

ELA AREA PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020



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Independent Auditor's Report

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, 2020, 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

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, 2020, 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, Ingersoll & Co., Chtd.

November 17, 2020

Management's Discussion and Analysis

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, 2020. 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 \$21,529,481 and \$21,787,683 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, net position increased/(decreased) by \$(258,202) and \$100,571, respectively.

Management's Discussion and Analysis

Condensed Statement of Net Position - Modified Cash Basis

	June 30,	
	2020	2019
Current Assets	\$ 10,112,770	\$ 10,280,728
Capital Assets, net of accumulated depreciation	11,416,711	11,506,955
Total Assets	21,529,481	21,787,683
Current Liabilities	-	-
Net Position		
Net Investment in Capital Assets	11,416,711	11,506,955
Restricted	861,781	1,016,658
Unrestricted	9,250,989	9,264,070
Total Net Position	\$ 21,529,481	\$ 21,787,683

Condensed Statement of Activities - Modified Cash Basis

	For Years Ended June 30,	
	2020	2019
Revenues		
Property and Replacement Taxes	\$ 5,672,728	\$ 5,959,998
Investment Income	147,327	139,308
Grants	43,078	43,078
Fees, Fines and Other	132,251	199,531
Total Revenues	5,995,384	6,341,915
Expenses		
Library Materials	446,688	418,147
Operating Expenses	394,698	398,885
Personnel	3,257,301	3,282,752
Contractual Services	194,929	218,721
Equipment and Contingencies	168,039	100,787
Social Security and IMRF	483,896	501,142
Liability Insurance	47,554	45,795
Building and Equipment Maintenance	228,187	271,044
Special Reserve	10,231	-
Bond Interest and Fees	-	15,878
Bond Premium Amortization	-	(38,747)
Depreciation	1,022,063	1,026,940
Total Expenses	6,253,586	6,241,344
Change in Net Position	(258,202)	100,571
Net Position, Beginning of Year	21,787,683	21,687,112
Net Position, End of Year	\$ 21,529,481	\$ 21,787,683

Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended June 30, 2020:

Governmental Funds	Fund Balance June 30, 2019	Increase (Decrease)	Fund Balance June 30, 2020
General	\$ 5,607,147	\$ (24,527)	\$ 5,582,620
Debt Service	92,717	(92,717)	-
Social Security and IMRF	450,540	(10,723)	439,817
Liability Insurance	37,406	(4,520)	32,886
Building and Equipment Maintenance	266,707	(46,919)	219,788
Special Reserve	3,656,921	11,448	3,668,369
Working Cash	169,290	-	169,290
	<u>\$ 10,280,728</u>	<u>\$ (167,958)</u>	<u>\$ 10,112,770</u>

During the year, the General Fund transferred \$500,000 to the Special Reserve Fund, and the Debt Service Fund transferred \$92,717 to the Special Reserve Fund.

Budgetary Highlights

The District's General Fund expended \$4,775,859, which was \$804,641 less than the appropriation of \$5,580,500. The appropriation sets the maximum spending limits for the fiscal year.

Capital Assets

The following is a summary of capital assets:

	June 30,	
	2020	2019
Land	\$ 1,485,452	\$ 1,485,452
Land Improvements	788,750	171,135
Building and Improvements	13,392,295	13,392,295
Equipment	788,129	788,673
Furniture	1,852,374	1,857,914
Books and Library Materials	3,222,989	3,181,063
Cost of Capital Assets	21,529,989	20,876,532
Less Accumulated Depreciation	10,113,278	9,369,577
Net Capital Assets	<u>\$ 11,416,711</u>	<u>\$ 11,506,955</u>

The most significant capital asset purchase was a parking lot renovation. Additional information regarding the District's capital assets can be found in Note 4 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, 2020

