

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

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**PALATINE PUBLIC LIBRARY DISTRICT, 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 District's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

December 6, 2021

Members of the Board of Trustees  
Palatine Public Library District  
Palatine, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Palatine Public Library District, Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District'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 District'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 District'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 Palatine Public Library District, Illinois, as of June 30, 2021, 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 Palatine Public Library District, Illinois' basic financial statements. The other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedule 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 other supplementary information and supplemental schedule 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**



# **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Management's Discussion and Analysis June 30, 2021**

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Our discussion and analysis of the Palatine Public Library District financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Library's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Library's net position increased from \$12,735,557 to \$17,009,356, an increase of \$4,273,799 or 33.6 percent.
- During the year, government-wide revenues totaled \$11,514,905, while government-wide expenses totaled \$7,241,106, resulting in an increase to net position of \$4,273,799.
- Total fund balances for the governmental funds were \$12,458,219 at June 30, 2021 compared to a beginning balance of \$6,098,668, an increase of \$6,359,551.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operation in more detail than the government-wide statements by providing information about the Library's most significant funds.

### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Library's finances, in a matter similar to a private-sector business.

The Statement of Net Position reports information on all the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Library's property tax base, is needed to assess the overall health of the Library.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2021

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements report functions of the Library that are principally supported by taxes and charges for services revenues (governmental activities). The governmental activities of the Library include the cultural function.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library only maintains governmental funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Library maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Reserve Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Library adopts an annual appropriated budget for all the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2021

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### USING THIS ANNUAL REPORT – Continued

#### 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.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Library, assets/deferred outflows exceeded liabilities/deferred inflows by \$17,009,356.

	Net Position	
	2021	2020
Current Assets	\$ 17,860,322	11,767,903
Capital Assets	12,331,799	9,085,316
Total Assets	<u>30,192,121</u>	<u>20,853,219</u>
Deferred Outflows	379,875	688,330
Total Assets/ Deferred Outflows	<u>30,571,996</u>	<u>21,541,549</u>
Long-Term Debt Outstanding	5,734,450	2,209,704
Other Liabilities	1,356,763	296,733
Total Liabilities	<u>7,091,213</u>	<u>2,506,437</u>
Deferred Inflows	6,471,427	6,299,555
Total Liabilities/Deferred Inflows	<u>13,562,640</u>	<u>8,805,992</u>
Net Position		
Net Investment in Capital Assets	8,649,670	9,085,316
Restricted	4,031,898	730,435
Unrestricted	<u>4,327,788</u>	<u>2,919,806</u>
Total Net Position	<u>17,009,356</u>	<u>12,735,557</u>

A large portion of the Library's net position (50.9 percent) reflects its investment in capital assets (for example, land, construction in progress, buildings and improvements, equipment, furniture and fixtures); less any related debt used to acquire those assets that are still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion \$4,031,898 or 23.7 percent of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$4,327,788 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2021

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position	
	2021	2020
Revenues		
Program Revenues		
Charges for Services	\$ 35,047	76,424
Operating Grants/Contributions	189,660	134,459
Capital Grants/Contributions	1,104,941	-
General Revenues		
Property Taxes	10,073,923	6,773,108
Replacement Taxes	87,586	69,052
Interest	19,935	112,057
Miscellaneous	3,813	6,109
Total Revenues	<u>11,514,905</u>	<u>7,171,209</u>
Expenses		
Culture and Recreation	6,992,781	7,340,114
Interest on Long-Term Debt	248,325	-
Total Expenses	<u>7,241,106</u>	<u>7,340,114</u>
Change in Net Position	4,273,799	(168,905)
Net Position - Beginning	<u>12,735,557</u>	<u>12,904,462</u>
Net Position - Ending	<u>17,009,356</u>	<u>12,735,557</u>

Net position of the Library's governmental activities increased from a balance of \$12,735,557 to \$17,009,356.

Revenues of \$11,514,905 exceeded expenses of \$7,241,106, resulting in the increase to net position in the current year of \$4,273,799.

### Governmental Activities

In the current year, governmental net position increased \$4,273,799, an increase of 33.6 percent. Property and replacement taxes increased \$3,319,349 from the prior year (\$10,161,509 in 2021 compared to \$6,842,160 in 2020). Much of the increase to overall net position was also due to an increase in grant receipts in the current year. Operating grants of \$189,660 for 2021 increased \$55,201 from the prior year, and the Library also received a \$1,104,941 capital related grant during the year that was not received in the prior year.

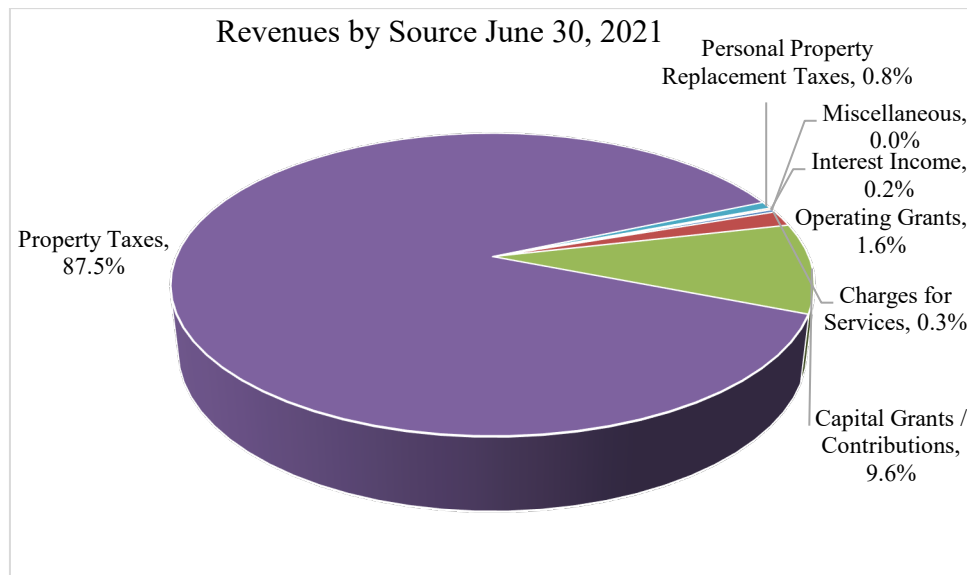
# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2021

