

URBANA FREE LIBRARY
A COMPONENT UNIT OF THE CITY OF URBANA, ILLINOIS

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2019

URBANA FREE LIBRARY

TABLE OF CONTENTS As of and for the Year Ended June 30, 2019

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Required Supplementary Information	
Management's Discussion and Analysis	3 - 15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17 - 18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Index to Notes to Financial Statements	23
Notes to Financial Statements	24 - 43
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	44
Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Trust Fund	45
Retiree Health Insurance Plan - Schedule of Library's Proportionate Share of the Total OPEB Liability	46
Notes to Required Supplementary Information	47



INDEPENDENT AUDITORS' REPORT

To the Library Board
Urbana Free Library
Urbana, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Urbana Free Library, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Urbana Free 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.

Auditors' 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 auditors' 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 Urbana Free 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 Urbana Free 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.

To the Library Board
Urbana Free Library

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Urbana Free Library as of June 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
December 20, 2019

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

The discussion and analysis of Urbana Free Library's (the "Library") financial performance provides an overall review of the Library's financial activities for the year ended June 30, 2019. The management of the Library encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the Library's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets/deferred outflows of resources of the Library exceeded its liabilities/deferred inflows of resources at the close of the most recent fiscal year by \$11,263,036 (net position). Of this amount \$1,651,887 is unrestricted and may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$2,689,702, an increase of \$154,927 in comparison with the prior year. Approximately \$1,942,326 is available for spending at the government's discretion (unassigned fund balance).
- General revenues accounted for \$3,596,731 in revenue or 94% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$269,693 or 6% of total governmental revenues of \$3,866,424.
- The Library had \$3,768,879 in expenses related to government activities. However, only \$269,693 of these expenses were offset by program specific charges and grants.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,942,326, or 53% of the total General Fund expenditures. Funds for Building, Capital Expense, and the Health Savings Plan payout which the Library is obligated to pay are included here. Since most of the Library's revenue is property taxes and since most of the property taxes for one fiscal year are received during June, the last month of the fiscal year, it is imperative for the Library to have a healthy fund balance for cash flow purposes.
- In FY19, due to issues in Champaign County, property taxes were not collected on time and the Library had to explore a loan from the City in case it ran out of available funds. By June 30, 2019, only 45% of property tax revenue had been received. It is imperative that the Library have a sufficient fund balance in order to continue to operate if tax revenue is late again. In addition, according to the Library's Five-Year Financial Plan, FY2014-FY2018, capital investments in the air handler and windows (plus painting, carpeting), could cost hundreds of thousands of dollars, for which the Library should have an adequate fund balance.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the Library's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be divided into two types of activities: governmental and business type. Governmental activities present the functions of the Library that are principally supported by taxes and intergovernmental revenues. The Library's governmental activities include library operational services. The Library has no business type activities.

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. All of the funds of the Library can be divided into one category: governmental funds.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the Library's general government operations and the basic services it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources; as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains 2 major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Trust Fund, which are considered to be major funds. The Library also reports one nonmajor governmental fund. The Library adopts an annual budget for the General Fund listed above. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to basic financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's Retiree Health Insurance Plan; as well as, budget to actual comparisons of the funds for which a budget has been adopted. Supplementary schedules include combining and individual fund schedules of all non-major funds.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Government-Wide Financial Analysis

Table 1 Condensed Statements of Net Position (in actual dollars)			
	<i>Governmental Activities</i>		
	2019	2018	Change
Assets			
Current and other assets	\$ 4,408,353	\$ 3,935,552	12.0%
Capital assets	8,880,939	8,855,451	0.3%
Total assets	13,289,292	12,791,003	3.9%
Deferred outflows of resources			
Deferred outflows related to OPEB	40,443	-	
Total deferred outflows of resources	40,443	-	
Liabilities			
Long-term liabilities	318,056	224,735	41.5%
Other liabilities	164,344	116,777	40.7%
Total liabilities	482,400	341,512	41.3%
Deferred Inflows of Resources			
Property taxes levied for a future period	1,554,307	1,284,000	21.1%
Deferred inflows related to OPEB	29,992	-	
Total deferred inflows of resources	1,584,299	1,284,000	23.4%
Net position			
Net investment in capital assets	8,880,939	8,855,451	0.3%
Restricted	730,210	556,547	31.2%
Unrestricted	1,651,887	1,753,493	-5.8%
Total net position	\$ 11,263,036	\$ 11,165,491	0.9%

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – which will increase current assets and long-term debt.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term debt, which will not change the net investment in capital assets.

Spending of non-borrowed current assets on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase the net investment in capital assets.

Principal payment on debt – which will: (a) reduce current assets and reduce long-term debt; and, (b) reduce unrestricted net position and increase the net investment in capital assets.

Reduction of capital assets through depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, total net position increased by \$97,545 from \$11,165,491 to \$11,263,036. The Library's total assets and deferred outflows of resources equal \$13,289,292. The Library's total liabilities and deferred inflows of resources equal \$2,066,699.

