

MIDLOTHIAN PUBLIC LIBRARY

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
April 30, 2020

Prepared By:

Hearne & Associates, P.C.
Certified Public Accountants &
Business Consultants

Midlothian Public Library

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Midlothian Public Library
Midlothian, IL

We have audited the accompanying financial statements of the governmental activities and the major fund of the Midlothian Public Library ("the Library"), a component unit of the Village of Midlothian, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditor's judgment, including the assessment of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Midlothian Public Library as of April 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 management's discussion and analysis, schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions, and budgetary comparison information on pages 3-7 and 28-31 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

September 14, 2020
Mokena, IL


Heame & Associates, P.C.
Certified Public Accountants

Midlothian Public Library
Management's Discussion and Analysis
April 30, 2020

The management's discussion and analysis of Midlothian Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended April 30, 2020. The management of the Library encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the Library's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,273,257.
- In total, net position increased by \$193,167.
- General revenues were \$1,459,248 or 97% of all revenues. Program specific revenues, in the form of charges for services, grants, and contributions were \$40,083 or 3% of total revenues of \$1,499,331.

Overview of the Financial Statements

This discussion and analysis is 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
- Notes to the 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.

The statement of net position presents information on all Library assets and liabilities 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 Library's net position changed during the fiscal year being reported. All changes in net position are reported when assets are earned and liabilities are incurred.

The government-wide financial statements present the Library functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Library's governmental activities include general library services and debt service.

Midlothian Public Library
Management's Discussion and Analysis
April 30, 2020

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library's fund is considered a governmental fund. The Library maintains no proprietary funds or fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and change in fund balances of the General Fund.

The Library adopts an annual budget for the fund listed above. A budgetary comparison statement has been provided as supplementary information for the General Fund.

Notes to the Basic Financial Statements

The notes to the basic 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 progress in funding its obligation to provide pension benefits to its employees.

Midlothian Public Library
Management's Discussion and Analysis
April 30, 2020

Government -Wide Financial Analysis

Net Position. At year-end, total net position was \$2,273,257. (See Table 1).

Table 1: Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 5,742,420	\$ 2,866,047
Capital Assets	<u>1,172,119</u>	<u>1,031,784</u>
Total Assets	<u>6,914,539</u>	<u>3,897,831</u>
Deferred Outflows of Resources	<u>274,591</u>	<u>379,469</u>
Liabilities	<u>3,103,688</u>	<u>566,204</u>
Deferred Inflows of Resources	<u>1,812,185</u>	<u>1,631,006</u>
Net Position:		
Net Investment in Capital Assets	991,549	1,031,784
Restricted	3,271,216	641,321
Unrestricted	<u>(1,989,508)</u>	<u>406,985</u>
Total Net Position	<u>\$ 2,273,257</u>	<u>\$ 2,080,090</u>

Table 2: Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 20,442	\$ 21,252
Grants and Contributions	19,641	30,781
General Revenues:		
Taxes	1,410,712	1,219,017
Other	<u>48,536</u>	<u>38,506</u>
Total Revenues	<u>1,499,331</u>	<u>1,309,556</u>
Expenses:		
General Library	<u>1,306,164</u>	<u>1,219,040</u>
Change in Net Position	193,167	90,516
Beginning	<u>2,080,090</u>	<u>1,989,574</u>
Ending	<u>\$ 2,273,257</u>	<u>\$ 2,080,090</u>

Midlothian Public Library
Management's Discussion and Analysis
April 30, 2020

The Library's total revenues were \$1,499,331. Taxes were 94% of the total or \$1,410,712.

The Library received grants in the amount of \$19,641 in the current year.

The remaining \$69,978 came from fees charged for services, interest, and miscellaneous sources. This is an increase in total revenue of \$189,775 from the prior year. This was primarily due to the Library receiving additional tax revenue in the current fiscal year.

The total cost of all programs and services was \$1,306,164. The Library's expenses are predominantly related to providing library services to the residents of the Village of Midlothian (salary and benefit, administration, building maintenance and materials purchase costs, etc.). The increase in expenses can be attributed a decrease in salary and benefit expenses.

Financial Analysis of the Library's Funds

As the Library completed the year, its governmental fund reported a fund balance of \$4,184,171. Revenues for the Library's governmental fund were \$1,499,331 while total expenditures were \$1,411,138.

The General Fund experienced a current year net change in fund balance of \$2,838,193 as compared to a surplus of \$116,735 in the prior year. This surplus resulted in a year-end fund balance of \$4,184,171. Factors that attributed to this increase in fund balance are:

- Expenditures increased by \$219,868 over the prior year. Increases were primarily due to increased capital outlay expenditures.
- Revenues increased by \$189,775 from the prior year. The majority of the increase can be attributed to increased tax revenue.
- New Debt was issued in the amount of \$2,750,000 for capital improvements to the library.