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

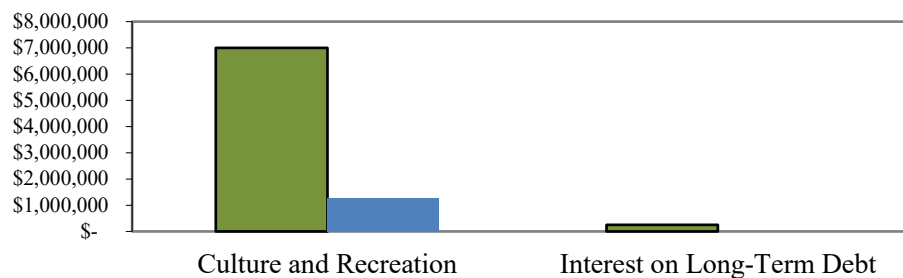
#### Governmental Activities – Continued

The following table graphically depicts the major revenue sources of the Library. It depicts very clearly the reliance of property taxes to fund governmental activities.



The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues. The public library functions charge user fees for services provided. The user fees charged do not cover the expenses, which furthermore signifies the Library's reliance on general revenues such as property taxes and personal property replacement taxes to fund operations.

### Expenses and Program Revenues June 30, 2021



# **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Management's Discussion and Analysis June 30, 2021**

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### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

#### **Governmental funds**

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$12,458,219 which is 104.3 percent higher than last year's ending fund balance of \$6,098,668.

In the current year, governmental fund balances increased by \$6,359,551. The General Fund reported an increase of \$2,462,1274, due primarily to an increase in property taxes received in the current fiscal year and overall cost controlling measures during the year. The Special Revenue Special Reserve Fund also reported an increase of \$595,961, due to a transfer in from the General Fund to fund future capital related spending. Due to the issuance of the 2020 General Obligation Alternate Revenue Source Bonds, the Library created a Debt Service Fund and Capital Projects Fund during the year to track the bond repayment and capital spending. The Debt Service Fund ended the year with no fund balance, as transfers from the General Fund directly offset the principal and interest costs for the year. In the Capital Projects Fund, grants of \$1,104,941 were collected during the year and \$5,250,000 in new bond proceeds were deposited in the fund. After expenditures of \$4,068,395 for the year, ending fund balance is \$3,136,162 and is restricted to future capital projects funded with the bond proceeds.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, one supplemental amendment was made to the budget for the General Fund to account for additional grant proceeds and related expenditures.

The General Fund actual revenues were higher than final budgeted revenues. Actual revenues for the current year were \$9,347,750, compared to final budgeted revenues of \$8,129,105. As stated earlier, property tax receipts exceeded budgetary expectations.

The General Fund actual expenditures were lower than budgeted expenditures. Actual expenditures totaled \$5,466,581, while final budgeted expenditures totaled \$5,823,157. This was due primarily to substantial savings realized versus the budgeted expenditures in all areas of the culture and recreation expenditures, except supplies and operating expenditures which slightly exceeded the budgeted expenditures.

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2021

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The Library's net investment in capital assets for its governmental activities as of June 30, 2021 was \$12,331,799 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings and improvements, and equipment, furniture, and fixtures.

	Capital Assets - Net of Depreciation	
	2021	2020
Land	\$ 926,032	926,032
Construction in Progress	4,038,603	303,163
Buildings and Improvements	6,994,601	7,674,596
Equipment, Furniture, and Fixture	372,563	181,525
Total	12,331,799	9,085,316

This year's additions to capital assets included additions to Construction in Process of \$3,735,440 and Equipment, Furniture, and Fixtures of \$285,497.

Additional information on the Library's capital assets can be found in Note 3 of this report.

#### Debt Administration

At year-end, the Library has the following outstanding debt:

	Long-Term Debt Outstanding	
	2021	2020
General Obligation Alternate Revenue Source Bonds	\$ 4,735,000	-

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 2.875% of its total assessed valuation. The current debt limit for the Library is \$75,099,650, but the bonds do not count against the Library's debt limit.

Additional information on the Library's long-term debt can be found in Note 3 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Library's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, including tax rates and fees that will be charged for its various activities. One of those factors is a robust economy where employee retention becomes more challenging. The Library is faced with a similar economic environment to many of the other local municipalities, including inflation and unemployment rates.

## **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

### **Management's Discussion and Analysis June 30, 2021**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – Continued**

The Library's 2018 strategic plan will be wrapping up in 2022. Maintaining resilient, modern, and efficient facilities and responsible stewardship of taxpayer dollars continue to be high priorities for the Library.

As part of the strategic plan, the Library will complete interior renovations on the Main Library in late 2021, to be followed by interior renovations at the branch libraries in early 2022. The Library issued alternate revenue source bonds in the amount of \$6,099,007 to pay for the renovations. Debt service payments will be made from the proceeds of the operating rate increase.

The Library's most recent capital reserves study was completed in August 2016. The study examined the physical systems of the main library, including roof, HVAC, masonry, plumbing, elevators, windows, doors and more, to identify maintenance and capital repairs necessary. The Library will update the study in 2022 to reflect changes since 2016, including interior renovations, lighting projects, and garage work.

Following that study, the Library's long-range financial plan will be updated to reflect upcoming capital projects. Trustees, the Executive Director, and the Finance Manager continue to maintain fiscal vigilance and proceed with realistic revenue expectations.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Executive Director, Palatine Public Library District, 700 N. North Court, Palatine, Illinois 60067.



