

**CHICAGO RIDGE
PUBLIC LIBRARY**
CHICAGO RIDGE, ILLINOIS

ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021

CHICAGO RIDGE PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
CHICAGO RIDGE PUBLIC LIBRARY
Chicago Ridge, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **CHICAGO RIDGE PUBLIC LIBRARY** (the "Library"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Qualified Opinion on Major Funds and Aggregate Remaining Fund Information (Other Funds)

In our opinion, except for the possible effects of the omission of the information described in the Basis for Qualified Opinion on Major Funds and Aggregate Remaining Fund Information (Other Funds) section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Library as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on the Financial Statements of the Governmental Activities

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the Library. Accordingly, we do not express an opinion on the financial statements of the governmental activities.

Basis for Qualified Opinion on Major Funds and Aggregate Remaining Fund Information (Other Funds)

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to the Qualified Opinion on Major Funds and Aggregate Remaining Fund Information (Other Funds)

The accompanying financial statements do not include disclosures for the defined benefit pension plan of the Library. Disclosure of this information is required by the Governmental Accounting Standards Board.

Since 1969 ■ *Members American Institute and Illinois Society of Certified Public Accountants*

Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Matter Giving Rise to Disclaimer of Opinion on the Financial Statements of the Governmental Activities

Eligible Library employees participate in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund. The Village and the Library estimated the deferred outflows and inflows of resources and net pension liability at December 31, 2021 and 2020 and the related 2021 pension expense for this plan that was due to Library employees. The deferred outflows of resources were estimated to be \$117,251 and \$12,857 at December 31, 2021 and 2020, respectively. The deferred inflows of resources were estimated to be \$698,160 and \$391,387 at December 31, 2021 and 2020, respectively. The net pension asset/(liability) was estimated to be \$572,827 and \$140,080 at December 31, 2021 and 2020, respectively. The pension income was estimated to be \$159,807 for the year ended December 31, 2021. These amounts have not been audited by us, since we were not engaged to audit amounts related to the Village's defined benefit pension plan. Also, as mentioned above, the accompanying financial statements do not include the note disclosures for this plan required by the Governmental Accounting Standards Board.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Because of the matters described in the Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 by 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.

Management has omitted the management's discussion and analysis and required supplementary information for the Village's pension plan in which the Library participates, as described above. Accounting principles generally accepted in the United States of America require this information to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



O'NEILL & GASPARDO, LLC
Mokena, Illinois
August 1, 2022

CHICAGO RIDGE PUBLIC LIBRARY

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

December 31, 2021

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:						
Cash and investments	\$ 998,902	\$ 195,868	\$ 38,299	\$ 1,233,069	\$ -	\$ 1,233,069
Property tax receivables	1,294,267	-	110,536	1,404,803	-	1,404,803
Grant receivable	4,288	-	-	4,288	-	4,288
Land	-	-	-	-	395,112	395,112
Other capital assets, net of depreciation	-	-	-	-	3,271,806	3,271,806
Net pension asset	-	-	-	-	572,827	572,827
Total assets	<u>2,297,457</u>	<u>195,868</u>	<u>148,835</u>	<u>2,642,160</u>	<u>4,239,745</u>	<u>6,881,905</u>
Deferred outflows of resources:						
Deferred amount of IMRF pension	-	-	-	-	117,251	117,251
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,251</u>	<u>117,251</u>
Total assets and deferred outflows of resources	<u>\$ 2,297,457</u>	<u>\$ 195,868</u>	<u>\$ 148,835</u>	<u>\$ 2,642,160</u>	<u>\$ 4,356,996</u>	<u>\$ 6,999,156</u>