General Fund Budgetary Highlights

While the Library's budget for the General Fund anticipated revenues (with transfers) would be equal expenditures, the actual result for the year was a \$2,838,193 surplus. The Library anticipated that property tax revenues would be \$21,484 more than what was actually recognized, the general library expenses came in lower than expected causing total expenditures to fall below budget by \$624,979.

Midlothian Public Library
Management's Discussion and Analysis
April 30, 2020

Capital Assets

By the end of fiscal year 2020, the Library had invested \$3.1 million (before accumulated depreciation of \$1.9 million) in a broad range of capital assets including buildings, machinery, and equipment (computer, audio-visual, and furniture) and land. (See Table 3) (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Depreciation expense for the year was \$81,934; additions to equipment amounted to \$24,870 and construction in process amounted to \$197,399.

Table 3: Capital Assets (Net of Depreciation)

	<u>2020</u>	<u>2019</u>
Land	\$ 126,124	\$ 126,124
Construction In Process	197,399	-
Buildings	758,395	817,156
Machinery and Equipment	<u>90,201</u>	<u>88,504</u>
 TOTAL	 <u>\$ 1,172,119</u>	 <u>\$ 1,031,784</u>

Factors Bearing on the Library's Future

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

- The Library's ability to generate tax receipts is directly linked to the value of the property within the Village of Midlothian. Any adverse effect on property values will limit the ability of the Library to increase revenue.
- The library is in the process of improving exterior portions of the building, along with updates to doors, windows, and other interior components. The Library has issued bonds in the amount of \$2,750,000 for the purpose of paying the costs of this capital project.
- It is undetermined at this time, but the COVID-19 Pandemic may have a significant effect on the operations of the Library.

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, or need additional financial information, contact Midlothian Public Library, 14701 South Kenton Avenue, Midlothian, IL 60445.

BASIC FINANCIAL STATEMENTS

Midlothian Public Library
Statement of Net Position
April 30, 2020

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 4,982,671
Property Taxes Receivable	759,749
Capital Assets not being Depreciated	323,523
Capital Assets being Depreciated, net	848,596
Total Assets	6,914,539
 Deferred Outflows of Resources	
Related to Pension	274,591
 Liabilities	
Accounts Payable	54,138
Accrued Payroll	9,246
Long-term Obligations, due within one year:	
Bond Payable - Current Portion	150,000
Compensated Absences	9,625
Long-term obligations, due in more than one year:	
Bond Payable	2,600,000
Net Pension Liability	280,679
Total Liabilities	3,103,688
 Deferred Inflows of Resources	
Unearned Revenue	1,494,865
Related to Pension	317,320
Total Deferred Inflows of Resources	1,812,185
 Net Position	
Net Investment in Capital Assets	991,549
Restricted for:	
Audit	5,530
Employee Benefits	35,251
Workers' Compensation	3,642
Capital Projects	3,226,793
Unrestricted	(1,989,508)
Total Net Position	\$ 2,273,257

See Notes to the Basic Financial Statements

Midlothian Public Library
Statement of Activities
Year Ended April 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue and Change in Net Position
		Charges for Service	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Library Services:				
General Library	\$ 1,306,164	\$ 20,442	\$ 19,641	\$ (1,266,081)
General Revenues:				
Taxes:				
Property Taxes				1,406,666
Replacement Taxes				4,046
Interest				48,025
Other General Revenues				511
Total General Revenues				1,459,248
Change in Net Position				193,167
Net Position, Beginning of Year				2,080,090
Net Position, End of Year				\$ 2,273,257

See Notes to the Basic Financial Statements

Midlothian Public Library
Balance Sheet
Governmental Fund
April 30, 2020

	General Fund
Assets	
Cash and Investments	\$ 4,982,671
Property Taxes Receivable	759,749
Total Assets	\$ 5,742,420
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts Payable	\$ 54,138
Accrued Payroll	9,246
Total Liabilities	63,384
Deferred Inflows of Resources	
Property Tax Revenue	1,494,865
Fund Balance	
Restricted for:	
Audit	5,530
Employee Benefits	35,251
Workers' Compensation	3,642
Capital Projects	3,226,793
Unassigned	912,955
Total Fund Balance	4,184,171
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,742,420

See Notes to the Basic Financial Statements

Midlothian Public Library
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
April 30, 2020

Total Fund Balance - Governmental Fund	\$	4,184,171
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		1,172,119
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Some items reported in the statement of net position do not require or provide the use of current financial resources and, therefore, are not reported in the governmental fund.