## **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.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Net Position**

**June 30, 2021**

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**See Following Page**

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Net Position  
June 30, 2021**

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**ASSETS**

Current Assets	
Cash and Investments	\$ 12,805,588
Receivables - Net of Allowances	
Property Taxes	4,460,067
Due from Other Governments	552,471
Prepays	42,196
Total Current Assets	<u>17,860,322</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	4,964,635
Depreciable Capital Assets	22,568,044
Accumulated Depreciation	<u>(15,200,880)</u>
Total Noncurrent Assets	<u>12,331,799</u>
Total Assets	<u>30,192,121</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Items - IMRF	<u>379,875</u>
Total Assets and Deferred Outflows of Resources	<u>30,571,996</u>

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

<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 881,020
Accrued Payroll	61,016
Current Portion of Long-Term Liabilities	414,727
Total Current Liabilities	<u>1,356,763</u>
Noncurrent Liabilities	
Compensated Absences	116,717
Net Pension Liability - IMRF	418,726
General Obligation Alternate Revenue Source Bonds Payable - Net	5,199,007
Total Noncurrent Liabilities	<u>5,734,450</u>
Total Liabilities	<u>7,091,213</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	2,011,360
Property Taxes	4,460,067
Total Deferred Inflows of Resources	<u>6,471,427</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,562,640</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	8,649,670
Restricted	
Property Tax Levies	
Audit	15,019
Illinois Municipal Retirement	200,146
Social Security	251,732
Building Maintenance	317,486
Unemployment Reserve	48,994
Tort Immunity	62,359
Capital Projects	3,136,162
Unrestricted	4,327,788
Total Net Position	<u><u>17,009,356</u></u>

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

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

	Program Revenues			Net	
	Charges	Operating	Capital	(Expenses)/	
	for	Grants	Grants	Revenues and	
	Services			Changes in	
	Expenses			Net Position	
Primary Government					
Culture and Recreation	\$ 6,992,781	35,047	189,660	1,104,941	(5,663,133)
Interest on Long-Term Debt	248,325	-	-	-	(248,325)
Total Primary Government	<u>7,241,106</u>	<u>35,047</u>	<u>189,660</u>	<u>1,104,941</u>	<u>(5,911,458)</u>
	General Revenues				
	Taxes				
	Property Taxes				10,073,923
	Intergovernmental - Unrestricted				
	Replacement Taxes				87,586
	Investment Income				19,935
	Miscellaneous				<u>3,813</u>
					<u>10,185,257</u>
	Change in Net Position				4,273,799
	Net Position - Beginning				<u>12,735,557</u>
	Net Position - Ending				<u><u>17,009,356</u></u>

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

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Balance Sheet - Governmental Funds  
June 30, 2021**

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**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Balance Sheet - Governmental Funds  
June 30, 2021**

	<u>General</u>	<u>Special Revenue Special Reserve</u>
<b>ASSETS</b>		
Cash and Investments	\$ 6,306,429	2,295,460
Receivables - Net of Allowances		
Property Taxes	3,985,458	-
Due from Other Governments	-	-
Prepays	42,196	-
	<hr/>	<hr/>
Total Assets	10,334,083	2,295,460
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
Accounts Payable	144,377	12,371
Accrued Payroll	61,016	-
Total Liabilities	205,393	12,371
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	3,985,458	-
Total Liabilities and Deferred Inflows of Resources	4,190,851	12,371
	<hr/>	<hr/>
<b>FUND BALANCES</b>		
Nonspendable	42,196	-
Restricted	-	-
Assigned	-	2,283,089
Unassigned	6,101,036	-
Total Fund Balances	6,143,232	2,283,089
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	10,334,083	2,295,460
	<hr/> <hr/>	<hr/> <hr/>

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

Debt Service	Capital Projects	Nonmajor	Totals
-	3,285,824	917,875	12,805,588
-	-	474,609	4,460,067
-	552,471		552,471
-	-	-	42,196
-	3,838,295	1,392,484	17,860,322
-	702,133	22,139	881,020
-	-	-	61,016
-	702,133	22,139	942,036
-	-	474,609	4,460,067
-	702,133	496,748	5,402,103
-	-	-	42,196
-	3,136,162	895,736	4,031,898
-	-	-	2,283,089
-	-	-	6,101,036
-	3,136,162	895,736	12,458,219
-	3,838,295	1,392,484	17,860,322

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



**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Position - Governmental Activities**

**June 30, 2021**

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<b>Total Fund Balances</b>	\$ 12,458,219
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.	12,331,799
Deferred Outflows of Resources related to IMRF not reported in the funds. Deferred Items - IMRF	(1,631,485)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(146,444)
Net Pension Liability - IMRF	(418,726)
General Obligation Alternate Revenue Source Bonds Payable - Net	<u>(5,584,007)</u>
<b>Net Position</b>	<u><u>17,009,356</u></u>

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

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended June 30, 2021**

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**See Following Page**

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended June 30, 2021**

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	<u>General</u>
Revenues	
Taxes	\$ 9,012,318
Charges for Services	35,047
Intergovernmental	277,246
Interest	19,326
Miscellaneous	3,813
Total Revenues	<u>9,347,750</u>
Expenditures	
Current	
Culture and Recreation	5,466,581
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>5,466,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,881,169</u>
Other Financing Sources (Uses)	
Debt Issuance	-
Premium on Debt Issuance	-
Transfers In	-
Transfers Out	<u>(1,419,042)</u>
	<u>(1,419,042)</u>
Net Change in Fund Balance	2,462,127
Fund Balances - Beginning	<u>3,681,105</u>
Fund Balances - Ending	<u><u>6,143,232</u></u>

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

Special Revenue	Debt Service	Capital Projects	Nonmajor	Totals
-	-	-	1,061,605	10,073,923
-	-	-	-	35,047
-	-	1,104,941	-	1,382,187
-	-	609	-	19,935
-	-	-	-	3,813
-	-	1,105,550	1,061,605	11,514,905
-	-	-	949,304	6,415,885
104,039	-	3,971,112	-	4,075,151
-	515,000	-	-	515,000
-	151,042	97,283	-	248,325
104,039	666,042	4,068,395	949,304	11,254,361
(104,039)	(666,042)	(2,962,845)	112,301	260,544
-	-	5,250,000	-	5,250,000
-	-	849,007	-	849,007
700,000	666,042	-	53,000	1,419,042
-	-	-	-	(1,419,042)
700,000	666,042	6,099,007	53,000	6,099,007
595,961	-	3,136,162	165,301	6,359,551
1,687,128	-	-	730,435	6,098,668
2,283,089	-	3,136,162	895,736	12,458,219