CHICAGO RIDGE PUBLIC LIBRARY

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

December 31, 2021

Continued from previous page

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Liabilities:						
Accounts payable	\$ 88,199	\$ -	\$ -	\$ 88,199	\$ -	\$ 88,199
Accrued payroll	23,295	-	3,539	26,834	-	26,834
Deferred grant revenue	6,058	-	-	6,058	-	6,058
Accrued compensated absences	-	-	-	-	27,971	27,971
Total liabilities	<u>117,552</u>	<u>-</u>	<u>3,539</u>	<u>121,091</u>	<u>27,971</u>	<u>149,062</u>
Deferred inflows of resources:						
Deferred amount of IMRF pension	-	-	-	-	698,160	698,160
Unearned property tax revenue	<u>1,294,267</u>	<u>-</u>	<u>110,536</u>	<u>1,404,803</u>	<u>-</u>	<u>1,404,803</u>
Total deferred inflows of resources	<u>1,294,267</u>	<u>-</u>	<u>110,536</u>	<u>1,404,803</u>	<u>698,160</u>	<u>2,102,963</u>
Fund balances/net position						
Fund balances:						
Restricted	-	-	34,760	34,760	(34,760)	-
Committed	-	195,868	-	195,868	(195,868)	-
Unassigned	<u>885,638</u>	<u>-</u>	<u>-</u>	<u>885,638</u>	<u>(885,638)</u>	<u>-</u>
Total fund balances	<u>885,638</u>	<u>195,868</u>	<u>34,760</u>	<u>1,116,266</u>	<u>(1,116,266)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,297,457</u>	<u>\$ 195,868</u>	<u>\$ 148,835</u>	<u>\$ 2,642,160</u>		<u>\$ 2,252,025</u>
Net position:						
Net investment in capital assets					3,666,918	3,666,918
Unrestricted					1,045,453	1,045,453
Restricted					<u>34,760</u>	<u>34,760</u>
Total net position					<u>\$ 4,747,131</u>	<u>\$ 4,747,131</u>

CHICAGO RIDGE PUBLIC LIBRARY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2021

Fund balances - governmental funds		\$ 1,116,266
Certain assets are not current financial resources and therefore are not reported on the governmental funds balance sheet.		
Capital assets	\$ 3,666,918	
Net pension assets	<u>572,827</u>	
Total adjustments		4,239,745
Deferred outflows and inflows of resources related to IMRF pension are not a current financial resource and therefore are not reported on the governmental funds balance sheet:		
Deferred outflows of resources related to IMRF pension		117,251
Deferred inflows of resources related to IMRF pension		(698,160)
Accrued compensated absences are not due and payable in the current period and therefore are not reported on the governmental funds balance sheet:		
		<u>(27,971)</u>
Net position of governmental activities		<u>\$ 4,747,131</u>

CHICAGO RIDGE PUBLIC LIBRARY

GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:						
Property taxes	\$ 1,214,064	\$ -	\$ 121,264	\$ 1,335,328	\$ -	\$ 1,335,328
Replacement taxes	34,757	-	-	34,757	-	34,757
Operating grants	46,740	-	-	46,740	-	46,740
Investment income	1,047	-	-	1,047	-	1,047
Fines and fees (charges for services)	12,877	-	-	12,877	-	12,877
Donations	1,761	-	-	1,761	-	1,761
Total revenues	1,311,246	-	121,264	1,432,510	-	1,432,510
Expenditures/expenses:						
Current:						
Cultural	1,146,035	-	117,104	1,263,139	(67,278)	1,195,861
Capital outlay	31,359	793,958	-	825,317	(811,210)	14,107
Total expenditures/expenses	1,177,394	793,958	117,104	2,088,456	(878,488)	1,209,968
Excess (deficiency) of revenues over (under) expenditures/expenses	133,852	(793,958)	4,160	(655,946)	878,488	222,542
Other financing sources (uses):						
Transfers	(200,000)	200,000	-	-	-	-
Total other financing sources (uses)	(200,000)	200,000	-	-	-	-
Net change in fund balances/net position	(66,148)	(593,958)	4,160	(655,946)	878,488	222,542
Fund balances/net position:						
Beginning of year	951,786	789,826	30,600	1,772,212	2,752,377	4,524,589
End of year	<u>\$ 885,638</u>	<u>\$ 195,868</u>	<u>\$ 34,760</u>	<u>\$ 1,116,266</u>	<u>\$ 3,630,865</u>	<u>\$ 4,747,131</u>