A portion of the net position of the governmental activities is restricted for trusts. The unrestricted balance of \$1,651,887 may be used to meet the ongoing Library obligations to their citizens and creditors. All net position categories show positive balances at year end.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019
(Unaudited)

Table 2
Condensed Statements of Activities
(in actual dollars)

	<i>Governmental Activities</i>		
	2019	2018	Change
Revenues			
Charges for services	\$ 223,773	\$ 216,254	3.5%
Operating grants and contributions	45,920	45,920	
Property taxes	2,953,447	3,156,935	-6.4%
Intergovernmental	89,935	77,150	16.6%
Other general revenues	<u>553,349</u>	<u>119,092</u>	364.6%
Total revenues	<u>3,866,424</u>	<u>3,615,351</u>	6.9%
Expenses			
Centralized costs	294,902	384,627	-23.3%
Information technology	129,434	109,216	18.5%
Development and promotion	117,635	69,655	68.9%
Administration	302,641	363,297	-16.7%
Adult department	1,097,709	1,149,677	-4.5%
Children's department	140,567	143,494	-2.0%
Archives department	308,414	283,116	8.9%
Cafe department	89,224	82,140	8.6%
Acquisitions	255,946	221,766	15.4%
Circulation	437,699	408,410	7.2%
Maintenance	<u>594,708</u>	<u>452,412</u>	31.5%
Total expenses	<u>3,768,879</u>	<u>3,667,810</u>	2.8%
Change in net position	97,545	(52,459)	-285.9%
Net position, beginning of year	<u>11,165,491</u>	<u>11,217,950</u>	-0.5%
Net position, end of year	<u>\$ 11,263,036</u>	<u>\$ 11,165,491</u>	0.9%

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state sales, replacement and hotel/motel tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in Library approved rates – while certain tax rates are set by statute, the Library has significant authority to impose and periodically increase/decrease rates.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the Library's investments may be affected by market conditions causing investment income to increase/decrease.

Expenses

Introduction of new programs – within the functional expense categories (centralized costs, administration, adult department, etc.), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the Library to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the Library.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the Library to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the Library is a major consumer of certain commodities such as supplies. Some functions may experience unusual commodity specific increases.

Current Year Impacts

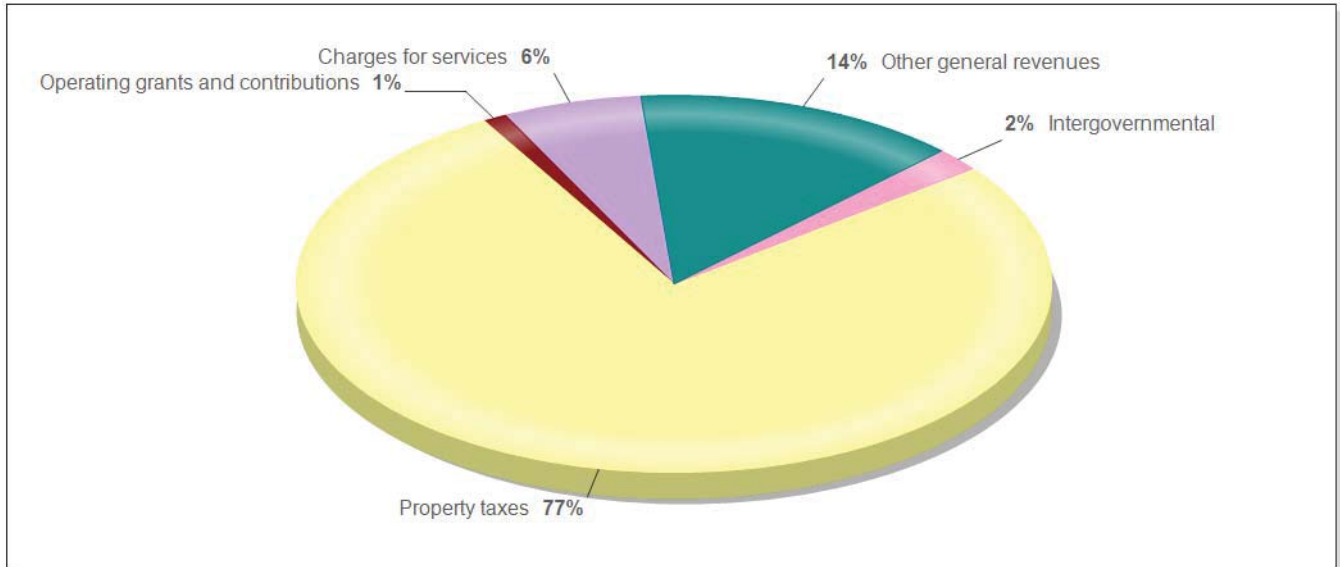
Budgeted property tax revenue increased approximately \$77,900 but over \$41,000 of that was not received. Payments to retirees for their RHS payouts were taken from the RHS Plan Fund Balance. The Library completed HVAC work on the rental unit at 301 Race Street so this unit, which has not been rented out in years, could be rented out. This work was done using funds from the City of Urbana which had been saved in our fund balance. The chiller was replaced and the front porch was repaired with one-time funds from the Urbana Free Library Foundation.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019
(Unaudited)