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

**PALATINE PUBLIC LIBRARY DISTRICT, 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 June 30, 2021**

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**Net Change in Fund Balances** \$ 6,359,551

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	4,020,937
Depreciation Expense	(774,454)
Disposal - Cost	(180,059)
Disposal - Accumulated Depreciation	180,059

The net effect of deferred outflows (inflows) of resources related  
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(1,422,489)
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The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences	2,189
Change in Net Pension Liability - IMRF	1,672,072
Bond Issuance	(5,250,000)
Premium on Bond Issuance	(849,007)
Principal Retirement	<u>515,000</u>

**Changes in Net Position** 4,273,799

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

## **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

### **Notes to the Financial Statements June 30, 2021**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Palatine Public Library District (District) of Illinois is located in the Village of Palatine and is governed by a Board of Trustees. The District is primarily funded through a tax levy, fines and fees, and charitable donations. Revenue is used to operate and staff the District.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies established in GAAP and used by the District are described below.

#### **REPORTING ENTITY**

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **BASIS OF PRESENTATION**

##### **Government-Wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The District only reports governmental activities.

In the government-wide Statement of Net Position, the governmental activities are (a) presented on a consolidated basis, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The District's activities are supported by general government revenues (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.). 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 discretely 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.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**BASIS OF PRESENTATION – Continued**

**Government-Wide and Fund Financial Statements – Continued**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The District accounts for all of its activities in governmental funds, with the emphasis in the fund financial statements being on the major funds.

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds.

The following fund types are used by the District:

**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 District:

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

*Special revenues funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District maintains seven special revenue funds. The Special Reserve Fund, a major fund, is used to account for the resources and expenditures for capital projects.

*Debt Service Funds* is used to for funds restricted, committed, or assigned for principal retirement, interest, and fiscal charges for debt obligations. The Debt Service Fund is treated as a major fund.

*Capital Projects Funds* is used to account for capital improvement expenditures. 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.

# **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Notes to the Financial Statements June 30, 2021**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

##### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

The District’s funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their 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/deferred inflow 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. The District 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/deferred inflow 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, interest revenue, and charges for services. 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, 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.



# **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Notes to the Financial Statements June 30, 2021**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

##### **Cash and Investments – Continued**

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District 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.

##### **Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances include property taxes.

##### **Prepays**

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. 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.

##### **Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

##### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Capital assets are recorded at 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.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**Capital Assets – Continued**

General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Capital assets are recorded at 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 District as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are 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:

Buildings and Improvements	15 - 40 Years
Equipment, Furniture, and Fixtures	5 - 10 Years

**Net Position**

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

Net 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 that do not meet the definition of “restricted” or “net investment in capital assets.”

## **PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

### **Notes to the Financial Statements June 30, 2021**

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#### **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

##### **BUDGETARY INFORMATION**

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

Under the modified accrual basis of accounting, revenues are recorded when receivable and expenditures are recorded when payable. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

- Prior to September 15th the District Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on preceding July 1st. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The budget is legally enacted through passage of an ordinance prior to September 30th.
- The District Treasurer, in consultation with the Board of Trustees, is authorized to expend the un-expensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- The original budget was adopted on September 15, 2020 and was not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.
- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified accrual basis of accounting. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.
- There was one budget amendment during the fiscal year.

##### **EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND**

The Illinois Municipal Retirement Fund has an excess of actual expenditures over budget as of the date of this report in the amount of \$1,048.

## PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

### Notes to the Financial Statements June 30, 2021

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments."

Permitted Deposits and Investments – Statutes authorize the District 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, and Illinois Public Reserves Investment Management Trust commercial paper rated within the three highest classifications by at least two standard rating services.

The Illinois Public Reserves Investment Management Trust (iPrime) is an investment opportunity and cash management service for Illinois Municipal Treasurers acting on behalf of counties, townships, cities, towns, villages, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, and all other political corporations or subdivisions of the State of Illinois. Participation in iPrime is voluntary. iPrime is not registered with the SEC as an Investment Company. Investments in iPrime are valued at the share price, the price for which the investment could be sold.

##### **Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration of Credit Risk**

*Deposits.* At year-end, the carrying amount of the District's deposits totaled \$11,367,920 and the bank balances totaled \$11,439,931. In addition, the District has \$1,437,668 invested in iPrime at year end.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states that the District's investment portfolio must remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably projected.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the policy of the of the District to invest all funds under the District's control in a manner that will provide the highest investment return using authorized instruments, while meeting the District's daily cash flow demands and in conformance with all State statutes governing the invest of public funds. At year-end, the District's investments in iPrime are all rated AAA by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy states that in order to meet the objective of safety of capital, the District will require deposits in excess of the federally insured amount to be collateralized to the extent of 110% and evidenced by an approved written agreement. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

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

*Custodial Credit Risk – Continued.* For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy does not specifically address custodial credit risk for investments.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the District’s investment in a single issuer. The District’s investment policy states that the investment portfolio will be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At year-end, the District does not have any investments over 5 percent of the total 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).

**PROPERTY TAXES**

Property taxes for the 2020 levy attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are collected in two installments in March and August. The County collects such taxes and remits them periodically.

**INTERFUND TRANSFERS**

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Special Reserve	General	\$ 700,000 (2)
Debt Service	General	666,042 (1)
Nonmajor Governmental	General	<u>53,000 (2)</u>
		<u><u>1,419,042</u></u>

Transfers are used to (1) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 926,032	-	-	926,032
Construction in Process	303,163	3,735,440	-	4,038,603
	<u>1,229,195</u>	<u>3,735,440</u>	<u>-</u>	<u>4,964,635</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	21,178,750	-	-	21,178,750
Equipment, Furniture, and Fixtures	1,283,856	285,497	180,059	1,389,294
	<u>22,462,606</u>	<u>285,497</u>	<u>180,059</u>	<u>22,568,044</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	13,504,154	679,995	-	14,184,149
Equipment, Furniture, and Fixtures	1,102,331	94,459	180,059	1,016,731
	<u>14,606,485</u>	<u>774,454</u>	<u>180,059</u>	<u>15,200,880</u>
Total Depreciable Capital Assets	<u>7,856,121</u>	<u>(488,957)</u>	<u>-</u>	<u>7,367,164</u>
Total Capital Assets	<u>9,085,316</u>	<u>3,246,483</u>	<u>-</u>	<u>12,331,799</u>

Depreciation expense of \$774,454 was charged to the culture and recreation function.

