

Arlington Heights Memorial
LIBRARY ▶

ARLINGTON HEIGHTS, ILLINOIS
A component unit of the Village of Arlington Heights, Illinois

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018**

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Library's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

April 22, 2019

The Honorable Library President
Members of the Board of Trustees
Arlington Heights Memorial Library, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 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, each major fund, and the aggregate remaining fund information of the Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arlington Heights Memorial Library, Illinois' basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARLINGTON HEIGHTS MEMORIAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This is a narrative overview and analysis of the financial activities of the Arlington Heights Memorial Library (the Library) for the most recent fiscal year ended December 31, 2018. Readers are encouraged to consider the information presented here in conjunction with the information provided in the Library's financial statements.

Financial Highlights

- According to the Statement of Net Position, the assets/deferred outflows of the Library exceeded its liabilities/deferred inflows at the close of the year ended December 31, 2018, by \$16,307,805. Of this amount, the net position of \$7,359,228 may be used to meet the Library's ongoing services for Culture, Recreation and Education for citizens and obligations to creditors.
- According to the Balance Sheet of Governmental Funds, at the close of the year ended December 31, 2018, the Library's governmental funds reported a total fund balance of \$13,034,852 which will be spent in the following manner; \$416,628 in prepaid items, \$383,433 restricted to Social Security expenditures, \$5,654,733 for capital improvements, \$200,000 for insurance reserves, and the remaining \$6,380,058 may be used at the Library's discretion.
- Beginning net position was restated due to the Library implementing GASB Statement No. 75.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances. The Statement of Net Position presents information about the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as the net position. Over time, increases or decreases in the 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 the net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement from some items that will only result in cash flows in future fiscal periods (e.g. unused compensated absences, other post-employment benefits payable, grant receivables and accrued interest expense.)

The government-wide financial statements distinguish functions of the Library that are principally supported by taxes and intergovernmental revenue (governmental activities.) The governmental activities of the Library reflect the Library's services, including materials collections, audio/visual labs, computer training, reference and readers' services, programming and outreach services.

(See independent auditor's report)

MD&A 1

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 in accordance with GASB Statement No. 54. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Library adopts an annual budget for the General Fund and Capital Projects Fund. Budgetary comparison schedules are provided to demonstrate compliance with the budget. See Table 5 and Table 6 in the MD&A and pages 35-39 in the Financial Report.

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 funds' 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.

Fund Balance – the difference between assets/deferred outflows and liabilities/deferred inflows in a governmental fund.

Nonspendable Fund Balance - the portion of a Governmental Fund's fund balance that is not available to be spent, either short-term or long-term, in either form or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments.)

Restricted Fund Balance - the portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions (e.g. grantor, contributors and property tax levies.)

Unrestricted Fund Balance is made up of three sub-categories:

1. ***Committed Fund Balance*** - the portion of a Governmental Fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. The same action is required to remove the commitment of fund balance.
2. ***Assigned Fund Balance*** - the portion of a Governmental Fund's fund balance to denote an intended use of resources, but with no formal Board action required.
3. ***Unassigned Fund Balance*** - available expendable financial resources in a Governmental Fund that are not the object of any tentative management plan (i.e. assignments.)

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 financial 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

The notes provide additional information that is essential to 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 10-30 of the financial report.

(See independent auditor's report)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning IMRF employee pension obligations, retiree benefit plan, and budgetary comparison schedules for the Library's two major funds, which can be found on pages 31-35 of the financial report.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. For the Library, as Table 1 demonstrates, assets/deferred outflows exceeded liabilities/deferred inflows by \$16,307,805 at the close of the most recent fiscal year. Please see page 3 of the financial report for more information.

Table 1
Summary of the Statement of Net Position

	As of	
	12/31/2018	12/31/2017
Current and Other Assets	\$ 27,961,899	\$ 28,101,371
Capital Assets, net of accumulated depreciation	8,565,144	8,412,610
Total Assets	\$ 36,527,043	\$ 36,513,981
Deferred Outflows of Resources - IMRF	4,067,831	1,369,239
Total Assets and Deferred Outflows of Resources	\$ 40,594,874	\$ 37,883,220
Current and Other Liabilities	\$ 742,105	\$ 743,253
Noncurrent Liabilities	8,531,629	1,636,318
Total Liabilities	\$ 9,273,734	\$ 2,379,571
Unearned Property Tax	\$ 14,249,157	\$ 14,108,076
Deferred Items - IMRF	764,178	4,432,877
Total Deferred Inflows of Resources	\$ 15,013,335	\$ 18,540,953
Total Liabilities and Deferred Inflows of Resources	\$ 24,287,069	\$ 20,920,524
<u>Net Position</u>		
Invested in Capital Assets	\$ 8,565,144	\$ 8,412,610
Restricted - Social Security	383,433	354,098
Unrestricted for Culture, Recreation and Education	7,359,228	8,195,988
Total Net Position, End of Year	\$ 16,307,805	\$ 16,962,696

(See independent auditor's report)

A portion of the Library's net position, \$8,565,144, reflects its investment in capital assets (e.g. land; building and improvements; equipment, furniture and fixtures.) The Library uses these capital assets to provide services to citizens. \$383,433 is restricted for the Library's portion of Social Security expenses. The remaining balance of the net position, \$7,359,228, may be used to meet ongoing obligations to citizens and creditors.

