



**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

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ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2019



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**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
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**INDEPENDENT AUDITOR'S REPORT**

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees  
Lake Bluff Public Library  
Lake Bluff, Illinois

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lake Bluff Public Library, Lake Bluff, Illinois (the Library) as of and for the year ended April 30, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the major fund of the Lake Bluff Public Library, Lake Bluff, Illinois as of April 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The Library adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 9 to the basic financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other 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.

*Sikich LLP*

Naperville, Illinois  
November 8, 2019

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended April 30, 2019

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As management of the Lake Bluff Public Library, Illinois, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Lake Bluff Public Library for the fiscal year ended April 30, 2019. The Library is a unit of local government operating in accordance with the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq. The powers and duties of the Board of Library Trustees are set forth in said Act and include "the exclusive control of the expenditure of all moneys collected for the library and deposited to the credit of the library fund" (75 ILCS 5/4-7(2)). Library taxes are levied by the Village in amounts determined by the Library Board and collected with other Village taxes (75 ILCS 5/3-5). Accordingly, the Library's budget is approved by the Library Board and included with other Village budgets.

This management discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the Library's financial activity; (3) clarify the Library's financial position and ability to address future challenges; (4) identify material deviations from the budget; and (5) identify concerns specific to individual funds. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The Library's financial condition weakened as total net position of \$2.054 million as of April 30, 2019 decreased \$84,341 or 3.9% from \$2.138 million as of April 30, 2018. The *unrestricted* net position decreased by \$205,515 to \$136,905 from \$342,420 in 2018.
- After depreciation expense, the net investment in capital assets of \$1.917 million increased \$121,174 from the cost of building improvements and new materials in excess of the cost of disposal of aged books/media.
- Property tax revenues of \$919,784, program revenues of \$48,900 and other revenues of \$33,893 were less than the expenses of \$1,136,394 accounting for the decrease in net position of \$133,817.
- The net investment in capital assets (net of accumulated depreciation) is \$1,917,092, consisting of \$1,134,639 in buildings; \$316,623 in books and media; \$347,445 land value, and \$118,385 in furniture and equipment.
- The Library's spendable resources, represented by the governmental operating unrestricted fund balance, decreased by \$221,200 or 42.2% to \$302,803 from \$524,003. This balance represents 24% of the total expenditures of \$1,246,015. The difference of \$136,859 between the reduction in unrestricted fund balance of \$221,200 and the reduction in net position of \$84,341 is attributed to the changes in capital assets (including depreciation and the loss on disposal of assets) of \$121,174 and changes in the net pension liability, other postemployment benefit obligation ("OPEB"), and compensated absences of \$(11,553), an decrease in prepaid assets of \$22,238, and change in accounting principle of \$49,476.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Library's overall financial condition. Financial reporting at this level uses accounting similar to full accrual accounting such as in the private sector. Inter-fund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized through depreciation when the benefits are realized.

The first statement is the **Statement of Net Position** that presents information about all of the Library's assets and liabilities, with the differences reported as net position. Over a multi-year period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the Library. Additionally, one would need to evaluate non-financial factors, such as the condition of Library infrastructure, the satisfaction of constituents, and other information beyond the scope of this report to make a more complete assessment of whether the Library as a whole has improved.

The second statement is the **Statement of Activities**, which reports *how* the Library’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Library’s distinct activities or functions on revenues provided by the Library’s taxpayers.

**REPORTING THE LIBRARY’S MOST SIGNIFICANT FUNDS**

**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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library has only one governmental fund.

*Governmental funds.* Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current position. Unlike the government-wide financial statements, governmental fund financial information focuses on near-term *flow* of spendable resources, as well as on the *balance* of spendable resources available at the end of the fiscal year. *Fund information for the Library is presented in a “Governmental Fund Balance Sheet” on page 5.*

*Notes to the financial statements.* The accompanying notes to the financial statements provide information essential to a full understanding of these financial statements. *The notes are on pages 9-24 of this report.*

*Other information.* Pursuant to Governmental Accounting Standards Board (“GASB”) Statement 68 the Library’s Illinois Municipal Retirement Fund net pension liability is shown on the government-wide statements. *The Library’s net pension, post-employment, and compensated absences obligation information is presented on pages 16-23.*

**Financial Analysis of the Library**

The largest portion of the Library’s net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The Library uses capital assets to provide services to citizens; therefore, these assets are not available for future spending.