**LONG-TERM DEBT**

**General Obligation Alternate Revenue Source Bonds**

The District issues bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds provide for the collection, segregation and distribution of certain income taxes received by the District for the payment of principal and interest on the alternate revenue source bonds. Alternate revenue source bonds outstanding are as follows:

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**General Obligation Alternate Revenue Source Bonds – Continued**

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Alternate Revenue Source Bonds of 2020 - Due in annual installments of \$210,000 to \$515,000 plus interest at 3.00% to 5.00% through December 1, 2039.	\$ -	5,250,000	515,000	4,735,000

**Long-Term Liability Activity**

Payments on the compensated absences and the net pension liability are made by the General Fund. The Debt Service Fund makes payments on the general obligation alternate revenue source bonds. Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 148,633	2,189	4,378	146,444	29,727
Net Pension Liability - IMRF	2,090,798	-	1,672,072	418,726	-
General Obligation Alternate Revenue Source Bonds	-	5,250,000	515,000	4,735,000	385,000
Unamortized Premium	-	849,007	-	849,007	-
	<u>2,239,431</u>	<u>6,101,196</u>	<u>2,191,450</u>	<u>6,149,177</u>	<u>414,727</u>

**Legal Debt Margin**

Chapter 50, Section 405/1 of the Illinois Compiled Statutes provides "...no county having a population of less than 500,000 and no township, school district or other municipal corporation having a population of less than 300,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 2.875% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the governmental unit's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Legal Debt Margin – Continued**

Assessed Valuation - 2020	<u>\$ 2,612,161,752</u>
Legal Debt Limit - 2.875% of Assessed Value	75,099,650
Amount of Debt Applicable to Limit - None	<u>-</u>
Legal Debt Margin	<u>75,099,650</u>

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Year	<u>Governmental Activities</u>	
	<u>General Obligation</u>	<u>Alternate Revenue Source Bonds</u>
	<u>Principal</u>	<u>Interest</u>
2022	\$ 385,000	176,550
2023	405,000	160,750
2024	250,000	146,400
2025	250,000	133,900
2026	245,000	121,525
2027	245,000	109,275
2028	245,000	97,025
2029	240,000	84,900
2030	240,000	72,900
2031	240,000	63,300
2032	235,000	56,175
2033	230,000	49,200
2034	230,000	42,300
2035	225,000	35,475
2036	220,000	28,800
2037	215,000	22,275
2038	215,000	15,825
2039	210,000	9,450
2040	210,000	3,150
Total	<u>4,735,000</u>	<u>1,429,175</u>



# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2021

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCE

##### Fund Balance Classification

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

*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 District'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 District's policy manual states that the General Fund should maintain a minimum fund balance equal to 50% of budgeted operating expenditures.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCE – Continued**

**Fund Balance Classification – Continued**

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

	General	Special Revenue Special Reserve	Debt Service	Capital Projects	Nonmajor	Totals
Fund Balances						
Nonspendable						
Prepays	\$ 42,196	-	-	-	-	42,196
Restricted						
Property Tax Levies						
Audit	-	-	-	-	15,019	15,019
Illinois Municipal Retirement	-	-	-	-	200,146	200,146
Social Security	-	-	-	-	251,732	251,732
Building Maintenance	-	-	-	-	317,486	317,486
Unemployment Reserve	-	-	-	-	48,994	48,994
Tort Immunity	-	-	-	-	62,359	62,359
Capital Projects	-	-	-	3,136,162	-	3,136,162
	-	-	-	3,136,162	895,736	4,031,898
Assigned						
Capital Projects	-	2,283,089	-	-	-	2,283,089
Unassigned	6,101,036	-	-	-	-	6,101,036
Total Fund Balances	6,143,232	2,283,089	-	3,136,162	895,736	12,458,219

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCE – Continued**

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of June 30, 2021:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 12,331,799
Plus: Unspent Bond Proceeds	1,931,605
Less: Capital Related Debt	
General Obligation Alternate Revenue Source Bonds of 2020	(4,735,000)
Unamortized Premium	<u>(849,007)</u>
Net Investment in Capital Assets	<u><u>8,679,397</u></u>

**NOTE 4 – OTHER INFORMATION**

**CONTINGENT LIABILITIES**

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**Litigation**

The District is currently not involved in any litigation.

**Financial Impact of COVID-19**

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the District's operations and financial position cannot be determined.

# PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2021

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

The District contributes to one defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. 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 online at [www.imrf.org](http://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.

#### Illinois Municipal Retirement System

##### 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.

*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).

IMRF provides two tiers of pension benefits. 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:

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

*Benefits Provided – Continued*

- 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, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	146
Inactive Plan Members Entitled to but not yet Receiving Benefits	122
Active Plan Members	<u>72</u>
Total	<u><u>340</u></u>

*Contributions.* As set by statute, the District’s Regular Plan Members are required to contribute 4.50% 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 June 30 2021, the District’s contribution was 13.91% of covered payroll.

*Net Pension Liability.* The District’s net pension liability was measured as of December 31, 2020. 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, 2020, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% - 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

*Actuarial Assumptions - Continued.* For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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%	1.30%
Domestic Equities	37.00%	5.00%
International Equities	18.00%	6.00%
Real Estate	9.00%	6.20%
Blended	7.00%	2.85% - 6.95%
Cash and Cash Equivalents	1.00%	0.70%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. 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 District 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.

