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GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Annual Financial Report
For the Year Ended June 30, 2020

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

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Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the President
and Members of the Board of Trustees
Green Hills Public Library District, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Green Hills Public Library District, Illinois as of and for the year ended June 30, 2020, which collectively comprise the Library's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 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 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 financial statement 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.

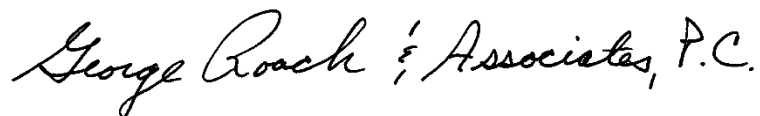
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Green Hills Public Library District, Illinois as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise Green Hills Public Library District Illinois' financial statements as a whole. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "George Roach & Associates, P.C.".

George Roach & Associates, P.C.
Crystal Lake, Illinois
August 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT DISCUSSION AND ANALYSIS -
UNAUDITED

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended June 30, 2020

As management of the Green Hills Public Library District (Library), we offer readers of the Library's statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Library exceeded its liabilities and deferred inflows at June 30, 2020 by \$11,918,526 (*net position*). Of this amount, \$2,538,092 (*unrestricted net position*) may be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net position increased by \$262,487.
- At June 30, 2020, the Library's governmental funds reported combined ending fund balances of \$5,992,784, an increase of \$5,202 from the prior year.
- At June 30, 2020, the fund balance for the General Fund was \$2,621,781.
- The Library's total net capital assets decreased by \$277,863 during the year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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 of the Library's 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 most recent fiscal year. 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 (e.g., uncollected taxes).

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

Governmental 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 government'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 Library'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.

Notes to the financial statements

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required supplementary information consists of more detailed data on budget to actual revenues and expenditures.

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 meeting its obligation to provide as fully adequate as possible services to its residents.

The Library adopts an annual budget for all funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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, assets and deferred outflows exceeded liabilities and deferred inflows by \$11,918,526 at June 30, 2020.

Of the Library's net position, \$6,009,431 reflects its investment in capital assets (e.g., land, construction in progress, buildings, systems and equipment); less any related outstanding debt used to acquire those assets. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

An additional portion of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,538,092) may be used to meet the Library's ongoing obligations to citizens and creditors.

At June 30, 2020, the Library is able to report positive balances in all three categories of net position. The Library's net position increased by \$262,487 during the year ended June 30, 2020.

Green Hills Public Library District's Net Position

	<u>6/30/2019</u>	<u>6/30/2020</u>
Current and Other Assets	\$ 7,404,992	\$ 7,493,453
Fixed Assets	<u>7,612,294</u>	<u>7,334,431</u>
Total Assets	<u>\$15,017,286</u>	<u>\$14,827,884</u>
Deferred Outflows - IMRF	<u>\$ 485,173</u>	<u>\$ 75,267</u>
Bonds Payable	\$ 1,695,000	\$ 1,325,000
Other Liabilities	<u>525,333</u>	<u>219,889</u>
Total Liabilities	<u>2,220,333</u>	<u>1,544,889</u>
Deferred Inflows - Property Taxes	1,368,926	1,439,736
Deferred Inflows - IMRF	<u>257,161</u>	<u>-</u>
Total Deferred Inflows	<u>1,626,087</u>	<u>1,439,736</u>
Net Position:		
Net Investment in Capital Assets	5,917,294	6,009,431
Restricted - Net Position	3,372,817	3,371,003
Unrestricted - Net Position	<u>2,365,928</u>	<u>2,538,092</u>
Total Liabilities	<u>\$11,656,039</u>	<u>\$11,918,526</u>

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

Governmental activities

Governmental activities increased the Library's net position by \$262,487. Key elements of the increase to net position by governmental activities are as follows:

Green Hills Public Library District Changes in Net Position

	<u>6/30/2019</u>	<u>6/30/2020</u>
Revenues		
Program Revenues:		
Program Receipts	\$ 38,247	\$ 10,039
Operating Grants and Contributions	44,546	47,842
General Revenues:		
Property Taxes	2,732,716	2,614,125
Replacement Taxes	17,964	19,664
Other	6,434	25,346
Interest	12,276	11,548
Total Revenues	<u>2,852,183</u>	<u>2,728,564</u>
Expenses		
General Government	2,659,899	2,416,035
Debt Service	58,313	50,042
Total Expenses	<u>2,718,212</u>	<u>2,466,077</u>
Change in Net Position	133,971	262,487
Net Position, Beginning of Year	<u>11,522,068</u>	<u>11,656,039</u>
Net Position, End of Year	<u>\$11,656,039</u>	<u>\$11,918,526</u>

