,282,752	3,283,404
Contractual Services	218,721	168,004
Equipment and Contingencies	100,787	77,399
Social Security and IMRF	501,142	525,673
Liability Insurance	45,795	45,709
Building and Equipment Maintenance	271,044	201,207
Special Reserve	-	-
Bond Interest and Fees	15,878	50,478
Bond Premium Amortization	(38,747)	(77,499)
Depreciation	1,026,940	1,034,085
<b>Total Expenses</b>	<b>6,241,344</b>	<b>6,055,184</b>
<b>Increase in Net Position</b>	<b>100,569</b>	<b>1,501,926</b>
<b>Net Position, Beginning of Year</b>	<b>21,687,112</b>	<b>20,185,186</b>
<b>Net Position, End of Year</b>	<b>\$ 21,787,681</b>	<b>\$ 21,687,112</b>

## Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended June 30, 2019:

<u>Governmental Funds</u>	<u>Fund Balance June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Fund Balance June 30, 2019</u>
General	\$ 5,766,567	\$ (159,420)	\$ 5,607,147
Debt Service	677,492	(584,776)	92,716
Social Security and IMRF	528,988	(78,449)	450,539
Liability Insurance	41,737	(4,331)	37,406
Building and Equipment Maintenance	342,462	(75,755)	266,707
Special Reserve	3,112,524	544,397	3,656,921
Working Cash	169,290	-	169,290
	<u>\$ 10,639,060</u>	<u>\$ (358,334)</u>	<u>\$ 10,280,726</u>

During the year, the General Fund transferred \$500,000 to the Special Reserve Fund.

### Budgetary Highlights

The District's General Fund expended \$4,820,647, which was \$622,353 less than the appropriation of \$5,443,000. The appropriation sets the maximum spending limits for the fiscal year.

### Capital Assets and Debt Administration

The following is a summary of capital assets:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 1,485,452	\$ 1,485,452
Land Improvements	171,135	171,135
Building and Improvements	13,392,295	13,386,234
Equipment	788,673	763,807
Furniture	1,857,914	1,845,960
Books and Library Materials	3,181,063	3,196,992
Cost of Capital Assets	20,876,532	20,849,580
Less Accumulated Depreciation	9,369,577	8,732,781
Net Capital Assets	<u>\$ 11,506,955</u>	<u>\$ 12,116,799</u>

The most significant capital asset purchase was audio-visual equipment.

At year end, the District paid off the final installment of \$1,030,000 in general obligation bonds. Additional information regarding the District's capital assets can be found in Note 4 on page 12 and the District's debt can be found in Note 5 on pages 12 and 13.

### Description of Current or Expected Conditions

Currently, management is not aware of any changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Director, Ela Area Public Library District, 275 Mohawk Trail, Lake Zurich, Illinois 60047.

## Basic Financial Statements

### ELA AREA PUBLIC LIBRARY DISTRICT

#### GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION - MODIFIED CASH BASIS

JUNE 30, 2019

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF NET POSITION
<b>ASSETS</b>							
Cash and Investments	\$ 5,607,147	\$ 92,716	\$ 3,656,921	\$ 923,942	\$ 10,280,726	\$ -	\$ 10,280,726
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	11,506,955	11,506,955
Total Assets	<u>\$ 5,607,147</u>	<u>\$ 92,716</u>	<u>\$ 3,656,921</u>	<u>\$ 923,942</u>	<u>\$ 10,280,726</u>	<u>11,506,955</u>	<u>21,787,681</u>
<b>LIABILITIES</b>							
Long-Term Liabilities							
Due within one year	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Due after one year	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES / NET POSITION</b>							
Fund Balances							
Restricted for Statutory Purposes	-	92,716	-	923,942	1,016,658	(1,016,658)	-
Committed for Capital Projects	-	-	3,656,921	-	3,656,921	(3,656,921)	-
Assigned for Future Periods (See Note 3)	2,593,147	-	-	-	2,593,147	(2,593,147)	-
Unassigned	3,014,000	-	-	-	3,014,000	(3,014,000)	-
Total Fund Balances	<u>5,607,147</u>	<u>92,716</u>	<u>3,656,921</u>	<u>923,942</u>	<u>10,280,726</u>	<u>(10,280,726)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,607,147</u>	<u>\$ 92,716</u>	<u>\$ 3,656,921</u>	<u>\$ 923,942</u>	<u>\$ 10,280,726</u>		
<b>Net Position</b>							
Net Investment in Capital Assets						11,506,955	11,506,955
Restricted						1,016,658	1,016,658
Unrestricted						9,264,068	9,264,068
Total Net Position						<u>\$ 21,787,681</u>	<u>\$ 21,787,681</u>

The accompanying notes are an integral part of these financial statements.