Governmental Activities

Table 2 summarizes the revenue and expenses of the Library's governmental activities for the year ended December 31, 2018 compared the year ended December 31, 2017. The Library's net position decreased by \$458,072.

Table 2
Changes in Net Position

	<u>For the year</u> <u>Ended</u>	<u>For the year</u> <u>Ended</u>
	<u>12/31/2018</u>	<u>12/31/2017</u>
Revenue		
Program Revenue		
Charges for Services	\$ 198,605	\$ 202,878
Operating Grants/Contributions	166,365	182,987
General Revenue		
Property Taxes	13,782,978	13,744,488
Interest	248,918	147,766
Miscellaneous	39,163	21,297
Total Revenue	\$ 14,436,029	\$ 14,299,416
Expenses		
Culture, Recreation and Education	\$ 14,894,101	\$ 14,766,127
Total Expenses	\$ 14,894,101	\$ 14,766,127
Changes in Net Position	\$ (458,072)	\$ (466,711)
Total Net Position, Beginning as Restated	\$ 16,765,877	\$ 17,429,407
Total Net Position, Ending	\$ 16,307,805	\$ 16,962,696

(See independent auditor's report)

Governmental Funds Analysis – Table 3

All of the Library’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds, as well as the balances left at year-end that are available for spending. The General Fund (Fund 291) is the Library’s primary fund and is used for day-to-day services. The Capital Projects Fund (Fund 491) is funded by a transfer from the General Fund. Expenditures in the Capital Projects Fund involve projects or items with a unit cost in excess of \$10,000.

For the 2018 levy, the Board of Library Trustees approved a 0% increase on the 2017 extended levy. Compared to the prior fiscal year, Property Taxes were up \$38,490. Total Revenue for 2018 was up \$2136,613 versus the prior fiscal year.

Table 3
Summary Statement of Revenues and Expenditures

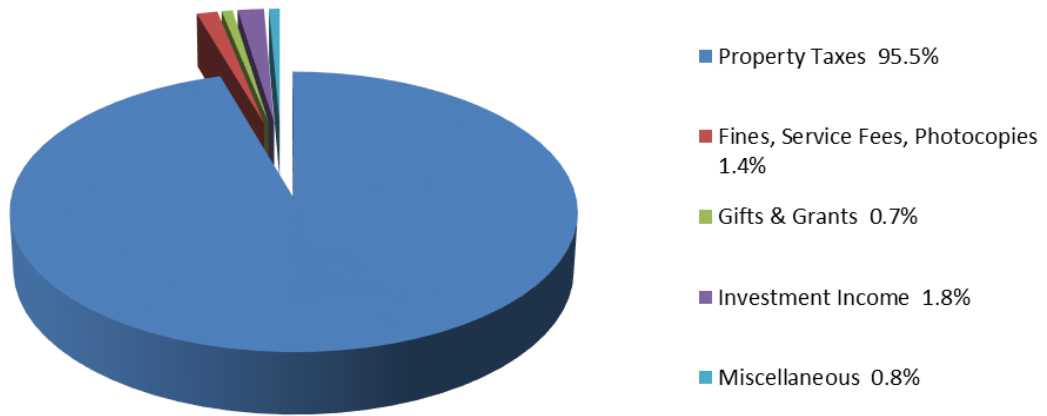
	For the year ended		For the year ended	
	12/31/2018	12/31/2018	12/31/2017	12/31/2017
	<u>Fund 291</u>	<u>Fund 491</u>	<u>Fund 291</u>	<u>Fund 491</u>
Revenue				
Property Taxes	\$ 13,782,978	\$ -	\$ 13,744,488	\$ -
Fines, Service Fees, Photocopies	198,605	-	202,878	-
Gifts & Grants	103,877	-	120,186	-
Investment Income	148,668	100,250	99,409	48,357
Miscellaneous	101,651	-	84,098	-
	<hr/>			
Total Revenue	\$ 14,335,779	\$ 100,250	\$ 14,251,059	\$ 48,357
<hr/>				
Expenditures				
Salaries and Benefits	\$ 10,079,278	\$ -	\$ 10,025,517	\$ -
Equipment/Capital Outlay	135,193	869,060	239,018	1,308,095
Printed Materials (Books & Periodicals)	769,572	-	818,489	-
Nonprint Materials/Electronic Resources	811,151	-	761,204	-
Public Programs/Services	430,193	-	431,223	-
All other Operating Expenditures*	1,613,715	-	1,585,593	-
	<hr/>			
Total Expenditures	\$ 13,839,102	\$ 869,060	\$ 13,861,044	\$ 1,308,095
<hr/>				
Other Financing Sources/(Uses)				
Transfer In		\$ 1,750,000		\$ 1,750,000
Transfer Out	\$ (1,750,000)		(1,750,000)	

*Building insurance, building and equipment maintenance, general office supplies, processing costs, audit, professional fees, contractual services, utilities, IMET expense, contingencies, etc.

The following charts show the composition of total revenues and total expenditures for the year ended December 31, 2018, as identified in Table 3.