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

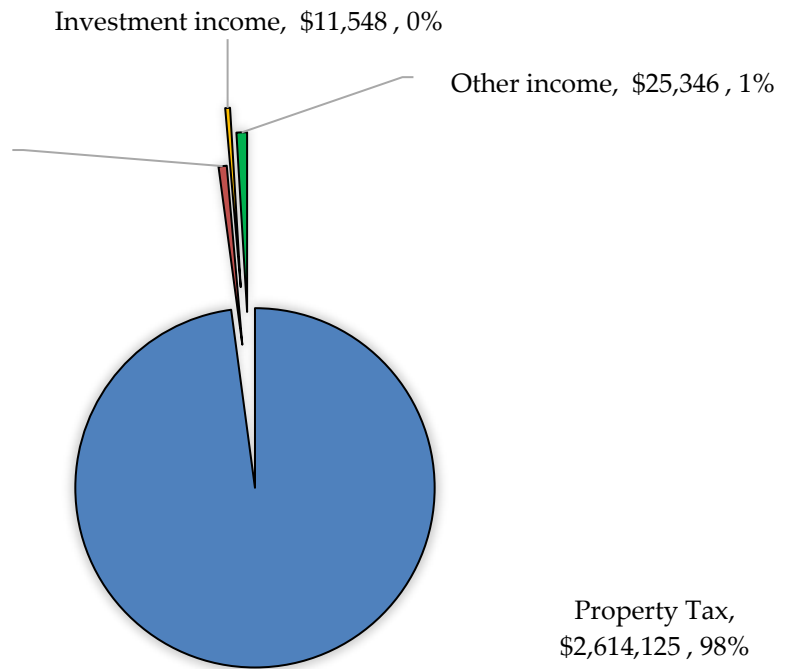
Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

2020 REVENUES

ROUND TO NEAREST PERCENT

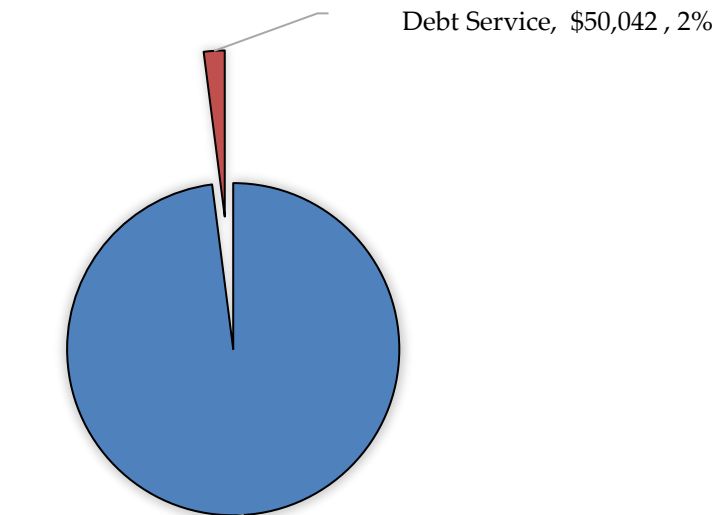
Replacement Tax, \$19,664, 1%



2020 EXPENSES

ROUND TO NEAREST PERCENT

General Government,
\$2,416,035, 98%



GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

At June 30, 2020, the Library's governmental funds reported combined ending fund balances of \$5,992,784 an increase of \$5,202 in comparison with the prior year.

The General Fund is the chief operating fund of the Library. At June 30, 2020, the fund balance of the General Fund was \$2,621,781. This represents an increase of \$7,016 compared to the prior fiscal year.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget for the year ended June 30, 2020. Total differences between the final amended budget and the actual revenues and expenditures are summarized as follows:

- The General Fund actual revenues were less than estimated revenues by \$455,222.
- The General Fund actual expenditures were less than estimated expenditures by \$3,071,461.

FIXED ASSETS

The Library's fixed assets for its governmental activities as of June 30, 2020 amount to \$7,334,431 (net of accumulated depreciation). This investment in fixed assets includes land, buildings, furniture, fixtures, and equipment.

Major capital asset events during the current fiscal year included the following:

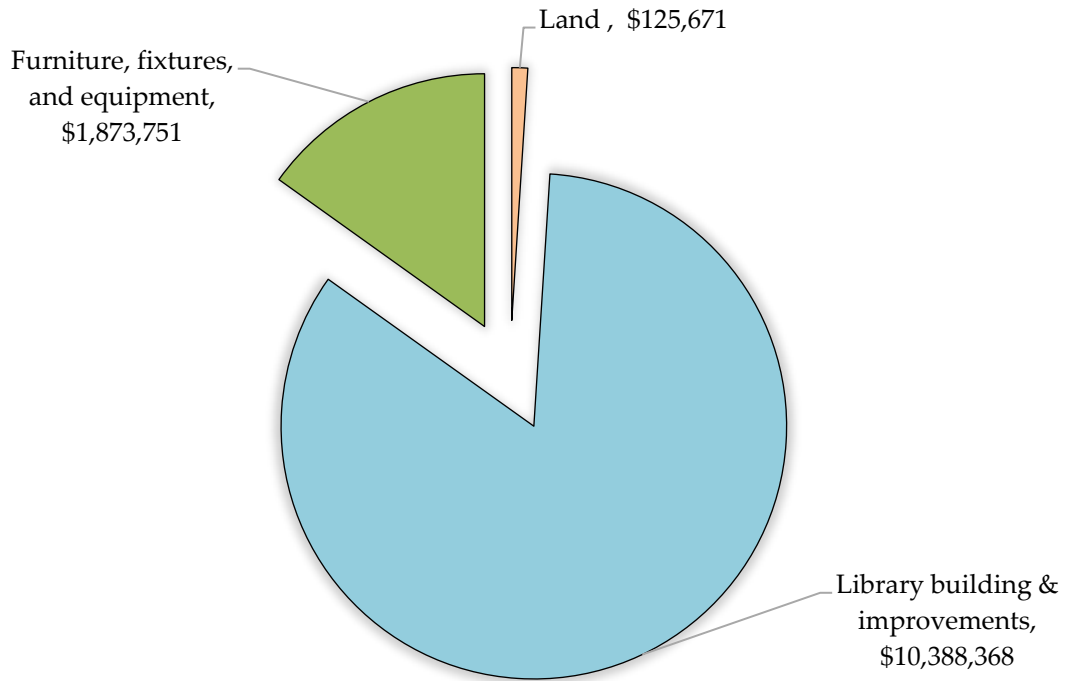
	Balance July 1, 2019	Additions	Balance June 30, 2020
Land	\$ 125,671	\$ -	\$ 125,671
Library building & improvements	10,313,457	74,911	10,388,368
Furniture, fixtures, and equipment	1,774,458	99,293	1,873,751
Total	12,213,586	174,204	12,387,790
Accumulated depreciation	4,601,292	452,067	5,053,359
Net Assets	\$ 7,612,294	\$ (277,863)	\$ 7,334,431

