

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NORTH RIVERSIDE, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT
North Riverside, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT** (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 judgement, 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles general accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the accompanying financial information listed as required supplemental information in the table of contents be presented to the 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 supplemental 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 District's basic financial statements. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



O'NEILL & GASPARDO, LLC
Mokena, Illinois
October 14, 2019



NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the North Riverside Public Library District (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2019. We encourage readers to read this information in conjunction with the District's financial statements.

Financial Highlights

The District's total net position at June 30, 2019 was \$3,799,080, an increase of \$48,655 from June 30, 2018.

The District's governmental activities had revenues of \$1,058,611 in the year ended June 30, 2019 as compared to revenues of \$1,039,803 in the prior year. The District's governmental activities had expenses of \$1,009,956 in the year ended June 30, 2019 as compared to expenses of \$931,242 in the prior year. This represented a 1.81% increase in revenues and 8.45% increase in expenses. The District replaced carpeting and furniture for \$35,655 in the main floor which were damaged or badly aging during the fiscal year ended June 30, 2019.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the District's financial statements. The basic financial statements include the Governmental Funds Balance Sheet and Statement of Net Position, Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities, and Notes to Financial Statements. The District qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column, on the face of the statements, which reconciles the fund-based statements to the government-wide statements.

Government-wide Financial Statements

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

The Statement of Net Position includes all of the District's assets, liabilities and deferred inflows with the difference reported as net position. Increases and decreases in net position serve as a useful indicator of change in net position and whether the financial position of the District as a whole is improving or deteriorating. Non-financial factors, such as changes in the District's property tax base and condition of the District's buildings and equipment, should be considered regarding the overall health of the District.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All revenues and expenses are included regardless of when cash is received or paid.



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Fund Financial Statements

A fund is a group of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are reported separately while all other funds are combined into a single aggregated presentation.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and the balance of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the short-term.

Both the Governmental Funds Balance Sheet and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to assist in understanding the difference between the government-wide and fund financial statements.

In addition to the basic financial statements, notes to the financial statements provide further information to the reader and should be considered an integral part of the financial statements.

Budgetary comparison schedules are also provided as required supplemental information, which is useful in comparing how District expenditures were made in comparison to budgeted amounts.

Financial Analysis

Net position may serve, over time, as a useful indicator of a District's financial position. The District's assets exceeded liabilities and deferred inflows of resources by \$3,799,080 at the end of the fiscal year. Of the net position balance, \$2,230,935 is invested in capital assets, \$778,242 is restricted and \$789,903 is unrestricted net assets.



NORTH RIVERSIDE PUBLIC LIBRARY

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Condensed Statement of Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Current assets:		
Cash and investments	\$ 728,296	\$ 1,535,851
Property tax receivables	492,071	478,849
Total current assets	<u>1,220,367</u>	<u>2,014,700</u>
Noncurrent assets:		
Investments	832,278	-
Capital assets	2,230,935	2,284,798
Total noncurrent assets	<u>3,063,213</u>	<u>2,284,798</u>
Total assets	<u>4,283,580</u>	<u>4,299,498</u>
Deferred outflows of resources	<u>254,880</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 4,538,460</u>	<u>\$ 4,299,498</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 32,604	\$ 40,224
Debt Certificates, current	-	30,000
Total current liabilities	<u>32,604</u>	<u>70,224</u>
Long-term liabilities:		
Accrued compensated absences	22,841	-
Pension liability	191,865	-
Total long-current liabilities	<u>214,706</u>	<u>-</u>
Total liabilities	<u>247,310</u>	<u>70,224</u>
Deferred inflows of resources:		
Property taxes	492,070	478,849
Total deferred inflows of resources	<u>492,070</u>	<u>478,849</u>
Net Position		
Net investment in capital assets	2,230,935	2,254,798
Restricted	778,242	804,301
Unrestricted	789,903	691,326
Total net position	<u>3,799,080</u>	<u>3,750,425</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,538,460</u>	<u>\$ 4,299,498</u>



**NORTH RIVERSIDE
PUBLIC LIBRARY**

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Twenty eight percent of the District's assets at June 30, 2019 were current and consisted of cash, investments and property tax receivables. The remainder was noncurrent investments and capital (tangible) assets. Thirteen percent of liabilities were current and consisted of accounts payable and accrued expenses. The other liabilities were accrued compensated absences and pension liability. Net investment in capital assets of \$2,230,935 was fifty nine percent of total net position and restricted net position of \$778,242 was twenty percent of total net position. The remaining net position was unrestricted net assets of \$789,903.

The following summarizes the revenue and expenses of the District's governmental activities for fiscal year ended June 30, 2019. Governmental activities increased the District's net position by \$48,655.

Condensed Statement of Activities

	<u>July 1, 2018 to June 30, 2019</u>	<u>July 1, 2017 to June 30, 2018</u>
Revenues		
General Revenues:		
Property taxes	\$ 971,750	\$ 984,844
Operating grants	46,230	4,999
Fines and fees	9,852	17,666
Gifts, memorials and donations	7,605	27
Investment income	3,595	1,469
Net increase in fair value of investments	19,579	30,798
Total revenues	<u>1,058,611</u>	<u>1,039,803</u>
Expenses		
Cultural	971,796	894,315
Capital outlay	37,109	34,665
Interest on long-term debt	1,051	2,262
Total expenses	<u>1,009,956</u>	<u>931,242</u>
Change in net position	48,655	108,561
Net position, beginning of year	<u>3,750,425</u>	<u>3,641,864</u>
Net position, end of year	<u>\$ 3,799,080</u>	<u>\$ 3,750,425</u>

The Statement of Activities shows the nature and source of the changes in net position. This year's revenue is higher because the District received several grants and memorial donations. The tax levy collections for the first and second installment were comparable. The increase in operating expenses is due to the District adding additional services and a new adult services department.