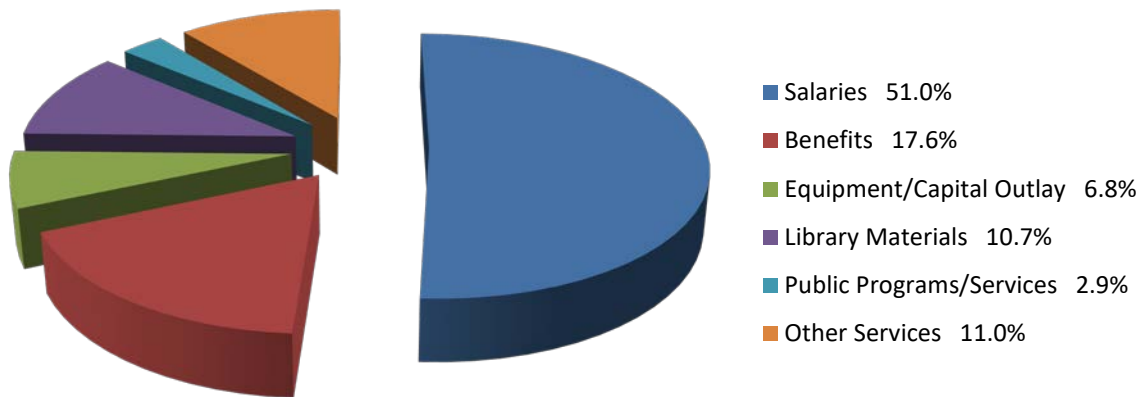
Composition of Total Revenue

for the year ended December 31, 2018



Composition of Total Expenditures

for the year ended December 31, 2018



(See independent auditor's report)

Capital Outlay

The schedule below details the \$869,060 expended on capital outlay in the Capital Projects Fund for the year ended December 31, 2018, as identified in **Table 3**.

Capital Outlay 2018

IT Server	86,830
Exhaust Fan Replacement	10,500
1978 Roof Replacement	325,795
Skylight Replacement	116,686
Boiler Replacement 1994 Building	115,524
Carpet Replacement Administration	58,046
Sealant Replacement 1994 Building	96,120
Automatic Doors ADA	16,171
Carpet Cleaner	13,664
Other Equipment	29,724
Total	<u><u>\$ 869,060</u></u>

Capital Assets

The Library's investment in capital assets for governmental activities at December 31, 2018, was \$8,565,144, up \$152,534 from total capital assets, net of depreciation at December 31, 2017. This investment in capital assets includes land; building and improvements; and equipment, furniture and fixtures. Refer to page 18 of the financial statements for more detail.

Table 4
Capital Assets

	As of	
	<u>12/31/2018</u>	<u>12/31/2017</u>
Capital Assets		
Land	\$ 142,378	\$ 142,378
Works of Art	55,000	55,000
Construction in Progress	-	15,000
Buildings and Improvements	17,227,804	16,490,133
Equipment, Furniture and Fixtures	3,726,204	3,623,564
Total Capital Assets, before depreciation	\$ 21,151,386	\$ 20,326,075
Less - Accumulated Depreciation	<u>(12,586,242)</u>	<u>(11,913,465)</u>
Total Capital Assets, net of depreciation	<u><u>\$ 8,565,144</u></u>	<u><u>\$ 8,412,610</u></u>

(See independent auditor's report)

General Fund

For the year ended December 31, 2018, the ending fund balance of the General Fund was \$7,380,119, a decrease of \$1,253,323 from the fund balance as of December 31, 2017. The budgeted net change in fund balance for the General Fund was \$(2,006,966). As a comparison, the fund balance at December 31, 2017 was \$8,633,442. Total revenues were \$7,113 (0.05%) less than budgeted and total expenditures were \$760,756 (5.2%) less than budgeted. The Library transferred \$1,750,000 from the General Fund (Fund 291) to the Capital Projects Fund (Fund 491) in 2018 to fund upcoming capital projects.

Table 5
General Fund

	<u>For the 12 months Ended December 31, 2018</u>		
	<u>Original</u>	<u>Final</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Total Revenues	\$ 14,342,892	\$ 14,342,892	\$ 14,335,779
Total Expenditures	\$ 14,599,858	\$ 14,599,858	\$ 13,839,102
Excess/(Deficiency) of Revenues Over Expenditures	\$ (256,966)	\$ (256,966)	\$ 496,677
Other Financing Sources (Uses)			
Transfer Out	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>
Net Change in Fund Balance	\$ (2,006,966)	\$ (2,006,966)	\$ (1,253,323)
Fund Balance - January 1, 2018			<u>\$ 8,633,442</u>
Fund Balance - December 31, 2018			<u><u>\$ 7,380,119</u></u>

Capital Projects Fund

For the year ended December 31, 2018, the ending fund balance of the Capital Projects Fund was \$5,654,733, an increase of \$981,190 from the fund balance at December 31, 2017. Total Expenditures were \$168,240 less than budgeted as competitive bids and pricing saved us money. The Capital Projects Fund (Fund 491) received a transfer in of \$1,750,000 in 2018 from the General Fund (Fund 291).

Table 6
Capital Projects Fund

	<u>For the 12 months Ended December 31, 2018</u>		
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>
Total Revenues	\$ 15,000	\$ 15,000	\$ 100,250
Total Expenditures	1,037,300	1,037,300	869,060
Excess/(Deficiency) of Revenues Over Expenditures	\$ (1,022,300)	\$ (1,022,300)	\$ (768,810)
Other Financing Sources (Uses) Transfer In	1,750,000	1,750,000	1,750,000
Net Change in Fund Balance	\$ 727,700	\$ 727,700	\$ 981,190
Fund Balance - January 1, 2018			<u>\$ 4,673,543</u>
Fund Balance - December 31, 2018			<u><u>\$ 5,654,733</u></u>

Budget Amendments

During the fiscal year, the Board of Library Trustees did not approve any budget amendments.