## Basic Financial Statements

### ELA AREA PUBLIC LIBRARY DISTRICT

#### GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 4,821,690	\$ 463,701	\$ -	\$ 661,643	\$ 5,947,034	\$ -	\$ 5,947,034
State Replacement Taxes	12,964	-	-	-	12,964	-	12,964
Investment Income	79,303	4,419	43,917	11,669	139,308	-	139,308
Grants	43,078	-	-	-	43,078	-	43,078
Fees, Fines and Other	197,174	-	480	1,875	199,529	-	199,529
Total Revenues	5,154,209	468,120	44,397	675,187	6,341,913	-	6,341,913
<b>EXPENDITURES / EXPENSES</b>							
Library Materials	792,362	-	-	-	792,362	(374,215)	418,147
Operating Expenses	398,885	-	-	-	398,885	-	398,885
Personnel	3,282,752	-	-	-	3,282,752	-	3,282,752
Contractual Services	224,782	-	-	-	224,782	(6,061)	218,721
Equipment and Contingencies	121,866	-	-	-	121,866	(21,079)	100,787
Social Security and IMRF	-	-	-	501,142	501,142	-	501,142
Liability Insurance	-	-	-	45,795	45,795	-	45,795
Building and Equipment Maintenance	-	-	-	286,785	286,785	(15,741)	271,044
Special Reserve	-	-	-	-	-	-	-
Bond Principal	-	1,030,000	-	-	1,030,000	(1,030,000)	-
Bond Interest and Fees	-	15,878	-	-	15,878	-	15,878
Bond Premium Amortization	-	-	-	-	-	(38,747)	(38,747)
Depreciation	-	-	-	-	-	1,026,940	1,026,940
Total Expenditures / Expenses	4,820,647	1,045,878	-	833,722	6,700,247	(458,903)	6,241,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	333,562	(577,758)	44,397	(158,535)	(358,334)	458,903	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating Transfers In	7,018	-	500,000	-	507,018	(507,018)	-
Operating Transfers Out	(500,000)	(7,018)	-	-	(507,018)	507,018	-
Net Change in Fund Balances	(159,420)	(584,776)	544,397	(158,535)	(358,334)	358,334	-
Change in Net Position	-	-	-	-	-	100,569	100,569
<b>FUND BALANCES / NET POSITION</b>							
Beginning of Year	5,766,567	677,492	3,112,524	1,082,477	10,639,060	11,048,052	21,687,112
End of Year	\$ 5,607,147	\$ 92,716	\$ 3,656,921	\$ 923,942	\$ 10,280,726	\$ 11,506,955	\$ 21,787,681

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

The financial statements of the Ela Area Public Library District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (except for the basis of accounting as described in Note 1C). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **A. Reporting Entity**

The District's reporting entity includes all entities for which the District exercised oversight responsibility as defined by the GASB.

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the District has not included in its financial statements the activities of any other entity.

#### **B. Basis of Presentation**

The government-wide and fund financial statements are combined, with a reconciliation shown between them.

The Governmental Funds Balance Sheet and Statement of Net Position – Modified Cash Basis and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities – Modified Cash Basis combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are the general fund, debt service and capital projects. Following is a description of major and non-major funds.

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

Special Revenue Fund Type - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the District are: Social Security and IMRF, Liability Insurance, Building and Equipment Maintenance, and Working Cash.

## **Notes to Financial Statements**

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

Debt Service Fund Type - Used to account for the servicing of general long-term debt.

Capital Projects Fund Type - Used to account for the acquisition of capital assets or construction of major capital projects. The Special Reserve (Capital Fund) is used in this fund type.

#### **C. Basis of Accounting**

The government-wide statements (the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) are prepared using the economic resources measurement focus and the fund financial statements (the Governmental Funds Balance Sheet – Modified Cash Basis and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis) are prepared using the current financial measurement focus.

These financial statements are prepared on the basis of cash receipts and disbursements, whereby certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures and the related liabilities are recognized when paid rather than when the obligations are incurred. This practice differs from generally accepted accounting principles.

