

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

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

URBANA FREE LIBRARY

TABLE OF CONTENTS As of and for the Year Ended June 30, 2020

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Required Supplementary Information	
Management's Discussion and Analysis	3 - 14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16 - 17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Index to Notes to Financial Statements	22
Notes to Financial Statements	23 - 41
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	42
Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Trust Fund	43
Retiree Health Insurance Plan - Schedule of Library's Proportionate Share of the Total OPEB Liability	44
Notes to Required Supplementary Information	45

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, and each major fund of the Urbana Free Library, Illinois, as of and for the year ended June 30, 2020, 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, and each major fund of the Urbana Free Library, Illinois, as of June 30, 2020 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 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 US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Oak Brook, Illinois
December 16, 2020

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(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, 2020. 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 \$10,988,510 (net position). Of this amount \$1,441,098 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 \$2,678,851, a decrease of \$10,851 in comparison with the prior year. Approximately \$1,768,135 is available for spending at the government's discretion (unassigned fund balance).
- General revenues accounted for \$3,356,597 in revenue or 94% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$212,389 or 6% of total governmental revenues of \$3,568,986.
- The Library had \$3,843,512 in expenses related to government activities. However, only \$212,389 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 \$1,768,135, or 50% 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 addition, \$425,000 in large gifts for future capital expenses is budgeted to be transferred to The Urbana Free Library Foundation in FY21 and \$180,000 is budgeted to be spent on capital infrastructure.
- 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. FY19 taxes were received in FY20. 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

June 30, 2020

(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

June 30, 2020

(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 adopts an annual budget for both funds. A budgetary comparison statement has been provided for the General Fund and Trust 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

June 30, 2020

(Unaudited)

Government-Wide Financial Analysis

Table 1 Condensed Statements of Net Position (in actual dollars)			
	<i>Governmental Activities</i>		
	<i>2020</i>	<i>2019</i>	<i>Change</i>
Assets			
Current and other assets	\$ 4,808,182	\$ 4,408,353	9.1%
Capital assets	<u>8,690,649</u>	<u>8,880,939</u>	(2.1)%
Total assets	<u>13,498,831</u>	<u>13,289,292</u>	1.6%
Deferred outflows of resources			
Deferred outflows related to OPEB	<u>37,809</u>	<u>40,443.0</u>	(0.1)%
Total deferred outflows of resources	<u>37,809</u>	<u>40,443.0</u>	(0.1)%
Liabilities			
Long-term liabilities	392,634	318,056	23.4%
Other liabilities	<u>161,828</u>	<u>164,344</u>	(1.5)%
Total liabilities	<u>554,462</u>	<u>482,400</u>	14.9%
Deferred Inflows of Resources			
Property taxes levied for a future period	1,967,503	1,554,307	26.6%
Deferred inflows related to OPEB	<u>26,165</u>	<u>29,992</u>	(12.8)%
Total deferred inflows of resources	<u>1,993,668</u>	<u>1,584,299</u>	25.8%
Net position			
Net investment in capital assets	8,690,649	8,880,939	(2.1)%
Restricted	856,763	730,210	17.3%
Unrestricted	<u>1,441,098</u>	<u>1,651,887</u>	-12.8%
Total net position	<u>\$ 10,988,510</u>	<u>\$ 11,263,036</u>	(2.4)%

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

June 30, 2020

(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 decreased by \$274,526 from \$11,263,036 to \$10,988,510. The Library's total assets and deferred outflows of resources equal \$13,536,640. The Library's total liabilities and deferred inflows of resources equal \$2,548,130.

