



**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2020



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WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Members of the Public Library Board
Westchester Public Library
Westchester, Illinois

We have audited the accompanying financial statements of the governmental activities and the major fund of the Westchester Public Library, Westchester, Illinois (the Library) as of and for the year ended April 30, 2020, and the related notes to 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 unmodified and qualified audit opinions.

Basis for Qualified Opinion on the Allocation of the Net Pension Liability (Asset)

The allocation of the net pension liability, deferred outflows and inflows and their effect on the pension expense between the Village of Westchester and the Library have not been audited, and we were not engaged to audit the allocation as part of our audit of the Library's basic financial statements. The allocated items above are included in the Library's basic financial and represent 2.30%, 41.80% and 17.60% of the assets and deferred outflows, and liabilities and deferred inflows, and expenses, respectively, of the Library's statement of net position.

Qualified Opinions

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Allocation of the Net Pension Liability (Asset)" paragraph, the basic financial statements, referred to above, present fairly, in all material respects, the respective financial position of the governmental activities of the Westchester Public Library, Westchester, Illinois, as of April 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, government fund financial statements, referred to above, present fairly, in all material respects, the balance sheet of the major fund of the Westchester Public Library, Westchester, Illinois, as of April 30, 2020, and the respective changes in fund balance for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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 Library's basic financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is 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. The 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.

Sikich LLP

Naperville, Illinois
October 19, 2020

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2020

ASSETS

Cash	\$ 1,203,675
Investments	358,016
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)	
Property Taxes	650,459
Intergovernmental	29,648
Prepays	9,391
Capital Assets	
Nondepreciable	48,000
Depreciable, Net of Accumulated Depreciation	<u>1,736,758</u>
Total Assets	4,035,947

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Amounts	<u>94,696</u>
Total Assets and Deferred Outflows of Resources	<u>4,130,643</u>

LIABILITIES

Accounts Payable	26,408
Accrued Payroll	21,500
Noncurrent Liabilities	
Due Within One Year	61,392
Due in More than One Year	<u>191,503</u>
Total Liabilities	<u>300,803</u>

DEFERRED INFLOWS OF RESOURCES

Pension Related Amounts	354,085
Deferred Revenue - Property Taxes	<u>650,459</u>
Total Deferred Inflows of Resources	<u>1,004,544</u>

Total Liabilities and Deferred Inflows of Resources	<u>1,305,347</u>
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NET POSITION

Net Investment in Capital Assets	1,784,758
Restricted for Specific Purposes	2,789
Unrestricted	<u>1,037,749</u>
TOTAL NET POSITION	<u><u>\$ 2,825,296</u></u>

See accompanying notes to financial statements.

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

	Program Revenues				Net (Expense) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and Recreation	\$ 1,545,871	\$ 9,825	\$ 26,246	\$ -	\$ (1,509,800)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,545,871	\$ 9,825	\$ 26,246	\$ -	(1,509,800)
General Revenues					
Taxes					
Property and Replacement					
					1,294,138
Investment Income					
					5,377
Miscellaneous					
					20,086
Total					
					1,319,601
CHANGE IN NET POSITION					(190,199)
NET POSITION, MAY 1					3,015,495
NET POSITION, APRIL 30					\$ 2,825,296

See accompanying notes to financial statements.

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

BALANCE SHEET

April 30, 2020

	General Fund
ASSETS	
Cash	\$ 1,203,675
Investments	358,016
Receivables	
Property Taxes	650,459
Intergovernmental	29,648
Prepays	9,391
TOTAL ASSETS	\$ 2,251,189
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 26,408
Accrued Payroll	21,500
Total Liabilities	47,908
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	650,459
Total Deferred Inflows of Resources	650,459
FUND BALANCE	
Nonspendable for prepaid items	9,391
Restricted for Specific Purpose	
Social Security	2,789
Unrestricted	
Unassigned	1,540,642
Total Fund Balance	1,552,822
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,251,189

See accompanying notes to financial statements.

