

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

A component unit of the City of Palos Heights, Illinois

ANNUAL FINANCIAL REPORT



PALOS HEIGHTS
PUBLIC LIBRARY

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

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INTRODUCTORY SECTION

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

List of Principal Officials December 31, 2019

BOARD OF TRUSTEES

Geraldine Burek	President
Jennifer Georgis	Vice President
Susan Snow	Secretary
Steven Foertsch	Treasurer
Dawn Bronson	Trustee
George Fear	Trustee
Sue Jankowski	Trustee
Edward McGovern	Trustee
Rose Zubik	Trustee

FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedule

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

May 11, 2020

Members of the Board of Trustees
Palos Heights Public Library
Palos Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Palos Heights Public Library, Illinois (the Library), a component unit of the City of Palos Heights, Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Palos Heights Public Library, Illinois, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Palos Heights Public Library, Illinois basic financial statements. The introductory section, other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedule are the responsibility of management and were 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, the other supplementary information and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

December 31, 2019

Our discussion and analysis of the Palos Heights Public Library's (Library) financial performance provides an overview of the Library's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the Library's financial statements, which begin on page 16.

FINANCIAL HIGHLIGHTS

- The Library's net position decreased from \$5,058,650 beginning balance to \$4,664,932, a decrease of \$393,718 or 7.8 percent.
- During the year, government-wide revenues totaled \$1,396,749, while government-wide expenses totaled \$1,790,467, resulting in a decrease to net position of \$393,718.
- Total fund balances for the governmental funds were \$1,085,013 at December 31, 2019 compared to a prior year balance of \$1,277,527, a decrease of \$192,514 or 15.1 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 16 - 18) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.

Fund financial statements begin on page 19. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operation in more detail than the government-wide statements by providing information about the Library's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Library's finances, in a matter similar to a private-sector business. The government-wide financial statements can be found on pages 16 - 18 of this report.

The Statement of Net Position reports information on all of the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two 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. Consideration of other nonfinancial factors, such as changes in the Library's property tax base, is needed to assess the overall health of the Library.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

December 31, 2019

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

Both of the government-wide financial statements report functions of the Library that are principally supported by taxes and charges for services revenues (governmental activities). The governmental activities of the Library include the cultural function.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library only maintains governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 the comparison between governmental funds and governmental activities.

The Library maintains eight individual governmental fund. 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 and Special Reserve Funds, which are considered a major funds. Data from the other six governmental funds are presented as a nonmajor fund.

The Library adopts an annual appropriated budget for all of the governmental funds, except for the Unemployment Compensation Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 - 22 of this report.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

December 31, 2019

USING THIS ANNUAL REPORT – Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Library, assets/deferred outflows exceeded liabilities/deferred inflows by \$4,664,932.

	Net Position	
	2019	2018
Current Assets	\$ 2,457,165	2,654,694
Capital Assets	3,893,894	4,110,434
Total Assets	6,351,059	6,765,128
Deferred Outflows	95,226	529,025
Total Assets/Deferred Outflows	6,446,285	7,294,153
Long-Term Debt Outstanding	227,115	614,657
Other Liabilities	38,720	35,408
Total Liabilities	265,835	650,065
Deferred Inflows	1,515,518	1,585,438
Total Liabilities/Deferred Inflows	1,781,353	2,235,503
Net Position		
Net Investment in Capital Assets	3,893,894	4,110,434
Restricted	18,322	18,754
Unrestricted	752,716	929,462
Total Net Position	4,664,932	5,058,650

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

December 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

A large portion of the Library's net position (83.5 percent) reflects its investment in capital assets (for example, land, buildings, equipment and furniture), less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion or 0.4 percent of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$752,716 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Changes in Net Position	
	2019	2018
Revenues		
Program Revenues		
Charges for Services	\$ 10,702	31,138
Operating Grants/Contributions	15,644	15,644
Capital Grants/Contributions	—	100,000
General Revenues		
Property Taxes	1,231,406	1,211,842
Replacement Taxes	7,588	7,588
Interest	22,361	25,037
Miscellaneous	109,048	13,182
Total Revenues	1,396,749	1,404,431
Expenses		
General Government	1,790,467	1,752,546
Change in Net Position	(393,718)	(348,115)
Net Position-Beginning	5,058,650	5,406,765
Net Position-Ending	4,664,932	5,058,650

Net position of the Library's governmental activities decreased from a balance \$5,058,650 to \$4,664,932.