A portion of the net position of the governmental activities is restricted for trusts. The unrestricted balance of \$1,441,098 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

June 30, 2020

(Unaudited)

Table 2			
Condensed Statements of Activities			
(in actual dollars)			
	<u>Governmental Activities</u>		
	2020	2019	Change
Revenues			
Charges for services	\$ 169,469	\$ 223,773	-24.3%
Operating grants and contributions	45,920	45,920	
Property taxes	2,974,462	2,953,447	0.7%
Intergovernmental	96,613	89,935	7.4%
Other general revenues	<u>285,522</u>	<u>553,349</u>	-48.4%
Total revenues	<u>3,571,986</u>	<u>3,866,424</u>	-7.6%
Expenses			
Centralized costs	521,872	294,902	77.0%
Information technology	134,999	129,434	4.3%
Development and promotion	150,679	117,635	28.1%
Administration	327,068	302,641	8.1%
Adult department	1,194,636	1,097,709	8.8%
Children's department	136,356	140,567	-3.0%
Archives department	272,245	308,414	-11.7%
Cafe department	78,950	89,224	-11.5%
Acquisitions	242,759	255,946	-5.2%
Circulation	430,474	437,699	-1.7%
Maintenance	<u>353,474</u>	<u>594,708</u>	-40.6%
Total expenses	<u>3,843,512</u>	<u>3,768,879</u>	2.0%
Change in net position	(274,526)	97,545	-381.4%
Net position, beginning of year	<u>11,263,036</u>	<u>11,165,491</u>	0.9%
Net position, end of year	<u>\$ 10,988,510</u>	<u>\$ 11,263,036</u>	-2.4%

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 City 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

June 30, 2020

(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

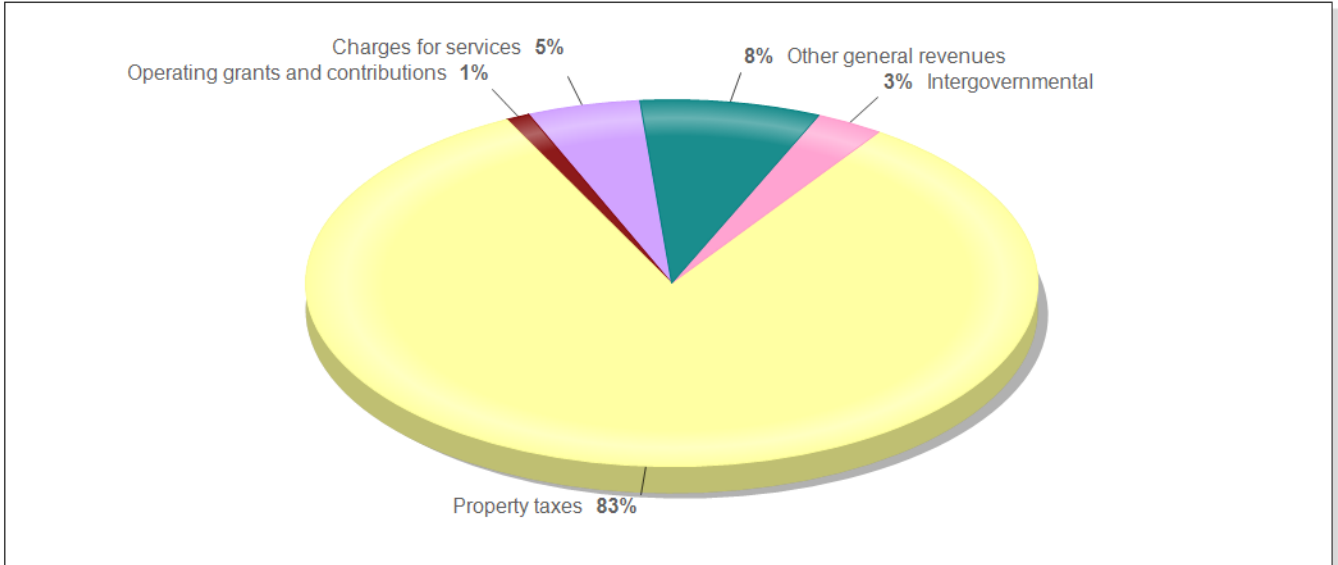
Charges for services decreased because the Library stopped charging in March 2020 due to the COVID-19 stay-at-home order. The Library was not accepting returned items, so the Library renewed all items out for months. Since the Library was not open, it could not provide most fee-based services, such as notary service, printing, copying, etc. Decrease in maintenance costs was due to one-time capital expenses in FY19.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020
(Unaudited)

