



CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019



The background of the page features a complex, abstract geometric pattern composed of numerous thin, light-colored lines forming a three-dimensional grid-like structure that tapers towards the top right.

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AURORA PUBLIC LIBRARY
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Aurora Public Library
City of Aurora, Illinois

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Aurora Public Library (the Library), a component unit of the City of Aurora, Illinois, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Aurora Public Library, as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Library adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 Library's basic financial statements. The individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois

June 30, 2020

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

As the management of the Aurora Public Library (the “Library”), we offer this management’s discussion and analysis (MD&A) of the Aurora Public Library’s financial statements for the fiscal year ended December 31, 2019. The MD&A addresses major factors affecting the operations and financial performance of the Library during the fiscal year ended December 31, 2019 and includes comparative information for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the Library’s basic financial statements.

GENERAL BACKGROUND

The Library is a local public library established in 1882 in accordance with the laws of the State of Illinois in order to serve the residents of the City of Aurora (the “City”). Pursuant to Statement No. 14 of the Governmental Accounting Standards Board (as amended by Statement No. 61), the Library is considered to be a component unit of the City. In addition, the Library has determined that the Aurora Public Library Foundation (the Foundation) meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*, and GASB Statement No. 61, *The Financial Reporting Entity - Omnibus*, which has resulted in the Foundation being reported as a discretely presented component unit of the Library as it is legally separate from the Library.

The mission of the Library is to support lifelong learning and provide access to information, knowledge, and ideas. The main library building is located in the City’s downtown at 101 South River Street. The Library has branches on the east side of the City at 555 South Eola Road (the “Eola Branch”) and on the west side at 233 South Constitution Drive (the “West Branch”).

OVERVIEW OF THE FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

In accordance with generally accepted accounting principles, the Library presents its financial statements so as to offer two perspectives of its financial position and changes in financial position. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the Library for specific purposes. The focus of the fund statements is on major funds. Both perspectives (government-wide and major fund) address likely user questions, provide a broad basis for comparison (year to year or government to government), and enhance the Library’s accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library’s finances in a manner similar to a private-sector business.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The Statement of Net Position presents information on all of the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation).

Multi-purpose governments, such as the City, typically prepare government-wide financial statements that distinguish between functions that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Because of the nature of its operations, the Library reports on only governmental activities. The sole governmental activity of the Library is culture and recreation.

The government-wide financial statements include not only the Library itself (known as the primary government), but also the Aurora Public Library Foundation (the "Foundation"). The Library is financially accountable for the Foundation, but the Foundation has a separate governing board. Because the Foundation is a component unit, its financial information is reported separately from the financial information of the Library.

The government-wide financial statements can be found on pages 3 and 4 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds may be classified into one of three types: governmental, proprietary, or fiduciary.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains three 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 and Debt Service Fund, which are considered to be "major" funds. Data for the other fund (the Capital Projects Fund) are included in columns with the heading "Nonmajor Capital Projects."

The Library adopts an annual budget for its Governmental Funds. Budgetary comparison schedules have been provided for the Governmental Funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 5 through 8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 30 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's execution of its budget for the year and the Library's progress in satisfying its obligation to provide pension and certain healthcare benefits for its retirees. Required supplementary information can be found on pages 31 through 35 of this report.

The schedules pertaining to the nonmajor governmental funds are presented immediately following the required supplementary information. Individual fund schedules can be found on pages 36 through 37 of this report.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Financial Analysis of the Library as a Whole

Beyond presenting current-year financial information in the government-wide and major individual fund formats, the Library also presents comparative information from the prior year in this MD&A. By doing so, the Library believes that it is providing the best means of analyzing its financial condition and position as of December 31, 2019.

GOVERNMENT-WIDE STATEMENTS

Net Position

The following table reflects the condensed Statement of Net Position.

**Table 1
Statement of Net Position
(Governmental Activities)
As of December 31, 2019 and 2018**

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Current and Other Assets | \$ 21,303,689 | \$ 16,749,077 |
| Capital Assets | 37,619,921 | 38,587,152 |
| Total Assets | 58,923,610 | 55,336,229 |
| Deferred Outflows of Resources | 3,692,071 | 1,368,376 |
| Total Assets and Deferred Outflows | 62,615,681 | 56,704,605 |
| | | |
| Long-Term Liabilities | 24,434,991 | 20,995,490 |
| Other Liabilities | 1,064,376 | 1,041,304 |
| Total Liabilities | 25,499,367 | 22,036,794 |
| Deferred Inflows of Resources | 15,546,323 | 14,392,990 |
| Total Liabilities and Deferred Inflows | 41,045,690 | 36,429,784 |
| | | |
| Net Position: | | |
| Net Investment in Capital Assets | 19,357,805 | 19,692,900 |
| Restricted | 148,798 | 127,586 |
| Unrestricted | 2,063,388 | 454,335 |
| Total Net Position | \$ 21,569,991 | \$ 20,274,821 |

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The Library's total net position increased by \$1.3 million between 2018 and 2019. Current and other assets increased from the prior year due to an increase in the property tax levy. Since the completion of the new main library building, capital assets and net position invested in capital assets have also been consistent with the prior year and the decrease is attributable to depreciation. Long-term liabilities increased \$3.4 million which is primarily due to changes in the unearned revenue associated with the property tax levy and is consistent with the related change in the receivable. For more detailed information, see Note 4 in the notes to the financial statements.