Financial Outlook

For the 2019 tax levy, the Board of Library Trustees approved a 1% increase on the 2018 extended levy. It was the first increase in nine consecutive years where the levy was a 0% increase over the prior year's extended levy. For the year ended December 31, 2018, the Library received 96.1% of its revenue from real estate taxes. The Library continues to annually apply for and receive per capita grants from the State of Illinois. At December 31, 2018, the Library's General Fund has a fund balance of \$7,380,119. This amount would sustain the Library's operations for just over six months, based on budgeted operating expenditures for calendar year 2019. For additional information regarding the components of the Library's fund balance, please review page 19 in the financial report.

Requests for Information

This financial report is designed to provide a general overview of Arlington Heights Memorial Library's finances. Questions and comments concerning any information provided in this report should be addressed to:

Director of Finance
Arlington Heights Memorial Library
500 N. Dunton Avenue
Arlington Heights, IL 60004

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position
December 31, 2018

ASSETS

Current Assets

Cash and Investments	\$ 13,215,212
Receivables - Net of Allowances	
Property Taxes	14,249,157
Accounts	61,271
Accrued Interest	19,631
Prepays	<u>416,628</u>
 Total Current Assets	 <u>27,961,899</u>

Noncurrent Assets

Capital Assets	
Nondepreciable	197,378
Depreciable	20,954,008
Accumulated Depreciation	<u>(12,586,242)</u>
 Total Noncurrent Assets	 <u>8,565,144</u>
 Total Assets	 <u>36,527,043</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Items - IMRF	4,015,422
Deferred Items - RBP	<u>52,409</u>
 Total Deferred Outflows of Resources	 <u>4,067,831</u>
 Total Assets and Deferred Outflows of Resources	 <u>40,594,874</u>

The notes to the financial statements are an integral part of this statement.

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 310,119
Accrued Payroll	363,973
Other Payables	3,798
Compensated Absences Payable	64,215
Total Current Liabilities	<u>742,105</u>
Noncurrent Liabilities	
Compensated Absences Payable	256,861
Net Pension Liability - IMRF	7,926,473
Total OPEB Liability - RBP	348,295
Total Noncurrent Liabilities	<u>8,531,629</u>
Total Liabilities	<u>9,273,734</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes	14,249,157
Deferred Items - IMRF	735,418
Deferred Items - RBP	28,760
Total Deferred Inflows of Resources	<u>15,013,335</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,287,069</u>

NET POSITION

Investment in Capital Assets	8,565,144
Restricted - Social Security	383,433
Unrestricted	7,359,228
Total Net Position	<u><u>16,307,805</u></u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Activities
For the Fiscal Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants/ Contributions	
Governmental Activities				
Culture, Recreation and Education	\$ 14,894,101	198,605	166,365	(14,529,131)
		General Revenues		
		Property Taxes		13,782,978
		Interest		248,918
		Miscellaneous		39,163
				<u>14,071,059</u>
		Change in Net Position		(458,072)
		Net Position - Beginning as Restated		<u>16,765,877</u>
		Net Position - Ending		<u><u>16,307,805</u></u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Balance Sheet
December 31, 2018**

	General	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 7,493,272	5,721,940	13,215,212
Receivables - Net of Allowances			
Property Taxes	14,249,157	-	14,249,157
Accounts	59,204	2,067	61,271
Accrued Interest	19,631	-	19,631
Prepays	416,628	-	416,628
 Total Assets	 <u>22,237,892</u>	 <u>5,724,007</u>	 <u>27,961,899</u>
LIABILITIES			
Accounts Payable	240,845	69,274	310,119
Accrued Payroll	363,973	-	363,973
Other Payables	3,798	-	3,798
Total Liabilities	<u>608,616</u>	<u>69,274</u>	<u>677,890</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	14,249,157	-	14,249,157
Total Liabilities and Deferred Inflows of Resources	<u>14,857,773</u>	<u>69,274</u>	<u>14,927,047</u>
FUND BALANCES			
Nonspendable	416,628	-	416,628
Restricted	383,433	-	383,433
Assigned	200,000	5,654,733	5,854,733
Unassigned	6,380,058	-	6,380,058
Total Fund Balances	<u>7,380,119</u>	<u>5,654,733</u>	<u>13,034,852</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>22,237,892</u>	 <u>5,724,007</u>	 <u>27,961,899</u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to Net Position - Governmental Activities
December 31, 2018**

Total Governmental Fund Balances	\$ 13,034,852
Amounts reported in the Statement of Net Position are different because:	
Capital assets are not financial resources and therefore, are not reported in the funds.	8,565,144
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	3,280,004
Deferred Items - RBP	23,649
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated Absences Payable	(321,076)
Net Pension Liability - IMRF	(7,926,473)
Total OPEB Liability - RBP	<u>(348,295)</u>
Net Position of Governmental Activities	<u>16,307,805</u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2018**

