

Deerfield Public Library

Financial Statements and
Supplementary Information

December 31, 2020

Deerfield Public Library

Table of Contents
December 31, 2020

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	
Management's Discussion and Analysis	MD&A 1-11
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet - Governmental Fund	5
Reconciliation of the Governmental Fund - Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	7
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	8
Notes to Financial Statements	9
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	23
Illinois Municipal Retirement Fund - Schedule of Library's Proportionate Share of the Net Pension Liability and Library Contributions	24
Retiree Health Plan - Schedule of Changes in the Library's Total OPEB Liability and Related Ratios	25
Notes to Required Supplementary Information	26
Supplementary Information	
Schedule of Expenditures - Budget and Actual - General Fund	27

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Members of the Public Library Board of
Deerfield Public Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Deerfield Public Library, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Deerfield Public Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Deerfield Public 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 Deerfield Public Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Deerfield Public Library as of December 31, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Deerfield Public Library's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Oak Brook, Illinois
June 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

DEERFIELD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

As the management of the Deerfield Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal period ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's financial statements.

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Historically, the primary focus of local government financial statements has been summarized by fund type information on a current financial resource basis. This approach was modified by Government Accounting Standards Board (GASB) Statement No. 34. Now, the Library's financial report presents two kinds of statements, each with a different snapshot of the Library's finances. The focus of the government-wide financial statements is on the Library as a whole on an accrual basis. The statements that show the Library as a major fund provide information on the financial resources available and used in the current and previous 12-month fiscal periods. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Library's accountability.

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 focus of the *Statement of Net Position* is to present information on all of the Library's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. The *Statement of Net Position* combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and the economic resources measurement focus. 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.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The *Statement of Activities* presents information showing how the Library's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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., earned but unused compensated absences).

These government-wide financial statements describe functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and readers' services, youth and adult programs, interlibrary loan and outreach services, and its growing technological development which provides an online and virtual library accessibility for its community patrons.

Fund Financial Statements

Fund financial statements will be more familiar to traditional users of governmental financial statements. The focus of the presentation is on the major fund rather than fund types. 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.

Governmental Funds. The Library is presented as a single governmental fund. A governmental fund is 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 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 government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance*, provide a reconciliation to facilitate this comparison. They are:

- Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position, and
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Governmental Activities in the Statement of Activities.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The Library adopts an annual budget for its governmental fund, as well as adopting an annual appropriation. The Library uses the annual budget as its budgetary guide. A schedule demonstrating compliance with the budget can be found on pages 23 and 27 of this report.

Notes to the Financial Statement

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 22 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information reflecting the Library's progress in funding its expenditures and changes in fund balance. Required supplementary information can be found on pages 23 through 26 of this report.

Financial Analysis of the Library as a Whole

In accordance with GASB Statement No. 34, the Library presents here comparative financial information for governmental activities, net position, as well as the original appropriation to actual expenditures. In addition, the following information provides a brief financial analysis of the Library as a whole.

GOVERNMENT-WIDE STATEMENTS

Net Position

The Library's net position increased by \$323,193 during the year ending December 31, 2020.

The table on the following page reflects a condensed *Statement of Net Position* as of December 31, 2019, and December 31, 2020. For more detailed information see the Statement of Net Position.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS (continued)

**Table 1
Statement of Net Position – Comparative Summaries**

<u>Governmental Activity</u>		
Fiscal Period Ending December 31 st	2020	2019
Assets		
Current Assets and Deferred Outflows	\$13,481,403	\$13,431,224
Capital Assets (Net of Accumulated Depreciation)	10,203,278	10,701,988
Total Assets and Deferred Outflows	23,684,681	24,133,212
Liabilities and Deferred Inflows		
Long-Term Liabilities	8,968,846	10,102,811
Other Liabilities	21,738	63,188
Deferred Inflows	5,735,364	5,331,673
Total Liabilities and Deferred Inflows	14,725,948	15,497,672
Net Position		
Net Investment in Capital Assets	3,233,278	3,181,988
Unrestricted	5,725,455	5,453,552
Total Net Position	\$8,958,733	\$8,635,540

Total assets and deferred outflows of resources decreased \$448,531, primarily due to decrease in capital assets net of accumulated depreciation of \$498,710. The Library is on a payment schedule for the bond payments. Total liabilities and deferred inflows decreased by \$771,724, primarily due to the increase in net pension liability offset by the reduction of the long-term liability to the Village for the 2011A and 2013 G.O. bond issuances of \$550,000. Two dedicated property tax levies are received each year to continue this trend.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS (continued)

Activities

The following table summarizes the revenue and expenses of the Library for the fiscal year ending December 31, 2019 and 2020. The Library's net position increased by \$323,193 in 2020. Property and Replacement taxes increased by \$45,935 and provided over 97.4% of the Library's funding. Property tax revenues are comparable with the prior period because the primary months of receipts, June and September, are included in both fiscal periods.

