

URBANA FREE LIBRARY

A COMPONENT UNIT OF THE CITY OF URBANA, ILLINOIS

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

URBANA FREE LIBRARY

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Independent Auditors' Report

To the Library Board of
Urbana Free Library

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 as of and for the year ended June 30, 2021, 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.

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 as of June 30, 2021 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 US, LLP

Oak Brook, Illinois
December 7, 2021

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

(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, 2021. 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 \$11,071,092 (net position). Of this amount \$2,265,833 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 \$3,156,643, an increase of \$477,792 in comparison with the prior year. Approximately \$2,544,579 is available for spending at the government's discretion (unassigned fund balance).
- General revenues accounted for \$4,187,375 in revenue or 96% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$151,685 or 4% of total governmental revenues of \$4,343,060.
- The Library had \$4,256,478 in expenses related to government activities. However, only \$151,685 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 \$2,544,579, or 75% 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. 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, FY2014FY2018, 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. With the hiring of a new Facilities Manager, we will be updating our capital expense list.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

(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, 2021

(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, 2021

(Unaudited)

Government-Wide Financial Analysis

Table 1 Condensed Statements of Net Position (in actual dollars)			
	<i>Governmental Activities</i>		
	<i>2021</i>	<i>2020</i>	<i>Change</i>
Assets			
Current and other assets	\$ 4,959,517	\$ 4,808,182	3.1%
Capital assets	<u>8,226,153</u>	<u>8,690,649</u>	(5.3)%
Total assets	<u>13,185,670</u>	<u>13,498,831</u>	(2.3)%
Deferred outflows of resources			
Deferred outflows related to OPEB	<u>36,913</u>	<u>37,809</u>	
Total deferred outflows of resources	<u>36,913</u>	<u>37,809</u>	
Liabilities			
Long-term liabilities	336,820	392,634	(14.2)%
Other liabilities	<u>116,311</u>	<u>161,828</u>	(28.1)%
Total liabilities	<u>453,131</u>	<u>554,462</u>	(18.3)%
Deferred Inflows of Resources			
Property taxes levied for a future period	1,686,563	1,967,503	(14.3)%
Deferred inflows related to OPEB	<u>11,797</u>	<u>26,165</u>	(54.9)%
Total deferred inflows of resources	<u>1,698,360</u>	<u>1,993,668</u>	(14.8)%
Net position			
Net investment in capital assets	8,226,153	8,690,649	(5.3)%
Restricted	579,106	856,763	(32.4)%
Unrestricted	<u>2,265,833</u>	<u>1,441,098</u>	57.2%
Total net position	<u>\$ 11,071,092</u>	<u>\$ 10,988,510</u>	0.8%

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, 2021

(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 \$82,582 from \$10,988,510 to \$11,071,092. The Library's total assets and deferred outflows of resources equal \$13,222,583. The Library's total liabilities and deferred inflows of resources equal \$2,151,491.

A portion of the net position of the governmental activities is restricted for trusts. The unrestricted balance of \$2,265,833 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, 2021

(Unaudited)

Table 2			
Condensed Statements of Activities			
(in actual dollars)			
	<u>Governmental Activities</u>		
	2021	2020	Change
Revenues			
Charges for services	\$ 105,765	\$ 169,469	-37.6%
Operating grants and contributions	45,920	45,920	
Property taxes	3,767,848	2,974,462	26.7%
Intergovernmental	134,610	96,613	39.3%
Other general revenues	<u>284,917</u>	<u>285,522</u>	-0.2%
Total revenues	<u>4,339,060</u>	<u>3,571,986</u>	21.5%
Expenses			
Centralized costs	647,260	521,872	24.0%
Information technology	136,419	134,999	1.1%
Development and promotion	158,087	150,679	4.9%
Administration	720,148	327,068	120.2%
Adult department	1,140,581	1,194,636	-4.5%
Children's department	155,539	136,356	14.1%
Archives department	290,868	272,245	6.8%
Cafe department	(33,194)	78,950	-142.0%
Acquisitions	248,631	242,759	2.4%
Circulation	419,111	430,474	-2.6%
Maintenance	<u>373,028</u>	<u>355,474</u>	4.9%
Total expenses	<u>4,256,478</u>	<u>3,845,512</u>	10.7%
Change in net position	82,582	(274,526)	-130.1%
Net position, beginning of year	<u>10,988,510</u>	<u>11,263,036</u>	-2.4%
Net position, end of year	<u>\$ 11,071,092</u>	<u>\$ 10,988,510</u>	0.8%