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Budget

The District did not amend their budget during the fiscal year. The actual funds received for the general fund were \$956,090 which was \$93,410 lower than budgeted. Actual expenditures for the general fund of \$874,505 were \$133,695 lower than budgeted, due mainly to conservative spending practices.

Financial Analysis of District's Funds

	<u>General</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Other Funds</u>	<u>Total</u>
Total revenues	\$ 956,090	\$ 44,436	\$ -	\$ 58,085	\$ 1,058,611
Total expenditures	874,505	65,595	-	86,375	1,026,475
Excess (deficiency) of revenues over (under) expenditures	81,585	(21,159)	-	(28,290)	32,136
Transfers	15,000	-	-	(15,000)	-
Change in fund balance	96,585	(21,159)	-	(43,290)	32,136
Fund balance at June 30, 2017	<u>1,287,777</u>	<u>55,964</u>	<u>15,000</u>	<u>137,094</u>	<u>1,495,835</u>
Fund balance at June 30, 2018	<u>\$ 1,384,362</u>	<u>\$ 34,805</u>	<u>\$ 15,000</u>	<u>\$ 93,804</u>	<u>\$ 1,527,971</u>

The building fund balance was committed by the Board. The other fund balances are restricted or committed for specific purposes. The capital project fund was created by the Board of Trustees to set aside funds for future repairs and maintenance for the District's building. \$698,500 of the general fund balance is restricted for the purchase of publications and District programs and \$685,862 is unrestricted, and can be used for any purpose.

At the November 19, 2018 board meeting, the Board of Trustees approved a transfer of \$15,000 from the Liability Fund to the General Fund to eliminate the committed balance in the liability fund created by the Board of Trustees.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation was \$2,230,935 as of June 30, 2019. This was a decrease of \$53,863 from June 30, 2018 and was due to depreciation expense exceeding capital asset additions. The following summarizes capital assets.



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	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land	\$ 330,127	\$ 330,127
Building and grounds	3,083,156	3,078,181
Furniture and equipment	345,390	343,974
Library collection	<u>316,237</u>	<u>314,957</u>
Total capital assets	4,074,910	4,067,239
Less: accumulated depreciation	<u>1,843,975</u>	<u>1,782,441</u>
Net capital assets	<u>\$ 2,230,935</u>	<u>\$ 2,284,798</u>

Additional information regarding capital assets may be found in the accompanying notes to the financial statements.

Debt

In June 2007, the District issued general obligation debt certificates for \$525,000 to remodel the lower level of the District's building. This loan was paid off in May 2019.

Additional information regarding debt can be found in the accompanying notes to the financial statements.

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- The District's service area is the same as the boundaries for the Village of North Riverside; as such the District's ability to generate tax receipts is directly linked to the Equalized Assessed Valuation (EAV) of the property within the Village of North Riverside. The EAV decreased from \$269,302,767 to \$264,865,146 in 2018. It is likely to decrease somewhat in the following year due to property tax appeals.
- Library systems in Illinois are funded by the State of Illinois. Despite the State's financial constraints, it is hoped that system funds will arrive in a more timely fashion. Resource sharing and delivery of materials continue to be the highest priorities for service. RAILS (Reaching Across Illinois Library System) adopted new membership standards that include ongoing continuing education requirements. RAILS increased continuing education opportunities for its members and offers most at very low or no cost. Many training sessions are offered online which saves staff time and does not require mileage reimbursement. If system funding is decreased, this could have an effect on future continuing education opportunities.
- Public Library District Per Capita Grants are funded through the State. FY 2017 grants were awarded at a reduced level as they were in FY 2016, however FY 2018 and 2019 grants were fully funded.



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- The SWAN (System Wide Automated Network) consortium provides software and support services for bibliographic and circulation functions of more than 100 libraries. Fees for these vital services were frozen for fiscal years 2016-2019. A new fee structure is being developed and will be implemented in FY 2020. The amount of increase is unknown at this time.
- The District continues to offer a variety of e-resource products. Statistics are monitored frequently to determine if use justifies cost.
- Although premium rates increased significantly last year, the District's health insurance pool with other libraries will maintain 2019's premium rates at the same level as 2018.
- It is unknown what impact any State pension reforms or changes to the minimum wage may be forthcoming.
- The District's liability insurance pool conducts annual risk assessment evaluations. The evaluations have alerted the District to the need to make some building improvements.
- The District has begun the process of replacing our HVAC system. A contract has been signed for work that will be done in the 2019/2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, North Riverside Public Library District, 2400 S. Des Plaines Ave., North Riverside, Illinois 60546.