	General	Capital Projects	Totals
Revenues			
Taxes	\$ 13,782,978	-	13,782,978
Intergovernmental	103,877	-	103,877
Charges for Services	43,828	-	43,828
Fines and Fees	154,777	-	154,777
Interest	148,668	100,250	248,918
Miscellaneous	101,651	-	101,651
Total Revenues	14,335,779	100,250	14,436,029
Expenditures			
Culture, Recreation and Education	13,839,102	-	13,839,102
Capital Outlay	-	869,060	869,060
Total Expenditures	13,839,102	869,060	14,708,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	496,677	(768,810)	(272,133)
Other Financing Sources (Uses)			
Transfers In	-	1,750,000	1,750,000
Transfers Out	(1,750,000)	-	(1,750,000)
	(1,750,000)	1,750,000	-
Changes in Fund Balances	(1,253,323)	981,190	(272,133)
Fund Balances - Beginning	8,633,442	4,673,543	13,306,985
Fund Balances - Ending	7,380,119	5,654,733	13,034,852

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (272,133)

Amounts reported in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	839,336
Depreciation Expense	(686,802)
Disposal - Cost	(14,025)
Disposal - Accumulated Depreciation	14,025

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	6,343,642
Change in Deferred Items - RBP	23,649

The increases to long-term liabilities provides current financial resources to
governmental funds, while the reduction of the balances
consumes the current financial resources of the governmental funds.

Increase to Compensated Absences Payable	(36,362)
Increase to Net Pension Liability - IMRF	(6,628,151)
Increases to Total OPEB Liability - RBP	<u>(41,251)</u>

Changes in Net Position of Governmental Activities (458,072)

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Arlington Heights Memorial Library (the Library) operates and maintains the public library within the Village of Arlington Heights (the Village). The government-wide financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP in the United States and used by the Library are described below.

REPORTING ENTITY

The Library is a legally separate entity whose Board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval, and its property tax levy is incorporated with the Village's levy. The Library is reported as a discretely presented component unit of the Village of Arlington Heights, Illinois. This report represents the financial activity of the Library for the fiscal year ended December 31, 2018.

The Library is a Public Library operating in accordance with the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq.

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide Statement of Activities reports both the gross and net cost of the Library's functions. The Library's activities are primarily supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

A fund is a separate accounting entity with a self-balancing set of accounts. Separate financial statements are provided for the general fund and capital projects fund. The Library only maintains governmental funds.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

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

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Governmental Funds – Continued

Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays. Major projects include renovation of the Library and purchases of information technology. The Capital Projects Fund is treated as a major fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the Library utilizes a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, the Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables balances include property taxes.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Capital Asset	Years
Buildings and Improvements	40
Equipment, Furniture and Fixtures	3 - 10

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

The Library accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared for the General and Capital Projects funds by function and activity, and include information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Board of Library Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. Neither the General Fund nor the Capital Projects Fund were amended by the governing body in the current fiscal year. 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.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments – The Library’s investment policy authorizes the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk

Deposits. At year-end, the carrying amount of the Library’s deposits totaled \$4,764,294 and the bank balances totaled \$4,801,209.

Investments. The Library has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Obligations	\$ 2,730,297	2,730,297	-	-	-
Commercial Paper	260,028	260,028	-	-	-
Illinois Funds	1,950,212	1,950,212	-	-	-
IMET	3,510,381	3,510,381	-	-	-
	<u>8,450,918</u>	<u>8,450,918</u>	<u>-</u>	<u>-</u>	<u>-</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued

The Library has the following recurring fair value measurements as of December 31, 2018:

	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 2,730,297	2,730,297	-	-
Investments Measured at the Net Asset Value (NAV)				
Commercial Paper	260,028			
Illinois Funds	1,950,212			
IMET	3,510,381			
Total Investments Measured at NAV	<u>5,720,621</u>			
Total Investments Measured at Fair Value	<u>8,450,918</u>			

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter-term securities, money market funds or similar investment pools. The Library's investments in the Illinois Funds and IMET have an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's policy limits its exposure to credit risk by limiting investments to the safest types of securities, prequalifying the financial institution, intermediaries and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. At year-end, the Library's investment in Illinois Funds is rated Aaam by Moody's, the IMET 1-3 Year Fund is not available and the commercial paper is not rated. The investment in the IMET Convenience Fund is not rated.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library’s investment in a single issuer. The Library’s investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pool (LGIPs) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations. At year-end, the Library does not have any investments over 5 percent of the cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the market value of the funds secured, with the collateral witnessed by a written collateral agreement and held by an independent third party. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

To limit its exposure, the Library’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts and a written custodial agreement. The Library’s investments in the Illinois Funds and IMET are not subject to custodial credit risk.

PROPERTY TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically to the Library. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect projected collection experience. The uncollected portion of the 2018 tax levy less the allowance has been recorded as a receivable; the entire 2018 tax levy has been recorded as unavailable revenue at year-end.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2018 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 142,378	-	-	142,378
Works of Art	55,000	-	-	55,000
Construction in Progress	15,000	-	15,000	-
	<u>212,378</u>	<u>-</u>	<u>15,000</u>	<u>197,378</u>
Depreciable Capital Assets				
Buildings and Improvements	16,490,133	737,671	-	17,227,804
Equipment, Furniture and Fixtures	3,623,564	116,665	14,025	3,726,204
	<u>20,113,697</u>	<u>854,336</u>	<u>14,025</u>	<u>20,954,008</u>
Less Accumulated Depreciation				
Buildings and Improvements	9,657,088	546,621	-	10,203,709
Equipment, Furniture and Fixtures	2,256,377	140,181	14,025	2,382,533
	<u>11,913,465</u>	<u>686,802</u>	<u>14,025</u>	<u>12,586,242</u>
Total Net Depreciable Capital Assets	<u>8,200,232</u>	<u>167,534</u>	<u>-</u>	<u>8,367,766</u>
Total Net Capital Assets	<u>8,412,610</u>	<u>167,534</u>	<u>15,000</u>	<u>8,565,144</u>