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF NET POSITION
ASSETS							
Cash and Investments	\$ 5,582,620	\$ -	\$ 3,668,369	\$ 861,781	\$ 10,112,770	\$ -	\$ 10,112,770
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	11,416,711	11,416,711
Total Assets	<u>\$ 5,582,620</u>	<u>\$ -</u>	<u>\$ 3,668,369</u>	<u>\$ 861,781</u>	<u>\$ 10,112,770</u>	<u>11,416,711</u>	<u>21,529,481</u>
LIABILITIES							
Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
FUND BALANCES / NET POSITION							
Fund Balances							
Restricted for Statutory Purposes	-	-	-	861,781	861,781	(861,781)	-
Committed for Capital Projects	-	-	3,668,369	-	3,668,369	(3,668,369)	-
Assigned for Future Periods (See Note 3)	2,268,000	-	-	-	2,268,000	(2,268,000)	-
Unassigned	<u>3,314,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,314,620</u>	<u>(3,314,620)</u>	<u>-</u>
Total Fund Balances	<u>5,582,620</u>	<u>-</u>	<u>3,668,369</u>	<u>861,781</u>	<u>10,112,770</u>	<u>(10,112,770)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,582,620</u>	<u>\$ -</u>	<u>\$ 3,668,369</u>	<u>\$ 861,781</u>	<u>\$ 10,112,770</u>		
Net Position							
Net Investment in Capital Assets						11,416,711	11,416,711
Restricted						861,781	861,781
Unrestricted						<u>9,250,989</u>	<u>9,250,989</u>
Total Net Position						<u>\$ 21,529,481</u>	<u>\$ 21,529,481</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, 2020

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF ACTIVITIES
REVENUES							
Property Taxes	\$ 4,973,767	\$ -	\$ -	\$ 684,771	\$ 5,658,538	\$ -	\$ 5,658,538
State Replacement Taxes	14,190	-	-	-	14,190	-	14,190
Investment Income	89,874	-	46,097	11,356	147,327	-	147,327
Grants	43,078	-	-	-	43,078	-	43,078
Fees, Fines and Other	130,423	-	480	1,348	132,251	-	132,251
Total Revenues	<u>5,251,332</u>	<u>-</u>	<u>46,577</u>	<u>697,475</u>	<u>5,995,384</u>	<u>-</u>	<u>5,995,384</u>
EXPENDITURES / EXPENSES							
Library Materials	746,636	-	-	-	746,636	(299,948)	446,688
Operating Expenses	394,698	-	-	-	394,698	-	394,698
Personnel	3,257,301	-	-	-	3,257,301	-	3,257,301
Contractual Services	194,929	-	-	-	194,929	-	194,929
Equipment and Contingencies	182,295	-	-	-	182,295	(14,256)	168,039
Social Security and IMRF	-	-	-	483,896	483,896	-	483,896
Liability Insurance	-	-	-	47,554	47,554	-	47,554
Building and Equipment Maintenance	-	-	-	228,187	228,187	-	228,187
Special Reserve	-	-	627,846	-	627,846	(617,615)	10,231
Depreciation	-	-	-	-	-	1,022,063	1,022,063
Total Expenditures / Expenses	<u>4,775,859</u>	<u>-</u>	<u>627,846</u>	<u>759,637</u>	<u>6,163,342</u>	<u>90,244</u>	<u>6,253,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	475,473	-	(581,269)	(62,162)	(167,958)	(90,244)	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	592,717	-	592,717	(592,717)	-
Operating Transfers Out	<u>(500,000)</u>	<u>(92,717)</u>	<u>-</u>	<u>-</u>	<u>(592,717)</u>	<u>592,717</u>	<u>-</u>
Net Change in Fund Balances	(24,527)	(92,717)	11,448	(62,162)	(167,958)	167,958	-
Change in Net Position	-	-	-	-	-	(258,202)	(258,202)
FUND BALANCES / NET POSITION							
Beginning of Year	<u>5,607,147</u>	<u>92,717</u>	<u>3,656,921</u>	<u>923,943</u>	<u>10,280,728</u>	<u>11,506,955</u>	<u>21,787,683</u>
End of Year	<u>\$ 5,582,620</u>	<u>\$ -</u>	<u>\$ 3,668,369</u>	<u>\$ 861,781</u>	<u>\$ 10,112,770</u>	<u>\$ 11,416,711</u>	<u>\$ 21,529,481</u>

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Debt Service Fund Type - Used to account for the servicing of general long-term debt. This fund was closed out during the year.