#### **D. Budgets**

Budgets are adopted on a modified cash basis. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

#### **E. Cash and Investments**

Cash includes amounts in demand deposits as well as money market accounts. Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool, and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks, which are insured by the Federal Deposit Insurance Corporation.

Investments are stated at cost, which approximates fair market value, and consist of Certificates of Deposit and government-backed debt securities.

#### **F. Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### *Government-wide Statements*

In the government-wide financial statements capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land Improvements	20 years
Building and Improvements	7-40 years
Equipment	3-10 years
Furniture	7-20 years
Books and Library Materials	7 years

The minimum capitalization threshold is any item with a total cost greater than \$5,000, except for books and library materials.

#### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### **G. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles, or other comprehensive basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **H. Fund Equity**

The District follows GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory, deposits or prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, donors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported on in the general fund.

The board of trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of trustees or management through adoption or amendment of the budget as intended for specific purpose. The District has an assigned fund balance for future periods for its General Fund. The amount equals the early receipts of the 2018 property taxes.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

### Note 2: Deposits and Investments

Deposits. At year end, the carrying amount of the District's deposits, excluding petty cash of \$2,125 was \$8,308,641 and the bank balances were \$8,456,677. Of the bank balances, \$3,276,513 was covered by federal depository insurance and \$5,180,164 was collateralized with securities held by the pledging financial institution's agent in an account in the District's name.

Included in deposits are certificates of deposit (CDs) held in a brokerage account totaling \$2,664,779. CD initial maturities range from 1 year to 4 years with a weighted average of 2.8 years. Interest rates range from 1.4% to 3.0%.

Investments. The District also invests in government-backed debt securities held in a brokerage account totaling \$1,969,960. Initial maturities range from 3.25 to 4 years with a weighted average of 3.8 years. Interest rates range from 1.38% to 2.70%.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's investment policy protects it from custodial risk by requiring funds on deposit in excess of FDIC limits to be secured by collateral.

Concentration of Credit Risk. The District's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific issues of securities.

## Notes to Financial Statements

### Note 2: Deposits and Investments (Continued)

Interest Rate Risk. The District's investment policy addresses interest rate risk by requiring that investments be diversified and reviewed for concentration in maturity.

### Note 3: Property Tax Revenue Recognition

Property taxes for 2018 attached as an enforceable lien on January 1, 2018. They were levied in November 2018 by passage of a Tax Levy Ordinance. Tax bills were prepared by the County and issued on or about May 5, 2019 and are payable in two installments, on or about June 6, 2019 and September 6, 2019. The County collects such taxes and remits them periodically during the period of May through November 2019 with a final settlement payment in January 2020. Property tax revenues are recognized on the modified cash basis and consist of tax receipts from the 2017 and 2018 tax levies. The assigned fund balance in the General Fund consists of 2018 tax levy payments received in May and June 2019.

### Note 4: Capital Assets

The following is a summary of changes in the capital assets during the fiscal year:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 1,485,452	\$ -	\$ -	\$ 1,485,452
Capital assets, being depreciated				
Land Improvements	171,135	-	-	171,135
Building and Improvements	13,386,234	6,061	-	13,392,295
Equipment	763,807	24,866	-	788,673
Furniture	1,845,960	11,954	-	1,857,914
Books and Library Materials	3,196,992	374,215	(390,144)	3,181,063
Total capital assets being depreciated	19,364,128	417,096	(390,144)	19,391,080
Less accumulated depreciation for				
Land Improvements	111,500	8,557	-	120,057
Building and Improvements	5,208,384	423,663	-	5,632,047
Equipment	645,753	46,132	-	691,885
Furniture	996,218	142,101	-	1,138,319
Books and Library Materials	1,770,926	406,487	(390,144)	1,787,269
Total accumulated depreciation	8,732,781	1,026,940	(390,144)	9,369,577
Total capital assets being depreciated, net	10,631,347	(609,844)	-	10,021,503
Capital assets, net	\$ 12,116,799	\$ (609,844)	\$ -	\$ 11,506,955

### Note 5: Long Term Debt

Current Refunding. In October 2012, the District issued \$6,225,000 of general obligation refunding bonds. These resources were used to retire general obligation bonds which had been issued for the purpose of building and equipping the library.