Governmental Activities

Governmental Revenues by Source



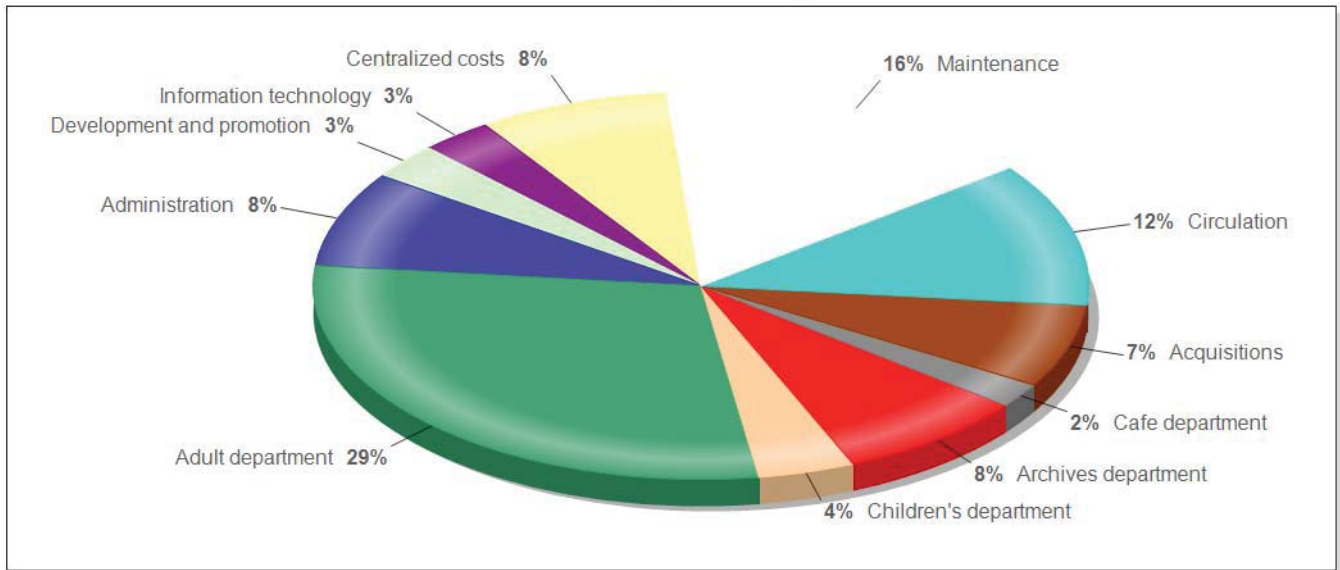
Revenues

Property tax revenue remains the primary revenue source. It was down by \$41,500 from what was budgeted. Also, the larger June payment was received in July of FY20, which caused concerns about cash flow. Revenue in Donations/Other general revenues is higher this year with the Foundation paying for the porch repair and chiller replacement. These are one-time gifts. In FY19, the City of Urbana has decreased the amount it contributes to the Library by \$55,400 for FICA/IMRF in an ongoing manner. This will have an ongoing impact.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019
(Unaudited)

Governmental Expenses by Function



Expenses

With Munis implementation, a new Chart of Accounts was created, and funds were consolidated or delineated differently. "Apples to Apples" comparisons between FY17, FY18, and FY19 will be difficult, due to the transition to Munis 'mid FY18. Nonetheless, overall expense percentages remained almost the same in most areas. The main differences are seen in Centralized Costs with creation of IT, Facilities, and Development & Promotion organizational budget codes. For example, the IT department budget was given its own organization code instead of being a subset of Administration for staffing and other costs were removed from Centralized Costs to IT. Facilities and Development & Promotion also were given their own organization codes and some of their funding came from Centralized costs, as well. In addition, some staff retired or separated from the Library, and their positions have been filled in different ways. One Associate Director retired in FY18 and her position is not being replaced with someone in Administration, so this further decreased the Administration budget line in FY19. Maintenance increased with the one-time improvements of HVAC in the 301 Race St. rental unit, the chiller, and the porch repairs.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Financial Analysis of the Library's Funds

There was a small decrease to the Fund Balance in RHS Plan transfers for an employee who separated from the Library. The Library will continue to proactively set aside funds for extensive building and IT capital expenses in a fund which was created by the Board in June 2018, as well as funds for RHS separation payouts. Although the Library has addressed some of them, there remain huge capital expenditures in the Library's future. At the end of FY18, a section of the 1918 porch collapsed unexpectedly, and the Foundation is paid for it to be repaired in FY19. Other capital expenditures, including the replacement of the chiller, will be funded by the Foundation and the Library (furnace in the Webber building at 301 Race Street). The MCORE road construction project will direct more traffic to the corner of Race and Green Streets, where the Library owns property on both the north and south sides of the street. The Webber Building is budgeted to have a paint job and exterior repair work in FY20, and the staff parking lot, which is failing, is budgeted to be replaced. These funds are coming from fund balance.

General Fund Budgetary Highlights

General Fund revenues of \$3,628,720 were below budget by \$668,697. Expenditures were \$789,694 below budget.

Capital Assets

By the end of 2019, the Library had compiled a total investment of \$12,114,470 (\$8,880,939 net of accumulated depreciation) in a broad range of capital assets including land, buildings, and equipment. Total depreciation expense for the year was \$207,800. More detailed information about capital assets can be found in Note II.C of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in actual dollars)

	<i>Governmental Activities</i>		
	2019	2018	Change
Land	\$ 594,362	\$ 594,362	
Buildings and improvements	8,155,802	8,085,512	0.9%
Equipment	<u>130,775</u>	<u>175,577</u>	-25.5%
Total	<u>\$ 8,880,939</u>	<u>\$ 8,855,451</u>	0.3%

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Factors Bearing on the Library's Future

At the State of Illinois level, Per Capita Grant funding seems to be more stable, as opposed to FY16 when the Library received \$20,000 less than budgeted and in FY17 when TUFL received no grant funding at all.