**Lake Bluff Public Library Net Position**

	<b>2019</b>	<b>2018</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
Current & other assets	\$1,322,667	\$1,552,402	\$ (229,735)	(14.8) %
Capital assets	\$1,917,092	\$1,795,918	\$ 121,174	6.7
Deferred outflows of resources	\$ 299,266	\$ 154,857	\$ 144,409	93.3
<b>Total assets &amp; deferred outflows</b>	<b>\$3,539,025</b>	<b>\$3,503,177</b>	<b>\$ 35,848</b>	<b>1.0</b>
Short-term liabilities	\$ 78,861	\$ 65,523	\$ 13,338	20.4
Long-term liabilities	\$ 402,317	\$ 80,640	\$ 321,677	398.9
Total liabilities	\$ 481,178	\$ 146,163	\$ 335,015	229.2
Deferred inflows of resources	\$1,003,850	\$1,218,676	\$ (214,826)	(17.6)
<b>Total liabilities &amp; deferred inflows</b>	<b>\$1,485,028</b>	<b>\$1,364,839</b>	<b>\$ 120,189</b>	<b>8.8</b>
Invested in capital assets, net of related debt	\$1,917,092	\$1,795,918	\$ 121,174	6.7
Unrestricted	\$ 136,905	\$ 342,420	\$ (205,515)	(60.0)
<b>Total net position</b>	<b>\$2,053,997</b>	<b>\$2,138,338</b>	<b>\$ (84,341)</b>	<b>( 3.9)%</b>



Management's Discussion and Analysis – Fiscal Year Ending April 30, 2019

Current and other assets decreased \$229,735 due to a decrease in cash and investments of \$216,871, an increase in property taxes and intergovernmental receivable of \$42,641, decrease in prepaid items of \$22,238, and a decrease in net pension asset-IMRF of \$33,267. Capital assets increased by \$121,176 due to the cost of replacement books/media and building improvements exceeding the cost of disposal of dated books/media and depreciation. Long-term liabilities increased by \$321,677 for costs associated with the recognition of net pension liability, OPEB and compensated absences. Unrestricted net position decreased by 60% or \$205,515.

Pursuant to GASB Statements 63 and 65, unearned revenues are categorized as deferred inflows of resources. The 2019 deferred inflow of \$964,119 accounts for the 2018 property tax levy to be billed and collected in the next fiscal year. The increase of \$42,641 or 4.6% is attributed to the Consumer Price Index-Urban ("CPI-U") factor of 2.1% and \$2.1 million of new construction added to the tax rolls.

Library Activities

The Library has a major General Fund to account for its financial transactions. The Library provides books, CD's, and DVD's for rental to its patrons and periodicals, Internet access, research assistance and special programs to the residents of the community. The focus of the General Fund is to provide information on current inflows, outflows, and balances of non-capital (spendable) assets.

Change in Net Position

The schedule below presents a summary of the changes in the net position for the fiscal year ended April 30, 2019 and the amount and percentage of increase or decrease compared to the fiscal year ended April 30, 2018. The fiscal year 2019 revenues rose from the prior year by \$52,742 or 5.6%. Charges for services increased by \$6,853, operating grants and contributions increased by \$1,096 and the property taxes grew by \$24,248. Total expenses increased during 2019 compared to 2018 by \$95,545 or 9.1%. The net position decreased from 2018 to 2019 by \$84,341.