## Notes to Financial Statements

### Note 5: Long Term Debt (Continued)

Long-term debt consists of the following general obligation library bonds:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due In One Year
\$6,255,000 six-year serial refunding bonds dated October 10, 2012 with interest rates of 3%	\$ 1,030,000	\$ -	\$ (1,030,000)	\$ -	\$ -
Plus (Minus) Deferred Amounts For Issuance Premium	38,747	-	(38,747)	-	-
	<u>\$ 1,068,747</u>	<u>\$ -</u>	<u>\$ (1,068,747)</u>	<u>\$ -</u>	<u>\$ -</u>

Bond interest and fees consist of interest payments of \$15,450, plus bond fees of \$428.  
The total amounts to \$15,878.

### Note 6: Defined Benefit Pension Plan

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

*Funding Policy:* As set by statute, the District's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar years 2018 and 2019 were 12.33% and 10.34% of payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost:* For fiscal year ending June 30, 2019, the District's required and actual contributions for pension cost for the Regular plan were \$279,314.

If the District's financial statements were presented on the accrual basis of accounting, the financial statements and footnotes would include additional information including:

- Actuarial assumptions
- Net pension obligation
- Deferred outflows and deferred inflows

Since the District presents its financial statements on the modified cash basis of accounting, this information is not included in the financial statements nor disclosed in the footnotes.

## Notes to Financial Statements

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### Note 7: Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's administrator under one of nine investment options, or combination thereof. The choice of the investment option(s) is made by the participants.

### Note 8: Operating Leases

The District is committed under various leases for equipment. These leases are considered for accounting purposes to be operating leases.

Lease expenditures for the year ended June 30, 2019 amounted to \$27,201. Future minimum lease payments for equipment leases are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 34,005
2021	32,391
2022	<u>14,412</u>
	<u>\$ 80,808</u>

### Note 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements did not exceed coverage during the year.

### Note 10: Jointly Governed Organization

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality formed by library members of the former North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement, or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2019 were \$86,086. The District received a \$6,000 rebate during the year as well.

### Note 11: Adjustments

Amounts reported in the statement of net position are different from the governmental fund balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	<u>\$ 11,506,955</u>
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## **Notes to Financial Statements**

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### **Note 11: Adjustments (Continued)**

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays is \$609,844 (\$1,026,940 less \$417,096). In addition, the principal payment of \$1,030,000 is eliminated from the statement of activities. Also, there is a \$38,747 recognition of the amortization of bond premium. Finally, operating transfers in and out of \$507,018 are removed from the statement of activities.

### **Note 12: Operating Transfers**

During the year, the General Fund transferred \$500,000 to the Capital Projects Fund (Special Reserve) as a measure to provide for future capital expenditures. Also, the Debt Service Fund transferred \$7,018 to the General Fund. This amount represents interest earned in the Debt Service Fund from July 1, 2017 through June 30, 2019.

### **Note 13: Other Post-Employment Benefits**

The District participates in a cost-sharing multiple employer defined benefit other post-employment benefit plan administered by Wellness Insurance Network (WIN). The District is required to offer employees, who are IMRF vested, continued health insurance participation upon termination of employment. The departing employee pays the entire health insurance premium and therefore there is no explicit subsidy. There is no implicit rate subsidy liability reflected in these financial statements since the District presents its financial statements on the modified cash basis of accounting.

### **Note 14: Contingencies**

The District is defending against a property tax appeal from various commercial and industrial taxpayers. The District believes it has meritorious defenses to the claim asserted and is contesting the litigation. This case is in its adolescence and there is insufficient information upon which to evaluate the actual exposure, if any, to the District. The District is also involved in litigation arising from the normal course of business and believes its exposure to loss is not significant to the financial statement taken on a whole.

### **Note 15: Subsequent Events**

Subsequent to June 30, 2019, the District awarded a bid to repair/replace the parking lot for \$659,000. Also, the District passed a resolution dissolving the Debt Service Fund and transferring its remaining fund balance of \$92,716 to the Special Reserve Fund.

## Supplementary Information

### ELA AREA PUBLIC LIBRARY DISTRICT

#### GENERAL FUND

#### SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Property Taxes	5,149,681	\$ 5,149,681	\$ 4,821,690
State Replacement Taxes	7,000	7,000	12,964
Investment Income	35,000	35,000	79,303
Grants	43,078	43,078	43,078
Fees, Fines and Other	126,550	126,550	197,174
Total Revenues	5,361,309	5,361,309	5,154,209
EXPENDITURES			
Library Materials	886,000	889,000	792,362
Operating Expenses	503,000	503,000	398,885
Personnel	3,657,000	3,630,000	3,282,752
Contractual Services	230,000	254,000	224,782
Equipment and Contingencies	167,000	167,000	121,866
Total Expenditures	5,443,000	5,443,000	4,820,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,691)	(81,691)	333,562
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	-	-	7,018
Operating Transfer Out	(100,000)	(100,000)	(500,000)
Net Change in Fund Balances	\$ (181,691)	\$ (181,691)	(159,420)

Budgets are adopted on a modified cash basis. All annual appropriations lapse at fiscal year end.  
The budget was amended subsequent to year end.