**Table 2
Changes in Net Position
Governmental Activity: Library**

Fiscal Year Ending December 31st	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues		
Charges for Services	\$ 12,411	\$ 49,018
Operating Grants	27,868	22,781
General Revenues		
Property Taxes	5,124,554	5,074,109
Replacement Tax	37,936	42,446
Investment Income	84,023	126,271
Gain on sale of surplus property	230	185
Miscellaneous & Contributions	10,898	37,402
Total General Revenues	<u>5,257,641</u>	<u>5,280,413</u>
Total Revenues	<u>5,297,920</u>	<u>5,243,413</u>
Expenses		
Culture and Recreation	4,797,896	5,044,448
Interest	<u>176,831</u>	<u>187,631</u>
Total Expenses	<u>4,974,727</u>	<u>5,232,079</u>
Change in Net Position	323,193	120,133
Total Net Position, Beginning of Year	<u>8,635,540</u>	<u>8,515,407</u>
Total Net Position, End of Year	<u>\$8,958,733</u>	<u>\$8,635,540</u>

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FISCAL YEAR 2020 FINANCIAL OVERVIEW

The following schedule provides a summary of the Library's income by source, and the expenditures by category during the fiscal year ending December 31, 2020.

INCOME SOURCES

Local Property and other Taxes	97.4%
Fees and Charges	0.2%
Grants	0.5%
Miscellaneous & Contributions	0.2%
Investment Income	1.7%
Total Income:	\$ 5,297,920

EXPENDITURES BY CATEGORY

Culture and Recreation	96.4%
Interest	3.6%
Total Expenditures:	\$ 4,974,727

IMPACTS

Revenues

The financial statements show an increase in revenues by about \$54,507. Property tax revenue increased by about \$50,445 and includes \$4.43 million for operations and about \$0.76 million for debt service. The revenue from charges for services decreased by \$36,607 in 2020.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FISCAL YEAR 2020 FINANCIAL OVERVIEW (continued)

Expenses

Total expenses decreased by \$257,352 over the prior fiscal period. As required by GASB Statement No. 34, depreciation expense, in the amount of \$498,710, is also included in the *Statement of Activities*. Expenses in 2020 also include the Library's contributions of about \$176,831 to the Village of Deerfield for the payment of the G.O. bond interest due on the 2011A and 2013 G. O. bonds, issued for the Library Improvement Project.

FINANCIAL ANALYSIS OF THE LIBRARY FUND

The Deerfield Public Library has one fund, a governmental fund, named the Library Fund. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. As of December 31, 2020, the Library Fund (as presented on the *Balance Sheet*) has a fund balance of \$7,279,338 showing an increase of \$469,981. The increase will help provide funding for the months of January through May, when property tax receipts are negligible, and any excess will be dedicated to rebuilding the reserves for future building improvements.

Other expenditures include the bond principal payments of \$550,000 that was contributed to the Village toward the 2011A and 2013 G.O. bonds issued for the Library Improvement Project.

The schedule on the following page, Table 3, provides a comparison of the Library's Original Appropriation to Actual, as of December 31, 2020, and a summary of the change in fund balance.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

**Table 3
Fiscal Year 2020 General Fund Budgetary Highlights**

		<u>Actual</u>
Revenues		
Taxes (Property and Replacement)		\$5,162,490
Investment Income		84,023
Charges for Services (Fines, Fees, Copying/Printing)		12,411
Grants		22,781
Gifts and Other		15,985
		<hr/>
Total Revenues		5,297,690
Other Financing Sources		
		<hr/> 230
Total Revenues & Other Financing Sources		
		<hr/> 5,297,920
	<u>Original Appropriation</u>	
Expenditures		
Culture and Recreation	\$4,519,299	\$4,101,108
Debt Service – Principal	550,000	550,000
Debt Service – Interest	176,831	176,831
		<hr/>
Total Expenditures	<hr/> 5,246,130	<hr/> 4,827,939
Change in Fund Balance		
		<hr/> \$469,981

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Capital Assets

The following schedule reflects the Library's capital asset balances as of December 31, 2020.