Governmental Activities

Governmental Revenues by Source



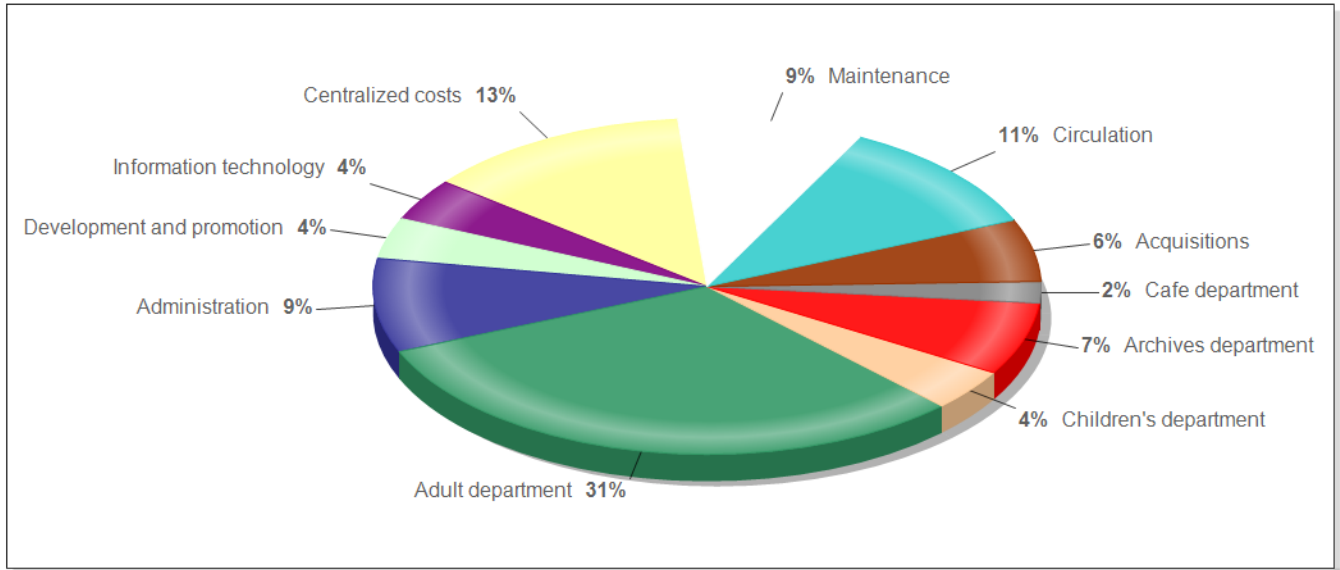
Revenues

Property tax revenue remains the primary revenues source and moved from being 77% of revenue in FY19 to 83% in FY20. Also, the larger June payment was received in July of FY20, which caused concerns about cash flow. Other general revenues decreased from 14% to 8%. During the stay-at-home order when the Library was closed, all items were automatically renewed and no fees were charged for months. The Cafe was also closed, and almost no revenue came in from 3D printing/photocopying/facing/notary service through the end of June.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020
(Unaudited)

Governmental Expenses by Function



Expenses

There were large one-time building capital expenses in FY19, resulted in maintenance costs in FY20 decreasing from 16% to 9%. Otherwise, spending percentages were consistent. COVID-19 spending included PPE and computers to assist staff in staying safe working in the building and when working from home.