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

April 30, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,552,822
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 governmental funds	1,784,758
Deferred outflows of resources related to pensions are not a current financial resource and, therefore, are not reported in the governmental funds Illinois Municipal Retirement Fund	94,696
Deferred inflows of resources related to pensions are not a current financial resource and, therefore, are not reported in the governmental funds	(354,085)
Long-term liabilities are not due and payable in current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	(61,392)
Net pension liability	<u>(191,503)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,825,296</u></u>

See accompanying notes to financial statements.

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND**

For the Year Ended April 30, 2020

	General Fund
REVENUES	
Property Taxes	\$ 1,294,138
Intergovernmental	26,246
Charges for Services	440
Fines and Forfeits	9,385
Investment Income	5,377
Miscellaneous	20,086
	<hr/>
Total Revenues	1,355,672
	<hr/>
EXPENDITURES	
Current	
Library	1,222,962
Capital Outlay	147,955
	<hr/>
Total Expenditures	1,370,917
	<hr/>
NET CHANGE IN FUND BALANCE	(15,245)
FUND BALANCE, MAY 1	1,568,067
	<hr/>
FUND BALANCE, APRIL 30	\$ 1,552,822
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See accompanying notes to financial statements.

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (15,245)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	145,920
The change in the deferred outflows/inflows of resources is not a source or use of a financial resource	
Illinois Municipal Retirement Fund	
Deferred outflows	(334,655)
Deferred inflows	(299,058)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(103,052)
Change in compensated absences	(582)
Change in net pension liability (asset)	<u>416,473</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (190,199)</u></u>

See accompanying notes to financial statements.

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Westchester Public Library, Westchester, Illinois (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 Library's accounting policies are described below.

A. Reporting Entity

The Library is a library corporation governed by a seven-member Board of Trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Village of Westchester, Illinois (the Village).

B. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified as governmental funds.

The General Fund, a governmental fund, is used to account for all of the Library's general activities.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of activities and the statement of net position) report information on all of the activities of the Library. Governmental activities normally are supported by taxes and intergovernmental revenues.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds.

The Library reports the following major governmental fund:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library.

D. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Library recognizes property taxes when they become both measurable and available in the year intended to finance. A 120-day availability period is used for revenue recognition for the Library's per capita grant and a one-month availability period is used for other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

The Library reports deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred/unavailable revenues also arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Library has a legal claim to the resources, the liability for deferred/unavailable revenue is removed and revenue is recognized.

E. Investments

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value.

F. Capital Assets

Capital assets, which include land, land improvements, buildings and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	20
Buildings	80
Machinery and Equipment	5-20

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

Vested or accumulated vacation and sick leave, including related social security and medicare, that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and sick leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees.

H. Fund Balance/Net Position

Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Library Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Library Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Library Director through the approved fund balance policy of the Library. Any residual fund balance of the General Fund and any deficits in other funds, if any, is reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide and proprietary fund financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the Library's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the dated of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

Permitted Deposits and Investments - Illinois Compiled Statutes (ILCS) and the Library's investment policy authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits with Financial Institutions (Continued)

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are legality, safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the Library’s deposits may not be returned to it. The Library’s investment policy requires pledging of collateral held by the Library’s agent with a fair value of 100% of all bank balances in excess of federal depository insurance. At April 30, 2020, all of the Library’s bank balances were insured or collateralized.

B. Investments

The investment policy limits the maximum maturity length of investments to one year from date of purchase, unless matched to a specific cash flow. Reserve funds may be invested in securities exceeding one year if the maturity of such funds are made to coincide as nearly as practicable with the expected use of the funds. Additionally, the Library categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. The Library has the following recurring fair value measurements as of April 30, 2020: the U.S. Treasury notes and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The municipal securities are valued using quoted matrix pricing models (Level 2 inputs).

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in deposit accounts fully insured by FDIC or by obtaining appropriate collateralization.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

The following table presents the debt investments of the Library as of April 30, 2020 by type of investment:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Municipal Securities	\$ 50,564	\$ 50,564	\$ -	\$ -	\$ -
U.S. Treasury Notes	152,904	50,009	102,895	-	-
Debt Mutual Funds	154,548	-	99,953	-	54,595
TOTAL	\$ 358,016	\$ 100,573	\$ 202,848	\$ -	\$ 54,595

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. The Illinois Funds is not subject to custodial credit risk. The investment policy does not address custodial credit risk. The Library is insured through SIPC, which mitigates the custodial credit risk.