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, 2021

(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

COVID-19 has impacted the Library in many ways. Use of the collection has changed. Circulation of digital items, which do not accumulate overdue fees, has increased, while it's decreased for physical items. In addition, the Library Board voted in May 2021 to begin autorenewal of items which do not have holds on them. This provides better patron service while decreasing revenue.

The Café closed in March 2020 and has not been reopened, which impacts both revenue and expenses.

Library hours were decreased, and although no staff were laid off, expenditures on staffing overall was decreased. The staff parking lot capital project was delayed to FY22.

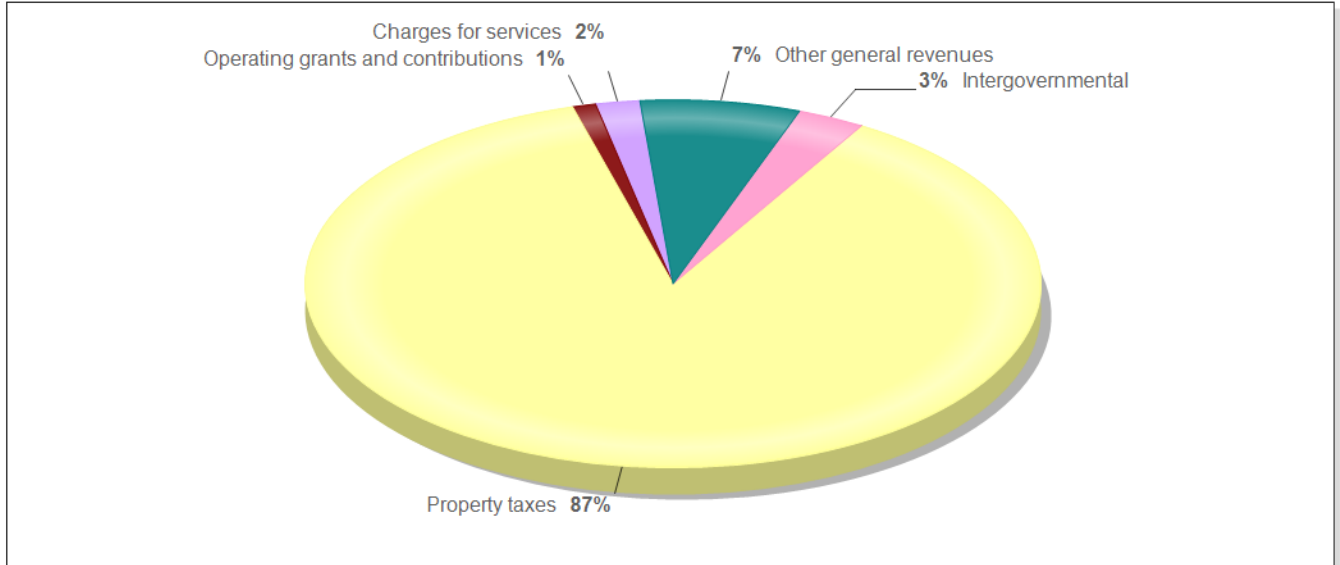
The Friends were unable to host book sales, so donations revenue was decreased, and spending on books was decreased.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
(Unaudited)

Governmental Activities

Governmental Revenues by Source



Revenues

Property tax revenue remains the primary revenues source and moved from being 83% of revenue in FY20 to 87% in FY21. Other general revenues decreased from 8% to 7%. Library fees have been decreasing for years for a number of reasons, including changing library policies to be more accessible to patrons, and changing patron use of the collections. For example, comparing FY20 to FY21, the circulation of digital items, which do not accumulate overdue fees, increased by 23,600. Overall, the percentage of digital items of all items checked out increased from 12% to 15%.