Financial Analysis of the Library's Funds

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, including carpeting, replacing the 2005 roof, and addressing energy concerns of the 1918 windows. 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 \$3,408,243 were below budget by \$713,161. Expenditures were \$842,171 below budget.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2020 (Unaudited)

Capital Assets

By the end of 2020, the Library had compiled a total investment of \$12,131,818 (\$8,690,649 net of accumulated depreciation) in a broad range of capital assets including land, buildings, and equipment. Total depreciation expense for the year was \$207,638. 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>		
	2020	2019	Change
Land	\$ 594,362	\$ 594,362	
Buildings and improvements	8,004,705	8,155,802	-1.9%
Equipment	<u>91,582</u>	<u>130,775</u>	-30.0%
Total	<u>\$ 8,690,649</u>	<u>\$ 8,880,939</u>	-2.1%

Factors Bearing on the Library's Future

The FY20-23 Strategic Plan calls for the Library to “steward our physical and financial resources to allow for growth and sustainability.” We anticipate that there may be negative impacts of COVID-19 and the recession in the near future on property values. This would directly and negatively impact the Library’s budget, since the majority of revenue is property taxes.

At the State of Illinois level, Public Library Per Capita Grant funding has been more stable, as opposed to FY16 when the Library received \$20,000 less than budgeted and in FY17 when the Library received no grant funding at all. With the COVID-19 pandemic and the impact it is having on the State’s budget, we cannot say with certainty that the Library will receive the Public Library Per Capita Funding, which is over \$50,000 per year.

Large capital expenses remain a concern. The staff parking lot is budgeted to be redone in FY21. Not addressed in the FY20 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 its spending plan, as allowed for libraries in State statute.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(Unaudited)

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. The Friends expanded their sales reach with their Amazon.com store. This has helped alleviate losses from canceling all three in-person book sales, which generally brings in \$17,000 each year to the Library. In addition, since the Café is closed until we can ensure that it is safe and profitable to reopen, we are missing out on potential sales of Friends items at the Café. The Friends are exploring additional online sales opportunities. The Foundation continues to build relationships with donors who love the Library and actually doubled the number of its donors in FY20.

Twenty-five percent of staff will receive wage increases beginning January 1, 2021, due to the Illinois minimum wage increase. In addition, the cost of health insurance increased dramatically January 1, 2021.

We expect decreased revenue from fines. We have seen an increase in use of downloadables – online books, movies, music, etc. – over the past few years, but this pattern accelerated during the stay-at-home order earlier this year. Circulation of downloadables increased by 59% between FY19 and FY20. We are on track for FY21 to double the circulation of downloadables of FY19. In addition, since downloadables are returned automatically, they accrue no overdue fees. Many public libraries of all sizes across the country have stopped charging overdue fees in order to remove barriers to library use for their community members. The Champaign Public Library, our neighbor two miles away, has already gone fine free, and we have heard from Urbana patrons that they are checking out there because of this factor. The Library Board and staff will be exploring this issue over the coming months.

In the past, when there have been cuts to the City budget, the Library saw a decrease of the City's contribution to FICA. It is possible that this scenario could happen again. In addition, the Library received \$9,400 funds from the Urbana School District #116 due to an agreement the USD#116 has with the University of Illinois Urbana-Champaign. That agreement expires this year.

Small businesses are suffering, and some of our tenants did not pay all of their rent timely. After one such tenant's lease expired, he moved out, and we are trying to rent the space and recover rent owed.

In January 2021, the Library will begin work on a building program, which will allow us to plan for future renovation or expansion to meet the community's needs now and 25 years from now. As we get further into 2021, we will see what short and long-term impact COVID-19 will have on library use and the expectations for space use, program delivery, and ventilation. There will be financial implications for all of these now and in the future.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(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:

Over the past few years, the City strategically increased revenues and reduced expenditures by a total of \$2.5 million to eliminate a significant structural deficit. Unfortunately, almost as soon as that was addressed, the COVID-19 pandemic began, resulting in an economic recession and significant decreases in revenues. The full extent of the impact is still unknown. Because the City’s General Operating Fund has a healthy fund balance, we are able to be thoughtful and take time to decide how to respond. However, we will be preparing a contingency plan for budget reductions of about \$1.5 million that may be needed in FY22.

The State’s fiscal situation is increasingly concerning. 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, which are exacerbated by the pandemic.

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 impact on the University’s budget, there could be wide ranging impacts on the local economy, affecting sales taxes and other City revenues.