Activities

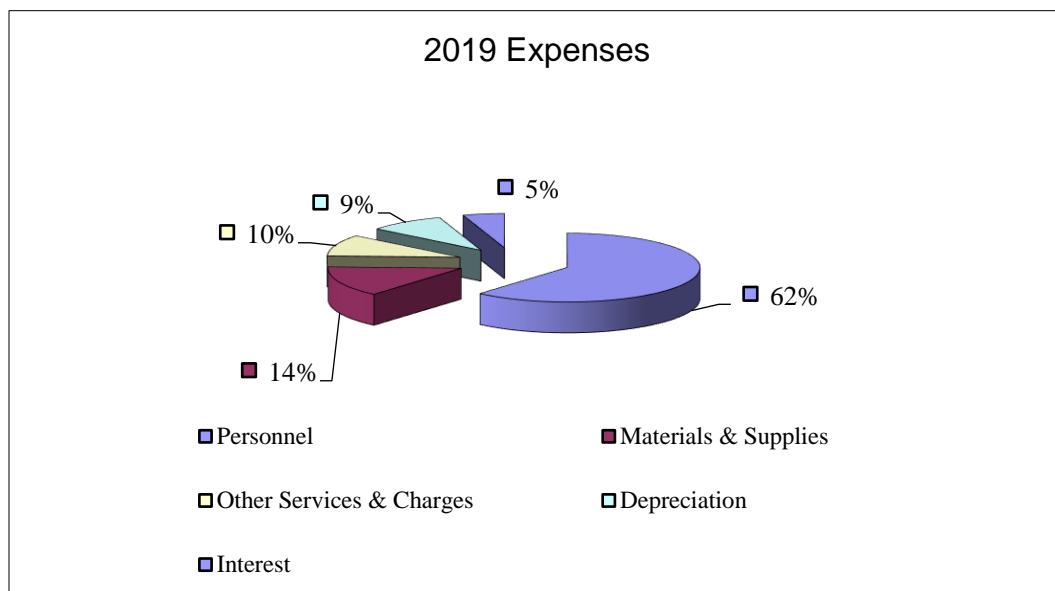
The following table summarizes the revenue and expenses associated with the Library's activities.

**Table 2
Statement of Activities
(Governmental Activities)
For the Fiscal Year Ended December 31, 2019 and 2018**

| | 2019 | 2018 |
|----------------------------------|----------------------|----------------------|
| REVENUES | | |
| Program Revenues: | | |
| Charges for Services | \$ 139,028 | \$ 131,118 |
| Operating Grants | 267,489 | 393,615 |
| Capital Grants | 51,133 | 47,612 |
| General Revenues: | | |
| Property and Replacement Taxes | 12,459,873 | 11,173,291 |
| Investment Income | 106,802 | 77,133 |
| Other | 260,001 | 252,556 |
| Total Revenues | 13,284,326 | 12,075,325 |
| EXPENSES | | |
| Culture and Recreation | 11,391,348 | 11,024,055 |
| Interest on Long-Term Debt | 597,808 | 615,943 |
| Total Expenses | 11,989,156 | 11,639,998 |
| Change in Net Position | \$ 1,295,170 | \$ 435,327 |
| Net Position, December 31 | \$ 21,569,991 | \$ 20,274,821 |

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

For the fiscal year ended December 31, 2019, revenues totaled \$13.3 million. The Library's primary revenue sources are property and replacement taxes. Between 2018 and 2019, these combined revenue sources increased from \$11.2 to \$12.5 million. The Library's property tax levy has two components: one for general operating purposes and another for debt service. For the operating component, the Library has sought in the past to levy for property taxes at a rate of \$0.255 per \$100 of equalized assessed value (EAV) each year. However, in 2018 the rate was increased to \$0.2727 per \$100 of EAV. Given the tax rate limitation and the fact that the City's EAV remained relatively flat between \$3.7 and \$3.9 billion between 2017 and 2018 (for property taxes paid in 2018 and 2019, respectively), the 6.0% increase in EAV resulted in a corresponding property tax revenue increase of approximately \$1.3 million. Similarly, personal property replacement tax revenues were about \$500,000 in both years.



Expenses of the Library totaled \$12.0 million in 2019 which is slightly higher than the prior year. The "natural" classes of Library expenses include personnel services, materials and supplies, other services and charges (such as contractual services), depreciation, and interest on general obligation bonds. Personnel services comprise the largest portion of the Library's overall cost structure. The increase in expenses is primarily due to the increase in other services and charges.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

At December 31, 2019, the governmental funds had combined fund balances of \$6.3 million. This reflects an increase of \$1.8 million from the prior year. Summarized results for the General Fund are provided below.

**Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended December 31, 2019**

| | <i>Original Budget</i> | <i>Amended Budget</i> | <i>Actual</i> |
|--------------------------------------|----------------------------|---------------------------|---------------------|
| <i>REVENUES</i> | | | |
| Property and Replacement Taxes | \$ 11,205,000 | \$ 13,275,000 | \$ 11,217,299 |
| Grants | 247,374 | 297,400 | 267,489 |
| Other | 407,600 | 328,790 | 504,697 |
| <i>Total Revenues</i> | 11,859,974 | 13,901,190 | 11,989,485 |
| <i>EXPENDITURES</i> | | | |
| | 11,371,487 | 13,120,893 | 10,242,028 |
| <i>Change in Fund Balance</i> | \$ 488,487 | \$ 780,297 | \$ 1,747,457 |

During 2019, the fund balance in the General Fund increased by approximately \$1.7 million. This was more than the original budgeted increase of \$0.5 million. There was a corresponding increase with respect to the property tax levy. As discussed above, the City's EAV did not change significantly between 2017 and 2018. At the request of the Library Board, the City has increased the Library levy request for 2018 (payable in 2019). This levy level is reflected in the budgeted figures for property tax revenues.

Expenditures in the General Fund were under original budget by almost \$1.1 million. This positive variance reflects the continued general efforts of the Library to contain costs.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Different measurement foci and bases of accounting are used in the accounting and financial reporting for the Library's governmental activities and government funds even though the financial statements for each essentially address the same Library operations. The economic resources measurement focus and the accrual basis of accounting are used for governmental activities. On the other hand, the current financial resources measurement focus and modified accrual basis of accounting are used for the governmental funds. To reconcile the net change in fund balances of the governmental funds with the change in net position of governmental activities as of December 31, 2019, the Library has provided a reconciliation on page 8 of this report. The most significant reconciling items include:

- \$4.1 million was recognized as a change in the net pension liability of governmental activities for the year. Because of its long-term nature, the net pension liability was not recorded in governmental funds.
- \$3.9 million of deferred inflows and outflows of resources associated with the Library's participation in the Illinois Municipal Retirement Fund were recorded in governmental activities. The deferred inflows and outflows were not recorded in the governmental funds because of their long-term nature.

Capital Assets

The following schedule reflects the Library's capital asset balances as of December 31, 2019.

**Table 4
Capital Assets
As of December 31, 2019 and 2018**

| | 2019 | 2018 |
|----------------------------|----------------------|----------------------|
| Land and Land Improvements | \$ 3,378,686 | \$ 3,378,686 |
| Buildings | 40,044,879 | 40,044,879 |
| Machinery and Equipment | 1,797,811 | 1,797,811 |
| Vehicles | 210,059 | 210,059 |
| Construction in Progress | - | - |
| Less: | | |
| Accumulated Depreciation | (7,811,514) | (6,844,283) |
| Total | \$ 37,619,921 | \$ 38,587,152 |

For more information on the Library's capital assets, see Note 3 in the notes to the financial statements.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Long-Term Debt

The table below summarizes the Library's long-term debt.