These activities consist of:

Bond Payable		(2,600,000)
Bond Payable - Current Portion		(150,000)
Deferred Outflows Related to Pension		274,591
Net Pension Liability		(280,679)
Compensated Absences		(9,625)
Deferred Inflows Related to Pension		(317,320)
		(317,320)

Net Position of Governmental Activities.	\$	2,273,257
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See Notes to the Basic Financial Statements

Midlothian Public Library
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended April 30, 2020

	<u>General Fund</u>
Revenues	
Property Taxes	\$ 1,406,666
Replacement Taxes	4,046
Intergovernmental	19,524
Fines and Forfeitures	5,119
Charges for Services	15,323
Gifts	117
Interest	48,025
Other	511
Total Revenues	1,499,331
Expenditures	
Current:	
General Library	1,154,135
Capital Outlay	257,003
Total Expenditures	1,411,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,193
Other Financing Sources (Uses)	
Proceeds from Bond Payable	2,750,000
Net Change in Fund Balance	2,838,193
Fund Balance, Beginning of Year	1,345,978
Fund Balance, End of Year	\$ 4,184,171

See Notes to the Basic Financial Statements

Midlothian Public Library
Reconciliation of the Governmental Fund Statement of Revenues,
Expenditures, and Change in Fund Balance to the Statement of Activities
Year Ended April 30, 2020

Net change in fund balance \$ 2,838,193

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

Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital Outlay	\$	222,269	
Depreciation Expense		(81,934)	
		140,335	

The issuance of new debt is recorded as other financing sources in the governmental funds, but the issuance of new debt increase long-term liabilities in the Statement of Net Position \$ (2,750,000)

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

These activities consist of:

Pension Expense		(29,938)	
Change in Compensated Absences		(5,423)	
		(35,361)	

Change in Net Position of governmental activities. \$ 193,167

See Notes to the Basic Financial Statements

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Midlothian Public Library provides library services to the residents of the Village of Midlothian, Illinois. The Library is governed by a seven-member board, which is elected by the public. The Library is dependent on the Village's overall ability to levy taxes and to issue bonds and is, therefore, considered to be a component unit of the Village of Midlothian, Illinois.

The accounting policies of the Midlothian Public Library conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

Based on the above criteria, no component units have been included within the reporting entity.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements: The government-wide statement of net position and statement of activities report the overall financial activity of the Library. The financial activities of the Library consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., library services) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental funds, and if applicable, proprietary funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Library's fund. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Library administers the following major governmental fund:

General Fund – This is the Library’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Library and accounted for in the General Fund include general services.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state-shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Library has a legal claim to the resources. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 90 days of the end of the current fiscal year (60 days for property taxes).

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments (including restricted amounts) with original maturities of three months or less when purchased are considered to be cash and cash equivalents.

Investments

Investments are carried at fair value based on quoted market price for same or similar investments.

Capital Assets

Capital Assets, which include land, buildings and machinery and equipment are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,000, and an estimated useful life of greater than one year.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental fund.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Equipment	5-15 years

Unearned/Deferred Revenue

The Library defers revenue recognition in connection with resources that have been received, but not yet earned.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when earned in the government-wide financial statements. A liability for these amounts is recorded in the governmental funds, or if they have matured, as a result of employee resignation or retirement the Library's General Fund will be used to liquidate this liability.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the statement of net position. Items such as premiums, discounts, bond issuance costs and gains or losses on bond sales are capitalized and amortized over the life of the related debt.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The statement of net position presents the Library's non-fiduciary assets and liabilities with the difference reported in three categories:

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the criteria of the two preceding categories.

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

Fund Balances

The Library's fund balances are required to be reported using five separate classifications as listed below. The Library may not necessarily utilize each classification in a given fiscal year:

Nonspendable – includes amounts that cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Library removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Library's highest level of decision-making authority rests with the Library's Board of Trustees. The Library passes formal resolutions to commit their fund balances.

Assigned – includes amounts that are constrained by the Library's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the Library's Board of Trustees itself; or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Library's Board of Trustees has not authorized any other body or official to assign amounts for specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. As of April 30, 2020, the Library has no assigned fund balances.

Unassigned – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

It is the Library's policy for the General Fund to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

For all other governmental funds, it is the Library's policy to consider unrestricted resources (i.e., committed, assigned) to have been spent first, followed by restricted resources. As of April 30, 2020, the Library has no fund balance restrictions.