**Table 4
Balance of Capital Assets at the End of the Fiscal Year
December 31, 2020**

Governmental Activity - Library	
Capital Assets Not Being Depreciated	
Land	\$ 65,493
Construction in Progress	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>65,493</u>
Capital Assets Being Depreciated	
Building	13,197,410
Equipment	<u>1,684,007</u>
Total Capital Assets Being Depreciated	<u>14,881,417</u>
Less accumulated depreciation for	
Building	3,066,240
Equipment	<u>1,664,036</u>
Total Accumulated Depreciation	<u>4,743,632</u>
Total Capital Assets Being Depreciated, Net	<u>10,137,785</u>
Governmental Activity - Library Capital Assets, Net	<u>\$10,203,278</u>

(See independent auditors' report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Long-Term Debt (continued)

Table 5 summarizes the Library's outstanding long-term debt, as of December 31, 2020. In 2011 and 2013, the Village provided the funding from G.O. Bonds it had issued for the Library Improvement Project. These bond issuances are recognized as Village debt, but starting June 1, 2012, the Library began to receive the property taxes levied for the G.O. debt and now pays the principal and interest to the Village as it comes due.

**Table 5
Balance of Long-Term Debt at the End of
The 2020 and 2019 Fiscal Years**

	December 31,	
	2020	2019
Compensated absences	\$ 103,718	\$ 91,098
Due to Village	6,970,000	7,520,000
Total Other Postemployment Benefit Liability	788,144	314,309
Net Pension Liability	1,106,984	2,177,404
Total Long-Term Liabilities	\$8,968,846	\$10,102,811

Please see Note 4 for further information regarding the Library's long-term debt.

Economic Factors

The Deerfield Public Library is a village library, whose boundaries match those of the Village of Deerfield, and it shares the same taxing capabilities of the Village, a home-rule entity. It is not a district. The Library's area automatically grows when the Village annexes additional properties.

The Library Board annually reviews the policy of allowing non-residents in nearby areas to purchase library services. For many years, the areas without other access to library service have included residents in Bannockburn, Riverwoods, and unincorporated Deerfield. This policy was in effect during 2020.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Economic Factors (continued)

Relatively minor renovations, such as adjustments to furnishings and signage, continue to be addressed as needed. The Friends of the Deerfield Library, an independent, community-based, non-profit support group, that is actively supportive. It is their goal to support and promote the Library's mission in the community and their enthusiasm reflects the community's support for the Library.

The extent of the impact of COVID-19 on the Library's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kelly DeCorrevont, Business Manager, at Deerfield Public Library, 920 Waukegan Road, Deerfield, Illinois, 60015.

BASIC FINANCIAL STATEMENTS

Deerfield Public Library

Statement of Net Position

December 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 7,162,411
Property taxes receivable	5,114,131
Accounts receivable	5
Interest receivable	5,967
Prepaid items	132,693
Capital assets:	
Capital assets not being depreciated	65,493
Capital assets being depreciated, net of depreciation	<u>10,137,785</u>
Total assets	<u>22,618,485</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	719,459
Deferred outflows of resources related to OPEB	<u>346,737</u>
Total deferred outflows of resources	<u>1,066,196</u>
Liabilities	
Accounts payable	12,968
Other payables	(365)
Accrued payroll	9,135
Noncurrent liabilities:	
Due within one year	647,975
Due in more than one year	<u>8,320,871</u>
Total liabilities	<u>8,990,584</u>
Deferred Inflows of Resources	
Property taxes levied for a future period	5,114,131
Deferred inflows related to pensions	597,438
Deferred inflows related to OPEB	<u>23,795</u>
Total deferred inflows of resources	<u>5,735,364</u>
Net position	
Net investment in capital assets	3,233,278
Unrestricted	<u>5,725,455</u>
Total net position	<u>\$ 8,958,733</u>

See notes to financial statements

Deerfield Public Library

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Changes for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental activities				
Culture and recreation	\$ 4,797,896	\$ 12,411	\$ 27,868	\$ (4,757,617)
Interest	176,831	-	-	(176,831)
Total governmental activities	<u>\$ 4,974,727</u>	<u>\$ 12,411</u>	<u>\$ 27,868</u>	<u>(4,934,448)</u>
General Revenues:				
Taxes:				
Property taxes				5,124,554
Replacement taxes				37,936
Investment income				84,023
Gain on sale of surplus property				230
Miscellaneous				10,898
				<u>5,257,641</u>
				Change in net position 323,193
				<u>8,635,540</u>
				Net Position, Beginning
				<u>\$ 8,958,733</u>
				Net Position, Ending

See notes to financial statements

Deerfield Public Library

Balance Sheet
Governmental Fund
December 31, 2020

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 7,162,411
Property taxes receivable	5,114,131
Interest receivable	5,967
Accounts receivable	5
Prepaid items	<u>132,693</u>
Total assets	<u><u>\$ 12,415,207</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 12,968
Other payables	(365)
Accrued payroll	<u>9,135</u>
Total liabilities	<u>21,738</u>
Deferred Inflows of Resources	
Property taxes levied for a future period	<u>5,114,131</u>
Total deferred inflows of resources	<u>5,114,131</u>
Fund Balance	
Nonspendable for prepaid items	132,693
Unassigned	<u>7,146,645</u>
Total fund balance	<u>7,279,338</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 12,415,207</u></u>