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

CAPITAL ASSETS, AT COST



GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Library for 2019 is \$652,092,016. That represents a decrease in EAV of \$2,747,489 over the prior year's EAV. Taxes recorded in these financial statements are distributions received from the second half of the 2018 levy and the first half of the 2018 levy. A summary of the assessed valuations and extensions for tax years 2019, 2018, and 2017 is as follows:

ASSESSED VALUATIONS, EXTENDED TAX RATES PERCENTAGE ALLOCATIONS AND AMOUNTS BY FUNDS

Tax Levy Year	2019	2018	2017
Assessed Valuation			
Cook County	\$ 652,092,016	\$ 654,839,505	\$ 685,726,171

Tax Rates and Percentages Allocations by Fund

Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.4107	95.3564	0.3795	94.9937	0.4157	96.0268
Building & Maintenance	0.0200	4.6436	0.0200	5.0063	0.0172	3.9732
Totals	0.4307	100.0000	0.3995	100.0000	0.4329	100.0000

Property Tax Extensions

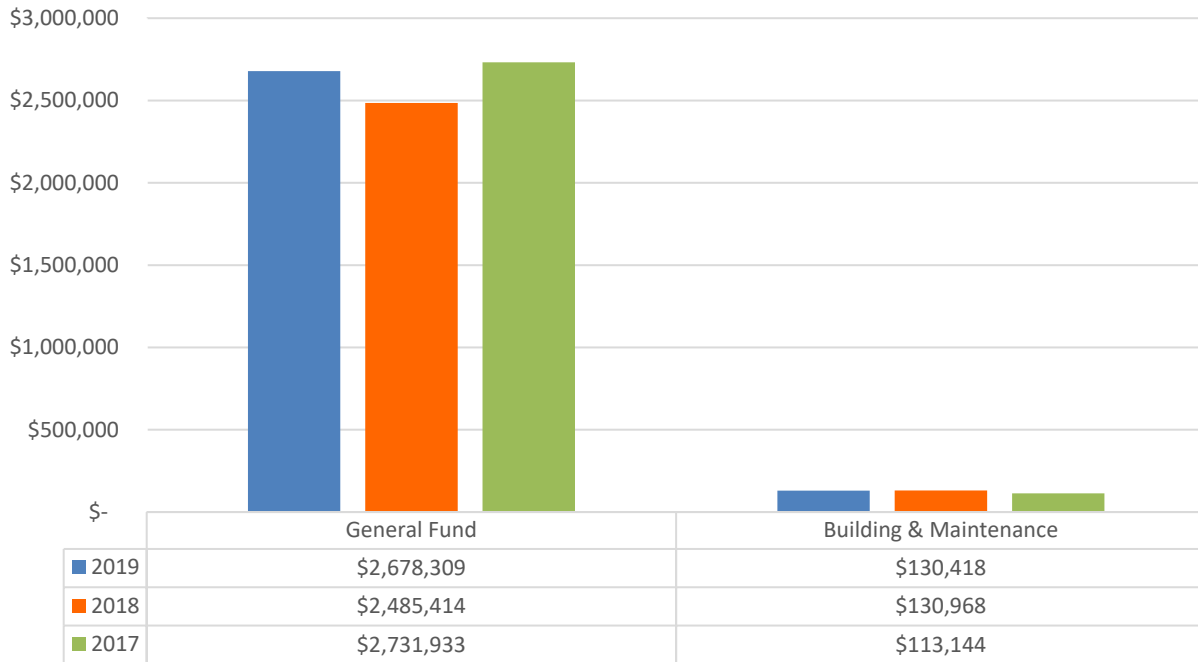
Funds	2019	2018	2017
General Fund	\$ 2,678,309	\$ 2,485,414	\$ 2,731,933
Building & Maintenance	130,418	130,968	113,144
Totals	\$ 2,808,727	\$ 2,616,382	\$ 2,845,077

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended June 30, 2020

Property Tax Extensions



Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Library in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

Requests for Information

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Library Director, 10331 Interlochen Dr., Palos Hills, IL 60465-1698.