The City is working to increase monitoring of significant revenues and will add that as a new component in the second quarter financial report. Staff will continue to develop a financial forecast annually to ensure that we can identify and use appropriate strategies to ensure long term financial sustainability.

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, 2020

	Governmental Activities	Component Unit
ASSETS		
Cash and investments	\$ 726,860	\$ 275,507
Receivables		
Property taxes	2,432,566	-
Accrued interest	-	145
Due from City of Urbana	720,540	-
Due from State of Illinois	13,776	-
Prepaid items	53,953	-
Restricted assets		
Cash and investments	860,487	-
Capital Assets		
Land	594,362	-
Other capital assets, net of depreciation	8,096,287	-
Total Assets	13,498,831	275,652
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	37,809	-
Total Deferred Outflows of Resources	37,809	-
LIABILITIES		
Accounts payable	8,106	-
Accrued salaries	111,716	-
Unearned grant revenue	42,006	-
Noncurrent Liabilities		
Due within one year	206,175	-
Due in more than one year	186,459	-
Total Liabilities	554,462	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future periods	1,967,503	-
Deferred inflows related to OPEB	26,165	-
Total Deferred Inflows of Resources	1,993,668	-
NET POSITION		
Net investment in capital assets	8,690,649	-
Restricted for		
Trust	856,763	-
Unrestricted	1,441,098	275,652
TOTAL NET POSITION	\$ 10,988,510	\$ 275,652

See accompanying notes to financial statements.

URBANA FREE LIBRARY

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2020

<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	\$ 521,872	\$ 16,560	\$ -
Information technology	134,999	4,371	-
Development and promotion	150,679	4,879	-
Administration	327,068	10,591	-
Adult department	1,194,636	38,683	-
Children's department	136,356	4,415	-
Archives department	272,245	8,815	45,920
Cafe department	78,950	44,909	-
Acquisitions	242,759	7,861	-
Circulation	430,474	13,939	-
Maintenance	353,474	11,446	-
Total Governmental Activities	<u>\$ 3,843,512</u>	<u>\$ 166,469</u>	<u>\$ 45,920</u>
Component Unit			
Library Foundation	<u>\$ 47,691</u>	<u>\$ -</u>	<u>\$ 70,476</u>
		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

\$ (505,312)	\$ -
(130,628)	-
(145,800)	-
(316,477)	-
(1,155,953)	-
(131,941)	-
(217,510)	-
(34,041)	-
(234,898)	-
(416,535)	-
(342,028)	-
<u>\$ (3,631,123)</u>	<u>\$ -</u>

- 22,785

2,974,462 -

96,613	-
206,510	-
5,410	5,710
<u>73,602</u>	<u>-</u>
<u>3,356,597</u>	<u>5,710</u>
(274,526)	28,495
<u>11,263,036</u>	<u>247,157</u>
<u>\$ 10,988,510</u>	<u>\$ 275,652</u>

See accompanying notes to financial statements.

URBANA FREE LIBRARY

BALANCE SHEET GOVERNMENTAL FUNDS As of June 30, 2020

	General	Trust	Totals
ASSETS			
Cash and investments	\$ 726,860	\$ -	\$ 726,860
Restricted cash and investments	-	860,487	860,487
Receivables			
Property taxes	2,432,566	-	2,432,566
Due from the State of Illinois	13,776	-	13,776
Due from the City of Urbana	720,540	-	720,540
Prepaid items	53,953	-	53,953
TOTAL ASSETS	\$ 3,947,695	\$ 860,487	\$ 4,808,182
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 4,382	\$ 3,724	\$ 8,106
Accrued salaries and taxes	111,716	-	111,716
Unearned grant revenue	42,006	-	42,006
Total Liabilities	158,104	3,724	161,828
Deferred Inflows of Resources			
Taxes levied for future periods	1,967,503	-	1,967,503
Total Deferred Inflows of Resources	1,967,503	-	1,967,503
Fund Balance			
Nonspendable for prepaid expenditures	53,953	-	53,953
Restricted for trust	-	856,763	856,763
Unassigned fund balance	1,768,135	-	1,768,135
Total Fund Balances	1,822,088	856,763	2,678,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,947,695	\$ 860,487	\$ 4,808,182

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, 2020

Total Fund Balances - Governmental Funds	\$	2,678,851
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II C.		8,690,649
Deferred outflows related to other post employment benefits do not relate to current financial resources and are not reported in the funds.		37,809
Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the funds.		(26,165)
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		(206,175)
Total OPEB liability		<u>(186,459)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>10,988,510</u>

See accompanying notes to financial statements.