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the District calculated using the discount rate as well as what the District’s net pension liability/(asset) 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 2,940,137	418,726	(1,626,641)

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 21,908,434	19,817,636	2,090,798
Changes for the Year:			
Service Cost	310,328	-	310,328
Interest on the Total Pension Liability	1,550,264	-	1,550,264
Differences Between Expected and Actual Experience of the Total Pension Liability	149,899	-	149,899
Changes of Assumptions	(275,284)	-	(275,284)
Contributions - Employer	-	415,293	(415,293)
Contributions - Employees	-	136,742	(136,742)
Net Investment Income	-	2,925,891	(2,925,891)
Benefit Payments, including Refunds of Employee Contributions	(1,361,305)	(1,361,305)	-
Other (Net Transfer)	-	(70,647)	70,647
Net Changes	373,902	2,045,974	(1,672,072)
Balances at December 31, 2020	22,282,336	21,863,610	418,726

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

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

For the year ended June 30, 2021, the District recognized pension expense of \$168,126. At June 30, 2021, the District 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	\$ 170,161	-	170,161
Change in Assumptions	-	(158,167)	(158,167)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,853,193)	(1,853,193)
Total Pension Expense			
to be Recognized in Future Periods	170,161	(2,011,360)	(1,841,199)
Pension Contributions Made Subsequent to the Measurement Date	209,714	-	209,714
Total Deferred Amounts Related to Pensions	<u>379,875</u>	<u>(2,011,360)</u>	<u>(1,631,485)</u>

\$209,714 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2022. 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 (Inflows) of Resources
2022	\$ (557,284)
2023	(247,508)
2024	(732,206)
2025	(304,201)
2026	-
Thereafter	-
Total	<u>(1,841,199)</u>



**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2021**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

The District has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, there is minimal participation. As the District provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the District has not recorded a liability as of June 30, 2021.

## **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
  
- Budgetary Comparison Schedule  
    General Fund  
    Special Reserve – Special Revenue Fund

Notes to the Required Supplementary Information

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

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Schedule of Employer Contributions**

**June 30, 2021**

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
2015	\$ 339,939	\$ 359,636	\$ 19,697	\$ 2,710,838	13.27%
2016	361,506	361,506	-	2,880,524	12.55%
2017	390,610	390,609	(1)	2,895,551	13.49%
2018	376,788	376,789	1	2,882,849	13.07%
2019	361,653	361,653	-	2,938,006	12.31%
2020	377,847	377,847	-	2,989,625	12.64%
2021	417,709	417,709	-	3,003,541	13.91%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	5-Year Smoothed Fair Market, 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP 2017 (base year 2015)

Note:

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

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
June 30, 2021**

	<u>December 31, 2014</u>
Total Pension Liability	
Service Cost	\$ 338,111
Interest	1,154,512
Differences Between Expected and Actual Experience	260,271
Change of Assumptions	717,562
Benefit Payments, Including Refunds of Member Contributions	<u>(702,586)</u>
Net Change in Total Pension Liability	1,767,870
Total Pension Liability - Beginning	<u>15,575,733</u>
Total Pension Liability - Ending	<u><u>17,343,603</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 359,636
Contributions - Members	129,056
Net Investment Income	889,681
Benefit Payments, Including Refunds of Member Contributions	(702,586)
Other (Net Transfer)	<u>81,400</u>
Net Change in Plan Fiduciary Net Position	757,187
Plan Net Position - Beginning	<u>14,691,887</u>
Plan Net Position - Ending	<u><u>15,449,074</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,894,529</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%
Covered Payroll	\$ 2,710,838
Employer's Net Pension Liability as a Percentage of Covered Payroll	69.89%

Note:

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

December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
307,597	307,304	307,368	276,020	292,400	310,328
1,278,726	1,344,590	1,418,122	1,419,448	1,478,505	1,550,264
148,829	282,263	20,304	383,488	520,355	149,899
21,921	(69,375)	(649,751)	566,372	-	(275,284)
(804,258)	(900,399)	(1,012,374)	(1,113,018)	(1,259,606)	(1,361,305)
952,815	964,383	83,669	1,532,310	1,031,654	373,902
17,343,603	18,296,418	19,260,801	19,344,470	20,876,780	21,908,434
18,296,418	19,260,801	19,344,470	20,876,780	21,908,434	22,282,336
361,506	390,609	376,789	396,886	334,973	415,293
131,133	130,882	138,696	133,582	134,109	136,742
76,466	1,035,790	2,983,231	(1,145,691)	3,355,020	2,925,891
(804,258)	(900,399)	(1,012,374)	(1,113,018)	(1,259,606)	(1,361,305)
206,864	202,858	(399,820)	415,815	198,519	(70,647)
(28,289)	859,740	2,086,522	(1,312,426)	2,763,015	2,045,974
15,449,074	15,420,785	16,280,525	18,367,047	17,054,621	19,817,636
15,420,785	16,280,525	18,367,047	17,054,621	19,817,636	21,863,610
2,875,633	2,980,276	977,423	3,822,159	2,090,798	418,726
84.28%	84.53%	94.95%	81.69%	90.46%	98.12%
2,880,524	2,895,551	2,882,849	2,968,480	2,980,192	2,949,517
99.83%	102.93%	33.90%	128.76%	70.16%	14.20%

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 7,821,868	7,821,868	9,012,318
Charges for Services	71,308	71,308	35,047
Intergovernmental	169,012	209,537	277,246
Interest	20,000	20,000	19,326
Miscellaneous	6,392	6,392	3,813
Total Revenues	8,088,580	8,129,105	9,347,750
Expenditures			
Culture and Recreation	5,786,695	5,823,157	5,466,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,301,885	2,305,948	3,881,169
Other Financing (Uses)			
Transfers Out	(743,000)	(2,244,042)	(1,419,042)
Net Change in Fund Balance	1,558,885	61,906	2,462,127
Fund Balance - Beginning			3,681,105
Fund Balance - Ending			6,143,232

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Special Reserve - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Capital Outlay	432,750	432,750	104,039
Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,750)	(432,750)	(104,039)
Other Financing Sources			
Transfers In	700,000	700,000	700,000
Net Change in Fund Balance	<u>267,250</u>	<u>267,250</u>	595,961
Fund Balance - Beginning			<u>1,687,128</u>
Fund Balance - Ending			<u><u>2,283,089</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 Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds



## **INDIVIDUAL FUND DESCRIPTIONS**

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### **GENERAL FUND**

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

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### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

#### **Special Reserve Fund**

The Special Reserve Fund is used to account for the resources and expenditures for capital projects.

#### **Audit Fund**

The Audit Fund is used to account for expenditures related to the annual audit.