End of Management Discussion and Analysis

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

June 30, 2019

	<u>General</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:							
Current:							
Cash and investments	\$ 573,421	\$ 34,881	\$ 15,000	\$ 104,994	\$ 728,296	\$ -	\$ 728,296
Property tax receivables	440,113	22,524	-	29,434	492,071	-	492,071
Total current	<u>1,013,534</u>	<u>57,405</u>	<u>15,000</u>	<u>134,428</u>	<u>1,220,367</u>	<u>-</u>	<u>1,220,367</u>
Noncurrent:							
Investments	832,278	-	-	-	832,278	-	832,278
Land (not depreciated)	-	-	-	-	-	330,127	330,127
Other capital assets, net of depreciation	-	-	-	-	-	1,900,808	1,900,808
Total noncurrent	<u>832,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>832,278</u>	<u>2,230,935</u>	<u>3,063,213</u>
Total assets	<u>1,845,812</u>	<u>57,405</u>	<u>15,000</u>	<u>134,428</u>	<u>2,052,645</u>	<u>2,230,935</u>	<u>4,283,580</u>
Deferred outflows of resources:							
Deferred amount of IMRF pension	-	-	-	-	-	254,880	254,880
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,880</u>	<u>254,880</u>
Total assets and deferred outflows of resources	<u>\$ 1,845,812</u>	<u>\$ 57,405</u>	<u>\$ 15,000</u>	<u>\$ 134,428</u>	<u>\$ 2,052,645</u>	<u>\$ 2,485,815</u>	<u>\$ 4,538,460</u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

June 30, 2019

	<u>General</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Liabilities:							
Current:							
Accounts payable	\$ 11,469	\$ 76	\$ -	\$ 11,190	\$ 22,735	\$ -	\$ 22,735
Accrued payroll	9,869	-	-	-	9,869	-	9,869
Total current	<u>21,338</u>	<u>76</u>	<u>-</u>	<u>11,190</u>	<u>32,604</u>	<u>-</u>	<u>32,604</u>
Noncurrent liabilities:							
Accrued compensated absences	-	-	-	-	-	22,841	22,841
Net pension liability	-	-	-	-	-	191,865	191,865
Total noncurrent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,706</u>	<u>214,706</u>
Total liabilities	<u>21,338</u>	<u>76</u>	<u>-</u>	<u>11,190</u>	<u>32,604</u>	<u>214,706</u>	<u>247,310</u>
Deferred inflows of resources:							
Unearned property tax revenue	440,112	22,524	-	29,434	492,070	-	492,070
Total deferred inflows of resources	<u>440,112</u>	<u>22,524</u>	<u>-</u>	<u>29,434</u>	<u>492,070</u>	<u>-</u>	<u>492,070</u>
Fund balances/net position:							
Fund balances:							
Restricted	698,500	-	-	79,742	778,242	(778,242)	-
Committed	-	34,805	15,000	14,062	63,867	(63,867)	-
Unassigned	685,862	-	-	-	685,862	(685,862)	-
Total fund balances	<u>1,384,362</u>	<u>34,805</u>	<u>15,000</u>	<u>93,804</u>	<u>1,527,971</u>	<u>(1,527,971)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,845,812</u>	<u>\$ 57,405</u>	<u>\$ 15,000</u>	<u>\$ 134,428</u>	<u>\$ 2,052,645</u>		<u>\$ 739,380</u>
Net position:							
Net investment in capital assets						2,230,935	2,230,935
Restricted						778,242	778,242
Unrestricted						789,903	789,903
Total net position						<u>\$ 3,799,080</u>	<u>\$ 3,799,080</u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2019

Fund balances - governmental funds	\$ 1,527,971
Capital assets are not current financial resources and therefore are not reported on the Governmental Funds Balance Sheet.	2,230,935
Net deferred outflows/inflows of resources related to IMRF pension is not a current financial resource and therefore is not reported on the Governmental Funds Balance Sheet.	254,880
Liabilities are not due and payable in the current period and therefore are not reported on the Governmental Funds Balance Sheet.	
Accrued compensated absences	(22,841)
Net pension liability	<u>(191,865)</u>
Net position of governmental activities	<u><u>\$ 3,799,080</u></u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

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

Year Ended June 30, 2019

	General	Building	Capital Projects	Other Funds	Total	Adjustments	Statement of Activities
Revenues:							
Property taxes	\$ 869,229	\$ 44,436	\$ -	\$ 58,085	\$ 971,750	\$ -	\$ 971,750
Operating grants	46,230	-	-	-	46,230	-	46,230
Fines and fees	9,852	-	-	-	9,852	-	9,852
Gifts, memorials and donations	7,605	-	-	-	7,605	-	7,605
Investment income	3,595	-	-	-	3,595	-	3,595
Net increase in fair value of investments	19,579	-	-	-	19,579	-	19,579
Total revenues	956,090	44,436	-	58,085	1,058,611	-	1,058,611
Expenditures/expenses:							
Current:							
Cultural	806,137	65,595	-	86,375	958,107	13,689	971,796
Debt service:							
Principal	30,000	-	-	-	30,000	(30,000)	-
Interest	1,259	-	-	-	1,259	(208)	1,051
Capital outlay	37,109	-	-	-	37,109	-	37,109
Total expenditures/expenses	874,505	65,595	-	86,375	1,026,475	(16,519)	1,009,956
Excess (deficiency) of revenues over (under) expenditures/expenses	81,585	(21,159)	-	(28,290)	32,136	16,519	48,655
Other financing sources (uses):							
Transfers	15,000	-	-	(15,000)	-	-	-
Net change in fund balances/net position	96,585	(21,159)	-	(43,290)	32,136	16,519	48,655
Fund balances/net position:							
Beginning of year	1,287,777	55,964	15,000	137,094	1,495,835	2,254,590	3,750,425
End of year	\$ 1,384,362	\$ 34,805	\$ 15,000	\$ 93,804	\$ 1,527,971	\$ 2,271,109	\$ 3,799,080

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

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

Year Ended June 30, 2019

Net change in fund balances - governmental funds \$ 32,136

Governmental funds report capital outlays as expenditures.
However, on the Statement of Activities, the cost of these assets is
depreciated over their estimated useful lives.