CHICAGO RIDGE PUBLIC LIBRARY

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

Year Ended December 31, 2021

Net change in fund balances - governmental funds		\$ (655,946)
<p>Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets in the current year	\$ 889,284	
Current year depreciation	<u>(247,478)</u>	
		641,806
<p>Some expenses reported on the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued compensated absences from the prior year	6,315	
Change in net deferred outflows/inflows of resources for IMRF pension plan from the prior year	(202,380)	
Change in net pension asset from the prior year	<u>432,747</u>	
		<u>236,682</u>
Total adjustments		<u>878,488</u>
Change in net position of governmental activities		<u>\$ 222,542</u>

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CHICAGO RIDGE PUBLIC LIBRARY (the “Library”) is located in Chicago Ridge, Illinois. The Library was organized under state law to provide cultural and library services to local residents.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America as applicable to governments. 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

Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon these criteria, there are no agencies or entities whose financial data should be combined with and included in the financial statements of the Library. Also, the Village of Chicago Ridge does not consider the Library to be a component unit.

B. Basis of Presentation

The fund and government-wide financial statements are combined, with a reconciliation shown between them. Therefore, the Governmental Funds Balance Sheet and Statement of Net Position are combined, and the Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities are combined. The government-wide statements are designed to report the Library’s financial position and results of operations as a whole. The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions by fund. Program revenues include fines and fees (charges for service), operating grants and donations.

Major individual governmental funds are reported as separate columns on the fund financial statements and all other funds are combined under a single column. The major funds are the General and Special Reserve Fund. Following is a brief description of the major funds used by the Library.

General Fund – The general fund is the general operating fund of the Library and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. In addition, general operating expenditures and the capital improvement costs that are not paid through other funds are paid from this fund.

Special Reserve Fund – The special reserve fund is used for property, building, building renovations and equipment purchases.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Accounting

The government-wide statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund equity. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter (defined as within 60 days after the fiscal year-end) to be used to pay liabilities of the current period. Material revenues susceptible to accrual include real estate tax, replacement tax and grant revenue. Expenditures are recognized when the related fund liability is incurred.

D. Capital Assets

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are reported on the government-wide or fund financial statements.

On the government-wide financial statements capital assets are valued at historical cost, or the estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at the estimated fair value at the date of donation. Depreciation of all exhaustible capital assets is recorded as a cultural expense on the Statement of Activities, with accumulated depreciation reflected on the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Building	15 - 45 years
Furniture and fixtures	5 – 15 years
Equipment	3 – 20 years
Local history room	15 years
Library collection (books and audio-visual)	5 years

The minimum capitalization threshold is any item with a total cost greater than \$1,000, except for purchases of books and audio visual, which are always capitalized.

On the fund financial statements, capital assets are accounted for as expenditures of the governmental fund upon acquisition.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Compensated Absences

The Library's personnel policy permits employees to accumulate earned but unused vacation and sick days and compensatory hours (earned with overtime). No liability is recorded for unpaid accumulated sick leave, since it is the Library's policy to not pay unused sick leave when employees separate from the Library. On the fund financial statements, accrued vacation and compensatory hours are recorded in the general fund when payable (i.e. upon resignation or retirement). On the government-wide financial statements, accrued vacation and compensatory time is recorded when earned.

F. Deferred Outflows/Inflows of Resources

The Library reports deferred outflows of resources on its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to future fiscal years, so will not be recognized as an outflow of resources (expenditure or expense) on the Statement of Activities until then. The Library only has one amount that qualifies for reporting in this category, the outflows related to the pension, which represents pension amounts that will be recognized in future periods.

The Library also reports deferred inflows of resources on its Governmental Funds Balance Sheet and Statement of Net Position. Deferred inflows of resources represent an acquisition of net position that applies to future fiscal years, so will not be recognized as an inflow of resources (revenue or reduction of expenditure or expense) on the Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities until then. The Library has two items that qualify for reporting in this category:

- Deferred inflows related to pensions, which represent pension amounts that will be recognized in future periods.
- Levied property taxes intended to finance the next fiscal year, which will be recognized as revenue in the next fiscal year.