See notes to financial statements

Deerfield Public Library

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds \$ 7,279,338

**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. 10,203,278

Deferred outflows of resources related to the IMRF pension do not relate to current financial resources and are not included in the Governmental Fund Balance Sheet. 719,459

Deferred inflows of resources related to the IMRF pension do not relate to current financial resources and are not included in the Governmental Fund Balance Sheet. (597,438)

Deferred outflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Fund Balance Sheet. 346,737

Deferred inflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Fund Balance Sheet. (23,795)

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

Compensated absences	\$ (103,718)	
Due to the Village	(6,970,000)	
Net pension liability - IMRF	(1,106,984)	
Total other postemployment benefit liability	(788,144)	
		<u>(8,968,846)</u>

Net position of governmental activities \$ 8,958,733

Deerfield Public Library

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund
Year Ended December 31, 2020

	General Fund
Revenues	
Taxes	
Property	\$ 5,124,554
Replacement	37,936
Intergovernmental	
Grants	22,781
Charges for services	
Nonresident fees	1,663
Fees, fines and penalties	8,735
Photocopying	2,013
Investment income	84,023
Miscellaneous	15,985
	<hr/>
Total revenues	5,297,690
	<hr/>
Expenditures	
Culture and recreation	4,101,108
Debt service	
Principal	550,000
Interest and fiscal charges	176,831
	<hr/>
Total expenditures	4,827,939
	<hr/>
Excess (deficiency) of revenues over expenditures	469,751
	<hr/>
Other Financing Sources (Uses)	
Sale of surplus property	230
	<hr/>
Total other financing sources (uses)	230
	<hr/>
Change in fund balance	469,981
	<hr/>
Fund Balance, Beginning	6,809,357
	<hr/>
Fund Balance, Ending	\$ 7,279,338
	<hr/>

See notes to financial statements

Deerfield Public Library

Reconciliation of the Governmental Fund Statement of
Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balance, Total Governmental Fund	\$ 469,981
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized; and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlay in the current period.	(498,710)
Payments made to the Village to pay for principal due on the bonds issued by the Village on behalf of the Library are reported as debt service expenditures in the governmental funds but not on the statement of activities.	550,000
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(12,620)
Net IMRF pension liability	1,070,420
Deferred outflows related to the IMRF pension	(678,934)
Deferred inflows related to the IMRF pension	(388,500)
Deferred inflows related to OPEB	(15,191)
Deferred outflows related to OPEB	300,582
Total other postemployment benefit liability	(473,835)
Change in net position, governmental activities	\$ 323,193

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

The basic financial statements of the Deerfield Public Library, Deerfield, Illinois (the Library), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (hereinafter referred to as general accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

Reporting Entity

The Library is a library corporation governed by a seven-member Board of Trustees. The reporting entity for the Library consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Library has not identified any organizations that meet this criteria.

Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library. Governmental activities normally are supported by taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund. The General Fund, a governmental fund, is used to account for all of the Library's general activities.

Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Library reports the following major governmental fund:

General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus, Basis of Accounting and Financial Statement Preparation

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 when the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable, available and earned. 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.

The Library reports unearned revenue and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arise when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has legal claim to the resources, the liability and deferred inflows or resource for unearned and unavailable/deferred revenue are removed from the financial statements and revenue is recognized.

The Library recognizes property taxes when they become both measurable and available in the year intended to finance. The Library considers other revenue sources as available if they are collected within one month after year end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Deposits and Investments

Cash and cash equivalents include amounts in demand deposits and investments with a maturity date of three months or less from the date acquired by the Library.

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Deerfield Public Library

Notes to Financial Statements

December 31, 2020

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	45
Equipment	7

Property Tax Receivable

Property taxes for levy year 2020 attaches as an enforceable lien on January 1, 2020, on property values assessed as of the same date. Taxes are levied by December 31 by passage of a Tax Levy Ordinance. Tax bills are prepared by Cook County and issued on or about February 1, 2021 and August 1, 2021, and are payable in two installments, on or about March 1, 2021 and September 1, 2021. The county collects such taxes and remits them periodically. Tax bills are prepared by Lake County and issued on or about May 1, 2021 and August 1, 2021, and are payable in two installments, on or about June 1, 2021 and September 1, 2021. The counties collect such taxes and remits them periodically. The 2020 property tax levy is recorded as a receivable and deferred inflow of resources.