Depreciation expense of \$686,802 was charged to the culture, recreation and education function.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Capital Projects	General	<u>\$ 1,750,000</u>

Transfers are used to move unrestricted revenues collected in the General Fund to finance capital projects in accordance with budgetary authorizations.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM LIABILITY ACTIVITY

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 284,714	72,724	36,362	321,076	64,215
Net Pension Liability - IMRF	1,298,322	6,628,151	-	7,926,473	-
Total OPEB Liability - RBP	307,044	41,251	-	348,295	-
	<u>1,890,080</u>	<u>6,742,126</u>	<u>36,362</u>	<u>8,595,844</u>	<u>64,215</u>

The compensated absences, the net pension liability, and the total OPEB liability are liquidated by the General Fund.

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The Library first utilizes committed, then assigned and then unassigned fund balances when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

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

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees’ intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Library’s highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The Library’s policy manual states that the General Fund should maintain a minimum fund balance equal to 33% and no more than 75% of expected annual operating expenditures for the coming year.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Capital Projects	Totals
Fund Balances			
Nonspendable			
Prepays	\$ 416,628	-	416,628
Restricted			
Social Security	383,433	-	383,433
Assigned			
Capital Projects	-	5,654,733	5,654,733
Insurance Reserves	200,000	-	200,000
	200,000	5,654,733	5,854,733
Unassigned	6,380,058	-	6,380,058
Total Fund Balances	7,380,119	5,654,733	13,034,852

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION RESTATEMENT

Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase/ (Decrease)
Governmental Activities	\$ 16,962,696	16,765,877	(196,819)

NOTE 4 – OTHER INFORMATION

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; natural disasters; and injuries to the Library’s employees. These risks are provided for through insurance from private insurance companies. The Library currently reports all its risk management activities in the General Fund. Claims incurred have not exceeded purchased coverage during the current and three previous fiscal years. The Library participates in the Village insurance program with respect to employee health risks.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Library contributes, through the Village of Arlington Heights, Illinois (the Village), to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library’s participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. Contributions are paid by the Village and are reimbursed by the Library. All disclosures for an agent plan can be found in the Village’s comprehensive annual financial report. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Description

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). All of the Library’s employees participate in the Regular Plan.

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

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

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

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members 171

A detailed breakdown of IMRF membership for the Village and the Library combined is available in the Village of Arlington Height’s comprehensive annual financial report.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

Contributions. As set by statute, the Library’s Regular Plan Members are required to contribute 4.5% 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. For the year-ended December 31, 2018, the Library’s contribution was 12.74% of covered payroll.

Net Pension Liability. The Library’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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 tables was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

Actuarial Assumptions – Continued. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, and the prior year valuation used a rate of 7.50%. 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 contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Library calculated using the discount rate as well as what the Library's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$ 13,869,974	7,926,473	2,984,281

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 38,137,688	36,839,366	1,298,322
Changes for the Year:			
Service Cost	660,869	-	660,869
Interest on the Total Pension Liability	3,367,306	-	3,367,306
Difference Between Expected and Actual Experience of the Total Pension Liability	359,924	-	359,924
Changes of Assumptions	1,320,456	-	1,320,456
Contributions - Employer	-	877,582	(877,582)
Contributions - Employees	-	319,622	(319,622)
Net Investment Income	-	(2,489,690)	2,489,690
Benefit Payments, including Refunds of Employee Contributions	(2,520,072)	(2,520,072)	-
Other (Net Transfer)	-	372,890	(372,890)
Net Changes	3,188,483	(3,439,668)	6,628,151
Balances at December 31, 2018	41,326,171	33,399,698	7,926,473

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the fiscal year ended December 31, 2018, the Library recognized pension expense of \$1,168,118. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 314,312	(11,098)	303,214
Change in Assumptions	941,189	(724,320)	216,869
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,759,921	-	2,759,921
Total Deferred Amounts Related to IMRF	<u>4,015,422</u>	<u>(735,418)</u>	<u>3,280,004</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:

Fiscal Year	Net Deferred Outflows of Resources
2019	\$ 1,013,316
2020	550,806
2021	557,606
2022	1,158,276
2023	-
Thereafter	-
Total	<u>3,280,004</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The Library’s defined benefit OPEB plan, Retiree Benefit Plan (RBP), provides OPEB for all permanent full-time general employees of the Library. RBP is a single-employer defined benefit OPEB plan administered by the Village of Arlington Heights. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Library Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. The Library’s retiree medical plan provides continuation of employer subsidized comprehensive health coverage (for the retiree and their dependents, if any) upon the retirement from the Library after meeting the age and service requirements for retirement. Retirees pay 100% of the cost (blended) of coverage based on their age and service at retirement.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	38
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>78</u>
Total	<u><u>116</u></u>

Total OPEB Liability

The Library’s total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	4.10%
Healthcare Cost Trend Rates	8.00% for 2018, decreasing to an ultimate rate of 4.50% for 2026 and later years
Retirees' Share of Benefit-Related Costs	100% of the blended costs of coverage

The discount rate was based on an index of 20-year general obligation bonds with an average AA credit rating.