BASIC FINANCIAL STATEMENTS

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Statement of Net Position - Government-wide

June 30, 2020

Assets		
Cash, at cost		\$ 5,853,717
Property Tax Receivable		1,639,736
Fixed Assets		7,334,431
Total Assets		\$ 14,827,884
Deferred Outflows		
IMRF Pension Fund		\$ 75,267
Total Deferred Outflows		\$ 75,267
Liabilities		
Accounts Payable and Accruals		\$ 26,318
Accrued Payroll & Taxes		34,615
Bonds Payable - current portion		380,000
Bonds Payable - noncurrent		945,000
Deferred Compensation - noncurrent		39,276
Net Pension Liability		119,680
Total Liabilities		\$ 1,544,889
Deferred Inflows		
Property Taxes		\$ 1,439,736
Total Deferred Outflows		\$ 1,439,736
Net Position		
Net Investment in Capital Assets		6,009,431
Restricted		3,371,003
Unrestricted		2,538,092
Total Net Position		\$ 11,918,526

The accompanying notes are an integral part of these financial statements.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Statement of Activities and Changes in Net Position - Government-wide

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense)/Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General Government	\$ 2,416,035	\$ 10,039	\$ 47,842	\$ -	\$ (2,358,154)
Debt Service - interest payments	50,042	-	-	-	(50,042)
Total Governmental Activities	\$ 2,466,077	\$ 10,039	\$ 47,842	\$ -	(2,408,196)

General Revenues

Property Tax	2,614,125
Replacement Tax	19,664
Investment income	11,548
Other income	25,346

Total Revenues 2,670,683

Changes in Net Position 262,487

Net Position Beginning of Year 11,656,039

Total Net Position \$ 11,918,526

The accompanying notes are an integral part of these financial statements.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Combined Balance Sheet - Governmental Funds

June 30, 2020

	General	Special Reserve	Building & Maintenance	Working Cash	Total
Assets					
Cash and investments, at cost	\$ 2,482,714	\$ 2,840,612	\$ 92,507	\$ 437,884	\$ 5,853,717
Property tax receivable	1,572,885	-	66,851	-	1,639,736
Total Assets	\$ 4,055,599	\$ 2,840,612	\$ 159,358	\$ 437,884	\$ 7,493,453
Liabilities					
Accounts payable	\$ 26,318	\$ -	\$ -	\$ -	\$ 26,318
Payroll taxes payable	11,331	-	-	-	11,331
Accrued payroll	23,284	-	-	-	23,284
Total Liabilities	60,933	-	-	-	60,933
Deferred Inflows - property taxes	1,372,885	-	66,851	-	1,439,736
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	2,840,612	92,507	437,884	3,371,003
Committed	-	-	-	-	-
Assigned - capital improvements	-	-	-	-	-
Unassigned	2,621,781	-	-	-	2,621,781
Total Fund Balance	2,621,781	2,840,612	92,507	437,884	5,992,784
Total Liabilities and Fund Balance	\$ 4,055,599	\$ 2,840,612	\$ 159,358	\$ 437,884	\$ 7,493,453

The accompanying notes are an integral part of these financial statements.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

Year Ended June 30, 2020

	General	Special Reserve	Building & Maintenance	Working Cash	Total
Revenue					
Property taxes - current year	\$ 1,305,424	\$ -	\$ 63,567	\$ -	\$ 1,368,991
Property taxes - prior year	1,203,571	-	41,563	-	1,245,134
Replacement taxes	19,664	-	-	-	19,664
Fines and fees	10,039	-	-	-	10,039
Grants and gifts	47,842	-	-	-	47,842
Interest	10,084	1,216	-	248	11,548
Other	25,346	-	-	-	25,346
Total Revenue	2,621,970	1,216	105,130	248	2,728,564
Expenditures					
Salaries and benefits	1,277,646	-	-	-	1,277,646
Materials	249,007	-	77,507	-	326,514
Utilities	92,496	-	-	-	92,496
Contractual services	75,979	-	30,901	-	106,880
Supplies	67,095	-	-	-	67,095
Operating expenses	134,778	-	-	-	134,778
Capital equipment	297,911	-	-	-	297,911
Principal debt payments	370,000	-	-	-	370,000
Interest, fiscal, refunding	50,042	-	-	-	50,042
Total Expenditures	2,614,954	-	108,408	-	2,723,362
Net Change in Fund Balance	7,016	1,216	(3,278)	248	5,202
District Fund Balance					
Balance, beginning of year	2,614,765	2,839,396	95,785	437,636	5,987,582
Total District Fund Balance	\$ 2,621,781	\$ 2,840,612	\$ 92,507	\$ 437,884	\$ 5,992,784

The accompanying notes are an integral part of these financial statements.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Reconciliation of the Governmental Fund Balance to the Statement of Net Position and the Statement of Activities and Changes in Net Position

Year Ended June 30, 2020

Reconciliation of the Governmental Fund Balance to the Statement of Net Position

Total Fund Balances - Total Governmental Funds	\$ 5,992,784
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	7,334,431
Bond outstanding are not shown as liabilities in the funds	(1,325,000)
Net pension liability is not shown as a liability for funds	(119,680)
Deferred pension outflows/inflows are not shown as in the funds	75,267
Deferred compensation is not reported in the funds	(39,276)
Net Position of Government	<u>\$ 11,918,526</u>

Reconciliation of the Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance to The Statement of Activities and Changes in Net Position