**Supplementary Information****ELA AREA PUBLIC LIBRARY DISTRICT****GENERAL FUND****STATEMENT OF CASH DISBURSEMENTS -  
BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2019**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>LIBRARY MATERIALS</b>			
Electronic Information	\$ 302,000	\$ 282,529	\$ 19,471
Lost and Damaged	-	1,056	(1,056)
Print and Nonprint	463,000	396,640	66,360
Programming - Adult	60,000	50,983	9,017
Programming - Children	44,000	43,480	520
Programming - Forge	20,000	17,674	2,326
	<u>889,000</u>	<u>792,362</u>	<u>96,638</u>
<b>OPERATING EXPENSES</b>			
Postage	18,000	15,974	2,026
Printing and Publicity	50,000	40,535	9,465
Supplies	88,000	78,258	9,742
Travel	15,000	12,489	2,511
Training and Membership	33,000	29,303	3,697
Utilities	226,000	165,858	60,142
Equipment Maintenance	57,000	54,967	2,033
Service and Technology Pilots	16,000	1,501	14,499
	<u>503,000</u>	<u>398,885</u>	<u>104,115</u>
<b>PERSONNEL</b>			
Salaries	3,273,000	2,987,521	285,479
Benefits	357,000	295,231	61,769
	<u>3,630,000</u>	<u>3,282,752</u>	<u>347,248</u>
<b>CONTRACTUAL SERVICES</b>			
Accounting and Audit	37,000	35,441	1,559
Other Services	55,000	54,128	872
Data Processing	131,000	105,155	25,845
Legal	31,000	30,058	942
	<u>254,000</u>	<u>224,782</u>	<u>29,218</u>
<b>EQUIPMENT AND CONTINGENCIES</b>			
Furniture and Equipment	158,900	116,729	42,171
Luncheon	-	-	-
Contingency	8,100	5,137	2,963
	<u>167,000</u>	<u>121,866</u>	<u>45,134</u>
	<u>\$ 5,443,000</u>	<u>\$ 4,820,647</u>	<u>\$ 622,353</u>

## Supplementary Information

### ELA AREA PUBLIC LIBRARY DISTRICT

#### OTHER FUNDS

#### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2019

	SOCIAL SECURITY AND IMRF	LIABILITY INSURANCE	BUILDING AND EQUIPMENT MAINTENANCE	WORKING CASH	TOTAL
REVENUES					
Property Taxes	\$ 416,208	\$ 40,502	\$ 204,933	\$ -	\$ 661,643
Investment Income	6,485	852	4,332	-	11,669
Other Income	-	110	1,765	-	1,875
Total Revenues	<u>422,693</u>	<u>41,464</u>	<u>211,030</u>	<u>-</u>	<u>675,187</u>
EXPENDITURES					
Social Security and IMRF	501,142	-	-	-	501,142
Liability Insurance	-	45,795	-	-	45,795
Building and Equipment Maintenance	-	-	286,785	-	286,785
Total Expenditures	<u>501,142</u>	<u>45,795</u>	<u>286,785</u>	<u>-</u>	<u>833,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,449)	(4,331)	(75,755)	-	(158,535)
OTHER FINANCING SOURCES (USES)					
Operating Transfer In	-	-	-	-	-
Net Change in Fund Balances	(78,449)	(4,331)	(75,755)	-	(158,535)
FUND BALANCES					
Beginning of Year	<u>528,988</u>	<u>41,737</u>	<u>342,462</u>	<u>169,290</u>	<u>1,082,477</u>
End of Year	<u>\$ 450,539</u>	<u>\$ 37,406</u>	<u>\$ 266,707</u>	<u>\$ 169,290</u>	<u>\$ 923,942</u>