Use of Estimates

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

2. PROPERTY TAXES

The Library annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by the Village Board. Property taxes are recognized as a receivable at the time they are levied. Since the 2019 tax levy is intended to finance the expenditures for the year ending April 30, 2020, the entire 2019 tax levy has been reflected as deferred/unearned revenue as of April 30, 2020. The 2018 property tax levy, together with any prior levy year collections, has been recognized as revenue for the year ended April 30, 2020. A reduction for collection losses based on historical collection experience has been provided to reduce the taxes receivable to the estimated amounts to be collected.

The property tax calendar for the 2019 levy is as follows:

Levy Date	September 17, 2019
Lien Date	January 1, 2019
Tax Bills Mailed (at least 30 days prior to collection deadline)	
First Installment Date	March 1, 2020
Second Installment Date	September 1, 2020

Property taxes are billed and collected by the County Treasurer of Cook County, Illinois.

The Library's 2019 tax rates per \$100 of assessed valuation, together with the related maximum tax rates, where applicable, are as follows:

General	0.7161
Illinois Municipal; Retirement	0.0341
Social Security	0.0278
Auditing	0.0044
Liability Insurance	0.0002
Workers' Compensation	0.0017
	<u>0.7843</u>

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

3. CASH AND INVESTMENTS

Deposits

State statutes authorize the Library to make deposits in interest bearing depository accounts in federally insured and/or state-chartered banks, savings and loan associations, and credit unions. As of April 30, 2020, the Library had deposits with federally insured financial institutions, excluding cash on hand of \$30 with book balances totaling \$3,952,584 and bank balances totaling \$3,957,192.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of bank failure, the Library’s deposits may not be returned to it. The Library does not have an investment policy for custodial credit risk for deposits. All balances are insured by the FDIC and excess deposits are collateralized by the Library’s financial institution.

Investments

As of April 30, 2020, the Library has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Illinois Funds	\$ 1,030,087

The Illinois Funds Investment Pool is not registered with the SEC. The pool is sponsored by the Treasurer of the State of Illinois, in accordance with State law. The fair value of the position in the Pool is the same as the value of the Pool shares.

Interest Rate Risk – The Library’s investment policy does not limit the Library’s investment portfolio to specific maturities. None of the Library’s investments are subject to interest rate risk.

Credit Risk – State statutes allow the Library to invest in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000. The Library is also authorized to invest in the Illinois Funds. Investments in Illinois Funds were rated AAAM by Standard and Poor’s. The Library’s investment policy does not address credit risk.

Concentration of Credit Risk – The Library’s investment policy does not restrict the amount of investments in any one issuer. All of the Library’s investments are in the Illinois Funds.

Custodial Credit Risk – Investments – For an investment, this 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 Illinois Funds held by the Library are not subject to custodial credit risk. The Library’s investment policy does not address custodial credit risk for investments.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for governmental activities during the fiscal year.

The entire balance of depreciation expense was charged to general library.

	Balance May 1, 2019	Additions	Dispostions	Balance April 30, 2020
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 126,124	\$ -	\$ -	\$ 126,124
Construction in Process	-	197,399	-	197,399
Total Capital Assets not being depreciated	<u>126,124</u>	<u>197,399</u>	<u>-</u>	<u>323,523</u>
Capital Assets, being depreciated:				
Buildings	2,255,369	9,395	-	2,264,764
Machinery and Equipment	494,824	15,475	-	510,299
Total Capital Assets being depreciated	<u>2,750,193</u>	<u>24,870</u>	<u>-</u>	<u>2,775,063</u>
Less accumulated depreciation for:				
Buildings	1,438,215	68,154	-	1,506,369
Machinery and Equipment	406,318	13,780	-	420,098
Total accumulated depreciation	<u>1,844,533</u>	<u>81,934</u>	<u>-</u>	<u>1,926,467</u>
Total Capital Assets being depreciated, net	<u>905,660</u>	<u>(57,064)</u>	<u>-</u>	<u>848,596</u>
Governmental Activities Capital Assets, net	<u>\$ 1,031,784</u>	<u>\$ 140,335</u>	<u>\$ -</u>	<u>\$ 1,172,119</u>

5. LONG-TERM DEBT

The following is a summary of long-term obligation activity for the Library associated with governmental activities for the year ended April 30, 2020:

	Balance May 1, 2019	Additions	Reductions	Balance April 30, 2020	Due Within One Year
2020 Bond Payable	\$ -	\$ 2,750,000	\$ -	\$ 2,750,000	\$ 150,000
Net Pension Liability	468,798	-	188,199	280,599	-
Compensated absences	4,202	5,423	-	9,625	-
Total	<u>\$ 473,000</u>	<u>\$ 2,755,423</u>	<u>\$ 188,199</u>	<u>\$ 3,040,224</u>	<u>\$ 150,000</u>