Expenses of \$1,790,467 exceeded revenues of \$1,396,749, resulting in the decrease to net position in the current year of \$393,718.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

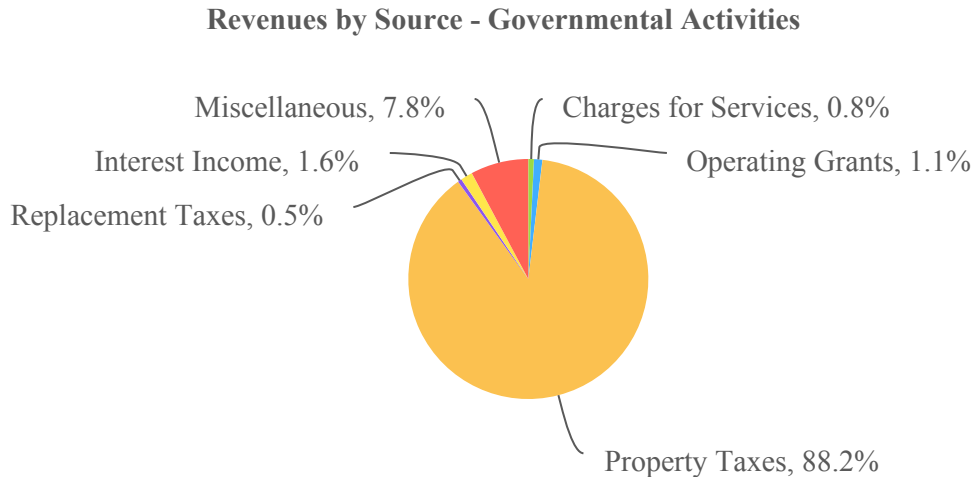
December 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities

In the current year, governmental net position decreased \$393,718, a decrease of 7.8 percent. This decrease is mainly due to an unanticipated reduction in the Library's total levy extension due to the Property Tax Extension Limitation Law (PTELL, 35 ILCS 200/18-185) Total expenses increased \$37,921 over the prior year (\$1,752,546 in 2018 compared to \$1,790,467 in 2019).

The following table graphically depicts the major revenue sources of the Library. It depicts very clearly the reliance of property taxes to fund governmental activities.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$1,085,013 which is 15.1 percent less than last year's ending fund balance of \$1,277,527.

In the current year, governmental fund balances decreased by \$192,514. The General Fund reported an decrease to fund balance due to a transfer out of \$120,124 and total revenue received being \$13,040 lower than in the prior year.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

December 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, no supplemental amendments were made to the budget for the General Fund.

The General Fund actual revenues were lower than budgeted revenues. Actual revenues for the current year were \$1,279,230, compared to budgeted revenues of \$1,582,567. This resulted primarily from property taxes being \$380,246 lower than the budgeted amount of \$1,507,043.

The General Fund actual expenditures were lower than budgeted expenditures. Actual expenditures totaled \$1,322,887, while budgeted expenditures totaled \$1,439,845. This was due primarily to substantial savings realized versus the budgeted expenditures in the areas of culture and recreation, capital equipment, professional services, office expenditures, and contractual, printing and maintenance, along with smaller savings on other budget line items.

CAPITAL ASSETS

The Library's investment in capital assets for its governmental activities as of December 31, 2019 was \$3,893,894 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, building and building improvements, furniture and equipment, and library collection.

	Capital Assets - Net of Depreciation	
	2019	2018
Land	\$ 314,652	314,652
Land Improvements	55,920	66,082
Building and Building Improvements	3,192,937	3,309,573
Furniture and Equipment	51,942	120,811
Library Collection	278,443	299,316
Total	3,893,894	4,110,434

This year's additions to capital assets included:

Building and Building Improvements	\$ 20,539
Furniture and Equipment	6,000
Library Collection	72,093
	<u>98,632</u>

Additional information on the Library's capital assets can be found in note 3 of this report.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Management's Discussion and Analysis

December 31, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Library's appointed officials and staff considered many factors when setting the fiscal-year 2020 budget. Those factors include tax rates, patron services, resources, and capital improvement projects. The Library is faced with similar economic challenges as other local municipalities, including inflation and unemployment rates. The Library is committed to providing high quality library services to its constituents, while remaining a fiscally responsible unit of government.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Library Director at Palos Heights Public Library, 12501 South 71st Avenue, Palos Heights, Illinois 60463

BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Statement of Net Position

December 31, 2019

See Following Page

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Statement of Net Position

December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 1,073,132
Receivables - Net of Allowances	
Property Taxes	1,333,432
Other	30,388
Intergovernmental	7,588
Prepays	12,625
Total Current Assets	<u>2,457,165</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	314,652
Depreciable	6,903,748
Accumulated Depreciation	<u>(3,324,506)</u>
Total Noncurrent Assets	<u>3,893,894</u>
Total Assets	6,351,059
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>95,226</u>
Total Assets and Deferred Outflows of Resources	<u>6,446,285</u>

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

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,046
Accrued Payroll	<u>36,674</u>
Total Current Liabilities	38,720
Noncurrent Liabilities	
Net Pension Liability - IMRF	<u>227,115</u>
Total Liabilities	<u>265,835</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	1,333,432
Deferred Items - IMRF	<u>182,086</u>
Total Deferred Inflows of Resources	<u>1,515,518</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,781,353</u>
NET POSITION	
Investment in Capital Assets	3,893,894
Restricted	
Workers Compensation	5,592
Unemployment Compensation	12,730
Unrestricted	<u>752,716</u>
Total Net Position	<u><u>4,664,932</u></u>

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2019

	Program Revenues			Net (Expenses)/ Revenues
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Expenses				
Governmental Activities				
Culture and Recreation	\$ 1,790,467	10,702	15,644	—
				(1,764,121)

General Revenues

Taxes

Property Taxes

1,231,406

Intergovernmental

Replacement Taxes

7,588

Interest

22,361

Miscellaneous

109,048

1,370,403

Change in Net Position

(393,718)

Net Position - Beginning

5,058,650

Net Position - Ending

4,664,932

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2019**

	General	Capital Projects Special Reserve	Nonmajor	Totals
ASSETS				
Cash and Investments	\$ 410,450	642,314	20,368	1,073,132
Receivables - Net of Allowances				
Property Taxes	1,195,135	—	138,297	1,333,432
Other	22,988	7,400	—	30,388
Intergovernmental	7,588	—	—	7,588
Due from Other Funds	12,625	—	—	12,625
Prepays	—	—	12,625	12,625
Total Assets	1,648,786	649,714	171,290	2,469,790
LIABILITIES				
Accounts Payable	—	—	2,046	2,046
Accrued Payroll	36,674	—	—	36,674
Due to Other Funds	—	—	12,625	12,625
Total Liabilities	36,674	—	14,671	51,345
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	1,195,135	—	138,297	1,333,432
Total Liabilities and Deferred Inflows of Resources	1,231,809	—	152,968	1,384,777
FUND BALANCES				
Nonspendable	—	—	12,625	12,625
Restricted	—	—	18,322	18,322
Committed	—	649,714	—	649,714
Unassigned	416,977	—	(12,625)	404,352
Total Fund Balances	416,977	649,714	18,322	1,085,013
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,648,786	649,714	171,290	2,469,790

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

December 31, 2019

Total Governmental Fund Balances	\$ 1,085,013
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	3,893,894
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(86,860)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Net Pension Liability - IMRF	<u>(227,115)</u>
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Net Position of Governmental Activities	<u><u>4,664,932</u></u>
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PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2019**

	General	Capital Projects Special Reserve	Nonmajor	Totals
Revenues				
Taxes	\$ 1,126,797	—	104,609	1,231,406
Intergovernmental	23,232	—	—	23,232
Fines and Fees	10,702	—	—	10,702
Interest	9,451	12,910	—	22,361
Miscellaneous	109,048	—	—	109,048
Total Revenues	1,279,230	12,910	104,609	1,396,749
Expenditures				
Current				
Culture and Recreations	1,322,887	—	149,586	1,472,473
Capital Outlay	—	116,790	—	116,790
Total Expenditures	1,322,887	116,790	149,586	1,589,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,657)	(103,880)	(44,977)	(192,514)
Other Financing Sources (Uses)				
Transfers In	—	—	120,124	120,124
Transfers Out	(120,124)	—	—	(120,124)
	(120,124)	—	120,124	—
Net Change in Fund Balances	(163,781)	(103,880)	75,147	(192,514)
Fund Balances - Beginning	580,758	753,594	(56,825)	1,277,527
Fund Balances - Ending	416,977	649,714	18,322	1,085,013