**Table 5
Long-Term Debt
As of December 31, 2019 and 2018**

| | 2019 | 2018 |
|---|----------------------|----------------------|
| General Obligation Bonds | \$ 17,945,000 | \$ 18,550,000 |
| Compensated Absences | 505,729 | 530,664 |
| Net Pension Liability | 6,209,632 | 2,112,997 |
| Net Other Post-Employment Benefit Liability | 109,284 | 94,573 |
| Unamortized Bond Premium | 317,189 | 344,354 |
| Total | \$ 25,086,834 | \$ 21,632,588 |

The Library has two series of general obligation bonds outstanding: the Series 2011 General Obligation Refunding Bonds and the 2012A General Obligation Bonds. The 2012A General Obligation Bonds were issued in the principal amount of \$19.2 million to provide resources for the construction of a new main library facility and other library system improvements. The general obligation debt of the Library has been assigned an AA rating by Standard & Poor's Ratings Services. The AA rating indicates a "very strong capacity to meet financial commitments."

During 2019, the Library paid \$605,000 of the principal associated with its general obligation debt.

As an Illinois home-rule community, the City – and by extension, its Library – is not subject to any limitations with respect to the amount of general obligation debt that may be outstanding.

Economic Factors

The Library is heavily dependent upon property tax revenues. Property tax revenues account for over 90% of the Library's total General Fund revenues. Consistent with City policy, the Library has requested from the City levies for property taxes each year at a rate of \$0.245 per \$100 of EAV. For many years, additional property tax revenues had been generated for the Library through increases in the City's EAV. However, the City's EAV declined between the 2008 and 2013 tax years in the wake of the 2007-2009 recession. As discussed above, the City's EAV has grown modestly over the past three years. Also, much of the land in the City has been developed.

**AURORA PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

For the 2018 property tax levy payable in 2019, the City raised the Library's property tax rate from \$0.255 to \$0.2727 per \$100 EAV for 2018 taxes payable in 2019. The additional revenue will help the Library better cover its operating costs in the future.

Personnel services comprise, by a wide margin, the largest portion of the Library's General Fund expenditure budget. The collective bargaining agreement with Library employees, settled in January 2017, includes increases for most collective bargaining unit employees of 2.5 % annually in 2019.

Future Outlook

In December 2019, the City Council and the Aurora Public Library Board of Directors agreed by mutual consent to change the legal standing of the library from a municipal library to a library district. On June 5, 2020 this order was approved by Kane County Circuit Court effective July 1, 2020.

In March 2020 the World Health Organization characterized the COVID-19 outbreak as a pandemic. This outbreak in the United States has caused business disruption through mandatory and voluntary closings. While this is expected to be temporary, there is considerable uncertainty around the ultimate duration and the related financial impact. The coronavirus pandemic has significantly affected the financial markets and the Library is likely to suffer investment losses in 2020.

Request for Information

This financial report is designed to provide a general overview of the Library's finances for interested parties. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Ms. Michaela Haberkern, Executive Director, Aurora Public Library, 101 South River Street, Aurora, IL 60506 or Mr. Martin S. Lyons, Chief Financial Officer/City Treasurer, City of Aurora, 44 East Downer Place, Aurora, IL 60507.

BASIC FINANCIAL STATEMENTS

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

STATEMENT OF NET POSITION

December 31, 2019

| | Primary Government | Component Unit |
|--|----------------------------|--|
| | Governmental Activities | Aurora Public Library Foundation |
| ASSETS | | |
| Cash and Investments | \$ 6,385,483 | \$ 2,751,902 |
| Property Taxes Receivable (Net, Where Applicable, of Allowances for Uncollectibles) | 14,586,988 | - |
| Pledge Receivables, Net | - | 1,181,590 |
| Prepaid Items | 62,396 | - |
| Due from Other Governments | | |
| Primary Government | 1,708 | - |
| Federal/State Grants | 267,114 | - |
| Capital Assets (Nondepreciable) | 3,378,686 | - |
| Depreciable Capital Assets (Net of Accumulated Depreciation) | <u>34,241,235</u> | - |
| Total Assets | <u>58,923,610</u> | <u>3,933,492</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Unamortized Loss on Refunding | 73 | - |
| Pension Items - IMRF | 3,670,329 | - |
| OPEB Items | <u>21,669</u> | - |
| Total Deferred Outflows of Resources | <u>3,692,071</u> | - |
| Total Assets and Deferred Outflows of Resources | <u>62,615,681</u> | <u>3,933,492</u> |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities | 235,571 | 505 |
| Accrued Payroll | 176,962 | - |
| Noncurrent Liabilities | | |
| Due Within One Year | 651,843 | - |
| Due in More than One Year | <u>24,434,991</u> | - |
| Total Liabilities | <u>25,499,367</u> | <u>505</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Revenue - Property Taxes | 14,574,137 | - |
| Pension Items - IMRF | 759,286 | - |
| OPEB Items | <u>212,900</u> | - |
| Total Deferred Inflows of Resources | <u>15,546,323</u> | - |
| Total Liabilities and Deferred Inflows of Resources | <u>41,045,690</u> | <u>505</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 19,357,805 | - |
| Restricted for | | |
| Debt Service | 148,798 | - |
| Capital Improvements | - | 3,550,296 |
| Unrestricted | <u>2,063,388</u> | <u>382,691</u> |
| TOTAL NET POSITION | <u>\$ 21,569,991</u> | <u>\$ 3,932,987</u> |