Deferred Outflows of Resources

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

Compensated Absences

Compensated absences are reported as expenditures and liabilities of the General Fund if the employee has retired or has been terminated by year end. Vested or accumulated vacation leave, including related social security and medicare, that is owed retirees or terminated employees is reported as expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation leave of governmental activities at the government-wide level is recorded as expense and liability as the benefits accrue to employees.

Deferred Inflows of Resources

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

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

Fund Balance/Net Position

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the Library classifies governmental fund balance as follows:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory or pre-paid items).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Library Board. This formal action (an ordinance) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Library Board that originally created the commitment.

Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes determined by the Library Director or by an official that has been delegated authority to assign amounts that do not meet the criteria to be classified as restricted or committed. The Library Director may also take official action to assign amounts. Assignments may take place after the end of the reporting period.

Unassigned - includes negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. It is the desire of the Library to maintain adequate fund balance in the operating funds. The Library Board has adopted a financial standard to maintain a minimum fund balance of 25 percent of total annual budgeted expenditures not including capital and transfers.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Library's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital assets. Unrestricted net position consists of net position that does not meet the definition of restricted or net investments in capital assets. When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting Estimate

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 disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Deerfield Public Library

Notes to Financial Statements

December 31, 2020

2. Deposits and Investments

The Library has adopted an investment policy. That policy follows the state statute for allowable investments. Illinois Statutes authorize the Library's to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services.

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are legality, safety (preservation of capital and protection of investment principal), liquidity and yield.

For disclosure purposes, cash and investments are segregated into three components: 1) cash on hand 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) investments, which consist of negotiable CDs, as follows:

	<u>Library</u>
Cash on hand	\$ 1,673
Deposits with financial institutions	5,708,637
Investments	<u>1,452,101</u>
Total cash and investments	<u>\$ 7,162,411</u>

The Library has the following recurring fair value measurements as of December 31, 2020, the negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit. The negotiable certificates of deposit are not rated.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The Library's investment policy requires pledging of collateral held by the Library's agent with a fair value of 100 percent of all bank balances in excess of federal depository insurance. As of December 31, 2020, all the Library deposits were insured or collateralized.

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. At December 31, 2020, the Library's investments were as follows:

	Fair Value	Maturity (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Negotiable certificates of deposits	\$ 1,452,100	\$ 1,452,100	\$ -	\$ -	\$ -

In accordance with the Library's investment policy, the Library limits exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields. The investment policy limits the maximum maturity length of investments to one year from the date of purchase, unless matched to a specific cash flow. Reserve funds may be invested in securities exceeding one year if the maturity of such funds are made to coincide as nearly as practicable with the expected use of the funds.

3. Capital Assets

The Library's capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increase	Decreases	Ending Balance
Capital assets not being depreciated	\$ 65,493	\$ -	\$ -	\$ 65,493
Total capital assets not being depreciated	65,493	-	-	65,493
Capital assets being depreciated:				
Buildings	13,197,410	-	-	13,197,410
Equipment	1,684,007	-	-	1,684,007
Total capital assets being depreciated	14,881,417	-	-	14,881,417
Less accumulated depreciation:				
Buildings	2,786,320	293,276	-	3,066,240
Equipment	1,458,602	205,434	-	1,664,036
Total accumulated depreciation	4,244,922	498,710	-	4,743,632
Net capital assets begin depreciated	10,636,495	(498,710)	-	10,137,785
Library activities capital assets, net	\$ 10,701,988	\$ (498,710)	\$ -	\$ 10,203,278

The entire depreciation expense was charged to the culture and recreation function.

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

4. Long-Term Liabilities

During the year ended December 31, 2020, the following is the long-term liability activity for the Library:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Library activities:					
Due to Village	\$ 7,520,000	\$ -	\$ 550,000	\$ 6,970,000	\$ 565,000
Compensated absences	91,098	274,905	262,285	103,718	82,975
Total other postemployment benefit	314,309	473,835	-	788,144	-
Net pension liability IMRF	<u>2,177,404</u>	<u>-</u>	<u>1,070,420</u>	<u>1,106,984</u>	<u>-</u>
	<u>\$ 10,102,811</u>	<u>\$ 754,320</u>	<u>\$ 1,882,705</u>	<u>\$ 8,968,846</u>	<u>\$ 647,975</u>

The compensated absences, total other postemployment benefit liability and net pension liability will be paid out of the general fund.