URBANA FREE LIBRARY

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

For the Year Ended June 30, 2020

	General	Trust	Totals
REVENUES			
Property taxes	\$ 2,974,462	\$ -	\$ 2,974,462
Intergovernmental	194,096	-	194,096
Book fines	69,997	-	69,997
Cafe sales	44,909	-	44,909
Donations	45,767	160,743	206,510
Interest	5,410	-	5,410
Miscellaneous revenue	73,602	-	73,602
Total Revenues	3,408,243	160,743	3,568,986
EXPENDITURES			
Current			
Centralized costs	428,728	1,537	430,265
Administration	300,822	448	301,270
Adult department	1,084,039	3,490	1,087,529
Children's department	85,285	5,885	91,170
Archives department	248,449	2,290	250,739
Cafe department	68,935	-	68,935
Maintenance	353,474	-	353,474
Acquisitions	226,648	-	226,648
Circulation	395,802	-	395,802
Information technology	218,097	-	218,097
Development and promotion	155,908	-	155,908
Total Expenditures	3,566,187	13,650	3,579,837
OTHER FINANCING SOURCES (USES)			
Transfers in	20,540	-	20,540
Transfers out	-	(20,540)	(20,540)
Total Other Financing Sources (Uses)	20,540	(20,540)	-
Net Change in Fund Balances	(137,404)	126,553	(10,851)
FUND BALANCES - Beginning of Year	1,959,492	730,210	2,689,702
FUND BALANCES - END OF YEAR	\$ 1,822,088	\$ 856,763	\$ 2,678,851

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, 2020

Net change in fund balances - total governmental funds	\$ (10,851)
--	-------------

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	17,348
Depreciation is reported in the government-wide financial statements	(207,638)

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	(60,060)
Total OPEB liability	(14,518)
Deferred outflows of resources related to OPEB	(2,634)
Deferred inflows of resources related to OPEB	<u>3,827</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (274,526)</u>
--	----------------------------

URBANA FREE LIBRARY

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE	<u>Page</u>
I Summary of Significant Accounting Policies	23
A. Reporting Entity	23
B. Government-Wide and Fund Financial Statements	24
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	25
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	26
1. Deposits and Investments	26
2. Receivables	28
3. Prepaid Items	28
4. Restricted Assets	28
5. Capital Assets	29
6. Deferred Outflows of Resources	29
7. Compensated Absences	29
8. Long-Term Obligations	30
9. Deferred Inflows of Resources	30
10. Equity Classifications	30
II Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	33
C. Capital Assets	34
D. Interfund Transfers	35
E. Long-Term Obligations	35
F. Component Unit	36
III Other Information	37
A. Employees' Retirement System	37
B. Risk Management	38
C. Commitments and Contingencies	38
D. Other Postemployment Benefits	38
E. Effect of New Accounting Standards on Current-Period Financial Statements	41

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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 three methods: discrete presentation, blended, or fiduciary. 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, 2020

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, 2020. 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, 2020

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.

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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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

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

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.

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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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.)

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.

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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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.)

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 2019 attaches as an enforceable lien on January 1, 2019, 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 2020 tax levy, which attached as an enforceable lien on the property as of January 1, 2020, has not been recorded as a receivable as of June 30, 2020, as the tax has not yet been levied by the Library and will not be levied until December 2020, and therefore, the levy is not measurable at June 30, 2020.