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

| FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT | Program Revenues | | | | | Net (Expense) Revenue and Change in Net Position | Primary Government | Component Unit | | | |
|---|-------------------------|---------------------------------|---|------------------------------------|---|---|-------------------------------|---------------------------|--|--|--|
| | | | | | Capital Grants and Contributions | | | | | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | | | | | | | |
| Governmental Activities | | | | | | | | | | | |
| Culture and Recreation | \$ 11,391,348 | \$ 139,028 | \$ 267,489 | \$ 51,133 | \$ (10,933,698) | \$ - | | | | | |
| Interest | 597,808 | - | - | - | (597,808) | - | | | | | |
| Total Governmental Activities | 11,989,156 | 139,028 | 267,489 | 51,133 | (11,531,506) | - | | | | | |
| TOTAL PRIMARY GOVERNMENT | \$ 11,989,156 | \$ 139,028 | \$ 267,489 | \$ 51,133 | \$ (11,531,506) | - | | | | | |
| COMPONENT UNIT | | | | | | | | | | | |
| Aurora Public Library Foundation | \$ 264,730 | \$ - | \$ - | \$ 394,206 | | - | | 129,476 | | | |
| General Revenues | | | | | | | | | | | |
| Property and Replacement Taxes | | | | | 12,459,873 | | - | | | | |
| Investment Income | | | | | 106,802 | | 318,259 | | | | |
| Miscellaneous | | | | | 260,001 | | - | | | | |
| Total | | | | | 12,826,676 | | 318,259 | | | | |
| CHANGE IN NET POSITION | | | | | 1,295,170 | | 447,735 | | | | |
| NET POSITION, JANUARY 1 | | | | | 20,274,821 | | 3,485,252 | | | | |
| NET POSITION, DECEMBER 31 | \$ 21,569,991 | \$ 3,932,987 | | | | | | | | | |

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2019

| | General | Debt Service | Nonmajor Capital Projects | Total Governmental Funds |
|---|----------------------|---------------------|---------------------------|--------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| ASSETS | | | | |
| Cash and Investments | \$ 6,035,697 | \$ 148,798 | \$ 200,988 | \$ 6,385,483 |
| Receivables | | | | |
| Property Taxes, Net of Allowance | 13,372,901 | 1,214,087 | - | 14,586,988 |
| Prepaid Items | 62,396 | - | - | 62,396 |
| Due from Other Governments | 1,708 | - | - | 1,708 |
| Federal/State Grants | 267,114 | - | - | 267,114 |
| Total Assets | <u>19,739,816</u> | <u>1,362,885</u> | <u>200,988</u> | <u>21,303,689</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| | <u>\$ 19,739,816</u> | <u>\$ 1,362,885</u> | <u>\$ 200,988</u> | <u>\$ 21,303,689</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 235,571 | \$ - | \$ - | \$ 235,571 |
| Accrued Payroll | 176,962 | - | - | 176,962 |
| Total Liabilities | <u>412,533</u> | <u>-</u> | <u>-</u> | <u>412,533</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | 13,360,050 | 1,214,087 | - | 14,574,137 |
| Total Deferred Inflows of Resources | <u>13,360,050</u> | <u>1,214,087</u> | <u>-</u> | <u>14,574,137</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>13,772,583</u> | <u>1,214,087</u> | <u>-</u> | <u>14,986,670</u> |
| FUND BALANCES | | | | |
| Nonspendable, Prepaid Items | 62,396 | - | - | 62,396 |
| Restricted for | | | | |
| Debt Service | - | 148,798 | - | 148,798 |
| Unrestricted | | | | |
| Assigned for Capital Projects | - | - | 200,988 | 200,988 |
| Unassigned | 5,904,837 | - | - | 5,904,837 |
| Total Fund Balances | <u>5,967,233</u> | <u>148,798</u> | <u>200,988</u> | <u>6,317,019</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| | <u>\$ 19,739,816</u> | <u>\$ 1,362,885</u> | <u>\$ 200,988</u> | <u>\$ 21,303,689</u> |

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2019

| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ | 6,317,019 |
|--|----|--------------------------|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | | 37,619,921 |
| Premiums, discounts, loss on refundings and similar items are recognized when debt is first issued in governmental funds, whereas these amounts are deferred and amortized on the statement of net position | | (317,116) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds | | |
| General obligation bonds | | (17,945,000) |
| Compensated absences | | (505,729) |
| Total other postemployment benefit liability is shown as a liability on the statement of net position | | (109,284) |
| Differences between expected and actual experiences, assumption changes and changes of benefit terms for other postemployment benefits are recognized as deferred outflows and inflows of resources on the statement of net position | | (191,231) |
| Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position | | (6,209,632) |
| Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions Fund after the measurement date for the Illinois Municipal Retirement are recognized as deferred outflows and inflows of resources on the statement of net position | | <u>2,911,043</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ | <u>21,569,991</u> |

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

| | General | Debt Service | Nonmajor Capital Projects | Total Governmental Funds |
|---------------------------------------|-------------------------|-------------------------|--|---|
| REVENUES | | | | |
| Property Taxes | \$ 10,717,299 | \$ 1,242,574 | \$ - | \$ 11,959,873 |
| Other Taxes | 500,000 | - | - | 500,000 |
| Intergovernmental | 267,489 | - | - | 267,489 |
| Licenses, Permits and Fees | 96,613 | - | - | 96,613 |
| Fines | 42,415 | - | - | 42,415 |
| Donations | 21,133 | - | 30,000 | 51,133 |
| Investment Income | 84,535 | 8,582 | 13,685 | 106,802 |
| Other | 260,001 | - | - | 260,001 |
| Total Revenues | 11,989,485 | 1,251,156 | 43,685 | 13,284,326 |
| EXPENDITURES | | | | |
| Culture and Recreation | | | | |
| Library - Central | 7,260,434 | - | - | 7,260,434 |
| Library - East | 2,057,586 | - | - | 2,057,586 |
| Library - West | 924,008 | - | - | 924,008 |
| Capital Outlay | - | - | 30,000 | 30,000 |
| Debt Service | | | | |
| Principal | - | 605,000 | - | 605,000 |
| Interest | - | 624,944 | - | 624,944 |
| Total Expenditures | 10,242,028 | 1,229,944 | 30,000 | 11,501,972 |
| NET CHANGE IN FUND BALANCES | 1,747,457 | 21,212 | 13,685 | 1,782,354 |
| FUND BALANCES, JANUARY 1 | 4,219,776 | 127,586 | 187,303 | 4,534,665 |
| FUND BALANCES, DECEMBER 31 | \$ 5,967,233 | \$ 148,798 | \$ 200,988 | \$ 6,317,019 |

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 1,782,354 |
|--|---------------------|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities | 605,000 |
| The change in the total other postemployment benefit liability is reported only in the statement of activities | (14,711) |
| The change in deferred inflows and outflows of resources for other postemployment benefits is reported only in the statement of activities | 45,938 |
| The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities | (4,096,635) |
| The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities | 3,888,385 |
| Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities | 27,136 |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | |
| Depreciation | (967,231) |
| Change in compensated absences | <u>24,934</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 1,295,170 |

See accompanying notes to financial statements.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Library is a discretely presented component unit of the City of Aurora, Illinois (the City) pursuant to GASB Statement Nos. 14 and 61, since the City is financially accountable for the Library.