Expenditures for capital assets in the current year	\$ 100,927	
Current year depreciation	<u>(154,790)</u>	(53,863)

Repayment of debt principal is an expenditure in governmental
funds, but reduces liabilities on the Statement of Net Position. 30,000

Some expenses reported on the Statement of Activities do not
require the use of current financial resources and therefore are not
reported as expenditures in governmental funds.

Change in accrued compensated absences from the prior year	(22,841)	
Change in net deferred outflows/inflows of resources for IMRF pension plan from the prior year	254,880	
Change in net pension liability / asset from the prior year	(191,865)	
Change in accrued interest from the prior year	<u>208</u>	
Total adjustments		<u>40,382</u>

Change in net position of governmental activities \$ 48,655

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT (the “District”) is located in North Riverside, Illinois. The District was organized under state law to provide cultural and library services to local residents.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon these criteria, there are no agencies or entities whose financial data should be combined with and included in the financial statements of the District. Also, the District is not considered a component unit of any other government entity.

B. Basis of Presentation

The fund and government-wide financial statements are combined, with a reconciliation shown between them. Therefore, the Governmental Funds Balance Sheet and Statement of Net Position are combined, and the Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities are combined. The government-wide statements are designed to report the District’s financial position and results of operations as a whole. The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions by fund. Program revenues include operating grants, fines and fees.

Major individual governmental funds are reported as separate columns on the fund financial statements and all other funds are combined under a single column. The major funds are the general fund, building fund and capital projects fund. Following is a brief description of the major funds used by the District.

General Fund – The general fund is the general operating fund of the District and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. In addition, general operating expenditures and the capital improvement costs that are not paid through other funds are paid from this fund.

Building Fund – The building fund accounts for financial resources used to pay for building maintenance and building improvements.

Capital Projects Fund – The capital projects fund accounts for special resources to be used for the acquisition or construction of capital facilities and equipment.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Accounting

The government-wide statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Property taxes are recognized as revenue in the year in which they are intended to finance. Interfund balances between funds have been eliminated in the government-wide statements.

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund equity. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter (defined as within 60 days after the fiscal year-end) to be used to pay liabilities of the current period. Material revenues susceptible to accrual include property taxes and operating grant revenue. Expenditures are recognized when the related fund liability is incurred.

D. Investments

Investments held in an Illinois Funds Money Market account and are carried at cost, which approximates market. Investments held in annuities are carried at fair market value.

E. Capital Assets

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

On the government-wide financial statements capital assets are valued at historical cost, or the estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at the estimated fair value at the date of donation. Depreciation of all exhaustible capital assets is recorded as a cultural expense on the Statement of Activities, with accumulated depreciation reflected on the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Building and grounds	15 – 40 years
Furniture and equipment	5 – 39 years
Library collection (books and audio-visual)	5 years

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The minimum capitalization threshold is any item with a total cost greater than \$2,000, except for purchases of books and audio visual, which are always capitalized.

On the fund financial statements, capital assets are accounted for as expenditures of the governmental fund upon acquisition.

F. Compensated Absences

The District's personnel policy permits employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave, since it is the District's policy to not pay unused sick leave when employees separate from the District. On the fund financial statements, accrued vacation is recorded in the general fund when payable (i.e. upon resignation or retirement). On the government-wide financial statements, accrued vacation is recorded when earned.

G. Deferred Outflows/Inflows of Resources

The District reports deferred outflows of resources on its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to future fiscal years, so will not be recognized as an outflow of resources (expenditure or expense) until then. The District only has one item that qualifies for reporting in this category, the outflows related to the pension, which represents pension items that will be recognized in future periods.

The District also reports deferred inflows of resources on its Governmental Funds Balance Sheet and Statement of Net Position. Deferred inflows of resources represent an acquisition of net position that applies to future fiscal years, so will not be recognized as an inflow of resources (revenue or reduction of expenditure or expense) until then. The District only has one item that qualifies for reporting in this category, levied property taxes intended to finance the next fiscal year, which will be recognized as revenue in the next fiscal year.

H. Property Taxes

The District annually establishes a legal right to revenue from property tax assessments upon enactment of a levy ordinance by its Board. Property taxes are recognized as a receivable at the time they are levied. Property tax revenues are recognized in the fiscal year they are intended to finance. In addition, revenue under the modified accrual basis (fund financial statements) is not recognized unless it is also available (collected within 60 days after fiscal year end). Property tax collections and property taxes receivable not recognized as revenue are reported as deferred inflows of resources. Property tax revenues on the fund financial statements are allocated to each fund in accordance with the applicable fund levy amounts.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The second installment of the 2017 levy and the first installment of the 2018 levy were intended to finance the fiscal year ended June 30, 2019. Therefore, the property taxes collected within 60 days of June 30, 2019 for these installments have been recorded as revenue, along with collections of prior levies. The second installment of the 2018 levy is intended to finance the fiscal year ending June 30, 2020. Therefore, the property taxes receivable of this levy as of June 30, 2019 has been recorded as a deferred inflow of resources.

The District recorded an allowance for uncollectible property taxes of 1.00% of the 2018 levy (\$10,154). All uncollected taxes relating to prior years' levies have been written off.