**Lake Bluff Public Library Changes in Net Position**

	Governmental Activities		Total	
	2019	2018	Increase/ (Decrease)	Percentage Change
<b>Revenues:</b>				
<i>Program revenues</i>				
Charge for services	\$ 25,828	\$ 18,975	\$ 6,853	36.1%
Operating grants and Contributions	23,072	21,976	1,096	5.0
<i>General revenues</i>				
Property taxes	919,784	895,536	24,248	2.7
Interest/Investment Income	13,236	9,105	4,131	45.4
Miscellaneous	20,657	4,243	16,414	386.8
<i>Subtotal general revenue</i>	953,677	908,884	44,793	4.9
Total Revenues	\$1,002,577	\$ 949,835	\$ 52,742	5.6
<b>Expenses:</b>				
Library	\$1,136,394	\$1,041,849	\$ 94,545	9.1
<b>Change in net position</b>	<b>( 133,817)</b>	<b>(92,014)</b>	<b>(41,803)</b>	<b>(45.4)</b>
Net position – May 1, 2018	\$2,138,338	\$2,230,352	\$ (92,014)	(4.1)
<b>Change in accounting principle</b>	<b>49,476</b>		49,476	
Net position – May 1, 2018 (Restated)	\$2,187,814			
<b>Net position – April 30, 2019</b>	<b>\$2,053,997</b>	<b>\$2,138,338</b>	<b>\$ (84,341)</b>	<b>(3.9)%</b>

The schedule below presents a summary of **revenues** and **expenditures** for the fiscal year ended April 30, 2019 and the amount and percentage of increase or decrease in relation to the fiscal year ended April 30, 2018. This schedule shows capital outlay as a reduction in spendable resources and does not account for depreciation expense, losses on the disposal of assets, or pension, compensated absences and OPEB costs. These amounts account for the difference between the decrease in net position of \$84,341 and the decrease in fund balance of \$243,438. Unrestricted fund balance serves as a useful measure of the Library's net resources available for spending at the end of the year. The 2019 total unrestricted fund balance of \$302,803 is \$221,100 or 42.2% less than 2018.

**Lake Bluff Public Library  
Changes in Revenues, Expenditures and Changes in Fund Balance**

	<b>2019</b>	<b>2018</b>	Increase/ (Decrease)	Percentage Change
<b>Revenues:</b>				
Property Taxes	\$ 919,784	\$ 895,536	\$ 24,248	2.7%
Intergovernmental	7,153	7,153	0	0.0
Donations & Grants	15,919	14,823	1,096	7.4
Charge for Services	15,900	8,310	7,590	91.3
Fines & Forfeits	9,928	10,665	(737)	(6.9)
Investment Income	13,236	9,105	4,131	45.4
Miscellaneous	20,657	4,243	16,414	386.8
<b>Total Revenues</b>	<b>\$1,002,577</b>	<b>\$ 949,835</b>	<b>\$ 52,742</b>	<b>5.6%</b>
<b>Expenditures:</b>				
Salaries and benefits	\$ 646,949	\$ 643,892	\$ 3,057	0.5%
Books, DVD, CD	132,293	133,901	(1,608)	(1.2)
Contractual/Professional	27,889	28,427	(538)	(1.9)
Commodities/Utilities	39,739	41,288	(1,549)	(3.8)
Special Programs	4,443	0	4,443	444300.0
Building maint/improve	60,111	49,475	10,636	21.5
Technology	38,773	35,150	3,623	10.3
Equipment/Capital	293,352	3,868	289,484	7484.1
Contingency/Miscellaneous	2,466	1,813	653	36.0
<b>Total Expenditures</b>	<b>\$1,246,015</b>	<b>\$ 937,814</b>	<b>\$ 308,201</b>	<b>32.9%</b>
<b>Change in fund balance</b>	<b>\$ (243,438)</b>	<b>\$ 12,021</b>	<b>\$ (255,459)</b>	<b>(2125.1)</b>
Fund balance – May 1, 2018	\$ 551,143	\$ 539,122	\$ 12,021	2.2
<b>Fund balance–April 30, 2019</b>	<b>\$ 307,705</b>	<b>\$ 551,143</b>	<b>\$ ( 243,438)</b>	<b>(44.2)%</b>

*Revenues*

Ninety-two percent of the Library's 2019 revenues are derived from property taxes. The 2017 property taxes (shown as revenue in fiscal year 2019) increased \$24,248 due to new construction added to the tax rolls and a 2.1% CPI-U factor. Donations & grants increased by \$1,096. Charges for services increased by \$7,590 to \$15,900 in 2019, from \$8,310 in 2018, due to providing the new passport services resulting in passport fees of \$7,770. Investment income increased by \$4,131.