The component unit column in the basic financial statements includes the financial data of the Library's component unit. It is reported in a separate column to emphasize that it is legally separate from the Library.

The Aurora Public Library Foundation

The Library has determined that the Aurora Public Library Foundation (the Foundation) meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*, and GASB Statement No. 61, *The Financial Reporting Entity - Omnibus*, which has resulted in the Foundation being reported as a discretely presented component unit of the Library as it is legally separate from the Library. The Foundation follows GAAP for not-for-profits as promulgated by the Financial Accounting Standards Board (FASB). Separate financial statements for the Aurora Public Library Foundation are available by contacting the Foundation at 101 S. River Street, Aurora, Illinois 60506.

B. Fund Accounting

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

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary and fiduciary. The Library reports only governmental funds.

Governmental funds are used to account for all of the Library's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds committed, restricted or assigned for the servicing of long-term debt (debt service fund). The General Fund is used to account for all activities of the Library not accounted for in some other fund.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those accounted for in another fund.

The Debt Service Fund accounts for the Library's principal and interest payments related to general obligation debt issued.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for Federal/State Grants which are based upon when the Library has a legal claim to them. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, or at year end if due the first day of the following fiscal year.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

The Library reports unearned and unavailable/deferred revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet both the measurable and available or year intended to finance criteria for recognition in the current period. Unearned revenues arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the deferred inflow of resources for unavailable/deferred revenue or the liability for unearned revenue is removed and revenue is recognized.

E. Investments

Investments with a maturity greater than one year when purchased are stated at fair value at December 31, 2019. Investments with a maturity of one year or less when purchased are reported at cost or amortized cost.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans, if any, are classified as “due to/from other funds.”

G. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items on the consumption method.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

| Asset Class | Capitalization Threshold |
|--|--------------------------|
| Land | \$ - |
| Building Improvements and Land Improvements | 100,000 |
| Intangible Assets | 100,000 |
| Vehicles, Machinery, Furniture and Equipment | 50,000 |
| Works of Art, Historical Artifacts | 50,000 |

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|--|-------|
| Buildings and Land Improvements | 20-65 |
| Vehicles | 8 |
| Machinery, Furniture and Equipment, Software | 5-15 |

I. Compensated Absences

Vested or accumulated vacation and sick leave that is due and payable is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and sick leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

J. Fund Balance/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Library Director by the Library Board of Trustees. Any residual fund balance in the General Fund is reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considers committed funds to be expended first followed by assigned and then unassigned funds.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance/Net Position (Continued)

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the net positions are restricted as a result of enabling legislation adopted by the Library. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt principal issued to construct capital assets.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Library categorizes the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

Permitted Deposits and Investments - In accordance with the City's investment policy, the Library's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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

Library Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with collateral held by the City's agent in the City's name.

Library Investments

The following table presents the investments and maturities of the Library's debt securities as of December 31, 2019:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|---------------------|--------------|----------------------------------|------|------|-----------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Notes | \$ 2,492,035 | \$ 2,492,035 | \$ - | \$ - | \$ - |
| TOTAL | \$ 2,492,035 | \$ 2,492,035 | \$ - | \$ - | \$ - |

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Library Investments (Continued)

In accordance with the City's investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools. Unless matched to a specific cash flow, the Library does not directly invest in securities maturing more than three years from the date of purchase.

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury obligations and U.S. Government agency notes and state and local obligations rated in the highest three categories by national rating agencies.

The Library has the following recurring fair value measurements as of December 31, 2019: the U.S. Treasury notes are valued using trade platform fees (Level 2 inputs).

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent in the City's name, separate from where the investment was purchased. The money market mutual funds are not subject to custodial credit risk.

Concentration of credit risk - the investment portfolio of the Library shall not exceed the diversification standards below:

| Diversification by Instrument | Percent of Portfolio |
|-------------------------------|----------------------|
| Commercial Paper | 10% |
| The Illinois Funds | 50% |

No financial institution shall hold more than 20% of the Library's total investment portfolio. Furthermore, the amount of monies deposited and/or invested in a financial institution shall not exceed 75% of the capital stock and surplus of such institution.

The City's investment policy does not specifically prohibit the use of or the investment in derivatives.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land and Land Improvements | \$ 3,378,686 | \$ - | \$ - | \$ 3,378,686 |
| Construction in Progress | - | - | - | - |
| Total Capital Assets not Being Depreciated | <u>3,378,686</u> | <u>-</u> | <u>-</u> | <u>3,378,686</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings | 40,044,879 | - | - | 40,044,879 |
| Machinery and Equipment | 1,797,811 | - | - | 1,797,811 |
| Vehicles | 210,059 | - | - | 210,059 |
| Total Capital Assets Being Depreciated | <u>42,052,749</u> | <u>-</u> | <u>-</u> | <u>42,052,749</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings | 5,903,793 | 800,898 | - | 6,704,691 |
| Machinery and Equipment | 730,433 | 166,333 | - | 896,766 |
| Vehicles | 210,057 | - | - | 210,057 |
| Total Accumulated Depreciation | <u>6,844,283</u> | <u>967,231</u> | <u>-</u> | <u>7,811,514</u> |
| Total Capital Assets Being Depreciated, Net | <u>35,208,466</u> | <u>(967,231)</u> | <u>-</u> | <u>34,241,235</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | \$ 38,587,152 | \$ (967,231) | \$ - | \$ 37,619,921 |

Depreciation expense was charged to functions/programs of the governmental activities as follows:

| | | | |
|--------------------------------|--|--|-------------------|
| GOVERNMENTAL ACTIVITIES | | | |
| Culture and Recreation | | | <u>\$ 967,231</u> |

4. PROPERTY TAXES

Property taxes for 2019 attach as an enforceable lien on January 1, 2019, on property values assessed as of the same date. Taxes are levied by December of the same fiscal year (by passage of a tax levy ordinance), December 20 in the current fiscal year. Taxes levied in one year become due and payable in two installments, on or about June 1 and September 1 of the following year. The 2019 levy is intended to finance the 2020 fiscal year and, therefore, is reported as unavailable/deferred revenue at December 31, 2019.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