**Supplementary Information**

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**ELA AREA PUBLIC LIBRARY DISTRICT****SCHEDULE OF GENERAL PROPERTY TAX DATA****JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
ASSESSED VALUATION	<u>\$ 1,896,431,492</u>	<u>\$ 1,863,726,261</u>	<u>\$ 1,790,255,991</u>
TAX EXTENSIONS	<u>\$ 6,040,002</u>	<u>\$ 6,921,190</u>	<u>\$ 6,829,665</u>
COLLECTIONS	<u>\$ 2,951,864</u>	<u>\$ 6,916,163</u>	<u>\$ 6,797,667</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES EXTENDED	<u>48.87%</u>	<u>99.93%</u>	<u>99.53%</u>
TAX RATES			
General	0.280	0.276	0.270
Social Security	0.012	0.004	0.020
IMRF	0.015	0.017	0.011
Liability Insurance	0.002	0.002	0.000
Building and Equipment Maintenance	0.009	0.014	0.015
Debt Service	-	0.058	0.065
	<u>0.318</u>	<u>0.371</u>	<u>0.381</u>

## Other Information

### ELA AREA PUBLIC LIBRARY DISTRICT

#### MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

CALENDAR YEAR ENDED DECEMBER 31,

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ 248,642	\$ 256,353	\$ 251,934	\$ 243,289	\$ 249,281
Interest on the Total Pension Liability	950,878	922,660	877,179	826,375	737,627
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	127,928	102,955	(66,966)	45,107	218,311
Assumption Changes	392,881	(397,815)	(45,468)	14,770	466,528
Benefit Payments and Refunds	<u>(536,366)</u>	<u>(471,734)</u>	<u>(447,178)</u>	<u>(430,752)</u>	<u>(507,463)</u>
Net Change in Total Pension Liability	1,183,963	412,419	569,501	698,789	1,164,284
Total Pension Liability - Beginning	<u>12,822,238</u>	<u>12,409,819</u>	<u>11,840,318</u>	<u>11,141,529</u>	<u>9,977,245</u>
Total Pension Liability - Ending (a)	<u>\$ 14,006,201</u>	<u>\$ 12,822,238</u>	<u>\$ 12,409,819</u>	<u>\$ 11,840,318</u>	<u>\$ 11,141,529</u>
<b>Plan Fiduciary Net Position</b>					
Employer Contributions	\$ 304,018	\$ 305,809	\$ 305,384	\$ 368,802	\$ 338,065
Employee Contributions	110,955	109,916	103,873	99,976	95,619
Pension Plan Net Investment Income	(603,298)	1,807,488	681,102	47,976	541,925
Benefit Payments and Refunds	(536,366)	(471,734)	(447,178)	(430,752)	(507,463)
Other	<u>246,340</u>	<u>(159,566)</u>	<u>63,506</u>	<u>68,889</u>	<u>187,044</u>
Net Change in Plan Fiduciary Net Position	(478,351)	1,591,913	706,687	154,891	655,190
Plan Fiduciary Net Position - Beginning	<u>12,029,587</u>	<u>10,437,674</u>	<u>9,730,987</u>	<u>9,576,096</u>	<u>8,920,906</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,551,236</u>	<u>\$ 12,029,587</u>	<u>\$ 10,437,674</u>	<u>\$ 9,730,987</u>	<u>\$ 9,576,096</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 2,454,965	\$ 792,651	\$ 1,972,145	\$ 2,109,331	\$ 1,565,433
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.47%	93.82%	84.11%	82.19%	85.95%
Covered Valuation Payroll	\$ 2,465,673	\$ 2,442,568	\$ 2,308,271	\$ 2,221,696	\$ 2,113,290
Net Pension Liability as a Percentage of Covered Valuation Payroll	99.57%	32.45%	85.44%	94.94%	74.08%

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

## Other Information

### ELA AREA PUBLIC LIBRARY DISTRICT

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 336,224	\$ 338,065	\$ (1,841)	\$ 2,113,290	16.00%
2015	368,802	368,802	-	2,221,696	16.60%
2016	305,384	305,384	-	2,308,271	13.23%
2017	305,809	305,809	-	2,442,568	12.52%
2018	304,018	304,018	-	2,465,673	12.33%

#### *Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\**

*Valuation Date:* Actuarially determined contribution rates are calculated as of December 31 each year, which are 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:* 25-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.50%  
*Price Inflation:* 2.75% approximate; No explicit price inflation assumption is used in this valuation.  
*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 to 2013.  
*Mortality:* RP-2014 Blue Collar Health Annuitant Mortality Table and RP-2014 (base year 2012) Disabled Mortality Table with adjustments to match current IMRF experience.

#### *Other Information:*

*Notes:* There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2016, actuarial valuation; note two year lag between valuation and rate setting.

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