On October 17, 2011, the Village issued \$9,900,000 in General Obligation Bonds, Series 2011A, of which \$5,900,000 was for the Library Improvement Project. On January 3, 2013, the Village issued \$9,075,000 in General Obligation Bonds Series 2013, of which \$5,875,000 was for the Library Improvement Project. These bonds are in the Village's name and are a liability of the Village. The Library building renovation was completed in June 2013. The Library receives property tax collections to pay for the bond principal and interest and then remits the funds to the Village as the principal and interest payments become due.

The Library will levy the required amount annually and remitting the funds to the Village for principal and interest payments as follows:

<u>Fiscal Year</u>	<u>2011A Principal</u>	<u>2011A Interest</u>	<u>2013 Principal</u>	<u>2013 Interest</u>	<u>Total</u>
2021	\$ 280,000	\$ 87,630	\$ 285,000	\$ 78,201	\$ 730,831
2022	285,000	82,030	290,000	72,501	729,531
2023	295,000	75,618	295,000	66,701	732,319
2024	305,000	68,538	300,000	60,801	734,339
2025	315,000	60,913	305,000	54,801	735,714
2026	325,000	52,408	310,000	48,701	736,109
2027	335,000	43,470	320,000	42,501	740,971
2028	350,000	33,420	325,000	36,101	744,521
2029	365,000	22,920	335,000	29,195	752,115
2030	380,000	11,970	340,000	21,825	753,795
2031	<u>-</u>	<u>-</u>	<u>630,000</u>	<u>14,175</u>	<u>644,175</u>
Total	<u>\$ 3,235,000</u>	<u>\$ 538,917</u>	<u>\$ 3,735,000</u>	<u>\$ 525,503</u>	<u>\$ 8,034,420</u>

5. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Claims from these risks have not exceeded commercial insurance coverage for the past three years.

6. Retirement Systems

Illinois Municipal Retirement Fund

The Library contributes to the Illinois Municipal Retirement Fund (IMRF) an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois through the Village of Deerfield. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

The employees of the Library are pooled with the employees of Village of Deerfield for purposes of actuarial valuation. As the Library is participating under the Village's employer number, IMRF is considered to be a cost-sharing plan for the Library.

Plan Description

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3 percent of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2 percent for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3 percent of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2 percent for each year thereafter. However, an employee's total pension cannot exceed 75 percent of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2 percent for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2 percent for each month that the employee is under the age of 67 or 1/2 percent for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Contributions

As set by statute, Library employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the Library to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's actuarially determined contribution rate for calendar year 2019 was 10.00 percent of annual covered payroll.

Deerfield Public Library

Notes to Financial Statements

December 31, 2020

Fiduciary Net Position

Detailed information about the IMRF fiduciary net position as of December 31, 2019 is available in the separately issued Village of Deerfield, Illinois Comprehensive Annual Financial Report as of and for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the Library reported a liability for its proportionate share of the net pension liability that reflected the Library's portion of the total net pension liability associated with the Village's employer number. The amount recognized by the Library as its proportionate share of the net pension liability, the Village's share of the net pension liability, and the total net pension liability associated with the Village's employer number were as follows:

Library's proportionate share of the net pension liability	\$ 1,106,984
Village's proportionate share of the net pension liability	<u>3,927,673</u>
Total net pension liability	<u>\$ 5,034,657</u>

The net pension liability was measured as of December 31, 2019. The Library's proportion of the net pension liability was based on the Library's share of contributions to IMRF for the fiscal year ended

December 31, 2020, relative to the total contributions of the Library and Village during that period. At December 31, 2020, the Library's proportion was 22 percent. The Library's proportion at December 31, 2019 was 22 percent.

Summary of Significant Accounting Policies

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions

The assumptions used to measure the total pension liability in the December 31, 2019 annual actuarial valuation included a 7.25 percent investment rate of return, (b) projected salary increases from 3.35 percent to 14.25 percent, including inflation, and (c) price inflation of 2.50 percent. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were 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 from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Projected Returns/Risks		
	Target Allocation	One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	7.05 %	5.75 %
International Equities	18.00	8.10	6.50
Fixed income	28.00	3.70	3.25
Real estate	9.00	6.35	5.20
Alternatives	7.00		
Private equity		11.30	7.60
Hedge funds			
Commodities		4.65	3.60
Cash equivalents	1.00	1.85	1.85

Discount Rate

The discount rate used to measure the total collective pension liability for IMRF was 7.25 percent. The discount rate calculated using the December 31, 2018 measurement date was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Library's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the Library's proportionate share of the net pension liability/(asset) to changes in the discount rate. The table below presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent as well as what the Library's proportionate share of the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Library's proportionate share of the collective net pension liability	\$ 2,647,648	\$ 1,106,984	\$ (145,853)

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2019, the Library recognized pension expense of \$203,567. The Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 304,495	\$ -
Changes in assumptions	164,855	98,856
Net difference between projected and actual earnings and pension plan investments	-	498,582
Contributions subsequent to the measurement date	250,109	-
Total	<u>\$ 719,459</u>	<u>\$ 597,438</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending December 31, 2021. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$128,088) will be recognized in pension expense as follows:

Years ending December 31:	
2021	\$ (24,126)
2022	48,167
2023	82,353
2024	<u>(234,482)</u>
Total	<u>\$ (128,088)</u>

7. Other Postemployment Benefits

Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan, which creates an implicit subsidy of retiree health insurance. The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual. The plan is funded on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a separate report. The activity of the plan is reported in the Library's governmental activities.