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. Deposits 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 negotiable certificates of deposit, a government money market fund 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

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	12-20 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;

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 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 2019 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 \$8,715,724 and the bank balances were \$8,963,387. Of the bank balances, \$4,033,796 was covered by federal depository insurance and \$4,929,591 was collateralized with securities held by the pledging financial institution's agent in an account in the District's name.

Included in deposits are negotiable certificates of deposit (CDs) held in a brokerage account totaling \$3,532,304. CD initial maturities range from 1 year to 4 years with a remaining weighted average of 1.6 years. Interest rates range from .80% to 3.00%.

Investments. The District invests in government-backed debt securities held in a brokerage account totaling \$946,921. Initial maturities range from 1.25 to 4 years with a remaining weighted average of 1.8 years. Interest rates range from 1.375% to 1.94%.

The District also invests in the Federated Hermes Government Obligations Fund (GOIXX). GOIXX pursues current income consistent with stability of principal and liquidity and invests primarily in short-term U.S. Treasury and government securities. GOIXX is an AAAM rated fund. The investment balance at June 30, 2020 was \$448,000.

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

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

from custodial risk by requiring funds on deposit in excess of FDIC limits to be secured by collateral. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the investment policy requires that the investments are to be held by a third-party acting as the Library's agent separate from where the investment was purchased.

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.

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

The District allocates interest attributable to the Working Cash Fund to the General Fund.

Note 3: Property Tax Revenue Recognition

Property taxes for 2019 attached as an enforceable lien on January 1, 2019. They were levied in November 2019 by passage of a Tax Levy Ordinance. Tax bills were prepared by the County and issued on or about May 5, 2020 and are payable in two installments, on or about June 6, 2020 and September 6, 2020. The County collects such taxes and remits them periodically during the period of May through November 2020 with a final settlement payment in January 2021. Property tax revenues are recognized on the modified cash basis and consist of tax receipts from the 2018 and 2019 tax levies. The assigned fund balance in the General Fund consists of 2019 tax levy payments received in May and June 2020.

Note 4: Capital Assets

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

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 1,485,452	\$ -	\$ -	\$ 1,485,452
Capital assets, being depreciated				
Land Improvements	171,135	617,615	-	788,750
Building and Improvements	13,392,295	-	-	13,392,295
Equipment	788,673	14,256	(14,800)	788,129
Furniture	1,857,914	-	(5,540)	1,852,374
Books and Library Materials	3,181,063	299,948	(258,022)	3,222,989
Total capital assets being depreciated	19,391,080	931,819	(278,362)	20,044,537

Notes to Financial Statements

Note 4: Capital Assets (Continued)

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Less accumulated depreciation for				
Land Improvements	120,057	34,291	-	154,348
Building and Improvements	5,632,047	417,807	-	6,049,854
Equipment	691,885	31,011	(14,800)	708,096
Furniture	1,138,319	141,611	(5,540)	1,274,390
Books and Library Materials	1,787,269	397,343	(258,022)	1,926,590
Total accumulated depreciation	9,369,577	1,022,063	(278,362)	10,113,278
Total capital assets being depreciated, net	10,021,503	(90,244)	-	9,931,259
Capital assets, net	\$ 11,506,955	\$ (90,244)	\$ -	\$ 11,416,711

Note 5: 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.

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 2019 and 2020 were 10.34% and 12.01% 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, 2020, the District's required and actual contributions for pension cost for the Regular plan were \$266,139.

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

Note 6: 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 7: 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, 2020 amounted to \$34,239. Future minimum lease payments for equipment leases are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 32,391
2022	<u>14,412</u>
	<u>\$ 46,803</u>

Note 8: 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. An insurance settlement was reached for an employment practices liability suit, a portion of which was paid from the District's Corporate fund during the year.

Note 9: 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, 2020 were \$64,714. The District received a \$4,794 rebate during the year as well.

Note 10: 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>\$ 11,416,711</u>
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Notes to Financial Statements

Note 10: 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 \$90,244 (\$1,022,063 less \$931,819). Also, operating transfers in and out of \$592,717 are removed from the statement of activities.

Note 11: 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 \$92,717 to the Capital Projects Fund. This amount represents the remaining Debt Service Fund resources after all bond payments were made.