Significant dates for the 2019 levy are as follows:

Lien date	January 1, 2018
Levy date	November 19, 2018
First installment due	March 1, 2019
Second installment due	August 1, 2019

Property taxes are billed and collected by the Cook County, Illinois Treasurer. Property tax bills are typically mailed at least 30 days prior to due dates. Substantially all of the collected taxes for the 2018 tax levy will be received by the District between March 2019 and December 2019.

I. Elimination and Reclassifications

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund receivables and payables on the fund financial statements may be eliminated or reclassified.

J. Fund Balance

Equity is classified as fund balance on the fund financial statements and displayed in five components:

- Nonspendable includes amounts not in spendable form, such as prepaid expenses or Interfund balances or amounts required to be maintained intact legally or contractually.
- Restricted includes amounts constrained for a specific purpose by external parties.
- Committed includes amounts constrained for a specific purpose by a government using its highest level of decision making authority (the Board of Trustees for the District). This formal action must occur prior to the end of the reporting period, but the amount of the committed balance may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Trustees that originally created the commitment.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- Assigned includes general fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated authority to assign amounts. The Board of Trustees has not delegated this authority as of June 30, 2019. Additionally, all remaining positive spendable amounts in government funds other than the general fund, that are neither restricted nor committed, are considered assigned. Assignments may take place after the end of the reporting period.
- Unassigned includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure relates to amounts available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed, assigned and unassigned fund balances.

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District uses restricted resources when an expense is incurred before using unrestricted resources.

L. Estimates

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

NOTE 2. DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued

Benefits Provided

Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1½% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1⅓% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>8</u>
Total	<u><u>8</u></u>

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2018 was 8.99% of members' wages. For the fiscal year ended June 30, 2019, the District contributed \$22,326 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued

Net Pension Liability

The District's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
- Mortality (for non-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 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 Disability Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, 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 Employee Mortality Table with adjustments to match current IMRF experience.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued

The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Portfolio target percentage</u>	<u>Long-term expected real rate of return</u>
Domestic equity	37%	7.15%
International equity	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternative investments	7%	3.20-8.50%
Cash equivalents	1%	2.50%
Total	<u>100%</u>	

No changes were made to the District's assumptions.

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine the Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71% and the resulting single discount rate is 7.25%.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

Changes in the Net Pension Liability

	Total pension liability (A)	Plan fiduciary net position (B)	Net pension liability (A) - (B)
Balances at December 31, 2017	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	24,570	-	24,570
Interest on the total pension liability	921	-	921
Changes in benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	255,157	-	255,157
Changes of assumptions	9,394	-	9,394
Contributions - employer	-	7,349	(7,349)
Contributions - employee	-	91,210	(91,210)
Net investment income	-	-	-
Benefits payments, including refunds of employee contributions	-	-	-
Other (net transfers)	-	(382)	382
Net changes	<u>290,042</u>	<u>98,177</u>	<u>191,865</u>
Balances at December 31, 2018	<u>\$ 290,042</u>	<u>\$ 98,177</u>	<u>\$ 191,865</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% lower (6.25%)	Current discount rate (7.25%)	1% higher (8.25%)
Net pension liability	\$ 333,107	\$ 290,042	\$ 255,081
Plan fiduciary net position	98,177	98,177	98,177
Net pension liability / (asset)	<u>\$ 234,930</u>	<u>\$ 191,865</u>	<u>\$ 156,904</u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

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

For the year ended June 30, 2019, the District recognized pension income of \$40,689 due to employee contributions exceeding the District's expense. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred amounts related to pensions	Deferred outflows of resources	Deferred inflows of resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 228,391	\$ -
Changes of assumptions	8,409	-
Net difference between projected and actual earnings on pension plan investments	<u>2,946</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	239,746	-
<i>Pension contributions made subsequent to the measurement date</i>	<u>15,134</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 254,880</u>	<u>\$ -</u>

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

<u>Year ending December 31</u>	Net deferred outflows of resources
2019	\$ 28,487
2020	28,487
2021	28,487
2022	28,489
2023	27,751
Thereafter	<u>98,045</u>
Total	<u>\$ 239,746</u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3. CASH AND INVESTMENTS

Reconciled cash and investments were as follows at June 30, 2019:

First American Bank - Maxrate public funds account	\$ 627,447
Chase Bank - Money market account	7,750
Harris Bank - Checking account	280
Annuities	832,278
Illinois Funds (investment pool - does not require categorization)	92,819
Total cash and investments	<u>\$ 1,560,574</u>

The District's investment policy (the "policy") authorizes the District to invest in obligations of the U.S. government and its agencies, interest-bearing savings account, certain short-term obligations of U.S. corporations, money market mutual funds, certificates of deposit, Illinois Public Treasurer's Investment Pool (Illinois Funds), and other securities authorized by the Illinois Public Funds Investment Act.

The District's deposits and investments are subject to the following risks:

- Custodial credit risk is the risk that the District will not be able to recover its deposits with financial institutions in the event of the failure of the financial institutions. The District's policy limits this risk by only allowing deposits in Federally Insured or Licensed Institutions Permitted to Hold Public Funds, provided that such investments shall not exceed federal insurance limits. The District's policy limits this risk by only allowing investments in securities guaranteed by the United States government or in FDIC insured institutions.
- Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations, resulting in investment losses by the District. The District's policy limits this risk by requiring uninsured investments be collateralized by securities or mortgages in an amount equal to at least fair market value of the uninsured amount.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy does not limit the term of investments to specific maturities.
- Concentration of credit risk is the risk of loss attributed to funds being concentrated in a limited number of investments. The District's policy does not restrict the amount of investments in any one issue. More than 5% of the District's investments are in annuities. This investment comprises 53% of the District's total cash and investments at June 30, 2019.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3. CASH AND INVESTMENTS – Continued

Illinois Funds

Illinois Funds is an investment pool managed by the State of Illinois, Office of Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but operates in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Illinois Funds is rated AAAm by Standard & Poor's. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold. Illinois Funds issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained on-line at www.treasurer.il.gov.