*Expenditures*

Salaries and benefits increased by \$3,057 or .5%. Building maintenance/improvements increased by \$10,636 or 21.5% due to repairs and maintenance of the HVAC system. Equipment/Capital expenditures increased by \$289,484 for exterior building improvements including the purchase of a new roof in the amount \$230,500 and \$44,255 for masonry repairs.

*Budgetary Highlights*

The budget was not modified during the year and actual expenditures did not exceed the budget. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

*Economic Factors/Subsequent Events*

- The library has been exempt from the Property Tax Limitation Act since the voters approved Home Rule in April 2005. With the exception of the 2005 and 2018 levy, the Library has levied a property tax within the Property Tax Limitation Act.
- The CPI-U factor for the 2018 property levy is 2.1% with a projected increase in total equalized assessed value and minimal new construction added to the tax rolls.
- The library utilization is expected to continue to grow.
- The library anticipates an increase in required building and maintenance expenses.

All of these factors were considered when preparing the fiscal year 2019-20 biennial budget.

**Contacting the Library's Financial Management**

This financial report is designed to provide a general overview of the Library's finances, comply with finance related laws and regulations and demonstrate the Library's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Library Director, Eric Bailey at 123 E. Scranton Ave, Lake Bluff, IL 60044, 847-234-2540 x 110, or access the Library's website at [www.lakeblufflibrary.org](http://www.lakeblufflibrary.org).

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2019

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 346,493
Receivables	
Property taxes	964,119
Intergovernmental	7,153
Prepaid items	4,902
Capital assets not being depreciated	347,445
Capital assets (net of accumulated depreciation)	1,569,647
Total assets	3,239,759
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension items - IMRF	298,486
OPEB items	780
Total deferred outflows of resources	299,266
Total assets and deferred outflows of resources	3,539,025
<b>LIABILITIES</b>	
Accounts payable	11,892
Accrued payroll	21,110
Due to other governments	17,841
Noncurrent liabilities	
Due within one year	28,018
Due in more than one year	402,317
Total liabilities	481,178
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - property taxes	964,119
Pension items - IMRF	39,731
Total deferred inflows of resources	1,003,850
Total liabilities and deferred inflows of resources	1,485,028
<b>NET POSITION</b>	
Net investment in capital assets	1,917,092
Unrestricted	136,905
<b>TOTAL NET POSITION</b>	<b>\$ 2,053,997</b>

See accompanying notes to financial statements.

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

STATEMENT OF ACTIVITIES

April 30, 2019

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 1,136,394	\$ 25,828	\$ 23,072	\$ -	\$ (1,087,494)
Total governmental activities	1,136,394	25,828	23,072	-	(1,087,494)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,136,394</b>	<b>\$ 25,828</b>	<b>\$ 23,072</b>	<b>\$ -</b>	<b>(1,087,494)</b>
		General Revenues			
		Taxes			
		Property		919,784	
		Investment income		13,236	
		Miscellaneous		20,657	
		Total		953,677	
		CHANGE IN NET POSITION		(133,817)	
		NET POSITION, MAY 1		2,138,338	
		Change in accounting principle		49,476	
		NET POSITION, MAY 1 (RESTATED)		2,187,814	
		<b>NET POSITION, APRIL 30</b>		<b>\$ 2,053,997</b>	

See accompanying notes to financial statements.