Net Change in Fund Balance - Governmental Funds	\$ 5,202
Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balance are different because:	
Capital expenditures are recorded as assets and are not expensed in the Statement of Activities	174,204
Depreciation is shown as an expense in the Statement of Activities and not in the governmental funds	(452,067)
Debt repayment is not an expense in the Statement of Activities but is an expense the in governmental funds	370,000
Deferred compensation increase is not recorded as an expense in governmental funds but is included in the Statement of Activities	(17,458)
Pension expense increase is not recorded as an expense in governmental funds but is included in the Statement of Activities	182,606
Changes in Net Position	<u>\$ 262,487</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC
FINANCIAL STATEMENTS

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Green Hills Public Library District (Library) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Library’s overall financial position and results of operations
- Financial statements prepared using modified accrual accounting for all of the Library’s activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

REPORTING ENTITY -

The Library is located in the City of Palos Hills, Illinois and is governed by a board. The Library is primarily funded through a tax levy, fines and fees, and charitable donations. Revenue is used to operate and staff the Library. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION -

The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds).

GOVERNMENT-WIDE FINANCIAL STATEMENTS -

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities and Changes in Net Position) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities and Changes in Net Position demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to library patrons 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 meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary sources of revenue are property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

THE LIBRARY REPORTS THE FOLLOWING MAJOR GOVERNMENTAL FUNDS –

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund, while the Library Special Revenue Funds account for the resources associated with restricted expenditures the Library considers all funds to be major funds.

FINANCIAL STATEMENT AMOUNTS -

Bank Deposits and Investments - The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The Library maintains a cash and investment pool which is available for use by the General and Special Revenue Funds.

The Library's investment policies are governed by state statutes. All funds are deposited in federally insured banks and savings and loans. The cash and investments reflected in the combined balance sheet consist of demand accounts and deposits in the Illinois Funds.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	20-40 years
Equipment, furniture and fixtures	5-10 years

COMPENSATED ABSENCES -

(Vacation and Sick Leave) - It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Library does not have a policy to pay any amounts when employees separate from service with the Library. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund - General Fund only for employee terminations as of year-end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

The Library has a pension plan covering substantially all the full-time employees and part-time employees working 1,000 or more hours per year. Employees are covered by the Illinois Municipal Retirement Fund.

The budget represents departmental appropriations as authorized by the Library's appropriation ordinance and includes revisions authorized by the Library Board to reflect changes in departmental programs. At June 30, 2019, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified accrual basis. The 2019-20 appropriations ordinance was adopted September 16, 2019.

GOVERNMENTAL FUND BALANCES –

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

NONSPENDABLE –

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Library has classified no items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

GOVERNMENTAL FUND BALANCES – (CONCLUDED)

RESTRICTED –

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

COMMITTED –

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Library Board of Trustees. These amounts cannot be used for any other purpose unless the Library Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Library did not have any committed resources as of June 30, 2019.

ASSIGNED –

This classification includes amounts that are constrained by the Library's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Library Board of Trustees or through the Library Board delegating this responsibility to the Library manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

UNASSIGNED –

This classification includes the residual fund balance for the General Fund and the amount established for minimum funding which represents the portion of the General Fund balance that has been established by the board and management, to be used for debt service or in emergency situations. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Library would typically use Restricted Fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 2 – CASH AND INVESTMENTS

The Library's investment policies are governed by state statutes whereby Library money must be deposited in FDIC - insured banks located within the state. Permissible investments include demand accounts and certificates of deposits.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 2 – CASH AND INVESTMENTS (CONCLUDED)

The Library's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the Library at June 30, 2020. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Uncollateralized.

	Category			Bank Balance	Carrying Value
	1	2	3		
Pooled deposits					
Checking/Savings	\$ 500,000	\$ 5,352,603	\$ -	\$ 5,852,603	\$ 5,853,717
Illinois Funds	-	-	-	998	998
Totals	<u>\$ 500,000</u>	<u>\$ 5,352,603</u>	<u>\$ -</u>	<u>\$ 5,853,601</u>	<u>\$ 5,854,715</u>

NOTE 3 – CHANGES IN FIXED ASSETS

Governmental Type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable capital assets				
Land	\$ 125,671	\$ -	\$ -	\$ 125,671
Depreciable capital assets				
Building & Improvements	10,313,457	74,911	-	10,388,368
Furniture & Equipment	1,774,458	99,293	-	1,873,751
Total depreciable assets	<u>12,087,915</u>	<u>174,204</u>	<u>-</u>	<u>12,262,119</u>
Less accumulated depreciation				
Building & Improvements	3,946,699	302,383	-	4,249,082
Furniture & Equipment	654,593	149,684	-	804,277
Total depreciation	<u>4,601,292</u>	<u>452,067</u>	<u>-</u>	<u>5,053,359</u>
Total net depreciable capital assets	<u>7,486,623</u>	<u>(277,863)</u>	<u>-</u>	<u>7,208,760</u>
Total net capital assets	<u>\$ 7,612,294</u>	<u>\$ (277,863)</u>	<u>\$ -</u>	<u>\$ 7,334,431</u>

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 4– DEFERRED COMPENSATION PLAN

The Library maintains for its employees a deferred compensation plan structured and operated in accordance with the provisions of Internal Revenue Code 457. The plan, available to all Library District employees, permits them to defer a portion of their salary until future years. The deferred compensation and accumulated earnings thereon are not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan is fully funded by the Library District as the deferred compensation is earned by employees. Payroll withholdings and payments to a trustee are accounted for in the Employees' Deferred Compensation Fund, an agency fund. The investments are held by the Library District's Employees' Deferred Compensation Fund.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the Library District and are not restricted to the provision of benefits under the plan. Plan assets are subject to the claims of the Library District's general creditors. Participant's rights under the plan are equal to those of general creditors of the Library District in an amount equal to the fair market value of the deferred amount for each participant.