Contributions and Benefits Provided

The Library provides pre and post Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the Library's retirement plan. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expense that are covered under both.

Deerfield Public Library

Notes to Financial Statements
December 31, 2020

Membership

At December 31, 2020 membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	6
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>30</u>
Total	<u><u>36</u></u>
Participating employers	<u><u>1</u></u>

Total OPEB Liability

At December 31, 2020, the Library reported a total OPEB liability of \$788,144. The liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll increases	2.75%
Health care participation rate	50% participation
Healthcare cost trend rates	Initial rate of 5.0% for HMO, increasing to the ultimate trend rate of 5.00% in 2022
	Initial rate of 6.0% for PPO, increasing to the ultimate trend rate of 5.00% in 2025
Retirees' share of benefit-related costs	100%

The discount rate was based on the December 26, 2020 Bond Buyer 20-Bond Index, as published by the Federal Reserve.

Active IMRF Mortality rates were based on the Sex Distinct Raw Rates as Developed in the RP-2014, with blue collar adjustment. These Rates are Improved Generationally using MP-2020 Improvement Rates and Weighted Based on the IMRF December 31, 2020 Actuarial Valuation. Retiree and Spousal IMRF Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2020 Improvement Rates.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount Rate

At December 31, 2020, the discount rate used to measure the total OPEB liability was a blended rate of 2.12 percent, which was a change from the December 31, 2019 rate of 2.74 percent. Since the plan is financed on a pay-as-you-go basis, the discount rate is based on the high quality 20-year tax-exempt general obligation bond index.

Deerfield Public Library

Notes to Financial Statements

December 31, 2020

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74 percent) or 1-percentage-point higher (3.74 percent) than the current discount rate:

	<u>1% Decrease (1.74%)</u>	<u>Discount Rate (2.74%)</u>	<u>1% Increase (3.74%)</u>
Total OPEB liability	\$ 957,700	\$ 788,144	\$ 660,062

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (varies for HMO and PPO) or 1-percentage-point higher (varies for HMO and PPO) than the current healthcare cost trend rates:

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trent Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Total OPEB liability	\$ 644,837	\$ 788,144	\$ 981,609

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Library recognized OPEB expense of \$61,045. The Library reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 70,458	\$ -
Change in assumptions	276,279	23,795
Total	<u>\$ 346,737</u>	<u>\$ 23,795</u>

The amounts reported as deferred outflows of resources related to OPEB (322,942) will be recognized in OPEB expense as follows:

Years Ending December 31:

2021	\$ 33,145
2022	33,145
2023	33,145
2024	33,145
Thereafter	<u>157,217</u>
Total	<u>\$ 322,942</u>

8. Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- *Statement No. 96, Subscription-Based Information Technology Arrangements*
- *Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements. The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

REQUIRED SUPPLEMENTARY INFORMATION

Deerfield Public Library

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Original and Final Budget	Actual
Revenues		
Taxes:		
Property	\$ 5,114,551	\$ 5,124,554
Replacement	25,000	37,936
Intergovernmental:		
Grants	10,000	22,781
Charges for services:		
Nonresident fees	7,000	1,663
Fees, fines and penalties	25,000	8,735
Photocopying	8,000	2,013
Impact fees	-	-
Sale of product income	-	-
Investment income	85,000	84,023
Miscellaneous:		
Other	500	10,898
Gifts	10,500	5,087
	<hr/>	<hr/>
Total revenues	5,285,551	5,297,690
	<hr/>	<hr/>
Expenditures		
Culture and recreation	4,519,220	4,101,108
Debt service:		
Principal	550,000	550,000
Interest and other	176,831	176,831
	<hr/>	<hr/>
Total expenditures	5,246,051	4,827,939
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	39,500	469,751
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Sale of surplus property	500	230
	<hr/>	<hr/>
Total other financing sources (uses)	500	230
	<hr/>	<hr/>
Net change in fund balance	\$ 40,000	469,981
	<hr/> <hr/>	<hr/> <hr/>
Fund Balance, Beginning		6,809,357
		<hr/>
Fund Balance, Ending		\$ 7,279,338
		<hr/> <hr/>