Note 12: 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 13: Contingency

In 2020, the COVID-19 pandemic struck the world with far reaching effects. Due to this virus, businesses and individuals have been significantly harmed financially. This may result in a decrease in future tax revenue collections, the amount of which cannot be currently quantified.

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Property Taxes	\$ 5,306,007	\$ 5,306,007	\$ 4,973,767
State Replacement Taxes	7,000	7,000	14,190
Investment Income	35,000	35,000	89,874
Grants	43,078	43,078	43,078
Fees, Fines and Other	136,550	136,550	130,423
Total Revenues	5,527,635	5,527,635	5,251,332
EXPENDITURES			
Library Materials	914,220	914,220	746,636
Operating Expenses	480,628	493,628	394,698
Personnel	3,721,663	3,700,963	3,257,301
Contractual Services	274,300	282,000	194,929
Equipment and Contingencies	189,689	189,689	182,295
Total Expenditures	5,580,500	5,580,500	4,775,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,865)	(52,865)	475,473
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	-	-	-
Operating Transfer Out	(140,000)	(140,000)	(500,000)
Net Change in Fund Balances	\$ (192,865)	\$ (192,865)	(24,527)

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, 2020**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
LIBRARY MATERIALS			
Electronic Information	\$ 270,000	\$ 338,420	\$ (68,420)
Lost and Damaged	-	242	(242)
Print and Nonprint	515,000	321,265	193,735
Programming - Adult	59,920	34,816	25,104
Programming - Children	50,400	44,842	5,558
Programming - Forge	18,900	7,051	11,849
	<u>914,220</u>	<u>746,636</u>	<u>167,584</u>
OPERATING EXPENSES			
Postage	17,820	19,841	(2,021)
Printing and Publicity	50,130	42,650	7,480
Supplies	87,150	54,769	32,381
Travel	14,700	7,074	7,626
Training and Membership	32,550	26,762	5,788
Utilities	210,890	160,890	50,000
Equipment Maintenance	64,188	66,856	(2,668)
Service and Technology Pilots	16,200	15,856	344
	<u>493,628</u>	<u>394,698</u>	<u>98,930</u>
PERSONNEL			
Salaries	3,349,380	2,942,521	406,859
Benefits	351,583	314,780	36,803
	<u>3,700,963</u>	<u>3,257,301</u>	<u>443,662</u>
CONTRACTUAL SERVICES			
Accounting and Audit	39,900	34,170	5,730
Other Services	80,850	38,445	42,405
Data Processing	130,725	91,867	38,858
Legal	30,525	30,447	78
	<u>282,000</u>	<u>194,929</u>	<u>87,071</u>
EQUIPMENT AND CONTINGENCIES			
Furniture and Equipment	184,020	123,262	60,758
Luncheon	-	-	-
Contingency	5,669	59,033	(53,364)
	<u>189,689</u>	<u>182,295</u>	<u>7,394</u>
	<u>\$ 5,580,500</u>	<u>\$ 4,775,859</u>	<u>\$ 804,641</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, 2020

	<u>SOCIAL SECURITY AND IMRF</u>	<u>LIABILITY INSURANCE</u>	<u>BUILDING AND EQUIPMENT MAINTENANCE</u>	<u>WORKING CASH</u>	<u>TOTAL</u>
REVENUES					
Property Taxes	\$ 466,878	\$ 40,647	\$ 177,246	\$ -	\$ 684,771
Investment Income	6,295	1,089	3,972	-	11,356
Other Income	-	1,298	50	-	1,348
Total Revenues	<u>473,173</u>	<u>43,034</u>	<u>181,268</u>	<u>-</u>	<u>697,475</u>
EXPENDITURES					
Social Security and IMRF	483,896	-	-	-	483,896
Liability Insurance	-	47,554	-	-	47,554
Building and Equipment Maintenance	-	-	228,187	-	228,187
Total Expenditures	<u>483,896</u>	<u>47,554</u>	<u>228,187</u>	<u>-</u>	<u>759,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,723)	(4,520)	(46,919)	-	(62,162)
OTHER FINANCING SOURCES (USES)					
Operating Transfer In	-	-	-	-	-
Net Change in Fund Balances	(10,723)	(4,520)	(46,919)	-	(62,162)
FUND BALANCES					
Beginning of Year	<u>450,540</u>	<u>37,406</u>	<u>266,707</u>	<u>169,290</u>	<u>923,943</u>
End of Year	<u>\$ 439,817</u>	<u>\$ 32,886</u>	<u>\$ 219,788</u>	<u>\$ 169,290</u>	<u>\$ 861,781</u>