Concentration of credit risk is the risk that the Library has a high percentage of their investments invested in one type of investment. The Library's investment policy requires diversification of investment to avoid unreasonable risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current fair value.

3. RECEIVABLES - TAXES

Property taxes for 2019 attach as an enforceable lien on January 1, 2019, 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, 2020 and Septemeber 1, 2020. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

The 2019 tax levy is intended to finance the 2021 fiscal year. The uncollected portion of the 2019 levy has been recorded as a receivable and unavailable/deferred as of April 30, 2020.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 48,000	\$ -	\$ -	\$ 48,000
Construction in Progress	1,654	-	1,654	-
Total Capital Assets Not Being Depreciated	49,654	-	1,654	48,000
Capital Assets Being Depreciated				
Land Improvements	252,338	-	-	252,338
Buildings	2,140,333	72,894	-	2,213,227
Machinery and Equipment	139,180	74,680	-	213,860
Total Capital Assets Being Depreciated	2,531,851	147,574	-	2,679,425
Less Accumulated Depreciation For				
Land Improvements	44,159	12,617	-	56,776
Buildings	727,329	71,692	-	799,021
Machinery and Equipment	68,127	18,743	-	86,870
Total Accumulated Depreciation	839,615	103,052	-	942,667
Total Capital Assets Being Depreciated, Net	1,692,236	44,522	-	1,736,758
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 1,741,890	\$ 44,522	\$ 1,654	\$ 1,784,758

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES		
Culture and Recreation		<u>\$ 103,052</u>

5. LONG-TERM DEBT

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended April 30, 2020:

	Balances May 1	Additions	Retirements	Balances April 30	Current Portion
Compensated Absences	\$ 60,810	\$ 61,392	\$ 60,810	\$ 61,392	\$ 61,392
Net Pension Liability	607,976	-	416,473	191,503	-
TOTAL LONG-TERM LIABILITIES	<u>\$ 668,786</u>	<u>\$ 61,392</u>	<u>\$ 477,283</u>	<u>\$ 252,895</u>	<u>\$ 61,392</u>

Compensated absences and net pension obligation (assets) are typically retired by the Library's General Fund.

6. 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; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

7. DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

The Library contributes, through the Village, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined.

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standards 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. Investments are reported at fair value.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2020 was 9.93% of covered payroll. For the year ended April 30, 2020, salaries totaling \$564,805 were paid that required employer contributions of \$56,073 which was equal to the Library's actual contributions.

Net Pension Liability

At April 30, 2020, the Library reported a liability of \$191,503 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's contributions under the plan for the year ended April 30, 2020 relative to the covered payroll of the Village, actuarially determined. At April 30, 2020, the Library's proportion was 20.14% of the total contribution.

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2019
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	3.35% to 14.25%
Interest Rate	7.25%
Cost of Living Adjustments	3.00%
Asset Valuation Method	Market Value

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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 table 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for 2019 and 7.25% for 2018. 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 the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the Library recognized pension expense of \$271,684. \$21,539 reported as deferred outflows of resources related to pension resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2020. At April 30, 2020, the Library reported other deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 38,264	\$ 131,937
Changes in Assumption	34,893	13,079
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	209,069
Contributions Subsequent to Measurement Date	21,539	-
TOTAL	\$ 94,696	\$ 354,085

WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The deferred outflows of resources presented in the table above include amounts proportionately allocated to the Library by the Villages. The Village's collective share of the net deferred outflows and inflows of resources at December 31, 2019 was \$(1,113,947). The Library's collective share of the net deferred outflows and inflows of resources at December 31, 2019 was \$(280,927).

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

<u>Year Ending</u> <u>April 30,</u>	
2020	\$ (85,961)
2021	(114,717)
2022	14,528
2023	<u>(94,777)</u>
 TOTAL	 <u>\$ (280,927)</u>

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Library calculated using the discount rate of 7.25% as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	\$ 697,619	\$ 191,503	\$ (223,058)

8. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and any employer contributions are governed by the Library and can be amended by the Library through its personnel manual and union contracts. The plan does not issue a separate report. The activity of the plan is reported in the Library's governmental activities. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

The Library provides OPEB to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Library's retirement plan or meet COBRA requirements.