On December 27, 2019, the Library issued Certificates of Indebtedness to pay for capital improvements for the building's interior and exterior. The debt was issued for \$2,750,000 with an annual interest rate between 1.85%-3.23% and matures in December 2035. The Certificates are not rated.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

5. LONG-TERM DEBT (continued)

Year Ending				
<u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2021	\$ 150,000	\$ 67,484	\$ 217,484	
2022	145,000	64,709	209,709	
2023	150,000	62,070	212,070	
2024	180,000	59,295	239,295	
2025	190,000	55,803	245,803	
2026-2030	920,000	214,821	1,134,821	
2031-2035	840,000	105,319	945,319	
2036	175,000	5,653	180,653	
	<u>\$ 2,750,000</u>	<u>\$ 635,151</u>	<u>\$ 3,385,151</u>	

6. DEFINED BENEFIT PENSION PLAN

The Library participates in the Illinois Municipal Retirement Fund through the Village of Midlothian, Illinois. Accordingly, information that follows relates to the Village as a whole, as separate information for the Library is not available.

Plan Description

The Village and Library’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village and Library plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-District public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document.

Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

The Village and Library participate in the Regular Plan (RP).

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

Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

6. DEFINED BENEFIT PENSION PLAN (continued)

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

As of December 31, 2019, the following Village and Library employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	39
Inactive Plan Members entitled to but not yet receiving benefits	29
Active Plan Members	<u>41</u>
Total	<u><u>109</u></u>

Contributions

As set by statute, the Village and Library's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires entities to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village and Library's annual contribution rate for calendar year 2019 was 11.20%.

For the calendar year 2019, the Village and Library contributed \$272,232 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability as of December 31, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was 5 Year Smoothed, 20% corridor
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

6. DEFINED BENEFIT PENSION PLAN (continued)

- Projected Retirement Age was from the experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.6-7.6%
Cash Equivalents	1%	1.85%
Total	100%	

Single Discount Rate

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

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

6. DEFINED BENEFIT PENSION PLAN (continued)

The Single Discount Rate reflects:

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

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

Changes in the Net Pension Liability

Changes in the Net Pension Liability are derived from the changes in the total pension liability and changes in the plan net position as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances Beginning at 1/1/2019	<u>\$ 14,389,240</u>	<u>\$ 11,966,512</u>	<u>\$ 2,422,728</u>
Charges for the year:			
Service Cost	217,855	-	217,855
Interest	1,023,959	-	1,023,959
Actuarial Experience	229,742	-	229,742
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	272,732	(272,732)
Contributions - Employee	-	140,997	(140,997)
Contributions - Other	-	-	-
Net Investment Income	-	2,254,800	(2,254,800)
Benefit Payments from Trust	(749,182)	(749,182)	-
Other (Net Transfer)	-	(314,742)	314,742
Net Changes	<u>722,374</u>	<u>1,604,605</u>	<u>(882,231)</u>
Balances Beginning at 12/31/2019	<u>\$ 15,111,614</u>	<u>\$ 13,571,117</u>	<u>\$ 1,540,497</u>

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

6. DEFINED BENEFIT PENSION PLAN (continued)

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

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total	\$ 16,953,091	\$ 15,111,614	\$ 13,576,741
Plan	(13,571,117)	(13,571,117)	(13,571,117)
Net	<u>\$ 3,381,974</u>	<u>\$ 1,540,497</u>	<u>\$ 5,624</u>

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

For the year ended April 30, 2020, the Library recognized pension expense of \$29,938. At April 30, 2020, the Village and Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Amounts Related to Pensions</u>		
Differences between expected and actual experience	\$ 194,541	\$ 42,556
Changes of assumptions	179,799	78,151
Net difference between projected and actual earnings on pension plan investments	<u>1,014,016</u>	<u>1,620,897</u>
Total Deferred Amounts to be recognized in future periods	<u>\$ 1,388,356</u>	<u>\$ 1,741,604</u>
Library's Portion of Deferred Amounts	\$ 252,958	\$ (317,320)
Pension Contributions made subsequent to the Measurement Date	<u>21,633</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 274,591</u>	<u>\$ (317,320)</u>

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

6. DEFINED BENEFIT PENSION PLAN (continued)

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

<u>Year Ending</u> <u>December 31</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2020	(119,912)
2021	(54,594)
2022	103,419
2023	(282,161)
2024	-
Thereafter	-
Total	<u>\$ (353,248)</u>

7. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees, and natural disasters. The Library is a member of the Joint Self-Insurance Pool (Joint Insurance Pool) which is a public entity risk pool. Joint Insurance Pool was formed for the purpose of reducing losses of liability claims and to reduce the cost of insuring against claims for any public libraries and library systems in the State of Illinois whose applications have been accepted by the pool. The Library pays annual premiums to Joint Insurance Pool for a portion of its general liability coverage.