Large capital expenses remain a concern. In FY19 the 100-year old porch which had a hole in it was completely rebuilt and a new chiller was installed using funds from the Foundation. Not addressed in the FY19 budget are aging infrastructure, including windows in the historic 1918 section of the building; and air handler have been identified in the Financial Plan FY2014-2018 as having the potential to cost hundreds of thousands of dollars to replace/repair. The carpeting throughout the building is wearing, and the paint needs to be refreshed. Saving for capital improvements has begun, and the Library Foundation is fundraising, as well. In FY18, the Board approved a Special Reserve Fund and plan, as allowed for libraries in state statute.

The Library hired a Development Director in FY19 and is working with the Foundation, Friends of The Urbana Free Library, and other donors in an even more proactive way. Without our devoted supporters, the Library would not be able to provide the level of service it currently does.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended June 30, 2019 (Unaudited)

Factors bearing on the City of Urbana impact the Library. The Library is one of four purposes for which the City levies taxes. The other three are Police and Fire pensions, and "corporate purposes" (the General Operating Fund). As the City is impacted by different forces, the Library expects impacts, as well. From the City's Audit Report, here are factors bearing on the City's future:

"The City continues to make progress on eliminating a significant structural deficit in the General Operating Fund. A number of positions have been eliminated over the last few years. The City Council has approved a 3% tax on recreational cannabis, which will be effective in September 2020; an 0.5% increase in the food and beverage tax, which will be effective in February 2020; and changes to the hotel / motel tax that will capture revenue from Airbnb and similar facilitators, beginning in March 2020. Those changes should position the City to eliminate the structural deficit for FY2021.

The impact of changes in Illinois law pertaining to collection of sales tax on e-commerce is more difficult to predict. The City does expect to see a slight gain overall in sales and use tax revenue. This will be fully realized in October 2020, when the City receives revenues from sales in July 2020, which is the date when the changes are fully implemented. However, our dependence on sales tax revenue, which is nearly one-third of General Fund revenue, will be problematic during economic downturns.

The City has reduced its property tax rate to \$1.3499, and the City's overall tax rate has decreased by nearly 36-cents to \$10.3310. That rate is about 13% higher than the neighboring City of Champaign. While the gap is shrinking, this puts the City at a competitive disadvantage and is not sustainable. The City and other taxing districts continue to deal with fallout from the 2012 State law that grants hospitals tax relief. Because the local hospitals made up about 11% of the City's EAV, the result was a shift in the tax burden to other taxpayers.

The State's fiscal situation remains a concern. There is always the possibility that the State will reduce funding to local governments as they continue efforts to address significant fiscal issues, including funding for State pensions.

In addition, any reductions in State funding for the University of Illinois, which is a significant driver for the local economy and the City's largest employer, would also have a significant impact on the City. Depending on the magnitude of reductions, there could be wide ranging impacts on the local economy, affecting sales taxes and other City revenues.

The City will continue to develop a financial forecast annually to ensure that we can identify and use appropriate strategies to ensure longterm financial sustainability."

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2019
(Unaudited)

Requests for Information

This financial report is designed to provide the Library's citizens, taxpayers, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report, need additional financial information, or would like a copy of the financial statements for the Urbana Free Library, contact the Business Office:

Celeste Choate
Urbana Free Library
210 W. Green Street
Urbana, Illinois 61801

URBANA FREE LIBRARY

STATEMENT OF NET POSITION As of June 30, 2019

	Governmental Activities	Component Unit
ASSETS		
Cash and investments	\$ 1,138,864	\$ 247,012
Receivables		
Property taxes	2,505,755	-
Accrued interest	-	145
Due from State of Illinois	14,296	-
Prepaid items	17,166	-
Restricted assets		
Cash and investments	732,272	-
Capital Assets		
Land	594,362	-
Other capital assets, net of depreciation	8,286,577	-
Total Assets	13,289,292	247,157
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	40,443	-
Total Deferred Outflows of Resources	40,443	-
LIABILITIES		
Accounts payable	19,188	-
Accrued salaries	102,739	-
Unearned grant revenue	42,417	-
Noncurrent Liabilities		
Due within one year	146,115	-
Due in more than one year	171,941	-
Total Liabilities	482,400	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future periods	1,554,307	-
Deferred inflows related to OPEB	29,992	-
Total Deferred Inflows of Resources	1,584,299	-
NET POSITION		
Net investment in capital assets	8,880,939	-
Restricted for		
Trust	730,210	-
Unrestricted	1,651,887	247,157
TOTAL NET POSITION	\$ 11,263,036	\$ 247,157

See accompanying notes to financial statements.