Mortality rates were based on probabilities of death for participants were according to RP2014 Blue Collar base rates projected to 2018 using scale MP2018 for Police and Fire. For all others the RP2014 base rates projected to 2018 using scale MP2018 was used. No additional provision (besides those already embedded) were included for mortality improvements beyond 2018.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2017	\$ 307,044
Changes for the Year:	
Service Cost	20,973
Interest on the Total Pension Liability	10,260
Difference Between Expected and Actual Experience	61,104
Changes of Assumptions or Other Inputs	(33,531)
Benefit Payments	<u>(17,555)</u>
Net Changes	<u>41,251</u>
Balance at December 31, 2018	<u>348,295</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 395,905	348,295	308,878

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

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 8.00%, with an ultimate rate of 4.50% as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	(7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	(9.00% decreasing to 5.50%)
Total OPEB Liability	\$ 298,338	348,295	412,915

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

For the year ended December 31, 2018, the Library recognized OPEB expense of \$348,295. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 52,409	-	52,409
Change in Assumptions	-	(28,760)	(28,760)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	<u>52,409</u>	<u>(28,760)</u>	<u>23,649</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows of Resources
2019	\$ 3,924
2020	3,924
2021	3,924
2022	3,924
2023	3,924
Thereafter	<u>4,029</u>
Total	<u>23,649</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Total OPEB Liability
Retiree Benefit Plan
- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 663,537	\$ 665,380	\$ 1,843	\$ 5,119,881	13.00%
12/31/2016	808,736	808,736	-	6,187,727	13.07%
12/31/2017	809,701	809,701	-	6,561,594	12.34%
12/31/2018	876,141	877,582	1,441	6,887,899	12.74%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018**

	<u>12/31/2015</u>
Total Pension Liability	
Service Cost	\$ 554,539
Interest	2,492,496
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(136,273)
Change of Assumptions	82,983
Benefit Payments, Including Refunds of Member Contributions	<u>(1,655,072)</u>
Net Change in Total Pension Liability	1,338,672
Total Pension Liability - Beginning	<u>33,827,915</u>
Total Pension Liability - Ending	<u><u>35,166,587</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 665,380
Contributions - Members	248,358
Net Investment Income	151,997
Benefit Payments, Including Refunds of Member Contributions	(1,655,072)
Administrative Expense	<u>202,712</u>
Net Change in Plan Fiduciary Net Position	(386,625)
Plan Net Position - Beginning	<u>30,770,060</u>
Plan Net Position - Ending	<u><u>30,383,435</u></u>
Employer's Net Pension Liability	<u><u>\$ 4,783,152</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.40%
Covered Payroll	\$ 5,119,881
Employer's Net Pension Liability as a Percentage of Covered Payroll	93.42%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2016	12/31/2017	12/31/2018
655,302	689,727	660,869
3,920,604	3,454,308	3,367,306
-	-	-
407,287	(23,512)	359,924
(151,925)	(1,471,302)	1,320,456
(2,168,343)	(2,341,045)	(2,520,072)
2,662,925	308,176	3,188,483
35,166,587	37,829,512	38,137,688
37,829,512	38,137,688	41,326,171
808,736	809,701	877,582
284,286	295,876	319,622
2,466,004	6,863,488	(2,489,690)
(2,168,343)	(2,341,045)	(2,520,072)
137,963	(700,735)	372,890
1,528,646	4,927,285	(3,439,668)
30,383,435	31,912,081	36,839,366
31,912,081	36,839,366	33,399,698
5,917,431	1,298,322	7,926,473
84.36%	96.60%	80.82%
6,187,727	6,561,594	6,887,899
95.63%	19.79%	115.08%

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

Retiree Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2018**

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 20,973
Interest	10,260
Difference Between Expected and Actual Experience	61,104
Change of Assumptions or Other Inputs	(33,531)
Benefit Payments	<u>(17,555)</u>
Net Change in Total OPEB Liability	41,251
Total OPEB Liability - Beginning	<u>307,044</u>
Total OPEB Liability - Ending	<u><u>348,295</u></u>
Covered Payroll	\$ 634,983
Total OPEB Liability as a Percentage of Covered Payroll	54.85%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Benefit Term. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

<u>Fiscal Year</u>	<u>Medical</u>
2019	8.00%
2020	7.50%
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025	5.00%
Ultimate	5.00%

In 2018, there was no change in the healthcare trend rates from the prior year.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes - General	\$ 12,470,082	12,470,082	12,304,556
Property Taxes - IMRF	908,281	908,281	896,225
Property Taxes - FICA	590,029	590,029	582,197
Intergovernmental			
State/Local Grants	61,500	61,500	103,877
Charges for Services			
Copier and Film Printer Fees	40,000	40,000	43,828
Fines and Fees	164,500	164,500	154,777
Interest	32,000	32,000	148,668
Miscellaneous			
Donations	65,000	65,000	62,488
Miscellaneous	11,500	11,500	39,163
Total Revenues	<u>14,342,892</u>	<u>14,342,892</u>	<u>14,335,779</u>
Expenditures			
Culture, Recreation and Education			
Executive Office	5,471,527	5,471,527	5,151,727
User Services	9,128,331	9,128,331	8,687,375
Total Expenditures	<u>14,599,858</u>	<u>14,599,858</u>	<u>13,839,102</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(256,966)	(256,966)	496,677
Other Financing (Uses)			
Transfers Out	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>
Changes in Fund Balance	<u>(2,006,966)</u>	<u>(2,006,966)</u>	(1,253,323)
Fund Balance - Beginning			<u>8,633,442</u>
Fund Balance - Ending			<u><u>7,380,119</u></u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
 - General Fund
 - Capital Projects Fund