The District's deposits with financial institutions were categorized as follows at June 30, 2019:

Insured by federal depository insurance	\$ 258,125
Collateralized by securities held by the pledging financial institution's trust department or agent in the District's name	378,902
Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the District's name	-
Uncollateralized	-
Total deposits with financial institutions	<u>\$ 637,027</u>

The District purchased four annuities with Athene Annuity and Life Company ("Athene"). Athene has a rating of "A" with A.M. Best, S&P and Fitch as of the Independent Auditor's Report Date. The following table presents the reported values and purchase dates of the District's investment in annuities (using the specific identification method) for the governmental funds as of June 30, 2019:

	Annuity #1	Annuity #2	Annuity #3	Annuity #4	Total
Purchase date	8/14/2014	9/10/2014	8/28/2015	6/6/2017	
Maturity date	8/14/2042	9/10/2042	8/28/2043	6/6/2045	
Fair market value	\$ 236,939	\$ 111,618	\$ 428,925	\$ 54,796	\$ 832,278
Cash surrender value	187,015	89,175	329,828	43,545	649,563
Difference	<u>\$ 49,924</u>	<u>\$ 22,443</u>	<u>\$ 99,097</u>	<u>\$ 11,251</u>	<u>\$ 182,715</u>

The maturity date is the earlier of the annuity maturity date or death of the annuitant. The cash surrender value is the value of the annuity if the District requests the balance prior to the annuity maturity date. In addition, after twelve years, the District is allowed to request a principal portion of the annuity without penalties being assessed. It is the District's intent to hold the annuities until maturity date or the death of the annuitant.

Annuities #1 and #2 earnings are based on the S&P 500 Index.

Annuity #3 earnings are based on the Hang Seng, Eurostoxx 50 and S&P 500 Indexes.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3. CASH AND INVESTMENTS – Continued

Annuity #4 earnings are based on the Merrill Lynch RPM Index.

The indexes for the four annuities can be changed or adjusted on an annual basis by the District. Also, all annuities guarantee investment returns will never be negative.

Investment Type	Credit Rating	Fair Value	Investment Maturities			
			Less than one year	One to five years	Six to ten years	More than ten years
Annuities	N/A	\$ 832,278	\$ -	\$ -	\$ -	\$ 832,278
Total		\$ 832,278	\$ -	\$ -	\$ -	\$ 832,278

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit on the Statement of Net Position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investments' fair value measurements are as follows at June 30, 2019:

Investment Type	Level 1 inputs	Level 2 inputs	Level 3 inputs
Annuities	\$ -	\$ 832,278	\$ -
	\$ -	\$ 832,278	\$ -

NOTE 4. RISK OF LOSS

The District is exposed to various risks of loss through property ownership, employee injury, liability of employees, actions of elected officials and other risks. The District purchased commercial insurance policies to overcome these risks. There was no significant decrease in coverage from the prior year, and claims have not exceeded coverage in the last three years.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5. CAPITAL ASSETS

Following is a summary of changes in the capital assets for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not depreciable:				
Land	\$ 330,127	\$ -	\$ -	\$ 330,127
Total capital assets, not depreciable	330,127	-	-	330,127
Capital assets, depreciable:				
Building and grounds	3,078,181	4,975	-	3,083,156
Furniture and equipment	343,974	33,366	(31,950)	345,390
Library collection	314,957	62,586	(61,306)	316,237
Total capital assets, depreciable	3,737,112	100,927	(93,256)	3,744,783
Less accumulated depreciation for:				
Building	(1,361,406)	(77,586)	-	(1,438,992)
Furniture and equipment	(262,619)	(14,083)	31,950	(244,752)
Library collection	(158,416)	(63,121)	61,306	(160,231)
Total accumulated depreciation	(1,782,441)	(154,790)	93,256	(1,843,975)
Capital assets, net	<u>\$ 2,284,798</u>	<u>\$ (53,863)</u>	<u>\$ -</u>	<u>\$ 2,230,935</u>

NOTE 6. LONG-TERM LIABILITY

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable:					
2007 debt certificates	\$ 30,000	\$ -	\$ (30,000)	\$ -	\$ -
Other liabilities:					
Accrued compensated absences	-	22,841	-	22,841	-
Net pension liability	-	191,865	-	191,865	-
Total long-term liabilities	<u>\$ 30,000</u>	<u>\$ 214,706</u>	<u>\$ (30,000)</u>	<u>\$ 214,706</u>	<u>\$ -</u>

The general fund was used to liquidate the general obligation 2007 debt certificates series and accrued compensated absences, and the IMRF Fund is used to liquidate the net pension liability.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6. LONG-TERM LIABILITY - Continued

A computation of the legal debt margin of the District as of June 30, 2019 is as follows:

Equalized assessed valuation 2018	\$ 264,865,146
Legal debt limit - 2.875%	\$ 7,614,873
Amount of debt applicable to limit	-
Estimated legal debt margin	<u>\$ 7,614,873</u>