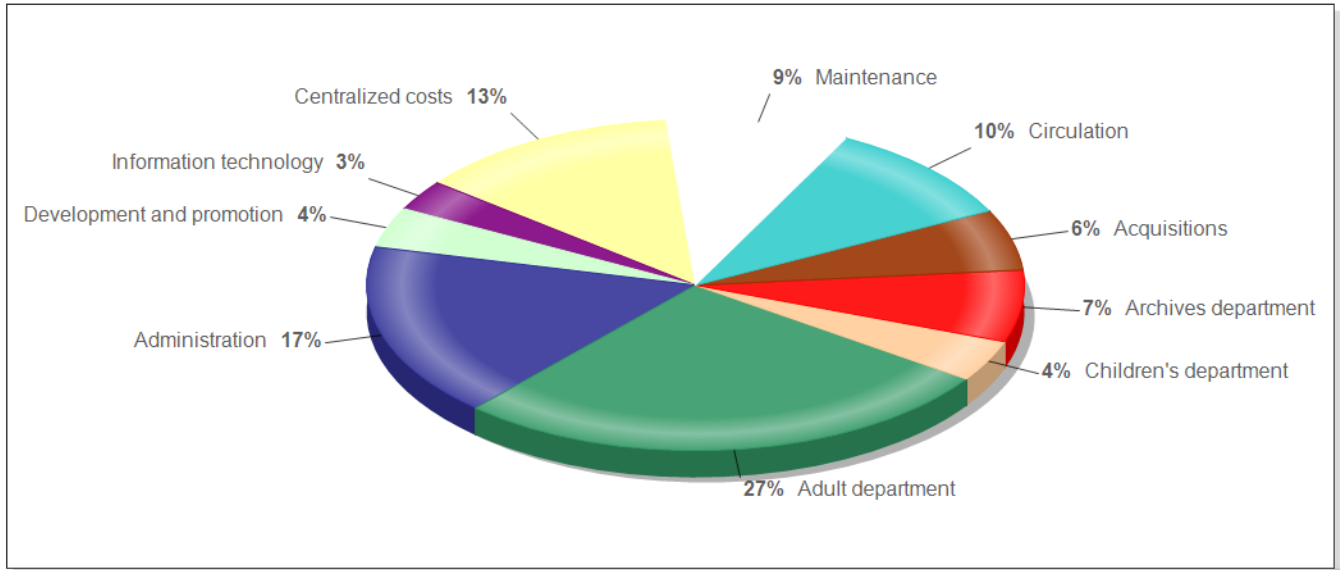
In addition, the Library Board voted in May 2021 to begin autorenewal of items which do not have holds on them. This means that overall, fine revenue has decreased and will remain lower than it was before. There is a national trend to go “fine free” in libraries in order to remove barriers to access. In addition, the Library was closed to the public from the end of November through the beginning of February, except for limited access to the public computers. This means that revenue based on patrons being in the building, such as Café revenue, notary public fees or photocopying fees, was also diminished for months. The Café closed in March 2020 and has not been reopened.

In addition, property tax revenue was artificially inflated since \$720,500 of funds scheduled to be received in FY20 were received and deposited on July 3, 2020, the first week of FY21. The PPRT was higher than anticipated this year, as well.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
(Unaudited)

Governmental Expenses by Function



Expenses

COVID-19 spending included PPE and computers to assist staff in staying safe working in the building and when working from home.

Percentages of expenses are consistent with FY20. Café remained closed, so it does not appear here at all.

IT spending was down primarily due to leaving an open position open throughout the year, so that only 60% of the IT wages were spent. Other IT spending was right on budget.

Expenses for Administration were up due to a one-time contribution to the Foundation of two large, one-time gifts totaling \$425,000.

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

(Unaudited)

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 FY21, and the staff parking lot, which is failing, is budgeted to be replaced. The Webber Building's roof had problems in FY21, and the Library Board voted to go out to bid to determine whether it will be most cost effective to demolish the building or put on a new roof and make other necessary upgrades. Work on the staff parking lot project has paused until this determination is made. Either way, funds for these projects are coming from fund balance.