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ (192,514)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Capital Outlays	98,632
Depreciation Expense	(315,172)
Disposals - Cost	(116,208)
Disposals - Accumulated Depreciation	116,208

The net effect of deferred outflows (inflows) of resources related
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(372,206)
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The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Deductions to Net Pension Liability - IMRF	387,542
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Changes in Net Position of Governmental Activities	(393,718)
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PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Palos Heights Public Library (the Library), a component unit of the City of Palos Heights, provides services primarily to citizens of the City of Palos Heights (the City), Illinois, including lending or renting materials to adults and children to meet their informational, recreational, and educational needs.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP and used by the Library are described below.

REPORTING ENTITY

The Library is a library corporation governed by an appointed Board of Trustees. The Library may not issue bonded debt without the City's approval, and its property tax levy is incorporated with the City's levy. The Library is reported as a discretely presented component unit of the City of Palos Heights, Illinois. This report represents the financial activity of the Library for the fiscal year ended December 31, 2019.

The Library is a Public Library operating in accordance with the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq.

BASIS OF PRESENTATION

Government-Wide Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). The Library's culture and recreation services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Library's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Library first utilizes restricted resources to finance qualifying activities.

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The net costs (by function) are normally covered by general revenue (property tax, intergovernmental revenues, interest income, etc.). The Library does not allocate indirect costs. This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. The Library's funds are all reported as governmental funds. The emphasis in fund financial statements is on the major funds.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds. The Library electively added funds, as major funds, which either had debt outstanding or specific community focus. A fund is considered major if it is a primary operating fund of the Library or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Library:

Governmental Funds

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

General Fund is the general operating fund of the Library. It accounts for all revenues and expenditures of the Library which are not accounted for in other funds. The General Fund is a major fund.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds - Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Library maintains six special revenues funds and are treated as nonmajor funds.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Special Reserve Fund, a major fund, is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital asset, excluding those types of capital related outflows financed by proprietary funds.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

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

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end.

The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, utility taxes, hotel/motel taxes, fines, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

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

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Cash and Investments - Continued

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Library's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepays

Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

Land Improvements	15 - 20 Years
Building and Building Improvements	5 - 40 Years
Furniture and Equipment	5 - 10 Years
Library Collection	5 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

Vacation and sick leave do not vest or accumulate. Accordingly, no liability has been accrued at year-end.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position.

Net Position

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

Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation.

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- a. Prior to December 1, a proposed operating budget for the fiscal year commencing the following January 1, is prepared and submitted to the Board of Trustees for their review and approval.
- b. Prior to March 1, the appropriation resolution is approved by the Board of Trustees to be included in an ordinance by the City of Palos Heights.
- c. The Board of Trustees must approve changes or amendments to the budget of any fund. The legal level of budgetary control is at the fund level.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

BUDGETARY INFORMATION - Continued

The budget is prepared on a basis of accounting consistent with generally accepted accounting principles (GAAP). All amounts not spent at year end lapse; however, they may be appropriated in the following year.

A budget is prepared for all funds except the Unemployment Compensation fund. The budget is prepared in accordance with the Illinois Library Code and is derived from the combined annual budget and appropriation ordinance of the City of Palos Heights. All budgets are prepared based on the annual fiscal year of the Library. All budgetary funds are controlled by an integrated budgetary accounting system in accordance with the various legal requirements which govern the Library. All budgets expire at the end of the year.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
Special Reserve	\$ 16,790
Illinois Municipal Retirement	3,335

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, which is the price for which the investment could be sold.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$1,069,071 and the bank balances totaled \$1,077,136. In addition, the Library has \$4,061 invested in the Illinois Funds at year-end and are measured at the net asset value.

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's investment policy does not address interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government explicitly or implicitly guaranteed by the United States Government. At year-end, the Library's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy does not address custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Library 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's investment policy does not specifically address custodial credit risk for investments. The Library's investments in the the Illinois Funds is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy does not address concentration risk. At year-end, the Library does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investment).