Long-term debt of the Library is comprised of the following:

A. General Obligation Bonds

Bonds payable at December 31, 2019 are comprised of the following:

| | |
|---|-----------------------------|
| \$2,740,000 2011 Corporate Purpose Refunding Serial Bonds, due in annual installments of \$95,000 to \$330,000 from December 30, 2013 to December 30, 2022, interest from 2% to 3%. While a general obligation of the City, the principal and interest is to be repaid with the Library's tax levy. | \$ 525,000 |
| \$19,200,000 2012A Corporate Purpose Serial Bonds, due in annual installments of \$145,000 to \$1,095,000 from December 30, 2014 to December 30, 2041, interest from 3% to 4%. While a general obligation of the City, the principal and interest is to be repaid with the Library's tax levy. | <u>17,420,000</u> |
| TOTAL | <u>\$ 17,945,000</u> |

B. Debt Service to Maturity

Annual debt service requirements to maturity are as follows:

| Year | <u>General Long-Term Debt</u> | |
|--------------|-------------------------------|----------------------------|
| | <u>Corporate Purpose</u> | <u>Serial Bonds</u> |
| 2020 | \$ 620,000 | \$ 606,319 |
| 2021 | 635,000 | 587,719 |
| 2022 | 650,000 | 568,669 |
| 2023 | 660,000 | 549,169 |
| 2024 | 675,000 | 529,369 |
| 2025-2029 | 3,630,000 | 2,333,041 |
| 2030-2034 | 4,135,000 | 1,738,044 |
| 2035-2039 | 4,790,000 | 988,925 |
| 2040-2044 | 2,150,000 | 129,800 |
| TOTAL | <u>\$ 17,945,000</u> | <u>\$ 8,031,055</u> |

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

C. Changes in Long-Term Debt

Changes in long-term debt during the year ended December 31, 2019 is as follows:

| | Balance January 1 | Increases | Decreases | Balance December 31 | Current Portion |
|----------------------------------|----------------------|---------------------|---------------------|------------------------|--------------------|
| General Obligation Bonds | \$ 18,550,000 | \$ - | \$ 605,000 | \$ 17,945,000 | \$ 620,000 |
| Compensated Absences | 530,664 | 505,729 | 530,664 | 505,729 | 25,286 |
| Net Pension Liability | 2,112,997 | 4,096,635 | - | 6,209,632 | - |
| Total Other | | | | | |
| Postemployment Benefit Liability | 94,573 | 14,711 | - | 109,284 | 6,557 |
| Unamortized Bond Premium | 344,354 | - | 27,165 | 317,189 | - |
| TOTAL | <u>\$ 21,632,588</u> | <u>\$ 4,617,075</u> | <u>\$ 1,162,829</u> | <u>\$ 25,086,834</u> | <u>\$ 651,843</u> |

6. DEFINED BENEFIT PENSION PLAN

The Library contributes, through the City, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the City and the Library combined. All disclosures for an agent plan, including a schedule of funding progress and a schedule of employer contributions can be found in the City's Comprehensive Annual Financial Report.

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standards 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. Investments are reported at fair value.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City and the Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2019 was 11.53% of covered payroll.

Net Pension Liability

At December 31, 2019, the Library reported a liability of \$6,209,632 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's covered payroll under the plan for the year ended December 31, 2018 relative to the covered payroll of the City, actuarially determined. At December 31, 2018, the Library's proportion was 10.86% of the total contribution.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

| | |
|----------------------------|-------------------|
| Actuarial Valuation Date | December 31, 2018 |
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | 3.39% to 14.25% |
| Interest Rate | 7.25% |
| Cost of Living Adjustments | 3.50% |
| Asset Valuation Method | Fair Value |

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

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2019, the Library recognized pension expense of \$781,698. At December 31, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 677,966 | \$ 225,466 |
| Changes in Assumption | 685,982 | 533,820 |
| Contributions Made After the Measurement Date | 573,448 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | <u>1,732,933</u> | <u>-</u> |
| TOTAL | <u>\$ 3,670,329</u> | <u>\$ 759,286</u> |

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

\$573,448 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement period ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | |
|-------------------------------------|-------------------------|
| 2020 | \$ 669,436 |
| 2021 | 422,732 |
| 2022 | 536,069 |
| 2023 | <u>709,357</u> |
| TOTAL | <u>\$ 2,337,594</u> |

Discount Rate Sensitivity

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

| | Current | | |
|-----------------------|---------------|---------------|--------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (6.25%) | (7.25%) | (8.25%) |
| Net Pension Liability | \$ 10,305,262 | \$ 6,209,632 | \$ 2,834,720 |

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

7. RISK MANAGEMENT

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

8. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the Library and can be amended by the Library through its personnel manual and union contracts. The plan does not issue a separate report. The activity of the plan is reported in the Library's governmental activities. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

The Library provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Library's retirement plan or meet COBRA requirements.

All health care benefits are provided through the Library's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Eligibility in library sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits. The retiree pays the full premium, but not an age adjusted premium, which creates an implicit subsidy to the Library.

C. Membership

At December 31, 2019, membership consisted of:

| | |
|---|----|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | - |
| Inactive Employees Entitled to but not yet Receiving Benefit Payments | - |
| Active Employees | 79 |

| | |
|-------|----|
| TOTAL | 79 |
|-------|----|

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Total OPEB Liability

The Library's total OPEB liability of \$109,284 was measured as of December 31, 2019 determined by an actuarial valuation as of December 31, 2019.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---------------------------------|
| Actuarial Cost Method | Entry-Age Normal |
| Actuarial Value of Assets | NA |
| Inflation | 2.50% |
| Salary Increases | Varies by Service |
| Discount Rate | 3.26% |
| Healthcare Cost Trend Rates | 8.00% Initial 4.00% Ultimate |
| Retirees Share of Benefit-Related Costs | 100% Regular Plan |

The discount rate was based on the index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2019.

For female lives, 99% of the RP-2014 Blue Collar table was used. For male lives, a 100% of the Blue Collar RP-2014 table was used. All tables include fully generational adjustments for mortality improvements using improvement scale MP-2017.