General Fund Budgetary Highlights

General Fund revenues of \$4,162,732 were below budget by \$102,669. Expenditures were \$891,885 below budget.

Capital Assets

By the end of 2021, the Library had compiled a total investment of \$11,834,209 (\$8,226,153 net of accumulated depreciation) in a broad range of capital assets including land, buildings, and equipment. Total depreciation expense for the year was \$201,569. 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)				
	<u>Governmental Activities</u>			<u>Change</u>
	<u>2021</u>	<u>2020</u>		
Land	\$ 308,767	\$ 594,362		-48.1%
Buildings and improvements	7,843,510	8,004,705		-2.0%
Equipment	<u>73,876</u>	<u>91,582</u>		-19.3%
Total	<u>\$ 8,226,153</u>	<u>\$ 8,690,649</u>		-5.3%

URBANA FREE LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

(Unaudited)

Factors Bearing on the Library's Future

The FY2023 Strategic Plan calls for the Library to “steward our physical and financial resources to allow for growth and sustainability.”

Large capital expenses remain a concern. The staff parking lot was budgeted to be redone in FY21 but needed to be deferred. Aging infrastructure, including windows in the historic 1918 section of the building; and air handler have been identified in the Financial Plan FY20142018 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.

The Library hired a Development Director in FY19 and the Library 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 and added an Etsy 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.

Twenty-five percent of staff will receive wage increases beginning January 1, 2022, due to the Illinois minimum wage increase. In addition, we expect the cost of health insurance to increase dramatically again January 1, 2022.

As mentioned, we expect decreased revenue from fines. 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 in FY20, one of our tenant's lease expired, he moved out, and we were unable to rent the space in FY21.

In 2021, the Library began 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 move into 2022, will complete the Building Program, and we will see what short and long-term impact COVID19 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, 2021

(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 COVID19 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, 2021

	Governmental Activities	Component Unit
ASSETS		
Cash and investments	\$ 2,603,862	\$ 718,876
Receivables		
Property taxes	1,718,318	-
Due from State of Illinois	25,184	-
Prepaid items	32,958	-
Restricted assets		
Cash and investments	579,195	-
Capital Assets		
Land	308,767	-
Other capital assets, net of depreciation	<u>7,917,386</u>	-
Total Assets	<u>13,185,670</u>	<u>718,876</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	<u>36,913</u>	-
Total Deferred Outflows of Resources	<u>36,913</u>	-
LIABILITIES		
Accounts payable	89	-
Accrued salaries	116,183	-
Unearned grant revenue	39	-
Noncurrent Liabilities		
Due within one year	213,090	-
Due in more than one year	<u>123,730</u>	-
Total Liabilities	<u>453,131</u>	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied for future periods	1,686,563	-
Deferred inflows related to OPEB	<u>11,797</u>	-
Total Deferred Inflows of Resources	<u>1,698,360</u>	-
NET POSITION		
Net investment in capital assets	8,226,153	-
Restricted for		
Trust	579,106	-
Unrestricted	<u>2,265,833</u>	<u>718,876</u>
TOTAL NET POSITION	<u>\$ 11,071,092</u>	<u>\$ 718,876</u>

See accompanying notes to financial statements.

URBANA FREE LIBRARY

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2021

<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	\$ 647,260	\$ 19,337	\$ -
Information technology	136,419	1,620	-
Development and promotion	158,087	3,576	-
Administration	720,148	17,356	-
Adult department	1,140,581	27,489	-
Children's department	155,539	3,749	-
Archives department	290,868	7,010	45,920
Cafe department	(33,194)	545	-
Acquisitions	248,631	5,992	-
Circulation	419,111	10,101	-
Maintenance	373,028	8,990	-
Total Governmental Activities	\$ 4,256,478	\$ 105,765	\$ 45,920
Component Unit			
Library Foundation	\$ 48,431	\$ -	\$ 479,065
	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

\$ (627,923)	\$ -
(134,799)	-
(154,511)	-
(702,792)	-
(1,113,092)	-
(151,790)	-
(237,938)	-
33,739	-
(242,639)	-
(409,010)	-
(364,038)	-
\$ (4,104,793)	\$ -

\$ - \$ 430,634

3,767,848	-
134,610	-
214,455	-
438	12,590
70,024	-
4,187,375	12,590
82,582	443,224
10,988,510	275,652
\$ 11,071,092	\$ 718,876

See accompanying notes to financial statements.