In the Library District's opinion, it has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The Library District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT

PROFILE OF IMRF –

IMRF is the administrator of an agent multiple-employer public employee retirement system. The Illinois State Legislature established IMRF in 1939. IMRF began operations in 1941 in order to provide retirement, death, and disability benefits to employees of local units of government in Illinois. Members, employers, and annuitants elect eight trustees who govern IMRF. IMRF is separate and apart from the Illinois state government and is not included in the state's financial statements. The Illinois Pension Code requires IMRF to provide its financial statements to participating employers and to any participating member who requests them.

PLAN DESCRIPTION –

The 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 Library's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

FUNDING POLICY –

As set by statute, the Library's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's contribution rate for calendar year 2019 was 7.05 percent of annual covered payroll. The Library 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2019

Actuarial Valuation Date	December 31, 2019
Measurement Date of the Net Pension Liability	December 31, 2019
Fiscal Year End	June 30, 2020

Membership

Number of	
-Retirees and Beneficiaries	15
-Inactive, Non-Retired Members	22
-Active Members	17
-Total	54
Covered Valuation Payroll*	\$ 631,875

Net Pension Liability

Total Pension Liability/(Assets)	\$ 3,666,023
Plan Fiduciary Net Position	3,590,756
Net Pension Liability/(Assets)	\$ 75,267
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.95%
Net Pension Liability as a Percentage of Covered Valuation Payroll	11.91%

Development of the Single Discount Rate as of December 31, 2019

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate**	2.75%
Last year ending December 31 in the 2020 to 2119 projection period of which projected benefit payments are fully funded	2119
Resulting Single Discount Rate based on the above development	7.25%

Single Discount Rate calculated using December 31, 2018 Measurement Date 7.25%

Total Pension Expense/(Income) \$ 12,475

Deferred Outflows and deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 363	\$ 7,680
Changes in assumptions	39,266	-
Net Difference between projected and actual earnings on pension plan investments	277,972	429,601
Total	\$ 317,601	\$ 437,281

*Source: * Does not necessarily represent Covered Employee Payroll as defined in GASB Statement No. 68.

** Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds are reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 29, 2019. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

For the year ended December 31, 2019, the District recognized pension expense of \$44,547. At December 31, 2019, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in pension Expense in Future Periods</i>		
Difference between expected and actual experiences	\$ 363	\$ 7,680
Changes of assumptions	39,266	-
Net difference between projected and actual earnings on pension plan investments	277,972	429,501
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 317,601</u>	<u>\$ 437,181</u>
Pensions contributions made subsequent to the measurement date	51,366	-
Total Deferred Amounts Related to Pensions	<u><u>\$ 368,967</u></u>	<u><u>\$ 437,181</u></u>

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:

Year Ending December 31	Net Deferred Outflows of
<u> </u>	<u> </u>
2020	\$ (18,423)
2021	(41,266)
2022	15,984
2023	(75,975)
2024	-
Thereafter	-
Total	<u><u>\$ (119,680)</u></u>

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios

Current Period

Calendar Year Ended December 31, 2019

A. Total pension liability

1. Service Cost	\$	56,211
2. Interest on the Total Pension Liability		251,811
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		517
5. Changes in assumptions		-
6. Benefit payments, including refunds of employee contributions		(175,321)
7. Net change in total pension liability	\$	133,218
8. Total pension liability - beginning		3,532,805
9. Total pension liability - ending	\$	3,666,023

B. Plan fiduciary net position

1. Contributions - employer	\$	44,547
2. Contributions - employee		28,433
3. Net investment income		599,860
4. Benefit payments, including refunds of employee contributions		(175,321)
5. Other (Net Transfer)		15,463
6. Net change in plan fiduciary net position	\$	512,982
7. Plan fiduciary net position - beginning		3,077,774
8. Plan fiduciary net position - ending	\$	3,590,756

C. Net pension liability/(asset) \$ 75,267

D. Plan fiduciary net position as a percentage
of the total pension liability 97.95%

E. Covered Valuation payroll \$ 631,875

F. Net pension liability as a percentage
of covered valuation payroll 11.91%

Sensitivity of Net Pension Liability/(Asset) to the Single Discount Rate

Assumption

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% increase 8.25%
Total Pension Liability	\$ 4,164,029	\$ 3,666,023	\$ 3,265,308
Plan Fiduciary Net Position	3,590,756	3,590,756	3,590,756
Net Pension Liability/(Asset)	<u>\$ 573,273</u>	<u>\$ 75,267</u>	<u>\$ (325,448)</u>

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 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	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 24-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon a adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (two employers were financed over 28 years).
Asset Valuation Method	5-Year smoothed market, 20% corridor
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 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in December 31, 2017 actuarial valuation

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

CALCULATION OF THE SINGLE DISCOUNT RATE

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR 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) 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and the resulting single discount rate is 7.25%.