URBANA FREE LIBRARY

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental Activities			
Centralized costs	\$ 294,902	\$ 7,297	\$ -
Information technology	129,434	5,893	-
Development and promotion	117,635	5,322	-
Administration	302,641	13,778	-
Adult department	1,097,709	49,974	-
Children's department	140,567	6,399	-
Archives department	308,414	14,041	45,920
Cafe department	89,224	62,415	-
Acquisitions	255,946	11,652	-
Circulation	437,699	19,927	-
Maintenance	594,708	27,075	-
Total Governmental Activities	\$ 3,768,879	\$ 223,773	\$ 45,920
Component Unit			
Library Foundation	\$ 268,846	\$ -	\$ 64,529
		General Revenues	
		Taxes	
		Property taxes	
		Intergovernmental	
		Corporate personal property replacement tax	
		Donations and gifts	
		Investment income	
		Miscellaneous	
		Total General Revenues	
		Change in net position	
		NET POSITION - Beginning of Year	
		NET POSITION - END OF YEAR	

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Library Foundation

\$ (287,605)	\$ -
(123,541)	-
(112,313)	-
(288,863)	-
(1,047,735)	-
(134,168)	-
(248,453)	-
(26,809)	-
(244,294)	-
(417,772)	-
(567,633)	-
<u>\$ (3,499,186)</u>	<u>\$ -</u>

- (204,317)

2,953,447 -

89,935	-
472,769	-
5,963	9,892
<u>74,617</u>	<u>-</u>
<u>3,596,731</u>	<u>9,892</u>
97,545	(194,425)
<u>11,165,491</u>	<u>441,582</u>
<u>\$ 11,263,036</u>	<u>\$ 247,157</u>

See accompanying notes to financial statements.

URBANA FREE LIBRARY

BALANCE SHEET GOVERNMENTAL FUNDS As of June 30, 2019

	<u>General</u>	<u>Trust</u>	<u>Nonmajor Governmental Fund - Building</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 1,138,864	\$ -	\$ -	\$ 1,138,864
Restricted cash and investments	-	732,272	-	732,272
Receivables				
Property taxes	2,505,755	-	-	2,505,755
Due from the State of Illinois	14,296	-	-	14,296
Prepaid items	17,166	-	-	17,166
TOTAL ASSETS	<u>\$ 3,676,081</u>	<u>\$ 732,272</u>	<u>\$ -</u>	<u>\$ 4,408,353</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 17,230	\$ 2,062	\$ -	\$ 19,292
Accrued salaries and taxes	102,635	-	-	102,635
Unearned grant revenue	42,417	-	-	42,417
Total Liabilities	<u>162,282</u>	<u>2,062</u>	<u>-</u>	<u>164,344</u>
Deferred Inflows of Resources				
Taxes levied for future periods	1,554,307	-	-	1,554,307
Total Deferred Inflows of Resources	<u>1,554,307</u>	<u>-</u>	<u>-</u>	<u>1,554,307</u>
Fund Balance				
Nonspendable for prepaid expenditures	17,166	-	-	17,166
Restricted for trust	-	730,210	-	730,210
Unassigned fund balance	1,942,326	-	-	1,942,326
Total Fund Balances	<u>1,959,492</u>	<u>730,210</u>	<u>-</u>	<u>2,689,702</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,676,081</u>	<u>\$ 732,272</u>	<u>\$ -</u>	<u>\$ 4,408,353</u>

See accompanying notes to financial statements.

URBANA FREE LIBRARY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2019

Total Fund Balances - Governmental Funds	\$	2,689,702
--	----	-----------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II C.		8,880,939
---	--	-----------

Deferred outflows related to other post employment benefits do not relate to current financial resources and are not reported in the funds.		40,443
---	--	--------

Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the funds.		(29,992)
--	--	----------

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Compensated absences		(146,115)
Total OPEB liability		<u>(171,941)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>11,263,036</u>
--	-----------	--------------------------

URBANA FREE LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended June 30, 2019

	General	Trust	Nonmajor Governmental Fund Nonmajor Governmental Fund - Building	Totals
REVENUES				
Property taxes	\$ 2,953,447	\$ -	\$ -	\$ 2,953,447
Intergovernmental	187,418	-	-	187,418
Book fines	109,795	-	-	109,795
Cafe sales	62,415	-	-	62,415
Donations	266,495	206,274	-	472,769
Interest	5,963	-	-	5,963
Miscellaneous revenue	74,617	-	-	74,617
Total Revenues	3,660,150	206,274	-	3,866,424
EXPENDITURES				
Current				
Centralized costs	360,753	-	-	360,753
Administration	285,422	1,316	-	286,738
Adult department	1,006,993	9,801	-	1,016,794
Children's department	90,087	5,259	-	95,346
Archives department	295,121	-	-	295,121
Cafe department	80,764	-	-	80,764
Maintenance	594,708	-	-	594,708
Acquisitions	246,874	-	-	246,874
Circulation	417,017	-	-	417,017
Information technology	194,600	-	-	194,600
Development and promotion	122,782	-	-	122,782
Total Expenditures	3,695,121	16,376	-	3,711,497
OTHER FINANCING SOURCES (USES)				
Transfers in	16,235	-	15,734	31,969
Transfers out	(15,734)	(16,235)	-	(31,969)
Total Other Financing Sources (Uses)	501	(16,235)	15,734	-
Net Change in Fund Balances	(34,470)	173,663	15,734	154,927
FUND BALANCES (DEFICIT) - Beginning of Year				
	1,993,962	556,547	(15,734)	2,534,775
FUND BALANCES - END OF YEAR	\$ 1,959,492	\$ 730,210	\$ -	\$ 2,689,702

See accompanying notes to financial statements.