URBANA FREE LIBRARY

BALANCE SHEET GOVERNMENTAL FUNDS As of June 30, 2021

	General	Trust	Totals
ASSETS			
Cash and investments	\$ 2,603,862	\$ -	\$ 2,603,862
Restricted cash and investments	-	579,195	579,195
Receivables			
Property taxes	1,718,318	-	1,718,318
Due from the State of Illinois	25,184	-	25,184
Prepaid items	32,958	-	32,958
TOTAL ASSETS	\$ 4,380,322	\$ 579,195	\$ 4,959,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 89	\$ 89
Accrued salaries and taxes	116,183	-	116,183
Unearned grant revenue	39	-	39
Total Liabilities	116,222	89	116,311
Deferred Inflows of Resources			
Taxes levied for future periods	1,686,563	-	1,686,563
Total Deferred Inflows of Resources	1,686,563	-	1,686,563
Fund Balance			
Nonspendable for prepaid expenditures	32,958	-	32,958
Restricted for trust	-	579,106	579,106
Unassigned fund balance	2,544,579	-	2,544,579
Total Fund Balances	2,577,537	579,106	3,156,643
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,380,322	\$ 579,195	\$ 4,959,517

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, 2021

Total Fund Balances - Governmental Funds	\$ 3,156,643
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.	8,226,153
Deferred outflows related to other post employment benefits do not relate to current financial resources and are not reported in the funds.	36,913
Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the funds.	(11,797)
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	(213,090)
Total OPEB liability	<u>(123,730)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 11,071,092</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, 2021

	General	Trust	Totals
REVENUES			
Property taxes	\$ 3,767,848	\$ -	\$ 3,767,848
Intergovernmental	232,093	-	232,093
Book fines	53,657	-	53,657
Cafe sales	545	-	545
Donations	38,127	176,328	214,455
Interest	438	-	438
Miscellaneous revenue	70,024	-	70,024
Total Revenues	4,162,732	176,328	4,339,060
EXPENDITURES			
Current			
Centralized costs	434,383	3,483	437,866
Administration	275,561	426,279	701,840
Adult department	1,041,600	12,866	1,054,466
Children's department	100,667	11,007	111,674
Archives department	274,933	350	275,283
Cafe department	(41,745)	-	(41,745)
Maintenance	380,046	-	380,046
Acquisitions	237,658	-	237,658
Circulation	394,753	-	394,753
Information technology	151,787	-	151,787
Development and promotion	157,640	-	157,640
Total Expenditures	3,407,283	453,985	3,861,268
Net Change in Fund Balances	755,449	(277,657)	477,792
FUND BALANCES - Beginning of Year	1,822,088	856,763	2,678,851
FUND BALANCES - END OF YEAR	\$ 2,577,537	\$ 579,106	\$ 3,156,643

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, 2021

Net change in fund balances - total governmental funds	\$	477,792
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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.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	22,668
Depreciation is reported in the government-wide financial statements	(201,569)
Net book value of assets retired	(285,595)

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	(6,915)
Total OPEB liability	62,729
Deferred outflows of resources related to OPEB	(896)
Deferred inflows of resources related to OPEB	<u>14,368</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>82,582</u>
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URBANA FREE LIBRARY

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URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2021

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, 2021

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.E. 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, 2021. 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.

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

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

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

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

Fund Financial Statements (cont.)

- 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.

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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

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

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

Fund Financial Statements (cont.)

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.

Interest Rate Risk

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

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

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.)

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.

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.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

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.)

See Note II. A. for further information.