#### **Illinois Municipal Retirement Fund**

The Illinois Municipal Retirement Fund is used to account for the District's participation in the Illinois Municipal Retirement Fund. Financing is provided by a specific annual property tax levy which produces a sufficient amount to pay the District's contributions to the fund on behalf of its employees.

#### **Social Security Fund**

The Social Security Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for payment of the employer's portion of Federal Social Security and Medicare taxes.

#### **Building Maintenance Fund**

The Building Maintenance Fund is used to account for expenditures related to the maintenance of the building and grounds.

#### **Unemployment Reserve Fund**

The Unemployment Reserve Fund is used to account for expenditures related to unemployment.

#### **Tort Immunity Fund**

The Tort Immunity Fund is used to account for revenue derived from a specific annual property tax levy to provide liability insurance for the District's operations and risk management activities.

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## **INDIVIDUAL FUND DESCRIPTIONS**

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### **DEBT SERVICE FUND**

The Debt Service Fund is used to account for funds restricted, committed or assigned for principal retirements, interest and fiscal charges for debt obligations.

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### **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for capital improvement expenditures.

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**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 7,821,868	7,821,868	9,012,318
Charges for Services			
Fines	2,500	2,500	1,966
Replacement Fees	9,158	9,158	8,896
Book Recovery Service	9,918	9,918	4,330
Copier Fees	8,750	8,750	3,645
Printing Fees	15,000	15,000	5,587
Vending Machines	1,750	1,750	177
Meeting Room Fees	6,750	6,750	(105)
Interlibrary Loans	106	106	25
Nonresident Fees	10,293	10,293	10,526
Used Materials	7,083	7,083	-
Total Charges for Services	71,308	71,308	35,047
Intergovernmental			
Replacement Taxes	29,623	29,623	87,586
Per Capita Grants	111,229	111,229	111,229
Other Grants	-	40,525	43,256
Gifts and Donations	28,160	28,160	35,175
Total Grants and Donations	169,012	209,537	277,246
Interest	20,000	20,000	19,326
Miscellaneous			
Sale of Equipment	4,892	4,892	3,388
Miscellaneous	1,500	1,500	425
Total Miscellaneous	6,392	6,392	3,813
Total Revenues	8,088,580	8,129,105	9,347,750

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
<b>Culture and Recreation</b>			
<b>Personnel</b>			
Salaries	\$ 3,318,704	3,318,704	3,242,073
Employer Health Insurance	282,581	282,581	256,504
Miscellaneous Fringe Benefits	19,624	19,624	5,636
	<u>3,620,909</u>	<u>3,620,909</u>	<u>3,504,213</u>
<b>Materials</b>			
Books/Audio-Visual	324,650	324,650	240,087
Electronic References	593,959	593,959	513,608
	<u>918,609</u>	<u>918,609</u>	<u>753,695</u>
<b>Utilities</b>			
Gas	28,633	28,633	33,050
Electricity	188,476	188,476	159,849
Water	9,296	9,296	5,046
	<u>226,405</u>	<u>226,405</u>	<u>197,945</u>
<b>Equipment Purchases</b>			
Furniture	20,000	20,000	3,454
Computers	256,347	256,347	272,715
	<u>276,347</u>	<u>276,347</u>	<u>276,169</u>
<b>Contractual Services</b>			
Copier Maintenance	29,074	29,074	26,450
Technology Support	95,811	95,811	86,590
Postage Machines	1,891	1,891	1,841
LAN Management	83,412	83,412	66,710
Library Information Services	117,036	155,266	151,465
Internet Service	23,407	23,407	23,838
Bibliographic Support	2,118	350	407
Book Recovery Services	4,404	4,404	4,099
Accounting	12,268	12,268	14,118
Consultants	29,600	29,600	11,911
Leases (Branch, Telephone and Copiers)	61,060	61,060	66,213
	<u>460,081</u>	<u>496,543</u>	<u>453,642</u>

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Supplies			
Human Resources	\$ 1,500	1,500	1,009
Communications Department	11,000	11,000	10,237
Copier and Printer	3,500	3,500	12,593
Library Services	49,000	49,000	17,241
General	-	-	26,661
Program	15,000	15,000	15,542
	<u>80,000</u>	<u>80,000</u>	<u>83,283</u>
Operating Expenditures			
Interlibrary Loan/Reprints	6,726	6,726	8,370
Telephone	3,088	3,088	3,267
Postage	1,835	1,835	2,023
Cultural and Educational Training	35,400	35,400	28,944
In-Services Training	32,137	32,137	30,427
Memberships	11,736	11,736	6,470
Community Information	14,000	14,000	6,082
Legal	6,350	6,350	13,521
Want Ads/Legal Notices	872	872	1,274
Expenditures of Public Gifts	10,000	10,000	25,721
Sales Tax	1,200	1,200	360
Shared Administrative Costs	10,000	10,000	10,000
	<u>133,344</u>	<u>133,344</u>	<u>136,459</u>
Auxiliary Projects			
Newsletters	68,000	68,000	60,284
Volunteer Programs	3,000	3,000	891
	<u>71,000</u>	<u>71,000</u>	<u>61,175</u>
Total Expenditures	<u>5,786,695</u>	<u>5,823,157</u>	<u>5,466,581</u>

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Debt Service Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	515,000	515,000	515,000
Interest and Fiscal Charges	151,042	151,042	151,042
Total Expenditures	666,042	666,042	666,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	(666,042)	(666,042)	(666,042)
Other Financing Sources			
Transfers In	666,042	666,042	666,042
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning			-
Fund Balance - Ending			-

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Grants	\$ 1,841,568	1,841,568	1,104,941
Interest	1,000	1,000	609
Total Revenues	<u>1,842,568</u>	<u>1,842,568</u>	<u>1,105,550</u>
Expenditures			
Capital Outlay	6,998,438	6,998,438	3,971,112
Debt Service			
Interest and Fiscal Charges	97,283	97,283	97,283
Total Expenditures	<u>7,095,721</u>	<u>7,095,721</u>	<u>4,068,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,253,153)</u>	<u>(5,253,153)</u>	<u>(2,962,845)</u>
Other Financing Sources			
Bond Issuance	6,099,007	6,099,007	5,250,000
Premium on Bond Issuance	-	-	849,007
Transfer In	825,000	825,000	-
	<u>6,924,007</u>	<u>6,924,007</u>	<u>6,099,007</u>
Net Change in Fund Balance	<u>1,670,854</u>	<u>1,670,854</u>	3,136,162
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u>3,136,162</u>