URBANA FREE LIBRARY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$	154,927
--	----	---------

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Some items reported as operating expenditures in the fund financial statements are capitalized in the government-wide statements		233,288
Depreciation is reported in the government-wide financial statements		(207,800)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		15,827
Total OPEB liability		(109,148)
Deferred outflows of resources due to other post employment benefits		40,443
Deferred inflows of resources due to other post employment benefits		(29,992)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>97,545</u>
--	-----------	----------------------

URBANA FREE LIBRARY

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

NOTE	<u>Page</u>
I Summary of Significant Accounting Policies	24
A. Reporting Entity	24
B. Government-Wide and Fund Financial Statements	25
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	27
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	28
1. Deposits and Investments	28
2. Receivables	29
3. Prepaid Items	30
4. Restricted Assets	30
5. Capital Assets	30
6. Deferred Outflows of Resources	
7. Compensated Absences	31
8. Long-Term Obligations	31
9. Deferred Inflows of Resources	31
10. Equity Classifications	32
II Detailed Notes on All Funds	34
A. Deposits and Investments	34
B. Receivables	35
C. Capital Assets	36
D. Interfund Transfers	36
E. Long-Term Obligations	37
F. Component Unit	38
III Other Information	39
A. Employees' Retirement System	39
B. Risk Management	40
C. Commitments and Contingencies	40
D. Other Postemployment Benefits	40
E. Effect of New Accounting Standards on Current-Period Financial Statements	43

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Urbana Free Library (the Library) was founded in 1874 and provides a broad range of library services, including adult and children's departments and The Champaign County Historical Archives. The Board of Trustees of The Urbana Free Library is responsible for the overall operations and service of the Library, including budget, policy, and planning. Trustees are appointed by the Mayor and are confirmed by the City Council. All Trustees serve 3-year alternating terms. The City Council of the City of Urbana is the authority for levying the annual property tax. The Library is a discretely presented component unit of the City of Urbana, Illinois (the City) pursuant to GASB Statement No. 61, since the City is financially accountable for the Library. In prior years, the Library was presented as a special revenue fund of the City.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Library. The reporting entity for the Library consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Library Foundation

The government-wide financial statements include the Library Foundation (Foundation) as a component unit. The Foundation is a legally separate organization. The economic resources received and held by the Foundation are entirely for the direct benefit of the Urbana Free Library. See Note II.F. As a component unit, the Foundation's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2019. The Foundation does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Library does not allocate indirect expenses to functions in the statement of activities. 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the Library believes is particularly important to financial statement users may be reported as a major fund.

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 funds:

General Fund - accounts for the Library's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
Trust Fund - used to account for and report grants and local revenues legally restricted or committed for specific purposes in support of the Library.

The Library reports the following nonmajor governmental fund:

Special Revenue Fund - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Buildings Fund

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Intergovernmental aids and grants are recognized as revenues in the period the Library is entitled the resources and the amounts are available. Amounts owed to the Library which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, library fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Illinois Statutes authorize the Library to make deposits/investments 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 or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

The Library has adopted investment policies. That policy follows the state statute for allowable investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The Library's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. The Library's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by an independent third party custodian, in the name of the Library.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - 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 possession of an outside party. The Library's investment policy requires all securities to be held by a third party custodian designated by the Library Director and evidenced by safekeeping receipts and a written custodial agreement.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

See Note II. A. for further information.

2. Receivables

Property taxes for levy year 2018 attaches as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2019 tax levy, which attached as an enforceable lien on the property as of January 1, 2019, has not been recorded as a receivable as of June 30, 2019, as the tax has not yet been levied by the Library and will not be levied until December 2019, and therefore, the levy is not measurable at June 30, 2019.

Tax bills for levy year 2018 are prepared by Champaign County and issued on or about May 1, 2019 and August 1, 2019, and are payable in two installments, on or about June 1, 2019 and September 1, 2019 or within 30 days of the tax bills being issued.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

The county collects such taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and deferred inflows in fiscal 2019, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At June 30, 2019, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2018 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Interfund loans are reported as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The remainder, if generated from earnings, is shown as restricted fund balance.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 2 years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	75 Years
Office furniture	10 - 25 Years
Equipment	5 - 7 Years

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. Compensated Absences

Library employees are granted vacation pay and sick leave in various amounts. Sick leave and vacation benefits may be accumulated to maximums designated by Library policy. Additionally, at separation, 20% of the employee's accumulated and unused sick leave will be contributed to the employee's retirement health savings account. Such amounts are accrued when incurred in the government-wide statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In prior years, the General Fund has been used to liquidate the accumulated absences for governmental funds.

Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at June 30, 2019, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of accrued compensated absences and other postemployment benefits.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts is reported as an other financing source and payments of principal and interest are reported as expenditures.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Library Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Library Board that originally created the commitment.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. 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 purposes.

The Library considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Library would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Library's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,681,352	\$ 1,809,588	Custodial credit risk - deposits
Illinois Funds	177,171	177,171	Credit risk
Webber Property Cash Account	11,871	11,871	Custodial credit risk - deposits
Petty cash	742	-	N/A
Total Deposits and Investments	\$ 1,871,136	\$ 1,998,630	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,138,864		
Restricted cash and investments	732,272		
Total Deposits and Investments	\$ 1,871,136		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library.