2. Receivables

Property taxes for levy year 2020 attaches as an enforceable lien on January 1, 2020, 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 2021 tax levy, which attached as an enforceable lien on the property as of January 1, 2021, has not been recorded as a receivable as of June 30, 2021, as the tax has not yet been levied by the Library and will not be levied until December 2021, and therefore, the levy is not measurable at June 30, 2021.

Tax bills for levy year 2020 are prepared by Champaign County and issued on or about May 1, 2021 and August 1, 2021, and are payable in two installments, on or about June 1, 2021 and September 1, 2021 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2020 property tax levy is recognized as a receivable and deferred inflows in fiscal 2021, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At June 30, 2021, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2020 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, 2021

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, 2021, 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, 2021

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, 2021

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, 2021

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	\$ 2,950,068	\$ 2,979,173	Custodial credit risk - deposits
Illinois Funds	207,421	207,421	Credit risk
Webber Property Cash Account	24,826	24,826	Custodial credit risk - deposits
Petty cash	742	-	N/A
Total Deposits and Investments	\$ 3,183,057	\$ 3,211,420	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 2,603,862		
Restricted cash and investments	579,195		
Total Deposits and Investments	\$ 3,183,057		

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.

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

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2021, 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, 2021

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

C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 594,362	\$ -	\$ 285,595	\$ 308,767
Total Capital Assets Not Being depreciated	594,362	-	285,595	308,767
Capital assets being depreciated				
Buildings and Improvements	10,868,340	7,018	19,102	10,856,256
Equipment	669,116	15,650	15,580	669,186
Total Capital Assets Being Depreciated	11,537,456	22,668	34,682	11,525,442
Total Capital Assets	12,131,818	22,668	320,277	11,834,209
Less: Accumulated depreciation for				
Buildings and Improvements	2,863,635	168,213	19,102	3,012,746
Equipment	577,534	33,356	15,580	595,310
Total Accumulated depreciation	3,441,169	201,569	34,682	3,608,056
Net Capital Assets Being Depreciated	8,096,287	(178,901)	-	7,917,386
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,690,649	\$ (178,901)	\$ 285,595	\$ 8,226,153

Depreciation expense was charged to functions as follows:

Governmental Activities	
Administration	\$ 17,389
Adult department	83,698
Children's department	43,865
Archives department	14,768
Cafe department	8,550
Acquisitions	10,271
Circulation	23,028
Total Governmental Activities Depreciation Expense	\$ 201,569

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2021

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

D. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Other Liabilities					
Compensated absences	\$ 206,175	\$ 130,646	\$ 123,731	\$ 213,090	\$ 213,090
Total OPEB liability	<u>186,459</u>	<u>8,313</u>	<u>71,042</u>	<u>123,730</u>	<u>-</u>
Total Other Liabilities	<u>392,634</u>	<u>138,959</u>	<u>194,773</u>	<u>336,820</u>	<u>213,090</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 392,634</u>	<u>\$ 138,959</u>	<u>\$ 194,773</u>	<u>\$ 336,820</u>	<u>\$ 213,090</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, 2021

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

E. 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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	<u>\$ 718,876</u>	<u>\$ 719,069</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, 2021

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 2020 was 12.45% of annual covered payroll. For 2020, the annual required contribution rate was 12.45%. 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, 2021

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, 2021, the Library reported a liability for its proportionate share of the total OPEB liability of \$123,730. The liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the Library's proportion was 1.98%.

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

NOTE III - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 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 7.00%, grading down to the ultimate trend rate of 4.00% in 2075
Retirees' share of benefit-related costs	100%

The discount rate was based on a high-quality municipal bond rate of 2.18%. 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 amount-weighted, below median income with scale MP-2020 (Employee, Healthy Retiree, & Survivor) for Library Employees.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount Rate. At June 30, 2021, the discount rate used to measure the total OPEB liability was a rate of 2.18%, which was a change from the June 30, 2020 rate of 2.66%. 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 (1.18 percent) or 1-percentage-point higher (3.18 percent) than the current discount rate:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB liability	\$ 134,077	\$ 123,730	\$ 114,228