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

BALANCE SHEET

April 30, 2019

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	<b>General</b>
<b>ASSETS</b>	
Cash and investments	\$ 346,493
Receivables	
Property taxes	964,119
Intergovernmental	7,153
Prepaid items	4,902
<b>TOTAL ASSETS</b>	<b>\$ 1,322,667</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 11,892
Accrued payroll	21,110
Due to other governments	17,841
Total liabilities	50,843
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	964,119
Total deferred inflows of resources	964,119
Total liabilities and deferred inflows of resources	1,014,962
<b>FUND BALANCE</b>	
Nonspendable - prepaid items	4,902
Unrestricted	
Unassigned	302,803
Total fund balance	307,705
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 1,322,667</b>

See accompanying notes to financial statements.

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

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

April 30, 2019

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<b>FUND BALANCE OF GOVERNMENTAL FUND</b>	\$ 307,705
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 governmental funds	1,917,092
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	258,755
Differences between expected and actual experiences and assumption changes for the Other Postemployment Benefit Plan are recognized as deferred outflows and inflows of resources on the statement of net position	780
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds	
Total OPEB liability	(34,516)
Net pension liability - IMRF	(371,252)
Compensated absences	(28,018)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 2,050,546</u></b>

See accompanying notes to financial statements.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**

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

April 30, 2019

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	<u>General</u>
<b>REVENUES</b>	
Taxes	\$ 919,784
Intergovernmental	7,153
Charges for services	15,900
Fines and forfeits	9,928
Investment income	13,236
Donations	15,919
Miscellaneous	<u>20,657</u>
Total revenues	<u>1,002,577</u>
<b>EXPENDITURES</b>	
Current	
Culture and recreation	<u>1,246,015</u>
Total expenditures	<u>1,246,015</u>
NET CHANGE IN FUND BALANCE	(243,438)
FUND BALANCE, MAY 1	<u>551,143</u>
<b>FUND BALANCE, APRIL 30</b>	<u><u>\$ 307,705</u></u>

See accompanying notes to financial statements.



**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

April 30, 2019

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<b>NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND</b>	<b>\$ (243,438)</b>
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	358,506
The gain (loss) on the disposal of capital assets is calculated and reported in the statement of activities	(36,568)
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(200,764)
The change in the deferred outflows of resources and deferred inflows of resources for the Illinois Municipal Retirement Fund is not a source or use of a financial resource	401,096
The change in deferred outflows and inflows of resources for the total OPEB liability is reported only on the statement of activities	780
The change in the total other postemployment benefit liability is not a source or use of a financial resource	(3,352)
The change in the Illinois Municipal Retirement Fund net pension liability is not a source or use of a financial resource	(404,519)
The change in compensated absences is not a source or use of a financial resource	<u>(5,558)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (133,817)</u></u></b>

See accompanying notes to financial statements.

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Lake Bluff Public Library, Lake Bluff, 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 reporting principles. The more significant of the accounting policies are described below.

a. Reporting Entity

The Library is governed by a seven-member Library Board of Trustees (the Board) that is separately elected. The Board selects management staff and directs the affairs of the Library. As required by GAAP, these financial statements include all funds of the Library. Management has also considered all potential component units.

Based on the criteria of GASB Statement No 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the Library does not have any component units. The Friends of the Library, while a potential component unit, is not significant to the Library and, therefore, has been excluded from its reporting entity.

b. Fund Accounting

The Library uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary. The Library reports only governmental funds.

Governmental funds are used to account for all or most of the Library's general activities including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the Library.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Library. The effect of material interfund activity, if any, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support. The Library reports only governmental activities.

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 or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable" and "available." Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

The Library reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet the measurable and available or earned criteria for recognition in the current period. Unearned revenues 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 deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchase, if any, are stated at fair value. The Library categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure 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 held no investments to measure at fair value at April 30, 2019.

f. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Capital Assets

Capital assets, which include property, equipment and books are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost in excess of \$1,000 (except that all books are capitalized) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Assets	Years
Buildings	15-50
Equipment	3-25
Books	10

h. Compensated Absences

Vested or accumulated vacation and sick leave, including related Social Security and Medicare taxes, 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. The General Fund has been used in prior years to liquidate the liability for compensated absences.

i. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or which are legally or contractually required to be maintained intact, unless conversion of the nonspendable asset to a spendable asset would result in a restriction or commitment on the spendable asset, in which case reporting the restriction or commitment takes precedent.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Fund Balance/Net Position (Continued)

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 or from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance resides with the Executive Director. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund 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 funds and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the Library's net position is restricted as a result of enabling legislation adopted by the Library. 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 assets.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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.

k. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date 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**

The Library's investment policy authorizes 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 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 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.