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2019 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically to the Library. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Special Reserve	<u>\$ 12,625</u>

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Nonmajor	General	<u>\$ 120,124</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements
December 31, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 314,652	—	—	314,652
Depreciable Capital Assets				
Land Improvements	203,247	—	—	203,247
Building and Building Improvements	5,466,445	20,539	—	5,486,984
Furniture and Equipment	742,687	6,000	—	748,687
Library Collection	508,945	72,093	116,208	464,830
	6,921,324	98,632	116,208	6,903,748
Less Accumulated Depreciation				
Land Improvements	137,165	10,162	—	147,327
Building and Building Improvements	2,156,872	137,175	—	2,294,047
Furniture and Equipment	621,876	74,869	—	696,745
Library Collection	209,629	92,966	116,208	186,387
	3,125,542	315,172	116,208	3,324,506
Total Net Depreciable Capital Assets	3,795,782	(216,540)	—	3,579,242
Total Net Capital Assets	4,110,434	(216,540)	—	3,893,894

Depreciation expense was charged to governmental activities as follows:

Culture and Recreation \$ 98,632

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements December 31, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM LIABILITY ACTIVITY

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Net Pension Liability - IMRF	\$ 614,657	—	387,542	227,115	—

The net pension liability is generally liquidated by the General Fund.

NET POSITION CLASSIFICATIONS

Investment in capital assets was comprised of the following as of December 31, 2019:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 3,893,894</u>

FUND BALANCE CLASSIFICATIONS

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

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

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

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; 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.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements December 31, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

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

Minimum Fund Balance Policy. The Library's policy manual states that the General Fund should maintain a minimum fund balance equal to 35% of operating expenditures.

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

	General	Capital Projects Special Reserve	Nonmajor	Totals
Fund Balances				
Nonspendable				
Prepays	\$ —	—	12,625	12,625
Restricted				
Workers Compensation	—	—	5,592	5,592
Unemployment Compensation	—	—	12,730	12,730
	—	—	18,322	18,322
Committed				
Capital Expenditures	—	649,714	—	649,714
Unassigned	416,977	—	(12,625)	404,352
Total Fund Balances	416,977	649,714	18,322	1,085,013

NOTE 4 - OTHER INFORMATION

FRIENDS OF THE PALOS HEIGHTS LIBRARY

As of December 31, 2019, the Friends of the Palos Heights Library (Foundation) has a total balance of \$9,576 that is held for the benefit of the Library. These funds are designated for use on capital projects as well as fundraising activities to enhance the use, growth, and preservation of the Library. The Library's Board has elected not to include the investment held at the Foundation as an asset on their books. The Foundation reimbursed the Library \$11,536 during the year ended December 31, 2019.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Library's employees. The Library has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. The Library currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

The Library is not a defendant in any lawsuits.

Grants

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

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

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

Plan Descriptions

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

Notes to the Financial Statements
December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

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

Plan Membership. As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members

15

A detailed breakdown of IMRF membership for the City and Library combined is available in the City of Palos Heights' comprehensive annual financial report.

Contributions. As set by statute, the Library's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2019, the Library's contribution was 9.63% of covered payroll.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Net Pension Liability. The Library's net pension liability 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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

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

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:

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 747,273	227,115	(201,128)

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements
December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 3,592,855	2,978,198	614,657
Changes for the Year:			
Service Cost	67,538	—	67,538
Interest on the Total Pension Liability	486,212	—	486,212
Changes of Benefit Terms	—	—	—
Difference Between Expected and Experience of the Total Pension	(25,642)	—	(25,642)
Changes of Assumptions	—	—	—
Contributions - Employer	—	66,539	(66,539)
Contributions - Employees	—	31,110	(31,110)
Net Investment Income	—	787,187	(787,187)
Benefit Payments, Including Refunds of Employee Contributions	(174,960)	(174,960)	—
Other (Net Transfer)	—	30,814	(30,814)
Net Changes	353,148	740,690	(387,542)
Balances at December 31, 2019	3,946,003	3,718,888	227,115

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements
December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended December 31, 2019, the Library recognized pension expense of \$51,203. At December 31, 2019, the Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 38,617	(19,261)	19,356
Change in Assumptions	56,609	(13,076)	43,533
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(149,749)	(149,749)
Total Deferred Amounts Related to IMRF	95,226	(182,086)	(86,860)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2020	\$ 9,955
2021	(33,275)
2022	8,023
2023	(71,563)
2024	—
Thereafter	—
Total	(86,860)

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements

December 31, 2019

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The Library has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, there is minimal participation. As the Library provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the Library has not recorded a liability as of December 31, 2019.