Expected Contributions are developed based on the following:

- Member Contributions for current members
- Normal Cost contributions for current members
- Unfunded Liability contributions for current and future members

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.35% to 14.25%
Investment Rate of Return	7.25%
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 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 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 for the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Wage growth	
Price Inflation	
Salary Increases	
Retirement Age	
Mortality	

Other Information:

Notes There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2019 Illinois Municipal Retirement Fund Annual actuarial Valuation report.

NOTE 6 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 7 – FUND BALANCE

The Library has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

NONSPENDABLE –

Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

RESTRICTED –

Amounts that can be spent only for specific purposes because of the Library Charter, Library Code, state or federal laws, or externally imposed conditions by grantors or creditors.

COMMITTED –

Amounts that can be used only for specific purposes determined by a formal action by the Library Board of Trustees ordinance or resolution. This includes the budget reserve account.

ASSIGNED –

Amounts that are designated by the Library manager for a specific purpose but are not spendable until a budget ordinance is passed by the Library Board of Trustees.

UNASSIGNED –

All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Combined Balance Sheet. As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted or the Assignment has been changed by the Library management. Decreases to fund balance first reduce Unassigned Fund balance. In the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

NOTE 8 – CONTINGENCIES

The Library is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material adverse effect on the financial statements.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the Statement of Net Position date but before the financial statements are issued, or are available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no other recognized or non-recognized subsequent events that have occurred between June 30, 2020 and the date of this audit report requiring disclosure in the financial statements.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 10 – GENERAL OBLIGATION BONDS

The outstanding general obligation bonds Dated February 1, 2005 of the Library have been defeased by placing the proceeds of refunding bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the Library's financial statements. The entire issue dated February 1, 2005 of defeased bonds outstanding at June 30, 2019 are considered extinguished.

The defeasement was funded by the issuance of a general obligation bonds dated March 20, 2014 with similar maturities and lower interest rates. The outstanding general obligation issue is as follows:

Bonds dated March 20, 2014	
Final payment date	June 15, 2024
Interest rate (range)	2.0% to 3.125%

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities: Long-Term Debt					
General Obligation Refunding Bonds - Mar. 20, 2014	\$ 1,695,000	\$ -	\$ 370,000	\$ 1,325,000	\$ 380,000
Total Long-Term Debt	<u>1,695,000</u>	<u>-</u>	<u>370,000</u>	<u>1,325,000</u>	<u>380,000</u>
Other Long Term Liabilities					
Compensated Absences	21,818	17,458	-	39,276	-
Total Governmental Long Term Obligations	<u>\$ 1,716,818</u>	<u>\$ 17,458</u>	<u>\$ 370,000</u>	<u>\$ 1,364,276</u>	<u>\$ 380,000</u>
Long-term liabilities at June 30, 2020	Maturity Dates	Interest Rates	Face Amount	Carrying Amount	
Governmental Activities:					
General Obligation Refunding Bonds - Mar. 20, 2014	6/30/2024	Variable	\$ 3,435,000	\$ 1,325,000	

General Obligation Bonds Bonds Dated March 20, 2014

Interest Rate	Fiscal Year Ended Date	Outstanding June 30, 2020	
		Principal	Interest
3.000	6/30/2021	380,000	39,938
3.000	6/30/2022	390,000	28,538
3.000	6/30/2023	405,000	16,838
3.125	6/30/2024	150,000	4,688
TOTALS		<u>\$ 1,325,000</u>	<u>\$ 90,002</u>

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended June 30, 2020

NOTE 11 - LEASES

The District entered into an operating lease for a copier on October 17, 2017. The lease requires minimum monthly payments of \$489.74 for 60 months. Remaining minimum obligations are as follows:

Due in Fiscal Year	Amount
2021	\$ 5,877
2022	5,877
2023	1,959
Total	<u>\$ 13,713</u>

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

As of these financial statements, the District has adopted GASB Statement No. 65 & 68, which redefined how certain financial statement elements are presented in the statement of financial position. The elements are classified as follows:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows reported in the government-wide statements are for future outflows relating to the IMRF pension in the amount of \$75,267.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources and expenses. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has no items which qualify for reporting in this category.

REQUIRED SUPPLEMENTARY INFORMATION

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2020

	Appropriations		Actual
	Original	Final	Amounts
Salaries			
Salaries	\$ 900,000	\$ 900,000	\$ 856,947
Payroll taxes	110,000	110,000	61,715
Employee health insurance	150,000	150,000	76,914
IMRF	300,000	300,000	264,875
Unemployment insurance	60,000	60,000	-
Development	75,000	75,000	17,195
Total Salaries	1,595,000	1,595,000	1,277,646
Materials			
Books	300,000	300,000	91,549
Subscriptions - print & electronic	310,000	310,000	49,027
Downloadable media	200,000	200,000	73,747
Audio - visual	200,000	200,000	34,684
Total Materials	1,010,000	1,010,000	249,007
Debt Service			
Principal repayment	535,000	535,000	370,000
Interest	-	-	49,188
Bond fees	-	-	854
Total Debt Service	535,000	535,000	420,042
Capital Property and Equipment			
Furnishings	200,000	200,000	42,255
Computers	300,000	300,000	164,191
Buildings and sites	400,000	400,000	91,465
Equipment/Digital services	160,000	160,000	-
Total Capital Property and Equipment	1,060,000	1,060,000	297,911
Contractual Services			
Maintenance and repair	5,000	5,000	928
Cleaning	75,000	75,000	43,860
HVAC	70,000	70,000	-
Security	5,000	5,000	-
Snow removal and landscaping	40,000	40,000	-
Equipment - maintenance	60,000	60,000	19,239
Library automation maintenance	300,000	300,000	10,810
Total Contractual Services	555,000	555,000	74,837