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 safety of principal, liquidity, yield and maintaining the public trust.

### **a. Deposits with Financial Institutions**

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC insurance be collateralized with collateral held by an independent third party in the name of the Library.

### **b. Investments**

In accordance with its investment policy, the Library limits its exposure to interest rate risk by diversifying its investment portfolio to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds. A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions. The Library's investment policy does not specifically limit the maximum maturity length of investments.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Investments (Continued)

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 obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. However, the Library's investment policy does not specifically limit the Library to these types of investments.

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 the possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Library's agent separate from where the investment was purchased.

**3. RECEIVABLES - TAXES**

Property taxes for 2018 attach as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1 and August 1 and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. Based upon collection histories, library management does not consider an allowance for uncollectible property taxes at April 30, 2019 to be necessary. These 2018 taxes are intended to finance the 2020 fiscal year and are not considered available or earned for current operations and, therefore, are reported as deferred/unearned revenue. The 2019 tax levy has not been recorded as a receivable at April 30, 2019, as the tax attached as a lien on property as of January 1, 2019; however, the tax will not be levied until December 2019 and, accordingly, is not measurable at April 30, 2019.



**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2019 was as follows:

	Balances May 1	Increase	Decrease	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 347,445	\$ -	\$ -	\$ 347,445
Total capital assets not being depreciated	347,445	-	-	347,445
Capital assets being depreciated				
Buildings	1,919,580	230,500	40,900	2,109,180
Equipment	314,463	-	-	314,463
Books	790,241	128,006	89,349	828,898
Total capital assets being depreciated	3,024,284	358,506	130,249	3,252,541
Less accumulated depreciation for				
Buildings	949,698	55,185	30,342	974,541
Equipment	175,296	20,782	-	196,078
Books	450,817	124,797	63,339	512,275
Total accumulated depreciation	1,575,811	200,764	93,681	1,682,894
Total capital assets being depreciated, net	1,448,473	157,742	36,568	1,569,647
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 1,795,918	\$ 157,742	\$ 36,568	\$ 1,917,092

Depreciation expense was charged to functions of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>		
Culture and recreation		\$ 200,764

**5. LONG-TERM OBLIGATIONS**

During the year, the following changes occurred in liabilities reported in long-term obligations:

	Balances May 1 Restated	Additions	Retirements	Balances April 30	Due Within One Year
Total other postemployment benefits liability	\$ 31,146	\$ 3,352	\$ -	\$ 34,516	\$ 3,451
Compensated absences	19,009	24,567	19,009	24,567	24,567
Subtotal long-term obligations	50,155	27,919	19,009	59,083	28,018
Net pension liability (asset) - IMRF	(33,267)	404,519	-	371,252	-
<b>TOTAL LONG-TERM OBLIGATIONS</b>	\$ 16,888	\$ 432,438	\$ 19,009	\$ 430,335	\$ 28,018

**6. DEFINED BENEFIT PENSION PLAN**

The Library contributes, through the Village of Lake Bluff, Illinois (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. All disclosures for an agent plan can be found in the Village's comprehensive annual financial report at lakebluff.org.

Illinois Municipal Retirement Fund

*Plan Administration*

All employees 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. 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.

*Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and the Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for calendar year 2018 was 9.15% of covered payroll. The employer contribution rate for calendar year 2019 was 8.08% of covered payroll. For the fiscal year ended April 30, 2019, salaries totaling \$434,860 were paid that required employer contributions of \$42,967, which was equal to the Library's actual contributions.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Net Pension Liability (Asset)*

At April 30, 2019, the Library reported a liability of \$371,252 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability (asset) was based in the Library's prior year contribution to the plan for the year ended December 31, 2018 relative to the contributions of the Village, actuarially determined. At April 30, 2019, the Library's proportion was 20% of the Village's total contribution.