Tax bills for levy year 2019 are prepared by Champaign County and issued on or about May 1, 2020 and August 1, 2020, and are payable in two installments, on or about June 1, 2020 and September 1, 2020 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2019 property tax levy is recognized as a receivable and deferred inflows in fiscal 2020, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At June 30, 2020, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2019 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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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

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

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, 2020, are determined on the basis of current salary rates and include salary related payments.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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.)

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.

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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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.)

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.
- 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, 2020

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	\$ 1,360,241	\$ 1,409,912	Custodial credit risk - deposits
Illinois Funds	205,917	205,917	Credit risk
Webber Property Cash Account	20,447	20,447	Custodial credit risk - deposits
Petty cash	742	-	N/A
Total Deposits and Investments	\$ 1,587,347	\$ 1,636,276	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 726,860		
Restricted cash and investments	860,487		
Total Deposits and Investments	\$ 1,587,347		

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, 2020

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, 2020, 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, 2020

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

C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, 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	10,850,992	17,348	-	10,868,340
Equipment	669,116	-	-	669,116
Total Capital Assets Being Depreciated	11,520,108	17,348	-	11,537,456
Total Capital Assets	12,114,470	17,348	-	12,131,818
Less: Accumulated depreciation for				
Buildings and Improvements	2,695,190	168,445	-	2,863,635
Equipment	538,341	39,193	-	577,534
Total Accumulated depreciation	3,233,531	207,638	-	3,441,169
Net Capital Assets Being Depreciated	8,286,577	(190,290)	-	8,096,287
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,880,939	\$ (190,290)	\$ -	\$ 8,690,649

Depreciation expense was charged to functions as follows:

Governmental Activities	
Administration	\$ 17,913
Adult department	86,218
Children's department	45,186
Archives department	15,213
Cafe department	8,807
Acquisitions	10,580
Circulation	23,721
Total Governmental Activities Depreciation Expense	\$ 207,638

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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

D. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General	Trust	\$ <u>20,540</u>
Total		\$ <u><u>20,540</u></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, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Other Liabilities					
Compensated absences	\$ 146,115	\$ 187,234	\$ 127,174	\$ 206,175	\$ 206,175
Total OPEB liability	<u>171,941</u>	<u>21,186</u>	<u>6,668</u>	<u>186,459</u>	<u>-</u>
Total Other Liabilities	<u>318,056</u>	<u>208,420</u>	<u>133,842</u>	<u>392,634</u>	<u>206,175</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 318,056</u>	<u>\$ 208,420</u>	<u>\$ 133,842</u>	<u>\$ 392,634</u>	<u>\$ 206,175</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, 2020

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>\$ 275,507</u>	<u>\$ 275,507</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, 2020

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 $1\frac{2}{3}\%$ 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 2019 was 9.27% of annual covered payroll. For 2019, the annual required contribution rate was 9.27%. 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, 2020

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, 2020, the Library reported a liability for its proportionate share of the total OPEB liability of \$186,459. The liability was measured as of June 30, 2020, 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, 2020. At June 30, 2020, the Library's proportion was 3.76%.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE III - OTHER INFORMATION (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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 a high-quality municipal bond rate of 2.66%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch..

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, 2020 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount Rate. At June 30, 2020, the discount rate used to measure the total OPEB liability was a rate of 2.66%, which was a change from the June 30, 2019 rate of 2.79%. 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 (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 210,566	\$ 186,459	\$ 166,108

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

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:

	1% Decrease (7.00% Decreasing to 3.00%)	Healthcare Cost Trend Rates (8.00% Decreasing to 4.00%)	1% Increase (9.00% Decreasing to 5.00%)
Total OPEB liability	\$ 156,061	\$ 186,459	\$ 225,442

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended June 30, 2020, the Library recognized OPEB expense of \$20,549. At June 30, 2020, 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	\$ -	\$ 21,998
Changes of assumptions or other inputs	37,809	4,167
Total	<u>\$ 37,809</u>	<u>\$ 26,165</u>

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:

2021	\$ 1,618
2022	1,618
2023	1,618
2024	1,618
2025	1,618
Thereafter	<u>3,554</u>
Total	<u>\$ 11,644</u>