All health care benefits are provided through the Library's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in library sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. Retirees pay the full premium to continue in the plan; however, the premium is a blended premium, not an age adjusted premium, which creates an implicit benefit as defined by GASB Statement No. 75.

C. Total OPEB Liability

Based on an actuarial valuation performed for the Library as of April 30, 2020, the Library's total OPEB liability as of April 30, 2020 is immaterial and, therefore, not recorded by the Library and no further disclosure is deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2020

	Appropriations	Original and Final Budget	Actual	Budget Variance Over (Under)
REVENUES				
Property Taxes		\$ 1,298,163	\$ 1,294,138	\$ (4,025)
Intergovernmental		20,897	26,246	5,349
Charges for Services		-	440	440
Fines and Forfeits		-	9,385	9,385
Investment Income		-	5,377	5,377
Miscellaneous		-	20,086	20,086
		1,319,060	1,355,672	36,612
EXPENDITURES				
Current				
Library		1,299,060	1,222,962	(76,098)
Capital Outlay		20,000	147,955	127,955
		\$ 1,319,060	1,370,917	51,857
NET CHANGE IN FUND BALANCE		\$ -	(15,245)	\$ (15,245)
FUND BALANCE, MAY 1			1,568,067	
FUND BALANCE, APRIL 30			\$ 1,552,822	

(See independent auditor's report.)

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 59,500	\$ 60,688	\$ 63,651	\$ 55,019	\$ 56,073
Contributions in Relation to the Actuarially Determined Contribution	60,013	60,688	63,651	55,019	56,073
CONTRIBUTION DEFICIENCY (Excess)	\$ (513)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 627,239	\$ 510,284	\$ 575,506	\$ 529,176	\$ 564,805
Contributions as a Percentage of Covered Payroll	9.57%	11.89%	11.06%	10.40%	9.93%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was five-year smoothed market and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.39% to 14.25% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019
Employer's Proportion of Net Pension Liability	15.96%	17.76%	20.14%	20.14%	20.14%
Employer's Proportionate Share of Net Pension Liability (Asset) \$	344,705	\$ 330,245	\$ (13,108)	\$ 607,976	\$ 191,503
Employer's Covered Payroll	627,239	627,239	574,938	574,726	575,187
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	54.96%	52.65%	(2.28%)	105.79%	33.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.23%	89.80%	100.32%	86.25%	86.25%

IMRF's measurement date is December 31; therefore, information above is presented for the calendar year ended December 31.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2020

BUDGETS

The Library Board of Trustees has the authority to approve the budget for the General Fund; the Village Board of Trustees passes the tax levy for the General Fund.

Budgets are adopted on a basis consistent with GAAP. The budget is prepared for the General Fund by function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to the Library Board of Trustees for review. This governing body holds public meetings and may add to; subtract from; or change appropriations. The budget may be amended by the governing body. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were made. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund presents the management budget of the Library. Total expenditures of \$1,378,917 exceeded total appropriations of \$1,319,060.

SUPPLEMENTARY INFORMATION

**WESTCHESTER PUBLIC LIBRARY
WESTCHESTER, ILLINOIS**

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2020

	<u>Appropriations</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance Over (Under)</u>
Salaries and Wages	\$ 929,523	\$ 924,328	\$ (5,195)	
Maintenance and Utilities	106,785	69,543	(37,242)	
Supplies, Postage and Printing	9,100	4,169	(4,931)	
Equipment and Maintenance	25,000	60,562	35,562	
Advertising and Promotion	5,200	3,319	(1,881)	
Professional Services	34,432	13,165	(21,267)	
Buildings and Grounds Improvements	-	145,920	145,920	
Miscellaneous Expense	74,800	38,843	(35,957)	
Software	4,650	2,454	(2,196)	
Books and Digital Electronics	129,570	108,614	(20,956)	
TOTAL EXPENDITURES	<u>\$ 1,319,060</u>	<u>\$ 1,319,060</u>	<u>\$ 1,370,917</u>	<u>\$ 51,857</u>

(See independent auditor's report.)