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

NOTE III - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (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 (6.50 percent decreasing to 3.00 percent) or 1-percentage-point higher (8.50 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (6.50% Decreasing to 3.00%)	Trend Rates (7.50% Decreasing to 4.00%)	1% Increase (8.50% Decreasing to 5.00%)
Total OPEB liability	\$ 109,830	\$ 123,730	\$ 140,034

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended June 30, 2021, the Library recognized OPEB expense of \$11,787. At June 30, 2021, 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	\$ 7,632	\$ 9,918
Changes of assumptions or other inputs	29,281	1,879
Total	\$ 36,913	\$ 11,797

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:

2022	\$ 3,332
2023	3,332
2024	3,332
2025	3,332
2026	3,332
Thereafter	8,456
Total	\$ 25,116

URBANA FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

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. 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, 2021

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Property taxes	\$ 3,498,367	\$ 3,498,367	\$ 3,767,848
Replacement Tax	63,701	63,701	134,610
Grant, Champaign County	45,920	45,920	45,920
Federal LSTA Grant (State Aid)	51,563	51,563	51,563
Contribution revenue	291,096	291,096	-
Book fines	91,314	91,314	53,657
Cafe sales	65,500	65,500	545
Interest	3,019	3,019	438
Miscellaneous revenue	63,111	63,111	70,024
Donations	<u>85,535</u>	<u>91,810</u>	<u>38,127</u>
Total Revenues	<u>4,259,126</u>	<u>4,265,401</u>	<u>4,162,732</u>
EXPENDITURES			
Current:			
Centralized costs	835,462	827,171	434,383
Administration	300,592	300,592	275,561
Adult department	1,095,624	1,135,659	1,041,600
Children's department	140,423	105,863	100,667
Archives department	304,747	304,747	274,933
Cafe department	83,611	92,611	(41,745)
Maintenance	486,459	486,459	380,046
Acquisitions	242,890	242,890	237,658
Circulation	419,650	419,650	394,753
Information technology	216,111	215,402	151,787
Development and promotion	<u>167,324</u>	<u>168,124</u>	<u>157,640</u>
Total Expenditures	<u>4,292,893</u>	<u>4,299,168</u>	<u>3,407,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,767)</u>	<u>(33,767)</u>	<u>755,449</u>
OTHER FINANCING SOURCES			
Transfers in	<u>29,500</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>29,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (4,267)</u>	<u>\$ (33,767)</u>	755,449
FUND BALANCE - Beginning of Year			<u>1,822,088</u>
FUND BALANCE - END OF YEAR			<u>\$ 2,577,537</u>

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, 2021

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Donations	\$ 23,550	\$ 92,250	\$ 176,328
Total Revenues	23,550	92,250	176,328
EXPENDITURES			
Current:			
Centralized costs	35,216	30,716	3,483
Administration	594,062	659,062	426,279
Adult department	14,900	16,600	12,866
Children's department	9,643	15,143	11,007
Archives department	3,270	4,270	350
Total Expenditures	657,091	725,791	453,985
Net Change in Fund Balance	\$ (633,541)	\$ (633,541)	(277,657)
FUND BALANCE - Beginning of Year			856,763
FUND BALANCE - END OF YEAR			\$ 579,106

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
Four Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Library's proportion of the total OPEB liability	1.98%	3.76%	3.77%	1.71%
Library's proportionate share of the total OPEB liability	\$ 123,730	\$ 186,459	\$ 171,941	\$ 62,793
Covered payroll	\$ 390,722	\$ 751,104	\$ 730,962	\$ 373,100
Library's proportionate share of the total OPEB liability as a percentage of covered payroll	31.67%	24.82%	23.52%	16.83%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	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%	0.00%
Municipal bond index	2.18%	2.66%	2.79%	3.87%
Single equivalent discount rate	2.66%	2.79%	2.79%	3.87%
Inflation rate	2.50%	2.50%	2.50%	2.50%
Healthcare cost trend rates - initial	7.00%	8.00%	8.00%	8.75%
Healthcare cost trend rates - ultimate	4.00%	4.00%	4.00%	4.00%
Mortality	PubG-2010 amount weighted, below-median income with scale MP-2020	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, 2021

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.