The actuarial assumptions used in the December 31, 2019 valuation are based on 20% participation assumed, with 50% electing spouse coverage, which changed from 50% and 100% respectively.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

F. Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| BALANCES AT JANUARY 1, 2019 | <u>\$ 94,573</u> |
| Changes for the Period | |
| Service Cost | 4,465 |
| Interest | 4,015 |
| Difference Between Expected and Actual Experience | - |
| Changes in Benefit Terms | - |
| Changes in Assumptions | 8,463 |
| Benefit Payments | <u>(2,232)</u> |
| Net Changes | <u>14,711</u> |
| BALANCES AT DECEMBER 31, 2019 | <u>\$ 109,284</u> |

The health care trend rate assumption has been updated from the prior valuation to reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries. The discount rate was also changed from 4.10% to 3.26%. Finally, the annual per capita claims costs and premium rates have been updated.

G. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Library calculated using the discount rate of 3.26% as well as what the Library total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate:

| | Current | 1% Decrease (2.26%) | Discount Rate (3.26%) | 1% Increase (4.26%) |
|----------------------|------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 120,573 | \$ 109,284 | \$ 99,310 | |

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

G. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Library calculated using the healthcare rate of 4% to 8% as well as what the Library's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3% to 7%) or 1 percentage point higher (5% to 9%) than the current rate:

| | 1% Decrease (3% to 7%) | Current Healthcare Rate (4% to 8%) | 1% Increase (5% to 9%) |
|----------------------|---------------------------|--|---------------------------|
| Total OPEB Liability | \$ 95,396 | \$ 109,284 | \$ 125,966 |

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

For the year ended December 31, 2019, the Library recognized OPEB expense of \$(31,227). At December 31, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ - | \$ 76,819 |
| Changes in Assumptions | <u>21,669</u> | <u>136,081</u> |
| TOTAL | <u>21,669</u> | <u>212,900</u> |

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

| <u>Year Ending</u> <u>December 31,</u> | |
|---|----------------------------|
| 2020 | \$ (37,475) |
| 2021 | (37,475) |
| 2022 | (37,475) |
| 2023 | (37,475) |
| 2024 | (37,475) |
| Thereafter | <u>(3,856)</u> |
| TOTAL | <u>\$ (191,231)</u> |

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

9. AURORA PUBLIC LIBRARY FOUNDATION

A. Financial Information

The Library has determined that the Foundation meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, which has resulted in the Foundation being reported as a discretely presented component unit of the Library as it is legally separate from the Library. Separate financial statements for the Foundation are available by contacting the Foundation at 101 S. River Street, Aurora, Illinois 60506.

B. Nature of Activities

The Foundation is a nonprofit organization incorporated April 3, 2002 whose mission is to support the Library in their effort of supporting lifelong learning and access to information, knowledge and ideas.

C. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Foundation investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Foundation investments with a maturity greater than one year when purchased are reported at fair value. Fair value is based on quoted market prices at December 31 for equity securities and mutual funds.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets and are transferred to unrestricted net assets when the restrictions expire.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

9. AURORA PUBLIC LIBRARY FOUNDATION (Continued)

D. Income Taxes

The Foundation has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a determination letter issued in April 2002. Accordingly, no provision for income tax is included in the financial statements.

The Foundation has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2015, 2016 and 2017 tax years. However, the Foundation is not currently under audit nor has the Foundation been contacted by any jurisdiction. Based on the evaluation of the Foundation's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2019.

E. Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at a risk free rate of 3% to the present value of the future cash flows.

Unconditional promises at December 31, 2019 are expected to be realized in the following periods:

| | |
|---------------------------------|-------------------------|
| In One Year or Less | \$ 321,294 |
| Between One Year and Five Years | 911,749 |
| Between Six Years and Ten Years | - |
| Less Discount | <u>(51,453)</u> |
| TOTAL PLEDGES RECEIVABLE | <u>\$ 1,181,590</u> |

F. Endowment

The Foundation's endowment consists of donor-restricted endowment funds. As required by GAAP, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2019, all endowment assets were permanently restricted.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS (Continued)

9. AURORA PUBLIC LIBRARY FOUNDATION (Continued)

F. Endowment (Continued)

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's spending policy provides that only the income from endowments may be used for the general purposes of the Foundation, with the Foundation withdrawing current income as it is needed.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual | Variance Over (Under) |
|-----------------------------|----------------------------|-------------------------|---------------|--------------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 10,705,000 | \$ 12,775,000 | \$ 10,717,299 | \$ (2,057,701) |
| Other Taxes | | | | |
| Replacement Taxes | 500,000 | 500,000 | 500,000 | - |
| Intergovernmental | | | | |
| Grants | 247,374 | 297,400 | 267,489 | (29,911) |
| Licenses, Permits and Fees | 81,100 | 82,400 | 96,613 | 14,213 |
| Fines | 50,000 | 1,000 | 42,415 | 41,415 |
| Donations | 40,000 | 1,000 | 21,133 | 20,133 |
| Investment Income | 26,000 | 26,390 | 84,535 | 58,145 |
| Other | 210,500 | 218,000 | 260,001 | 42,001 |
| Total Revenues | 11,859,974 | 13,901,190 | 11,989,485 | (1,911,705) |
| EXPENDITURES | | | | |
| Culture and Recreation | | | | |
| Library - Central | | | | |
| Personnel Services | 5,670,769 | 5,919,512 | 5,187,985 | (731,527) |
| Materials and Supplies | 1,144,600 | 1,947,780 | 1,094,493 | (853,287) |
| Other Services and Charges | 1,150,150 | 1,526,963 | 977,956 | (549,007) |
| Total Library - Central | 7,965,519 | 9,394,255 | 7,260,434 | (2,133,821) |
| Library - East Branch | | | | |
| Personnel Services | 1,699,109 | 1,699,109 | 1,490,083 | (209,026) |
| Materials and Supplies | 421,700 | 599,000 | 415,680 | (183,320) |
| Other Services and Charges | 292,600 | 300,600 | 151,823 | (148,777) |
| Total Library - East Branch | 2,413,409 | 2,598,709 | 2,057,586 | (541,123) |
| Library - West Branch | | | | |
| Personnel Services | 706,109 | 706,109 | 645,883 | (60,226) |
| Materials and Supplies | 201,450 | 351,720 | 199,099 | (152,621) |
| Other Services and Charges | 85,000 | 70,100 | 79,026 | 8,926 |
| Total Library - West Branch | 992,559 | 1,127,929 | 924,008 | (203,921) |
| Total Expenditures | 11,371,487 | 13,120,893 | 10,242,028 | (2,878,865) |
| NET CHANGE IN FUND BALANCE | \$ 488,487 | \$ 780,297 | \$ 1,747,457 | \$ 967,160 |
| FUND BALANCE, JANUARY 1 | | | | 4,219,776 |
| FUND BALANCE, DECEMBER 31 | | | | \$ 5,967,233 |

(See independent auditor's report.)