The Library does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

The Library does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2019, the Library's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>
Illinois Funds	AAAm

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 594,362	\$ -	\$ -	\$ 594,362
Total Capital Assets Not Being Depreciated	594,362	-	-	594,362
Capital assets being depreciated				
Buildings and Improvements	10,617,704	233,288	-	10,850,992
Equipment	669,116	-	-	669,116
Total Capital Assets Being Depreciated	11,286,820	233,288	-	11,520,108
Total Capital Assets	11,881,182	233,288	-	12,114,470
Less: Accumulated depreciation for				
Buildings and Improvements	2,532,192	162,998	-	2,695,190
Equipment	493,539	44,802	-	538,341
Total Accumulated Depreciation	3,025,731	207,800	-	3,233,531
Net Capital Assets Being Depreciated	8,261,089	25,488	-	8,286,577
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,855,451	\$ 25,488	\$ -	\$ 8,880,939

Depreciation expense was charged to functions as follows:

Governmental Activities	
Administration	\$ 17,927
Adult department	86,285
Children's department	45,221
Archives department	15,225
Cafe department	8,814
Acquisitions	10,588
Circulation	23,740
Total Governmental Activities Depreciation Expense	\$ 207,800

D. INTERFUND TRANSFERS

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES (cont.)

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 15,734
Trust	General	<u>16,235</u>
		<u>\$ 31,969</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. LONG-TERM OBLIGATIONS

Long-term obligations 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>Amounts Due Within One Year</u>
Governmental Activities					
Other Liabilities					
Compensated absences	\$ 161,942	\$ -	\$ 15,827	\$ 146,115	\$ 146,115
Total OPEB liability	<u>62,793</u>	<u>111,957</u>	<u>2,809</u>	<u>171,941</u>	<u>-</u>
Total Other Liabilities	<u>224,735</u>	<u>111,957</u>	<u>18,636</u>	<u>318,056</u>	<u>146,115</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 224,735</u>	<u>\$ 111,957</u>	<u>\$ 18,636</u>	<u>\$ 318,056</u>	<u>\$ 146,115</u>

Compensated absences and the total OPEB liability are paid out of the General Fund.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

F. COMPONENT UNIT

LIBRARY FOUNDATION

This report contains the Library Foundation (Foundation), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Foundation follows the full accrual basis of accounting and the flow of financial resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	<u>\$ 247,012</u>	<u>\$ 247,012</u>	Custodial credit risk - deposits

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Foundation's deposits may not be returned to the Foundation.

The Foundation does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Foundation does not have any investments exposed to custodial credit risk.

See Note I.D.1. for further information on deposit and investment policies.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE III - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions

The Library participates in one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system. The benefits, benefits levels, employee contributions and employer contributions for the plan are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

The City's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook Illinois 60523.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Library's contribution rate for 2018 was 11.51% of annual covered payroll. For 2018, the annual required contribution rate was 11.51%. The Library's contributions were paid by the City on behalf of the Library.

The employees of the Library are pooled with the employees of the City of Urbana for purposes of the actuarial valuation. Therefore, the amount of accumulated retirement liability and normal costs related specifically to Library personnel is not available. As the City of Urbana pays the employer contribution for eligible Library employees, the net pension liability resides with the City. As such, a net pension liability is not recorded by the Library.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance. No claims have ever exceeded the amount of insurance coverage.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Library is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Library attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Library's financial position or results of operations.

D. OTHER POSTEMPLOYMENT BENEFITS

The Library provides postemployment health insurance benefits for retired employees through a cost-sharing defined benefit plan administered by the City.

Plan description. The Library provides postemployment health insurance benefits for retired employees through a cost-sharing defined benefit plan administered by the City. The Library's cost-sharing defined benefit OPEB plan, the Retiree Health Insurance Plan, provides group health insurance plan coverage to activate employees and retirees (or other qualified terminated employees) at blended premium rates. The plan is funded on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Contributions and benefits provided. The Library provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with ILCS, which creates an OPEB for retirees, commonly referred to as an implicit rate subsidy. To be eligible for benefits, an employee must qualify for retirement under the City and Library's retirement plans. For Library employees, upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan. Retired employees are required to pay 100% of the premiums for such coverage.

Total OPEB Liability. At June 30, 2019, the Library reported a liability for its proportionate share of the total OPEB liability of \$171,941. The liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018. The Library's proportion of the total OPEB liability was based on the Library's share of OPEB cost, as determined by the independent actuary, for the measurement year ended June 30, 2019. At June 30, 2019, the Library's proportion was 3.77%.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

NOTE III - OTHER INFORMATION (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Health care participation rate	30% participation with 50% electing spouse coverage
Healthcare cost trend rates	Initial rate of 8.00%, grading down to the ultimate trend rate of 4.00% in 2073
Retirees' share of benefit-related costs	100%

The discount rate was based on the June 28, 2019 Bond Buyer 20-Bond Index, as published by the Federal Reserve.