See notes to required supplementary information

Deerfield Public Library

Illinois Municipal Retirement Fund
 Schedule of Library's Proportionate Share
 of the Net Pension Liability and Library Contributions
 Las Six Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability	21.99%	22.22%	22.00%	21.00%	21.00%	21.00%
Library's proportionate share of the net pension liability	\$ 1,106,984	\$ 2,177,404	\$ 494,428	\$ 1,592,835	\$ 1,490,392	\$ 1,067,279
Village's proportionate share of the net pension liability	<u>3,927,673</u>	<u>7,623,836</u>	<u>1,754,797</u>	<u>5,992,097</u>	<u>5,606,714</u>	<u>4,014,999</u>
Total net pension liability	<u>\$ 5,034,657</u>	<u>\$ 9,801,240</u>	<u>\$ 2,249,225</u>	<u>\$ 7,584,932</u>	<u>\$ 7,097,106</u>	<u>\$ 5,082,278</u>
Covered payroll	\$ 1,842,368	\$ 1,856,207	\$ 1,769,945	\$ 1,668,186	\$ 1,617,576	\$ 1,593,496
Library's proportionate share of the net pension liability as a percentage of covered payroll	60.08%	117.30%	27.93%	95.48%	92.14%	66.98%
Plan fiduciary net position as a percentage of the total pension liability	91.25%	82.21%	95.54%	84.89%	85.19%	88.97%
Contractually required contribution	\$ 184,237	\$ 232,954	\$ 211,316	\$ 201,875	\$ 213,194	\$ 209,314
Contributions in relation to the contractually required contribution	<u>(184,237)</u>	<u>(232,954)</u>	<u>(212,625)</u>	<u>(203,125)</u>	<u>(213,194)</u>	<u>(210,883)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,309)</u>	<u>\$ (1,250)</u>	<u>\$ -</u>	<u>\$ (1,569)</u>
Contributions as a percentage of covered payroll	10.00%	12.55%	12.01%	12.18%	13.18%	13.23%

Notes to Schedule:

Amounts reported in 2020 reflect an investment rate of return of 7.25 percent, an inflation rate of 2.50 percent and real return of 4.75 percent, and salary increase assumption of 3.35 percent to 14.25 percent including inflation.

The Library implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not available.

See notes to required supplementary information

Deerfield Public LibraryRetiree Health Plan
Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 13,228	\$ 12,516	\$ 13,825
Interest	14,672	10,264	9,296
Other changes	232,541	-	-
Differences between expected and actual experience	76,777	-	-
Changes of assumptions	159,431	51,596	(23,933)
Benefit payments	<u>(22,814)</u>	<u>(20,800)</u>	<u>(17,025)</u>
Net Change in Total OPEB Liability	473,835	53,576	(17,837)
Total OPEB Liability, Beginning	<u>314,309</u>	<u>260,733</u>	<u>278,570</u>
Total OPEB Liability, Ending	<u>\$ 788,144</u>	<u>\$ 314,309</u>	<u>\$ 260,733</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%
Covered Payroll	\$ 1,382,519	\$ 1,093,621	\$ 1,208,529
Net OPEB Liability as a Percentage of Covered Payroll	57.01%	28.74%	21.57%

Notes to Schedule:

Changes of assumptions. In 2020, the only change in assumptions was the discount rate. The discount rate at the beginning of the year was 2.74% and at the end of the year was 2.12%.

The Library implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

Deerfield Public Library

Notes to Required Supplementary Information
December 31, 2020

1. Budgetary Information

The budget is adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted at the fund level for the General Fund. All annual appropriations lapse at fiscal year end.

The Library Board of Trustees has the authority to approve the budget for the General Fund. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplemental appropriations were approved.

SUPPLEMENTARY INFORMATION

Deerfield Public Library

Schedule of Expenditures - Budget and Actual - General Fund
Year Ended December 31, 2020

	Original and Final Budget	Actual
Culture and Recreation		
Personnel services	\$ 3,046,970	\$ 2,833,874
Training and development	41,000	22,568
Contractual services	586,750	606,492
Commodities	638,500	523,727
Utilities	46,000	56,193
Capital outlay	160,000	58,254
	<hr/>	<hr/>
Total culture and recreation	4,519,220	4,101,108
	<hr/>	<hr/>
Debt Service		
Contribution to Village, principal	550,000	550,000
Interest and other	176,831	176,831
	<hr/>	<hr/>
Total debt service	726,831	726,831
	<hr/>	<hr/>
Total expenditures	\$ 5,246,051	\$ 4,827,939
	<hr/> <hr/>	<hr/> <hr/>