NOTE 7. FUND BALANCE CLASSIFICATIONS

The following is a schedule of fund balance classifications for the government funds at June 30, 2019:

	<u>General</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Other Funds</u>
Fund balance:				
Restricted due to enabling legislation (tax levy) for:				
Liability insurance	\$ -	\$ -	\$ -	\$ 69,141
Audit	-	-	-	4,082
Pension	-	-	-	6,519
Restricted for purchase of publications or programs	698,500	-	-	-
Committed by Board of Trustees for:				
Building	-	34,805	-	-
Capital projects	-	-	15,000	-
Audit	-	-	-	6,000
Unemployment insurance	-	-	-	2,068
Social Security	-	-	-	5,994
Unassigned	<u>685,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 1,384,362</u>	<u>\$ 34,805</u>	<u>\$ 15,000</u>	<u>\$ 93,804</u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8. RESTRICTED NET POSITION

The following is a schedule of restricted net position on the Statement of Net Position at June 30, 2019. These balances are restricted by tax levies or by the contributor.

Restricted by contributor for:	
Purchase of publications or programs	\$ 698,500
Restricted by tax levies for:	
Liability insurance	69,141
Audit	4,082
IMRF	6,519
Total restricted by tax levies	<u>79,742</u>
Total restricted net position	<u>\$ 778,242</u>

NOTE 9. DEFERRED COMPENSATION

The District has a 457 deferred compensation plan. Employees may make voluntary contributions to the plan within the limits allowed by Internal Revenue Service Code Section 457.

NOTE 10. OTHER FUND DISCLOSURES

Accounting principles generally accepted in the United State of America require disclosure of certain information concerning individual funds. A fund transfer of \$15,000 was made from the liability fund to the general fund. This transfer was approved by the Board of Trustees to eliminate the committed balance in the liability fund created by the Board of Trustees.

NOTE 11. SUBSEQUENT EVENTS

The District has evaluated events subsequent to June 30, 2019 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

At the August 19, 2019 board meeting, the board approved a contract to replace the heating, ventilation, and air conditioning (HVAC) system for \$456,100. This project is expected to be completed during fiscal year ending June 30, 2020.

***REQUIRED
SUPPLEMENTAL INFORMATION***

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

Year Ended June 30, 2019

	Original / Final Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	\$ 1,004,000	\$ 869,229	\$ (134,771)
Other revenues:			
Operating grants	8,500	46,230	37,730
Fines and fees	36,000	9,852	(26,148)
Gifts, memorials and donations	-	7,605	7,605
Investment income	1,000	3,595	2,595
Net increase in fair value of investments	-	19,579	19,579
Total other revenues	<u>45,500</u>	<u>86,861</u>	<u>41,361</u>
Total revenues	1,049,500	956,090	(93,410)
Expenditures:			
Cultural:			
Salaries	512,000	472,168	(39,832)
Audio visual materials	19,000	13,865	(5,135)
Books	59,000	53,759	(5,241)
Periodicals	8,000	5,029	(2,971)
Other media	25,500	8,916	(16,584)
Library programs	43,500	15,361	(28,139)
Grants	-	37,835	37,835
Office supplies	16,000	15,916	(84)
Printing	11,000	9,975	(1,025)
Postage	2,200	2,514	314
Legal fees	8,000	4,638	(3,362)
Public information	8,000	1,710	(6,290)
Health insurance	35,000	25,368	(9,632)
Library promotion and miscellaneous service fees	27,500	4,656	(22,844)
Utilities	40,700	38,278	(2,422)
Telephone	16,500	14,124	(2,376)
Contingency	10,000	369	(9,631)
Petty cash	600	-	(600)
Accounting	17,500	13,650	(3,850)
Service contracts	48,000	62,170	14,170
Professional education and training - trustees	700	150	(550)
Professional education and training - staff	<u>3,500</u>	<u>5,686</u>	<u>2,186</u>
Total cultural expenditures	912,200	806,137	(106,063)

Continued on next page...

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL Year Ended June 30, 2019

Continued from previous page...

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Debt service:			
Principal	43,000	30,000	(13,000)
Interest	-	1,259	1,259
Total debt service	43,000	31,259	(11,741)
Capital outlay:			
Information technology	48,000	35,265	(12,735)
Strategic initiatives	5,000	1,844	(3,156)
Total capital outlay	53,000	37,109	(15,891)
Total expenditures	1,008,200	874,505	(133,695)
Excess (deficiency) of revenues over (under) expenditures	41,300	81,585	40,285
Other financing sources (uses):			
Transfers	-	15,000	15,000
Net change in fund balance	<u>\$ 41,300</u>	96,585	<u>\$ 55,285</u>
Fund balance, beginning		<u>1,287,777</u>	
Fund balance, ending		<u>\$ 1,384,362</u>	

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

BUILDING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

Year Ended June 30, 2019

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	\$ 75,000	\$ 44,436	\$ (30,564)
Total revenues	75,000	44,436	(30,564)
Expenditures:			
Cultural:			
Building supplies and maintenance	18,000	24,266	6,266
Building repairs	69,000	37,456	(31,544)
Casual labor and fees	5,900	675	(5,225)
Building improvements	36,000	3,198	(32,802)
Total cultural expenditures	128,900	65,595	(63,305)
Total expenditures	128,900	65,595	(63,305)
Net change in fund balance	<u>\$ (53,900)</u>	(21,159)	<u>\$ 32,741</u>
Fund balance, beginning		<u>55,964</u>	
Fund balance, ending		<u>\$ 34,805</u>	