Mortality rates were based on the PubG-2010 mortality projected 5 years past the valuation date using Scale MP-2018 (Employee, Healthy Retiree, & Survivor) for Library Employees.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount Rate. At June 30, 2019, the discount rate used to measure the total OPEB liability was a blended rate of 2.79%, which was a change from the June 30, 2018 rate of 3.87%. Since the plan is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Library, 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 (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate:

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB liability	\$ 193,324	\$ 171,941	\$ 153,731

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

NOTE III - OTHER INFORMATION (cont.)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00 percent decreasing to 3.00 percent) or 1-percentage-point higher (9.00 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (7.00% Decreasing to 3.00%)	Trend Rates (8.00% Decreasing to 4.00%)	1% Increase (9.00% Decreasing to 5.00%)
Total OPEB liability	\$ 145,674	\$ 171,941	\$ 205,360

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended June 30, 2019, the Library recognized OPEB expense of \$20,937. At June 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,215
Changes of assumptions or other inputs	40,443	4,777
Total	\$ 40,443	\$ 29,992

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

Year Ended June 30:

2020	\$ 1,306
2021	1,306
2022	1,306
2023	1,306
2024	1,306
Thereafter	3,921
Total	\$ 10,451

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

NOTE III - OTHER INFORMATION (cont.)

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*
- Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

URBANA FREE LIBRARY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the year ended June 30, 2019

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Property taxes	\$ 3,240,453	\$ 3,240,453	\$ 2,953,447
Replacement Tax	85,287	85,287	89,935
Grant, Champaign County	45,920	45,920	45,920
Federal LSTA Grant (State Aid)	51,563	51,563	51,563
Contribution revenue	311,095	312,395	-
Book fines	107,850	107,850	109,795
Cafe sales	58,000	61,500	62,415
Interest	2,400	2,400	5,963
Miscellaneous revenue	74,475	74,475	74,617
Donations	301,074	315,574	266,495
Total Revenues	<u>4,278,117</u>	<u>4,297,417</u>	<u>3,660,150</u>
EXPENDITURES			
Current:			
Centralized costs	805,710	805,335	360,753
Administration	291,879	291,879	285,422
Adult department	1,165,802	1,166,302	1,006,993
Children's department	94,250	94,250	90,087
Archives department	310,510	310,510	295,121
Cafe department	75,707	83,207	80,764
Maintenance	620,258	635,933	594,708
Acquisitions	250,985	250,985	246,874
Circulation	434,637	430,637	417,017
Information technology	222,975	222,975	194,600
Development and promotion	161,372	161,372	122,782
Total Expenditures	<u>4,434,085</u>	<u>4,453,385</u>	<u>3,695,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(155,968)</u>	<u>(155,968)</u>	<u>(34,971)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	29,500	29,500	16,235
Transfers out	-	-	(15,734)
Total Other Financing Sources (Uses)	<u>29,500</u>	<u>29,500</u>	<u>501</u>
Net Change in Fund Balance	<u>\$ (126,468)</u>	<u>\$ (126,468)</u>	<u>(34,470)</u>
FUND BALANCE - Beginning of Year			<u>1,993,962</u>
FUND BALANCE - END OF YEAR			<u>\$ 1,959,492</u>

See independent auditors' report and accompanying notes to required supplementary information.

URBANA FREE LIBRARY

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TRUST FUND For the Year Ended June 30, 2019

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Interest	\$ 400	\$ 400	\$ -
Donations	39,000	39,000	206,274
Total Revenues	39,400	39,400	206,274
EXPENDITURES			
Current:			
Centralized costs	32,000	32,000	-
Administration	37,500	37,500	1,316
Adult department	23,200	23,200	9,801
Children's department	14,600	14,600	5,259
Archives department	3,700	3,700	-
Total Expenditures	111,000	111,000	16,376
Excess (deficiency) of revenues over (under) expenditures	(71,600)	(71,600)	189,898
OTHER FINANCING USES			
Transfers out	-	(29,500)	(16,235)
Total Other Financing Uses	-	(29,500)	(16,235)
Net Change in Fund Balance	\$ (71,600)	\$ (101,100)	173,663
FUND BALANCE - Beginning of Year			556,547
FUND BALANCE - END OF YEAR			\$ 730,210

See accountants' report and accompanying notes to required supplementary information.

URBANA FREE LIBRARY
RETIREE HEALTH INSURANCE PLAN
SCHEDULE OF LIBRARY'S PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
Library's proportion of the total OPEB liability	3.77%	1.71%
Library's proportionate share of the total OPEB liability	\$ 171,941	\$ 62,793
Covered payroll	\$ 730,962	\$ 373,100
Library's proportionate share of the total OPEB liability as a percentage of covered payroll	23.52%	16.83%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%

Notes to Schedule:

The Library implemented GASB 68 in fiscal year 2018. Information for fiscal years prior to 2018 is not applicable.

Key Assumptions:

Long-term expected rate of return	0.00%	0.00%
Municipal bond index	2.79%	3.87%
Single equivalent discount rate	2.79%	3.87%
Inflation rate	2.50%	2.50%
Healthcare cost trend rates - initial	8.00%	8.75%
Healthcare cost trend rates - ultimate	4.00%	4.00%
Mortality	PubG-2010 and PubS-2010, projected 5 years using Scale MP- 2018	RP-2000 Tables

See independent auditors' report and accompanying notes to required supplementary information.

URBANA FREE LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2019

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is as amended by the Board of Trustees. General Fund annual appropriations lapse at fiscal year end.

Prior to June 30, the Library Executive Director submits to the Library Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance at the City level.

The Library is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the Library Board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The Library is authorized to transfer budget amounts between departments within any fund; however, the Library Board must approve revisions that alter the total expenditures of any fund.