SUBSEQUENT EVENT

Subsequent to the date of the financial statements and prior to the audit opinion date, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Library's operations and financial position cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Schedule of Employer Contributions
Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund

Budgetary Comparison Schedules
General Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
December 31, 2019**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 68,446	\$ 69,266	\$ 820	\$ 397,848	17.41%
2015	66,039	67,886	1,847	524,217	12.95%
2016	70,775	69,980	(795)	553,359	12.65%
2017	68,796	68,763	(33)	561,333	12.25%
2018	76,240	76,486	246	641,124	11.93%
2019	66,551	66,539	(12)	691,081	9.63%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2017 (base year 2015)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2019

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	\$ 61,740
Interest	202,781
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	(31,239)
Change of Assumptions	99,530
Benefit Payments, Including Refunds of Member Contributions	<u>(119,832)</u>
Net Change in Total Pension Liability	212,980
Total Pension Liability - Beginning	<u>2,732,782</u>
Total Pension Liability - Ending	<u><u>2,945,762</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 69,266
Contributions - Members	24,563
Net Investment Income	151,674
Benefit Payments, Including Refunds of Member Contributions	(119,832)
Other (Net Transfer)	<u>(26,348)</u>
Net Change in Plan Fiduciary Net Position	99,323
Plan Net Position - Beginning	<u>2,499,469</u>
Plan Net Position - Ending	<u><u>2,598,792</u></u>
Employer's Net Pension Liability	<u><u>\$ 346,970</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.22%
Covered Payroll	\$ 397,848
Employer's Net Pension Liability as a Percentage of Covered Payroll	87.21%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/30/2019
55,331	59,144	56,162	59,824	67,538
178,937	258,488	216,180	258,248	486,212
—	—	—	—	—
20,985	(56,904)	(10,091)	97,208	(25,642)
3,624	(7,948)	(106,300)	109,090	—
(120,109)	(132,446)	(138,446)	(153,884)	(174,960)
138,768	120,334	17,505	370,486	353,148
2,945,762	3,084,530	3,204,864	3,222,369	3,592,855
3,084,530	3,204,864	3,222,369	3,592,855	3,946,003
67,886	69,980	68,763	76,486	66,539
22,963	25,063	31,161	29,059	31,110
11,070	177,905	464,281	(166,979)	787,187
(120,109)	(132,446)	(138,446)	(153,884)	(174,960)
27,320	10,076	(83,223)	92,480	30,814
9,130	150,578	342,536	(122,838)	740,690
2,598,792	2,607,922	2,758,500	3,101,036	2,978,198
2,607,922	2,758,500	3,101,036	2,978,198	3,718,888
476,608	446,364	121,333	614,657	227,115
84.55%	86.07%	96.23%	82.89%	94.24%
524,217	553,359	561,333	641,124	691,081
90.92%	80.66%	21.62%	95.87%	32.86%

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Taxes	\$ 1,507,043	1,126,797
Intergovernmental	23,644	23,232
Fines and Fees	11,500	10,702
Investment Income	11,130	9,451
Miscellaneous	29,250	109,048
Total Revenues	<u>1,582,567</u>	<u>1,279,230</u>
Expenditures		
Culture and Recreation		
Library Materials	224,904	180,286
Capital Equipment	8,000	5,471
Office Expenditures	34,738	28,603
Staff and Board Development	14,850	9,147
Professional Services	21,890	13,747
Contractual, Printing and Maintenance	233,486	181,639
Personnel	901,977	903,994
Total Expenditures	<u>1,439,845</u>	<u>1,322,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,722	(43,657)
Other Financing (Uses)		
Transfers Out	<u>—</u>	<u>(120,124)</u>
Net Change in Fund Balance	<u>142,722</u>	(163,781)
Fund Balance - Beginning		<u>580,758</u>
Fund Balance - Ending		<u>416,977</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

Budgetary Comparison Schedules - Major Governmental Funds

Combining Statements - Nonmajor Governmental Funds

Budgetary Comparison Schedules - Nonmajor Governmental Funds

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

The Special Revenue Funds are created to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes. t's programs, that is, for the benefit of the government or its citizenry.

Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund is used to account for the Library's participation in the Illinois Municipal Retirement Fund. Financing is provided by a specific annual property tax levy which produces a sufficient amount to pay the Library's contributions to the fund on behalf of its employees.

Social Security Fund

The Social Security Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for payment of the employer's portion of Federal Social Security and Medicare taxes.

Audit Fund

The Audit Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for the annual audit of the Library.

Liability Insurance Fund

The Liability Insurance Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for the general liability insurance of the Library.

Workers Compensation Fund

The Workers Compensation Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for payment of the employer's workers compensation taxes.

INDIVIDUAL FUND DESCRIPTIONS - Continued

SPECIAL REVENUE FUNDS - Continued

Unemployment Compensation Fund

The Unemployment Compensation Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for payment of the employer's unemployment compensation taxes.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital assets (other than those financed by business-type/proprietary funds).

Special Reserve Fund

The Special Reserve Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital asset, excluding those types of capital related outflows financed by proprietary funds.

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual
Taxes		
Property Taxes	\$ 1,507,043	1,126,797
Intergovernmental		
Personal Property Replacement Taxes	8,000	7,588
Per Capita Grant	15,644	15,644
Total Intergovernmental	23,644	23,232
Fines and Fees	11,500	10,702
Investment Income	11,130	9,451
Miscellaneous		
Copier, Fax and Computer Rental	5,000	5,609
Book Sales	12,750	11,536
Gifts and Donations	7,000	82,200
Miscellaneous - Front Desk	3,500	4,252
Miscellaneous	1,000	5,451
Total Miscellaneous	29,250	109,048
Total Revenues	1,582,567	1,279,230

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual
Culture and Recreation		
Library Materials		
Books, Periodicals and Audiovisuals	\$ 224,904	180,286
Capital Equipment		
Furniture and Fixtures	1,000	1,187
Equipment	2,000	784
Grant Expenditures	2,000	—
Landscaping	3,000	3,500
Total Capital Equipment	8,000	5,471
Office Expenditures		
Office Supplies	16,550	11,545
Equipment Maintenance	7,838	9,537
Cleaning Supplies	4,800	2,990
Mailing Expenditures	5,550	4,531
Total Office Expenditures	34,738	28,603
Staff and Board Development		
Membership Fees	2,500	1,569
Board Development	1,500	390
Administrator	750	844
Professional Staff	8,000	4,284
Support Staff	1,000	952
Mileage Reimbursement	1,100	1,108
Total Staff and Board Development	14,850	9,147
Professional Services		
Legal Fees	4,000	602
Professional Fees	17,890	13,145
Total Professional Services	21,890	13,747

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual
Culture and Recreation - Continued		
Contractual, Printing and Maintenance		
Contractual Services	\$ 129,741	63,501
Printing	13,570	14,961
Maintenance - Building/Facility	38,870	20,237
Insurance	—	572
Library Program	33,000	68,279
Public Relations	3,000	2,824
Utilities	14,505	11,222
Credit Card Fees	800	43
Total Contractual, Printing and Maintenance	233,486	181,639
Personnel		
Salaried Employees	621,907	627,764
Hourly Employees	189,352	186,121
Additional Compensation	5,000	4,700
Employee Benefits	85,718	85,409
Total Personnel	901,977	903,994
Total Expenditures	1,439,845	1,322,887

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Special Reserve - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Interest	\$ 12,750	12,910
Expenditures		
Capital Outlay	<u>100,000</u>	<u>116,790</u>
Net Change in Fund Balance	<u>(87,250)</u>	(103,880)
Fund Balance - Beginning		<u>753,594</u>
Fund Balance - Ending		<u>649,714</u>

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2019

See Following Page

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2019

	<hr/>	
	<hr/>	
	Special	
	Illinois	
	Municipal	Social
	Retirement	Security
	<hr/>	
ASSETS		
Cash and Investments	\$ —	—
Receivables - Net of Allowances		
Property Taxes	69,977	58,928
Prepays	—	—
	<hr/>	
Total Assets	69,977	58,928
	<hr/>	
	<hr/>	
LIABILITIES		
Accounts Payable	—	—
Due to Other Funds	—	—
Total Liabilities	—	—
	<hr/>	
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	69,977	58,928
Total Liabilities and Deferred Inflows of Resources	69,977	58,928
	<hr/>	
FUND BALANCES		
Nonspendable	—	—
Restricted	—	—
Unassigned	—	—
Total Fund Balances	—	—
	<hr/>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	69,977	58,928
	<hr/>	