*Actuarial Assumptions*

The Village's net pension liability (asset) was measured as of December 31, 2018 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate or return	7.25%
Asset valuation method	Market value of assets

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments 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).

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

The 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 IMRF total pension liability was 7.25% for 2018 and 7.50% for 2017. 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 employer 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the fiscal year ended April 30, 2019, the Library recognized pension expense of \$49,390. At April 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,628	\$ 8,827
Changes in assumptions	54,733	30,904
Net difference between projected and actual earnings on pension plan investments	177,270	-
Contributions subsequent to measurement date	13,855	-
<b>TOTAL</b>	<b>\$ 298,486</b>	<b>\$ 39,731</b>

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

The contributions of \$13,855 were made after the plan’s measurement date and will be recognized in net pension liability for the fiscal year ending April 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Fiscal Year Ending April 30,		
2020	\$	86,773
2021		59,769
2022		25,106
2023		73,252
2024		-
Thereafter		-
		<hr/>
TOTAL	\$	<u>244,900</u>

*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 net pension liability 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	\$ 739,451	\$ 371,252	\$ 69,056

**7. 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 Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Library's General Fund and governmental activities.

b. Benefits Provided

The Library provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). The benefit levels are the same as those afforded to active employees. To be eligible for benefits, the employee must qualify for retirement under the Library's retirement plan. The retirees pay 100% of the average employer group cost. The retiree pays a blended premium which creates an implicit subsidy.

c. Membership

At April 30, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>5</u>
<b>TOTAL</b>	<u><u>5</u></u>
Participating employers	<u><u>1</u></u>

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

d. Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation performed as of April 30, 2019, using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2019
Measurement date	April 30, 2019
Actuarial cost method	Entry-age normal
Inflation	3.00%
Discount rate	3.79%
Healthcare cost trend rates	Ranging from 8.50% Fiscal 2019, to an Ultimate Trend Rate of 4.50%
Asset valuation method	N/A
Mortality rates	RP2014 Blue Collar base rates projected to 2018 using scale MP2018

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at April 30, 2019.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2018	\$ 31,164
Changes for the period	
Service cost	1,266
Interest	1,237
Changes in assumptions	849
Implicit benefit payments	-
Other changes	-
Net changes	<u>3,352</u>
BALANCES AT APRIL 30, 2019	<u>\$ 34,516</u>

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Library calculated using the discount rate of 3.79% as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
	<hr/>		
Total OPEB liability	\$ 39,580	\$ 34,516	\$ 30,041



**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Library calculated using the healthcare rate of 8.50% to 4.50% as well as what the Library's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (7.50% to 3.50%) or 1 percentage point higher (8.50% to 5.50%) than the current rate:

	1% Decrease (7.50% to 3.50%)	Current Healthcare Rate (8.50% to 4.50%)	1% Increase (9.50% to 5.50%)
Total OPEB liability	\$ 28,520	\$ 34,516	\$ 42,022

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the Library recognized OPEB expense of \$2,572. At April 30, 2019, the Library reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows
Changes in assumption	\$ 780
<b>TOTAL</b>	<b>\$ 780</b>

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

Fiscal Year Ending April 30,	
2020	\$ 69
2021	69
2022	69
2023	69
2024	69
Thereafter	435
<b>TOTAL</b>	<b>\$ 780</b>

## **8. 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; employee health; natural disasters; and injuries to the Library's employees. Employees' health insurance is purchased through a broker and no risk of loss is retained by the Library.

### Intergovernmental Risk Management Agency

The Library participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperation Statute to pool their risk management needs. IRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claims administration; extension risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Library's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Library does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Library is aware of no additional contributions due to IRMA as of April 30, 2019.