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2020

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. 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*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Statement No. 96, *Subscription-Based Information Technology Arrangements*

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

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, 2020

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Property taxes	\$ 3,375,649	\$ 3,375,649	\$ 2,974,462
Replacement Tax	91,001	91,001	96,613
Grant, Champaign County	45,920	45,920	45,920
Federal LSTA Grant (State Aid)	51,563	51,563	51,563
Contribution revenue	246,046	246,046	-
Book fines	102,800	102,800	69,997
Cafe sales	72,665	72,665	44,909
Interest	5,400	5,400	5,410
Miscellaneous revenue	58,800	58,800	73,602
Donations	61,100	71,560	45,767
Total Revenues	4,110,944	4,121,404	3,408,243
EXPENDITURES			
Current:			
Centralized costs	831,432	820,162	428,728
Administration	302,289	308,789	300,822
Adult department	1,115,895	1,126,482	1,084,039
Children's department	98,450	100,700	85,285
Archives department	309,460	304,460	248,449
Cafe department	86,079	86,079	68,935
Maintenance	597,400	596,462	353,474
Acquisitions	237,220	237,220	226,648
Circulation	417,017	417,452	395,802
Information technology	234,614	255,639	218,097
Development and promotion	154,913	154,913	155,908
Total Expenditures	4,384,769	4,408,358	3,566,187
Excess (deficiency) of revenues over (under) expenditures	(273,825)	(286,954)	(157,944)
OTHER FINANCING SOURCES			
Transfers in	29,500	191,500	20,540
Total Other Financing Sources	29,500	191,500	20,540
Net Change in Fund Balance	\$ (244,325)	\$ (95,454)	(137,404)
FUND BALANCE - Beginning of Year			1,959,492
FUND BALANCE - END OF YEAR			\$ 1,822,088

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

URBANA FREE LIBRARY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TRUST FUND For the Year Ended June 30, 2020

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Donations	\$ 23,500	\$ 7,500	\$ 160,743
Total Revenues	<u>23,500</u>	<u>7,500</u>	<u>160,743</u>
EXPENDITURES			
Current:			
Centralized costs	32,000	35,075	1,537
Administration	6,725	7,000	448
Adult department	10,750	10,750	3,490
Children's department	9,000	9,200	5,885
Archives department	<u>1,900</u>	<u>4,900</u>	<u>2,290</u>
Total Expenditures	<u>60,375</u>	<u>66,925</u>	<u>13,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,875)</u>	<u>(59,425)</u>	<u>147,093</u>
OTHER FINANCING USES			
Transfers out	<u>(185,000)</u>	<u>(185,000)</u>	<u>(20,540)</u>
Total Other Financing Uses	<u>(185,000)</u>	<u>(185,000)</u>	<u>(20,540)</u>
Net Change in Fund Balance	<u>\$ (221,875)</u>	<u>\$ (244,425)</u>	126,553
FUND BALANCE - Beginning of Year			<u>730,210</u>
FUND BALANCE - END OF YEAR			<u>\$ 856,763</u>

See independent auditors' 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
Three Most Recent Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Library's proportion of the total OPEB liability	3.76%	3.77%	1.71%
Library's proportionate share of the total OPEB liability	\$ 186,459	\$ 171,941	\$ 62,793
Covered payroll	\$ 751,104	\$ 730,962	\$ 373,100
Library's proportionate share of the total OPEB liability as a percentage of covered payroll	24.82%	23.52%	16.83%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	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%	0.00%
Municipal bond index	2.66%	2.79%	3.87%
Single equivalent discount rate	2.79%	2.79%	3.87%
Inflation rate	2.50%	2.50%	2.50%
Healthcare cost trend rates - initial	8.00%	8.00%	8.75%
Healthcare cost trend rates - ultimate	4.00%	4.00%	4.00%
Mortality	PubG-2010 and PubS-2010, projected 5 years using Scale MP- 2018	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, 2020

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.