The Library assumes the first \$1,000 of each occurrence, and Joint Insurance Pool has a mix of self-insurance and commercial insurance at various amounts above that level. The Library does not exercise any control over the activities of the Joint Insurance Pool.

The Library, along with Joint Insurance Pool's other members, has a contractual obligation to fund any deficit of Joint Insurance Pool attributable to a membership year during which it was a member.

Supplemental contributions may be required to fund these deficits. There have been no supplemental contributions in any of the last three fiscal years.

Participation in the Joint Insurance Pool is voluntary and is established by the execution of an intergovernmental agreement between the Library and the Joint Insurance Pool. It is the purpose of the members to contract with the Joint Insurance Pool and to assume joint liability under a self-insurance program as a member.

The Library carries various commercial insurance policies for its employee health and accident claims, worker's compensation, a portion of its general liability and its property coverages. Settled claims have not exceeded insurance coverage during any of the past three years.

The Library has not had significant reductions in insurance coverage during the current year, nor did settlements exceed insurance coverage in any of the last three years.

Midlothian Public Library
Notes to the Basic Financial Statements
April 30, 2020

8. DEFERRED COMPENSATION PLAN

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Library employees, permits them to defer a portion of their salary until future years. Such accruals accumulate on a tax-deferred basis until the employee withdraws the funds. There were no contributions made to the plan by the Library for the year ended April 30, 2020.

9. LEASE OBLIGATIONS

The Library is under obligation to lease copiers and printers. The Library paid \$15,170 in lease expense in the current fiscal year. Remaining obligations are as follows:

Fiscal Year	
End	Amount
2021	\$ 10,793
2022	2,040
2023	2,040
2023	1,020
	<u>\$ 15,893</u>

10. COMMITMENTS AND CONTINGENCIES

As part of its capital project for improvements to the Library and related capital expenditures, the Library has contracted commitments for the construction as of the date of this financial report in the amount of \$1,714,350.

11. UNCERTAINTY

The Library's operations may be affected by the recent and ongoing outbreak of coronavirus disease 2019 (COVID-2019) which was declared a pandemic by the World Health Organization in March of 2020. There is unprecedented uncertainty of the pandemic, its potential economic impact, and any government actions to mitigate them. The ultimate disruption to the Library is uncertain at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Midlothian Public Library
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Calendar Year Ended December 31,
(schedule to be built prospectively from 2015)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Pension Liability					
Service Cost	\$ 174,559	\$ 213,721	\$ 200,050	\$ 195,538	\$ 217,855
Interest	907,787	955,504	1,003,248	991,050	1,023,959
Differences Between Expected and Actual Experience	198,331	164,984	(240,709)	38,311	229,742
Changes of Assumptions	15,679	(47,946)	(431,243)	392,539	
Benefit Payments, Including Refunds of Member Contributions	(628,475)	(693,361)	(694,627)	(688,851)	(749,182)
Net Change in Total Pension Liability	667,881	592,902	(163,281)	928,587	722,374
Total Pension Liability - Beginning	12,363,151	13,031,032	13,623,934	13,460,653	14,389,240
Total Pension Liability - Ending	<u>\$ 13,031,032</u>	<u>\$ 13,623,934</u>	<u>\$ 13,460,653</u>	<u>\$ 14,389,240</u>	<u>\$ 15,111,614</u>
Plan Fiduciary Net Position					
Contributions -Employer	221,226	282,050	246,605	303,256	272,732
Contributions - Employee	82,801	84,615	85,364	91,560	140,997
Net Investment Income	53,640	744,218	2,059,453	(714,502)	2,254,800
Benefit Payments, Including Refunds of Member Contributions	(628,475)	(693,361)	(694,627)	(688,851)	(749,182)
Net Transfer	268,664	85,200	(317,395)	204,904	(314,742)
Net Change in Plan Fiduciary Net Position	(2,144)	502,722	1,379,400	(803,633)	1,604,605
Plan Fiduciary Net Position - Beginning	10,890,167	10,888,023	11,390,745	12,770,145	11,966,512
Plan Fiduciary Net Position - Ending	<u>\$ 10,888,023</u>	<u>\$ 11,390,745</u>	<u>\$ 12,770,145</u>	<u>\$ 11,966,512</u>	<u>\$ 13,571,117</u>