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Culture, Recreation and Education			
Executive Office			
Administration			
Salaries	\$ 560,245	560,245	329,933
Benefits	192,626	192,626	151,921
Contractual Services	517,895	517,895	555,870
Commodities	14,498	14,498	8,929
Other Charges	5,000	5,000	-
Other Equipment	51,540	51,540	36,478
	<u>1,341,804</u>	<u>1,341,804</u>	<u>1,083,131</u>
Communication and Marketing			
Salaries	311,384	311,384	361,837
Benefits	116,332	116,332	65,673
Contractual Services	206,699	206,699	175,408
Commodities	32,859	32,859	28,785
	<u>667,274</u>	<u>667,274</u>	<u>631,703</u>
Human Resources			
Salaries	160,795	160,795	192,257
Benefits	73,304	73,304	86,506
Contractual Services	22,165	22,165	24,048
Other Charges	31,450	31,450	18,483
	<u>287,714</u>	<u>287,714</u>	<u>321,294</u>
Paid by Gifts and Grants			
Contractual Services	25,000	25,000	66,640
Commodities	35,000	35,000	21,986
Other Equipment	5,000	5,000	3,761
	<u>65,000</u>	<u>65,000</u>	<u>92,387</u>
Finance			
Salaries	229,614	229,614	229,343
Benefits	86,143	86,143	82,165
Contractual Services	44,075	44,075	32,309
	<u>359,832</u>	<u>359,832</u>	<u>343,817</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Culture, Recreation and Education - Continued			
Executive Office - Continued			
Information Technology			
Salaries	\$ 628,248	628,248	648,128
Benefits	274,007	274,007	267,332
Contractual Services	214,854	214,854	189,634
Commodities	241,881	241,881	184,082
Other Equipment	83,630	83,630	76,387
	<u>1,442,620</u>	<u>1,442,620</u>	<u>1,365,563</u>
Security			
Salaries	234,068	234,068	257,861
Benefits	101,372	101,372	105,570
Contractual Services	1,875	1,875	138
Commodities	225	225	76
	<u>337,540</u>	<u>337,540</u>	<u>363,645</u>
Facilities			
Salaries	380,606	380,606	393,354
Benefits	187,190	187,190	174,686
Contractual Services	301,023	301,023	290,320
Commodities	89,924	89,924	76,872
Other Equipment	11,000	11,000	14,955
	<u>969,743</u>	<u>969,743</u>	<u>950,187</u>
Total Executive Office	<u>5,471,527</u>	<u>5,471,527</u>	<u>5,151,727</u>
User Services			
Program Services			
Salaries	892,264	892,264	940,193
Benefits	308,641	308,641	314,669
Contractual Services	19,454	19,454	13,029
Commodities	4,483	4,483	3,932
	<u>1,224,842</u>	<u>1,224,842</u>	<u>1,271,823</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Culture, Recreation and Education - Continued			
User Services - Continued			
Customer Services			
Salaries	\$ 2,626,771	2,626,771	2,459,055
Benefits	719,254	719,254	691,252
Contractual Services	21,407	21,407	27,417
Commodities	20,928	20,928	17,958
	<u>3,388,360</u>	<u>3,388,360</u>	<u>3,195,682</u>
Programs and Exhibits			
Salaries	398,620	398,620	396,711
Benefits	174,998	174,998	147,547
Contractual Services	174,088	174,088	140,452
Commodities	61,657	61,657	52,310
	<u>809,363</u>	<u>809,363</u>	<u>737,020</u>
Digital Services			
Salaries	513,626	513,626	498,359
Benefits	158,026	158,026	138,396
Contractual Services	5,505	5,505	5,012
Commodities	347,652	347,652	339,986
Other Equipment	4,588	4,588	3,612
	<u>1,029,397</u>	<u>1,029,397</u>	<u>985,365</u>
Collection Services			
Salaries	790,411	790,411	792,171
Benefits	349,263	349,263	354,359
Contractual Services	109,978	109,978	77,407
Commodities	1,426,717	1,426,717	1,273,548
	<u>2,676,369</u>	<u>2,676,369</u>	<u>2,497,485</u>
Total User Services	<u>9,128,331</u>	<u>9,128,331</u>	<u>8,687,375</u>
Total Expenditures	<u>14,599,858</u>	<u>14,599,858</u>	<u>13,839,102</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS**

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 15,000	15,000	100,250
Expenditures			
Capital Outlay			
Administration	-	-	14,183
Paid by Gifts and Grants	-	-	-
Information Technology	92,000	92,000	87,378
Facilities	945,300	945,300	767,499
Total Expenditures	1,037,300	1,037,300	869,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,022,300)	(1,022,300)	(768,810)
Other Financing Sources			
Transfers In	1,750,000	1,750,000	1,750,000
Changes in Fund Balance	727,700	727,700	981,190
Fund Balance - Beginning			4,673,543
Fund Balance - Ending			5,654,733