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**June 30, 2021**

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	Audit	Illinois Municipal Retirement
<b>ASSETS</b>		
Cash and Investments	\$ 15,019	200,146
Receivables - Net of Allowances		
Property Taxes	-	184,781
Total Assets	15,019	384,927
<b>LIABILITIES</b>		
Accounts Payable	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	-	184,781
Total Liabilities and Deferred Inflows of Resources	-	184,781
<b>FUND BALANCES</b>		
Restricted	15,019	200,146
Total Liabilities, Deferred Inflows of Resources and Fund Balances	15,019	384,927



Social Security	Building Maintenance	Unemployment Reserve	Tort Immunity	Totals
251,732	339,625	48,994	62,359	917,875
145,547	121,500	-	22,781	474,609
397,279	461,125	48,994	85,140	1,392,484
-	22,139	-	-	22,139
145,547	121,500	-	22,781	474,609
145,547	143,639	-	22,781	496,748
251,732	317,486	48,994	62,359	895,736
397,279	461,125	48,994	85,140	1,392,484

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2021**

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	Audit	Illinois Municipal Retirement
Revenues		
Taxes	\$ 302	413,071
Expenditures		
Culture and Recreation	5,400	417,709
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,098)	(4,638)
Other Financing Sources		
Transfers In	-	-
Net Change in Fund Balances	(5,098)	(4,638)
Fund Balances - Beginning	20,117	204,784
Fund Balances - Ending	15,019	200,146

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Social Security	Building Maintenance	Unemployment Reserve	Tort Immunity	Totals
325,365	271,611	301	50,955	1,061,605
240,736	196,918	318	88,223	949,304
84,629	74,693	(17)	(37,268)	112,301
-	-	-	53,000	53,000
84,629	74,693	(17)	15,732	165,301
167,103	242,793	49,011	46,627	730,435
251,732	317,486	48,994	62,359	895,736

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Audit - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 500	500	302
Expenditures			
Culture and Recreation			
Accounting	5,400	5,400	5,400
Net Change in Fund Balance	<u>(4,900)</u>	<u>(4,900)</u>	(5,098)
Fund Balance - Beginning			<u>20,117</u>
Fund Balance - Ending			<u>15,019</u>

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Illinois Municipal Retirement - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 359,432	359,432	413,071
Expenditures			
Culture and Recreation			
Illinois Municipal Retirement	416,661	416,661	417,709
Net Change in Fund Balance	<u>(57,229)</u>	<u>(57,229)</u>	(4,638)
Fund Balance - Beginning			<u>204,784</u>
Fund Balance - Ending			<u>200,146</u>

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Social Security - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 283,115	283,115	325,365
Expenditures			
Culture and Recreation			
Employer Contribution	252,623	252,623	240,736
Net Change in Fund Balance	<u>30,492</u>	<u>30,492</u>	84,629
Fund Balance - Beginning			<u>167,103</u>
Fund Balance - Ending			<u>251,732</u>

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Building Maintenance - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 236,342	236,342	271,611
Expenditures			
Culture and Recreation			
Cleaning Service	100,000	100,000	75,797
Equipment Repair	500	500	325
Trash	4,000	4,000	3,973
Landscaping and Lawn Service	12,636	12,636	9,405
Fire and Security	11,000	11,000	9,933
Elevator	9,000	9,000	8,606
Building Maintenance	25,000	25,000	14,886
Snow Removal	10,000	10,000	8,320
Heating, Ventilating and Air Conditioning	55,000	55,000	31,983
Parking Areas	10,000	10,000	3,940
Van Maintenance	500	500	745
Roof Maintenance	4,500	4,500	4,481
Van Fuel	1,300	1,300	709
Maintenance Supplies	35,000	35,000	23,815
Total Expenditures	278,436	278,436	196,918
Net Change in Fund Balance	(42,094)	(42,094)	74,693
Fund Balance - Beginning			242,793
Fund Balance - Ending			317,486

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Unemployment Reserve- Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

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	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 500	500	301
Expenditures			
Culture and Recreation			
Unemployment Compensation	500	500	318
Net Change in Fund Balance	<u>-</u>	<u>-</u>	(17)
Fund Balance - Beginning			<u>49,011</u>
Fund Balance - Ending			<u>48,994</u>



**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Tort Immunity - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 44,361	44,361	50,955
Expenditures			
Culture and Recreation			
Insurance	88,096	94,891	88,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,735)	(50,530)	(37,268)
Other Financing Sources			
Transfers In	43,000	53,000	53,000
Net Change in Fund Balance	<u>(735)</u>	<u>2,470</u>	15,732
Fund Balance - Beginning			<u>46,627</u>
Fund Balance - Ending			<u><u>62,359</u></u>

## **SUPPLEMENTAL SCHEDULE**

**PALATINE PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Source Bonds of 2020  
April 30, 2019**

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Date of Issue	August 20, 2020
Date of Maturity	December 1, 2039
Authorized Issue	\$5,250,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2022	\$ 385,000	176,550	561,550
2023	405,000	160,750	565,750
2024	250,000	146,400	396,400
2025	250,000	133,900	383,900
2026	245,000	121,525	366,525
2027	245,000	109,275	354,275
2028	245,000	97,025	342,025
2029	240,000	84,900	324,900
2030	240,000	72,900	312,900
2031	240,000	63,300	303,300
2032	235,000	56,175	291,175
2033	230,000	49,200	279,200
2034	230,000	42,300	272,300
2035	225,000	35,475	260,475
2036	220,000	28,800	248,800
2037	215,000	22,275	237,275
2038	215,000	15,825	230,825
2039	210,000	9,450	219,450
2040	210,000	3,150	213,150
	<u>4,735,000</u>	<u>1,429,175</u>	<u>6,164,175</u>