Revenue				
Audit	Liability Insurance	Workers Compensation	Unemployment Compensation	Totals
—	—	7,638	12,730	20,368
7,366	—	2,026	—	138,297
—	12,625	—	—	12,625
7,366	12,625	9,664	12,730	171,290
—	—	2,046	—	2,046
—	12,625	—	—	12,625
—	12,625	2,046	—	14,671
7,366	—	2,026	—	138,297
7,366	12,625	4,072	—	152,968
—	12,625	—	—	12,625
—	—	5,592	12,730	18,322
—	(12,625)	—	—	(12,625)
—	—	5,592	12,730	18,322
7,366	12,625	9,664	12,730	171,290

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended December 31, 2019

	Illinois Municipal Retirement	Special Social Security
Revenues		
Taxes	\$ 49,514	48,149
Expenditures		
Culture and Recreation	67,154	61,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,640)	(13,238)
Other Financing Sources		
Transfers In	59,887	45,260
Net Change in Fund Balance	42,247	32,022
Fund Balance - Beginning	(42,247)	(32,022)
Fund Balance - Ending	—	—

Revenue				
Audit	Liability Insurance	Workers Compensation	Unemployment Compensation	Totals
5,238	—	1,708	—	104,609
6,750	12,155	2,140	—	149,586
(1,512)	(12,155)	(432)	—	(44,977)
2,789	12,188	—	—	120,124
1,277	33	(432)	—	75,147
(1,277)	(33)	6,024	12,730	(56,825)
—	—	5,592	12,730	18,322

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Illinois Municipal Retirement - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Taxes		
Property Taxes	\$ 49,514	49,514
Expenditures		
Culture and Recreation		
Illinois Municipal Retirement	<u>63,819</u>	<u>67,154</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,305)	(17,640)
Other Financing Sources		
Transfers In	<u>—</u>	<u>59,887</u>
Net Change in Fund Balance	<u>(14,305)</u>	42,247
Fund Balance - Beginning		<u>(42,247)</u>
Fund Balance - Ending		<u>—</u>

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Social Security - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Taxes		
Property Taxes	\$ 48,149	48,149
Expenditures		
Culture and Recreation		
Social Security	62,061	61,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,912)	(13,238)
Other Financing Sources		
Transfers In	—	45,260
Net Change in Fund Balance	(13,912)	32,022
Fund Balance - Beginning		(32,022)
Fund Balance - Ending		—

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Audit - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Taxes		
Property Taxes	\$ 5,238	5,238
Expenditures		
Culture and Recreation		
Audit	<u>6,750</u>	<u>6,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,512)	(1,512)
Other Financing Sources		
Transfers In	<u>—</u>	<u>2,789</u>
Net Change in Fund Balance	<u>(1,512)</u>	1,277
Fund Balance - Beginning		<u>(1,277)</u>
Fund Balance - Ending		<u>—</u>

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Liability Insurance - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual
Revenues		
Taxes		
Property Taxes	\$ —	—
Expenditures		
Culture and Recreation		
Liability Insurance	12,500	12,155
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,500)	(12,155)
Other Financing Sources		
Transfers In	—	12,188
Net Change in Fund Balance	<u>(12,500)</u>	33
Fund Balance - Beginning		<u>(33)</u>
Fund Balance - Ending		<u>—</u>

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Workers Compensation - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Taxes		
Property Taxes	\$ 1,708	1,708
Expenditures		
Culture and Recreation		
Worker's Compensation	<u>2,200</u>	<u>2,140</u>
Net Change in Fund Balance	<u>(492)</u>	(432)
Fund Balance - Beginning		<u>6,024</u>
Fund Balance - Ending		<u>5,592</u>

SUPPLEMENTAL SCHEDULE

PALOS HEIGHTS PUBLIC LIBRARY, ILLINOIS

Schedule of Legal Debt Margin

December 31, 2019

Assessed Valuation - 2018	<u>\$ 442,987,918</u>
Legal Debt Limit - 2.875% of Assessed Value	12,735,903
Amount of Debt Applicable to Limit	
Total Debt	<u>—</u>
Legal Debt Margin	<u>12,735,903</u>