continued

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2020

	Appropriations		Actual
	Original	Final	Amounts
Supplies			
Supplies	\$ 166,415	\$ 166,415	\$ 67,095
Total Supplies	166,415	166,415	67,095
Operating Expenses			
Professional services	200,000	200,000	47,512
Cultural and educational programs	80,000	80,000	21,414
Community information	75,000	75,000	16,805
Audit	10,000	10,000	7,000
Insurance	140,000	140,000	32,952
Utilities	175,000	175,000	92,496
Postage	25,000	25,000	7,533
Memberships	5,000	5,000	1,562
Community partnership	50,000	50,000	-
Total Operating Expenses	760,000	760,000	227,274
Public Information			
Legal notices	5,000	5,000	1,142
Total Public Information	5,000	5,000	1,142
Total Expenditures General Fund	\$ 5,686,415	\$ 5,686,415	\$ 2,614,954
			concluded

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS
Schedule of Required Supplemental Information
Multi-year Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Calendar Years

(schedule to be built prospectively from 2014)

Calendar Year Ending	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Pension Liability										
Service Cost	\$ 56,211	\$ 51,001	\$ 49,861	\$ 43,995	\$ 37,753	\$ 43,285				
Interest on the Total Pension Liability	251,811	245,456	250,701	241,550	212,675	206,254				
Benefit Changes	-	-	-	-	-	-				
Difference between Expected and Actual Experience	517	(20,364)	(61,940)	29,698	302,118	(115,602)				
Assumption Changes	-	104,120	(110,326)	(4,007)	3,756	99,552				
Benefit Payments and Refunds	(175,321)	(189,319)	(208,277)	(184,632)	(155,611)	(134,613)				
Net Change in Total Pension Liability	133,218	190,894	(79,981)	126,604	400,691	98,876				
Total Pension Liability - Beginning	3,532,805	3,341,911	3,421,892	3,295,288	2,894,597	2,795,721				
Total Pension Liability - Ending (a)	\$ 3,666,023	\$ 3,532,805	\$ 3,341,911	\$ 3,421,892	\$ 3,295,288	\$ 2,894,597				
Plan Fiduciary Net Position										
Employer Contributions	44,547	65,214	58,914	40,721	42,149	49,802				
Employee Contributions	28,433	25,969	28,266	23,629	20,482	18,354				
Pension Plan Net Investment Income	599,860	(209,512)	533,105	203,028	14,722	176,588				
Benefit Payments and Refunds	(175,321)	(189,319)	(208,277)	(184,632)	(155,611)	(134,613)				
Other	15,463	5,865	(21,779)	(22,565)	16,592	(47,438)				
Net Change in Plan Fiduciary Net Position	512,982	(301,783)	390,229	60,181	(61,666)	62,693				
Plan Fiduciary Net Position - Beginning	3,077,774	3,379,557	2,989,328	2,929,147	2,990,813	2,928,120				
Plan Fiduciary Net Position - Ending (b)	\$ 3,590,756	\$ 3,077,774	\$ 3,379,557	\$ 2,989,328	\$ 2,929,147	\$ 2,990,813				
Net Pension Liability/(Asset) - Ending (a) - (b)	75,267	455,031	(37,646)	432,564	366,141	(96,216)				
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.95%	87.12%	101.13%	87.36%	88.89%	103.32%				
Covered Valuation Payroll	\$ 631,875	\$ 577,121	\$ 536,550	\$ 509,006	\$ 455,171	\$ 385,649				
Net Pension Liability as a Percentage of Covered Valuation Payroll	11.91%	78.84%	(7.02%)	84.98%	80.44%	(24.95%)				

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS
Schedule of Required Supplemental Information
Multi-year Schedule of Contributions
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 47,088	\$ 49,802	\$ (2,714)	\$ 385,649	12.91%
2015	\$ 42,149	\$ 42,149	\$ -	\$ 455,171	9.26%
2016	\$ 40,720	\$ 40,721	\$ (1)	\$ 509,006	8.00%
2017	\$ 58,913	\$ 58,914	\$ (1)	\$ 536,550	10.98%
2018	\$ 65,215	\$ 65,214	\$ 1	\$ 577,121	11.30%
2019	\$ 44,547 *	\$ 44,547	\$ -	\$ 631,875	7.05%

* Estimated based on a contribution rate of 7.05% and covered valuation payroll of \$631,875.

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to Required Supplemental Information

Year Ended June 30, 2020

The accounting policies of the Library District include the preparation of financial statements on the modified accrual basis of accounting. The Library District also prepares its budget on the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However; expenditures relating to compensated absences, debt service expenditures, and claims and judgments are recognized only when payment is due.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The Library District procedures in establishing the budgetary data reflected in the General Fund Financial Statements are presented below:

- Prior to September 15th the Library District Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on preceding July 1st. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The budget is legally enacted through passage of an ordinance prior to September 30th.
- The Library District Treasurer with Board review and approval is authorized to expend the un-expensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- The original budget was passed on September 16, 2019 and was not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.

GREEN HILLS PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to Required Supplemental Information

Year Ended June 30, 2020

- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified accrual basis of accounting. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.