See Notes to the Required Supplementary Information

Midlothian Public Library
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Calendar Year Ended December 31,
(schedule to be built prospectively from 2015)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Library's Net Pension Liability	\$ 435,459	\$ 445,075	\$ 143,487	\$ 468,798	\$ 280,679
Village's Net Pension Liability	\$ 1,707,550	\$ 1,788,114	\$ 547,021	\$ 1,953,930	\$ 1,259,818
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.55 %	83.61 %	94.87 %	83.16 %	89.81 %
Covered-Valuation Payroll	\$ 1,790,261	\$ 1,880,343	\$ 1,896,974	2,034,664	2,435,101
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	119.70 %	118.76 %	36.40 %	119.07 %	63.26 %

The Library participates in the Village of Midlothian's Illinois Municipal Retirement Fund membership as a cost sharing entity. The above data is Village information. The Library's portions of each item are not individually determinable.

See Notes to the Required Supplementary Information

Midlothian Public Library
Schedule of Employer Contributions - Illinois Municipal Retirement Fund
Last Ten Calendar Years
(schedule to be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 215,189	\$ 221,226	\$ (6,037)	\$ 1,790,261	12.36%
2016	282,051	282,050	1	1,880,343	15.00%
2017	246,607	246,605	2	1,896,974	13.00%
2018	295,026	303,256	(8,230)	2,034,664	14.90%
2019	\$ 272,731	* \$ 272,732	\$ (1)	\$ 2,435,101	11.20%

The Library participates in the Village of Midlothian's Illinois Municipal Retirement Fund membership as a cost sharing entity. The above data is Village information. The Library's portions of each item are not individually determinable.

* Estimated based on contribution rate at 11.20% and covered valuation payroll of \$2,435,101.

See Notes to the Required Supplementary Information

Midlothian Public Library
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended April 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,428,150	\$ 1,406,666	\$ (21,484)
Replacement Taxes	4,000	4,046	46
Intergovernmental	19,000	19,524	524
Fines and Forfeitures	6,900	5,119	(1,781)
Charges for Services	16,800	15,323	(1,477)
Gifts	400	117	(283)
Interest	11,000	48,025	37,025
Other	549,867	511	(549,356)
Total Revenues	<u>2,036,117</u>	<u>1,499,331</u>	<u>(536,786)</u>
Expenditures			
General Library	1,300,980	1,154,135	(146,845)
Capital Outlay	735,137	257,003	(478,134)
Total Expenditures	<u>2,036,117</u>	<u>1,411,138</u>	<u>(624,979)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>88,193</u>	<u>88,193</u>
Other Financing Sources (Uses)			
Proceeds from Bond Payable	<u>-</u>	<u>2,750,000</u>	<u>2,750,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>2,838,193</u>	<u>\$ 2,838,193</u>
Fund Balance, Beginning of Year		<u>1,345,978</u>	
Fund Balance, End of Year		<u>\$ 4,184,171</u>	

See Notes to the Required Supplementary Information

Midlothian Public Library
Notes to the Required Supplementary Information
April 30, 2020

A. BUDGETARY BASIS OF ACCOUNTING

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles.

B. BUDGETS AND BUDGETARY INFORMATION

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Board of Trustees develops a proposed operating budget for the fiscal year commencing the following May 1. The operating budget resolution includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted by the Village of Midlothian, Illinois, to obtain taxpayer comments.
- c) Subsequently, the budget is legally enacted through passage of an ordinance.
- d) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- e) Budgets for the General Fund and Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- f) Budgetary authority lapses at year-end.
- g) State law requires that “expenditures be made in conformity with appropriation/budget.” As under the Budget Act, transfers between line items and departments may be made by administrative action. Legal budgetary control is maintained at fund level.
- h) Budgeted amounts are as originally adopted.

C. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2019 CONTRIBUTION RATE

Valuation Date

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

Methods and Assumptions Used to Determine 2019 Contribution Rates

Actuarial Cost Method:	Aggregated entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	24-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor

Midlothian Public Library
Notes to the Required Supplementary Information
April 30, 2020

**C. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE
CALCULATION OF THE 2018 CONTRIBUTION RATE (continued)**

Wage Growth:	3.25%
Price Inflation:	2.50% approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.35% to 14.25%, including inflation.
Investment Rate of Return:	7.50%
Retirement Age:	Experience -based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

Midlothian Public Library
Schedule of Expenditures - Budget and Actual - General Fund
Year Ended April 30, 2020
With Comparative Amounts for 2019

	<u>2020</u>		<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Actual</u>
Expenditures:			
General Library:			
Personnel:			
Staff Salaries	\$ 710,000	\$ 655,262	\$ 629,544
Custodial Services	23,000	22,629	22,586
Total Personnel	<u>733,000</u>	<u>677,891</u>	<u>652,130</u>
Contractual Services:			
Copy Machine Maintenance and Supplies	17,500	20,583	19,626
Association Dues	3,080	2,218	2,124
Staff Development	8,000	11,249	5,738
Insurance	20,600	14,494	21,037
Health Insurance	60,000	50,370	48,026
Maintenance of Buildings and Grounds	26,000	27,784	23,940
Programming	18,000	12,270	22,172
Accounting Fees	3,000	3,580	3,000
Marketing Services	14,000	9,446	12,239
Professional Services	37,000	24,710	21,866
Auditing Fees	9,000	8,670	8,500
Illinois Municipal Retirement Contributions	65,300	54,300	56,632
Social Security Contributions	55,500	50,804	46,864
Total Contractual Services	<u>336,980</u>	<u>290,478</u>	<u>291,764</u>
Commodities:			
Library Materials	133,000	94,264	85,641
Internet/Computer Readable	26,000	27,863	26,829
Library and Office Supplies	21,000	13,753	12,122
Bank Fees	500	260	228
Postage	3,600	2,873	3,007
Janitorial Supplies	2,200	924	1,131
Computer Operations	29,000	33,309	29,858
Alarm System	2,000	1,212	4,154
Total Commodities	<u>217,300</u>	<u>174,458</u>	<u>162,970</u>
Other:			
Utilities	7,000	5,554	7,241
Telephone	3,500	4,271	3,732
Travel Reimbursement	200	-	120
Board Development & Hospitality	3,000	1,483	1,296
Total Other	<u>13,700</u>	<u>11,308</u>	<u>12,389</u>
Total General Library	<u>1,300,980</u>	<u>1,154,135</u>	<u>1,119,253</u>
Capital Outlay	<u>735,137</u>	<u>257,003</u>	<u>73,568</u>
Total Expenditures	<u>\$ 2,036,117</u>	<u>\$ 1,411,138</u>	<u>\$ 1,192,821</u>

Midlothian Public Library
Property Tax Assessed Valuations, Rates, Extensions and Collections
Last Five Levy Years
April 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assessed Valuations Cook County	<u>\$ 196,157,893</u>	<u>\$ 197,865,310</u>	<u>\$ 204,138,203</u>	<u>\$ 179,392,639</u>	<u>\$ 172,028,914</u>
Tax Rates (per \$100 of assessed valuation):					
General	0.7161	0.6731	0.5732	0.6301	0.6435
IMRF	0.0341	0.0340	0.0293	0.0356	0.0275
Social Security	0.0278	0.0289	0.0257	0.0276	0.0275
Auditing	0.0044	0.0047	0.0045	0.0052	0.0054
Liability Insurance	0.0002	0.0012	0.0012	0.0014	0.0039
Workmen's Compensation	<u>0.0017</u>	<u>0.0015</u>	<u>0.0015</u>	<u>0.0014</u>	<u>0.0018</u>
Total Tax Rates	<u>0.7843</u>	<u>0.7434</u>	<u>0.6354</u>	<u>0.7013</u>	<u>0.7096</u>
Tax Extensions:					
General	\$ 1,404,617	1,331,842	\$ 1,170,169	\$ 1,130,327	\$ 1,106,951
IMRF	66,950	67,259	59,740	63,860	47,380
Social Security	54,590	57,165	52,530	49,440	47,380
Auditing	8,601	9,270	9,270	9,270	9,270
Liability Insurance	309	2,472	2,421	2,575	6,695
Workmen's Compensation	<u>3,296</u>	<u>2,987</u>	<u>2,987</u>	<u>2,575</u>	<u>3,090</u>
Total Tax Extensions	<u>\$ 1,538,363</u>	<u>\$ 1,470,995</u>	<u>\$ 1,297,117</u>	<u>\$ 1,258,047</u>	<u>\$ 1,220,766</u>
Tax Collections	<u>\$ 732,463</u>	<u>\$ 1,409,540</u>	<u>\$ 1,220,889</u>	<u>\$ 1,209,385</u>	<u>\$ 1,201,703</u>
Percent Collected	<u>47.61%</u>	<u>95.82%</u>	<u>94.12%</u>	<u>96.13%</u>	<u>98.44%</u>