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

SCHEDULE OF EMPLOYER CONTRIBUTIONS

ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Fiscal Years

| FISCAL YEAR ENDED DECEMBER 31, | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 664,765 | \$ 692,190 | \$ 689,116 | \$ 639,445 | \$ 573,448 |
| Contributions in Relation to the Contractually Required Contribution | 672,677 | 692,190 | 689,116 | 639,445 | 573,448 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ (7,912) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 5,042,151 | \$ 5,147,634 | \$ 5,172,395 | \$ 4,907,414 | \$ 4,974,150 |
| Contributions as a Percentage of Covered Payroll | 13.34% | 13.49% | 14.35% | 14.77% | 11.53% |

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was at smoothed market value; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.39% to 14.25% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**SCHEDULE OF THE LIBRARY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|
| Employer's Proportion of Net Pension Liability | 11.52% | 11.52% | 11.78% | 10.86% | 10.86% |
| Employer's Proportionate Share of Net Pension Liability | \$ 3,435,044 | \$ 5,538,929 | \$ 4,994,564 | \$ 2,112,998 | \$ 6,209,632 |
| Employer's Covered Payroll | 5,192,579 | 5,042,151 | 5,009,356 | 4,762,350 | 4,892,463 |
| Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 66.15% | 109.85% | 99.70% | 44.37% | 126.92% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 87.60% | 81.30% | 83.80% | 92.80% | 80.50% |

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Four Fiscal Years

| MEASUREMENT DATE DECEMBER 31, | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|
| TOTAL OPEB LIABILITY | | | | |
| Service Cost | \$ 16,383 | \$ 16,281 | \$ 16,364 | \$ 4,465 |
| Interest | 12,891 | 11,534 | 11,563 | 4,015 |
| Differences Between Expected and Actual Experience | (53,602) | - | (59,793) | - |
| Changes of Benefit Terms | - | - | - | - |
| Changes of Assumptions | 12,819 | 8,602 | (190,513) | 8,463 |
| Benefit Payments | (5,545) | (5,501) | (5,564) | (2,232) |
| Net Change in Total OPEB Liability | (17,054) | 30,916 | (227,943) | 14,711 |
| Total OPEB Liability - Beginning | 308,654 | 291,600 | 322,516 | 94,573 |
| TOTAL OPEB LIABILITY - ENDING | | | | |
| Covered Payroll | \$ 291,600 | \$ 322,516 | \$ 94,573 | \$ 109,284 |
| Employer's Total OPEB Liability as a Percentage of Covered Payroll | 6.99% | 7.69% | 2.27% | 2.49% |

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The health care trend rate assumption has been updated from the prior valuation to reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries. The discount rate was also changed from 3.78% to 3.44% in 2017, from 3.44% to 4.10% in 2018, and from 4.10% to 3.26% in 2019. In addition, utilization projections decreased from 50% to 20%. Finally, the mortality rates and annual per capita claims costs and premium rates have been updated.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

BUDGET AND BUDGETARY ACCOUNTING

The Library's budget represents departmental expenditures and estimated revenues for all funds authorized in the City's budget. The budget is adopted on the modified accrual basis consistent with GAAP. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Library submits to the Mayor and City Council a proposed budget for the Library. The proposed budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain citizen comments.
- Prior to December 31 of the year preceding the budget year the budget is legally enacted through passage of an ordinance.
- Upon request by the Director of Libraries, the Chief Financial Officer/City Treasurer may transfer budgeted amounts between objects within a fund. The budget of any fund may be amended by a two-thirds vote of the City Council. The level of budgetary control is the fund level. The Library reports the original and final amended budget.
- All budgetary authority lapses at year end.

INDIVIDUAL FUND FINANCIAL SCHEDULES

MAJOR GOVERNMENTAL FUNDS

CITY OF AURORA, ILLINOIS

AURORA PUBLIC LIBRARY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

DEBT SERVICE FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual | Variance Over (Under) |
|-----------------------------------|----------------------------|-------------------------|-------------------|--------------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 1,229,550 | \$ 1,229,550 | \$ 1,242,574 | \$ 13,024 |
| Investment Income | 1,500 | 1,500 | 8,582 | 7,082 |
| Total Revenues | 1,231,050 | 1,231,050 | 1,251,156 | 20,106 |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 605,000 | 605,000 | 605,000 | - |
| Interest and Fiscal Charges | 626,050 | 626,050 | 624,944 | (1,106) |
| Total Expenditures | 1,231,050 | 1,231,050 | 1,229,944 | (1,106) |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | 21,212 | \$ 21,212 |
| FUND BALANCE, JANUARY 1 | | | 127,586 | |
| FUND BALANCE, DECEMBER 31 | | | \$ 148,798 | |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF AURORA, ILLINOIS
AURORA PUBLIC LIBRARY

**SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

CAPITAL PROJECTS FUND

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual | Variance Over (Under) |
|----------------------------------|----------------------------|-------------------------|-------------------|--------------------------------------|
| REVENUES | | | | |
| Investment Income | \$ 2,000 | \$ 2,000 | \$ 13,685 | \$ 11,685 |
| Contributions and Donations | 30,000 | 30,000 | 30,000 | - |
| Total Revenues | <u>32,000</u> | <u>32,000</u> | <u>43,685</u> | <u>11,685</u> |
| EXPENDITURES | | | | |
| Capital Outlay | 30,000 | 755,000 | 30,000 | (725,000) |
| Total Expenditures | <u>30,000</u> | <u>755,000</u> | <u>30,000</u> | <u>(725,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 2,000</u> | <u>\$ (723,000)</u> | <u>\$ 13,685</u> | <u>\$ 736,685</u> |
| FUND BALANCE, JANUARY 1 | | | <u>187,303</u> | |
| FUND BALANCE, DECEMBER 31 | | | <u>\$ 200,988</u> | |

(See independent auditor's report.)