Supplementary Information

ELA AREA PUBLIC LIBRARY DISTRICT

SCHEDULE OF GENERAL PROPERTY TAX DATA

JUNE 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSESSED VALUATION	<u>\$ 1,942,207,566</u>	<u>\$ 1,896,431,492</u>	<u>\$ 1,863,726,261</u>
TAX EXTENSIONS	<u>\$ 6,202,459</u>	<u>\$ 6,040,002</u>	<u>\$ 6,921,190</u>
COLLECTIONS	<u>\$ 2,578,474</u>	<u>\$ 6,031,620</u>	<u>\$ 6,916,163</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES EXTENDED	<u>41.57%</u>	<u>99.86%</u>	<u>99.93%</u>
TAX RATES			
General	0.281	0.280	0.276
Social Security	0.012	0.012	0.004
IMRF	0.014	0.015	0.017
Liability Insurance	0.002	0.002	0.002
Building and Equipment Maintenance	0.010	0.009	0.014
Debt Service	<u>-</u>	<u>-</u>	<u>0.058</u>
	<u>0.319</u>	<u>0.318</u>	<u>0.371</u>

Other Information

ELA AREA PUBLIC LIBRARY DISTRICT

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

CALENDAR YEAR ENDED DECEMBER 31,

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 260,954	\$ 248,642	\$ 256,353	\$ 251,934	\$ 243,289	\$ 249,281
Interest on the Total Pension Liability	1,000,237	950,878	922,660	877,179	826,375	737,627
Benefit Changes	-	-	-	-	-	-
Difference between Expected and Actual Experience	90,393	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	(680,614)	(536,366)	(471,734)	(447,178)	(430,752)	(507,463)
Net Change in Total Pension Liability	670,970	1,183,963	412,419	569,501	698,789	1,164,284
Total Pension Liability - Beginning	14,006,201	12,822,238	12,409,819	11,840,318	11,141,529	9,977,245
Total Pension Liability - Ending (a)	\$ 14,677,171	\$ 14,006,201	\$ 12,822,238	\$ 12,409,819	\$ 11,840,318	\$ 11,141,529
Plan Fiduciary Net Position						
Employer Contributions	\$ 248,784	\$ 304,018	\$ 305,809	\$ 305,384	\$ 368,802	\$ 338,065
Employee Contributions	108,271	110,955	109,916	103,873	99,976	95,619
Pension Plan Net Investment Income	2,122,569	(603,298)	1,807,488	681,102	47,976	541,925
Benefit Payments and Refunds	(680,614)	(536,366)	(471,734)	(447,178)	(430,752)	(507,463)
Other	155,957	246,340	(159,566)	63,506	68,889	187,044
Net Change in Plan Fiduciary Net Position	1,954,967	(478,351)	1,591,913	706,687	154,891	655,190
Plan Fiduciary Net Position - Beginning	11,551,236	12,029,587	10,437,674	9,730,987	9,576,096	8,920,906
Plan Fiduciary Net Position - Ending (b)	\$ 13,506,203	\$ 11,551,236	\$ 12,029,587	\$ 10,437,674	\$ 9,730,987	\$ 9,576,096
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 1,170,968	\$ 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	92.02%	82.47%	93.82%	84.11%	82.19%	85.95%
Covered Valuation Payroll	\$ 2,406,031	\$ 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	48.67%	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 Contributor 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%
2019	248,784	248,784	-	2,406,031	10.34%

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 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 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% approximate; No explicit price inflation assumption is used in this valuation.
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 to 2016.
Mortality: RP-2014 Blue Collar Health Annuitant Mortality Table and MP-2017 (base year 2015) 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, 2017, 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.