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2019

Calendar year ended December 31,	<u>2018</u>
Total pension liability:	
Service cost	\$ 24,570
Interest on the total pension liability	921
Change in benefit terms	-
Differences between expected and actual experience of the total pension liability	255,157
Changes of assumptions	9,394
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	<u>290,042</u>
Total pension liability - beginning	<u>-</u>
Total pension liability - ending (A)	<u>\$ 290,042</u>
Plan fiduciary net position:	
Contributions - employer	\$ 7,349
Contributions - employee	91,210
Net investment income	-
Benefit payments, including refunds of employee contributions	-
Other (net transfer)	(382)
Net change in plan fiduciary net position	<u>98,177</u>
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (B)	<u>\$ 98,177</u>
Net pension liability - ending (A) - (B)	<u>\$ 191,865</u>
Plan fiduciary net position as a percentage of the total pension liability	33.85%
Covered valuation payroll	\$ 81,748
Net pension liability as a percentage of covered valuation payroll	234.70%

Notes to schedule:

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

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

June 30, 2019

Calendar year ended December 31,	Actuarially determined contribution (a)	Actual contribution (b)	Contribution deficiency (excess) (b-a)	Covered valuation payroll (c)	Actual contribution as a percentage of covered valuation payroll (b/c)
2018	\$ -	\$ 7,349	\$ (7,349)	\$ 81,748	8.99%

Note to schedule:

The District became a member of IMRF on October 1, 2019.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2019

NOTE 1. BUDGETS

Budgets for funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used to establish the budgets:

- (a) The District's Director submits a proposed operating budget to the Board of Trustees for approval.
- (b) The Board of Trustees makes any adjustments to the budget deemed necessary and approves the proposed budget and appropriation ordinance.
- (c) Notice is published in a newspaper that the tentative Annual Budget and Appropriation Ordinance of the District is available for inspection and then is subsequently presented at a public hearing.
- (d) The District's Board of Trustees adopts the Annual Budget and Appropriation Ordinance after the public hearing.

Expenditures may not legally exceed the budgeted appropriations at the fund level. The budget may be amended by the District's Board of Trustees. There were no amendments to the budget for the year ended June 30, 2019.

NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed the appropriations for the year ended June 30, 2019 for the general fund or the building fund.

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2019

NOTE 3. SCHEDULE OF EMPLOYER CONTRIBUTION

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

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2018 Contribution Rates

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	25-year closed period.
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

***OTHER
SUPPLEMENTAL INFORMATION***

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

**OTHER FUNDS
COMBINING BALANCE SHEET
June 30, 2019**

	SPECIAL REVENUE FUNDS					
	Liability Insurance	Audit	Unemploy. Insurance	IMRF	Social Security	Total
Assets:						
Cash and investments	\$ 69,141	\$ 10,082	\$ 2,068	\$ 17,709	\$ 5,994	\$ 104,994
Property tax receivables	2,175	3,455	896	6,143	16,765	29,434
Total assets	<u>\$ 71,316</u>	<u>\$ 13,537</u>	<u>\$ 2,964</u>	<u>\$ 23,852</u>	<u>\$ 22,759</u>	<u>\$ 134,428</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 11,190	\$ -	\$ 11,190
Total liabilities	-	-	-	11,190	-	11,190
Deferred inflows of resources:						
Unearned property tax revenue	2,175	3,455	896	6,143	16,765	29,434
Total deferred inflows of resources	2,175	3,455	896	6,143	16,765	29,434
Fund balances:						
Restricted	69,141	4,082	-	6,519	-	79,742
Committed	-	6,000	2,068	-	5,994	14,062
Total fund balances	<u>69,141</u>	<u>10,082</u>	<u>2,068</u>	<u>6,519</u>	<u>5,994</u>	<u>93,804</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,316</u>	<u>\$ 13,537</u>	<u>\$ 2,964</u>	<u>\$ 23,852</u>	<u>\$ 22,759</u>	<u>\$ 134,428</u>

NORTH RIVERSIDE PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2019

	SPECIAL REVENUE FUNDS					
	Liability Insurance	Audit	Unemploy. Insurance	IMRF	Social Security	Total
Revenues:						
Property taxes	\$ 4,252	\$ 6,825	\$ 1,678	\$ 12,107	\$ 33,223	\$ 58,085
Total revenues	4,252	6,825	1,678	12,107	33,223	58,085
Expenditures:						
Liability insurance	15,753	-	-	-	-	15,753
Audit fees	-	9,500	-	-	-	9,500
Unemployment insurance	-	-	2,965	-	-	2,965
Pension	-	-	-	22,326	-	22,326
Social security	-	-	-	-	35,831	35,831
Total expenditures	15,753	9,500	2,965	22,326	35,831	86,375
Excess (deficiency) of revenues over (under) expenditures/expenses	(11,501)	(2,675)	(1,287)	(10,219)	(2,608)	(28,290)
Other financing sources (uses):						
Transfers	(15,000)	-	-	-	-	(15,000)
Total other financing sources (uses)	(15,000)	-	-	-	-	(15,000)
Net change in fund balances	(26,501)	(2,675)	(1,287)	(10,219)	(2,608)	(43,290)
Fund balances:						
Beginning of year	95,642	12,757	3,355	16,738	8,602	137,094
End of year	\$ 69,141	\$ 10,082	\$ 2,068	\$ 6,519	\$ 5,994	\$ 93,804