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. CHANGE IN ACCOUNTING PRINCIPLE**

The Library recorded the following change in accounting principle during the year ended April 30, 2019:

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
To write-off the OPEB obligation	\$ 80,640
To record the total OPEB liability	<u>(31,164)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ 49,476</u>

For the fiscal year ended April 30, 2019, the Library implemented GASB Statement No. 75. With the implementation, the Library is required to retroactively record the total OPEB liability and write-off the net OPEB obligation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

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

GENERAL FUND

April 30, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 921,475	\$ 919,784	\$ (1,691)
Intergovernmental	-	7,153	7,153
Charges for services	14,100	15,900	1,800
Fines and forfeits	12,500	9,928	(2,572)
Investment income	6,000	13,236	7,236
Donations	24,411	15,919	(8,492)
Miscellaneous	11,450	20,657	9,207
	<hr/>		
Total revenues	989,936	1,002,577	12,641
<hr/>			
<b>EXPENDITURES</b>			
Culture and recreation			
Salaries and employee benefits	665,250	646,949	(18,301)
Books, periodicals, films and records	143,000	132,293	(10,707)
Professional services	17,000	27,889	10,889
Printing, stationery and office supplies	25,000	24,405	(595)
Dues and professional development	4,500	3,298	(1,202)
Utilities	14,000	12,036	(1,964)
Special programs	9,411	4,443	(4,968)
Building and grounds maintenance	33,500	60,111	26,611
Computers/automation	44,000	38,773	(5,227)
Equipment	5,000	2,184	(2,816)
Miscellaneous	2,000	2,466	466
Contingency	27,275	-	(27,275)
Capital outlay	100,000	291,168	191,168
	<hr/>		
Total expenditures	1,089,936	1,246,015	156,079
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (100,000)</u>	(243,438)	<u>\$ (143,438)</u>
FUND BALANCE, MAY 1		<u>551,143</u>	
<b>FUND BALANCE, APRIL 30</b>		<u><u>\$ 307,705</u></u>	

(See independent auditor's report.)

**LAKE BLUFF PUBLIC LIBRARY**  
**LAKE BLUFF, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2019

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<b>MEASUREMENT DATE APRIL 30,</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 1,266
Interest	1,237
Difference between expected and actual experience	-
Changes in assumptions	849
Benefit payments	-
Other changes	-
	<hr/>
Net change in total OPEB liability	3,352
Total OPEB liability - beginning	<hr/> 31,164
<b>TOTAL OPEB LIABILITY - ENDING</b>	<hr/> <b>\$ 34,516</b> <hr/>
Covered payroll	\$ 34,516
Employer's total OPEB liability as a percentage of covered payroll	100.00%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

There was a change in the discount rate for 2019.

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.)

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Contractually required contribution	\$ 45,055	\$ 42,026	\$ 38,210	\$ 33,476
Contributions in relation to the contractually required contribution	45,055	42,026	38,210	33,476
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 426,249	\$ 414,908	\$ 435,132	\$ 434,860
Contributions as a percentage of covered payroll	10.57%	10.13%	8.78%	7.70%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percentage of payroll, closed and the amortization period was 25-year closed period until the remaining period reaches 15 years (then a 15-year rolling period); the asset valuation method was five-year smoothed market with a 20% corridor; and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation of 2.75% annually; projected salary increases of 3.75% to 14.50%, annually, including inflation; and an investment rate of return of 7.50% 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.)

**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Calendar Years

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<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Employer's proportion of net pension liability (asset)	20.00%	20.00%	20.00%	20.00%
Employer's proportionate share of net pension liability (asset)	\$ 231,305	\$ 157,256	\$ (33,267)	\$ 371,252
Employer's covered payroll	426,249	414,908	429,200	433,359
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.27%	37.90%	(7.75%)	85.67%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.16%	94.06%	101.21%	87.50%

Notes to Required Supplementary Information

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.)



**LAKE BLUFF PUBLIC LIBRARY  
LAKE BLUFF, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2019

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**BUDGETS**

The Library Board has the authority to approve the budget for the General Fund. The Village Board of Trustees passes the tax levy and appropriations ordinance for that fund. 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 adopted.

Actual expenditures exceeded budgeted expenditures in the General Fund by \$156,079.