G. Property Taxes

Annually, the Library's Board adopts a budget and property tax levy ordinance, which is submitted to the Village of Chicago Ridge. The Village includes the Library's levy in their property tax levy ordinance. Upon adoption by the Village's Board, the Library establishes a legal right to revenue from property tax assessments. Property taxes are recognized as a receivable at the time they are levied. Property tax revenues are recognized in the fiscal year they are intended to finance. In addition, revenue under the modified accrual basis (fund financial statements) is not recognized unless it is also available (collected within 60 days after fiscal year end). Property tax collections and property taxes receivable not recognized as revenue are reported as deferred inflows of resources. Property tax revenues on the fund financial statements are allocated to each fund in accordance with the applicable fund levy amounts.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The 2020 levy was intended to finance the fiscal year ended December 31, 2021. Therefore, the property taxes collected within 60 days of December 31, 2021 for this levy have been recorded as revenue, along with collections of prior levies. The 2021 levy is intended to finance the fiscal year ending December 31, 2022. Therefore, the property taxes receivable of this levy as of December 31, 2021 has been recorded as deferred inflows of resources.

The Library recorded an allowance for uncollectible property taxes of 2.44% of the 2020 levy (\$35,138). All uncollected taxes relating to prior years' levies have been written off.

Significant dates for the 2021 levy are as follows:

Lien date	January 1, 2021
Levy date	November 8, 2021
First installment due	March 1, 2022
Second installment due	August 1, 2022

Property taxes are billed and collected by the Cook County, Illinois Treasurer. Property tax bills are typically mailed at least 30 days prior to due dates. Substantially all the collected taxes for the 2021 tax levy will be received by the Library between March 2022 and December 2022.

H. Elimination and Reclassifications

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund receivables and payables on the fund financial statements may be eliminated or reclassified.

I. Fund Balance

Equity is classified as fund balance on the fund financial statements and displayed in five components:

- Nonspendable includes amounts not in spendable form, such as inventory, prepaid expenses or amounts required to be maintained intact legally or contractually.
- Restricted includes amounts constrained for a specific purpose by external parties.
- Committed includes amounts constrained for a specific purpose by a government using its highest level of decision-making authority (the Board of Trustees for the Library). This formal action must occur prior to the end of the reporting period, but the amount of the committed balance may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Trustees that originally created the commitment.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- Assigned includes general fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated authority to assign amounts. The Board of Trustees has not delegated this authority as of December 31, 2021. Additionally, all remaining positive spendable amounts in government funds other than the general fund, that are neither restricted nor committed, are considered assigned. Assignments may take place after the end of the reporting period.
- Unassigned includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure relates to amounts available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed, assigned and unassigned fund balances.

J. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library uses restricted resources when an expense is incurred before using unrestricted resources.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimates affecting the Library's financial statements were:

- **Allowance for uncollectible property taxes:** Management's estimate of the allowance for uncollectible property taxes was based on the percentage of uncollectible taxes from the last three years' tax levies.
- **Pension plan:** The Library participates in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund (IMRF), a multiple employer plan. The deferred outflows and inflows of resources, net pension liability and annual pension costs of this plan were calculated by IMRF, using various actuarial assumptions. The Village and Library then estimated the portion of these amounts that related to the employees of the Library. Therefore, these amounts are based on significant estimates.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 2. DEFINED BENEFIT PENSION PLAN (UNAUDITED)

Eligible Library employees participate in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"). The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. The Village and the Library estimated the deferred outflows and inflows of resources and net pension liability at December 31, 2021 and 2020 for the Library to be 20.49% and 20.28%, respectively, of the totals of these amounts for the Village's IMRF account. These percentages were determined by taking the Library's total employer contributions divided by the total employer contributions (Village and Library) for each respective year.

The Library's cash contributions to IMRF were \$70,560 for the year ended December 31, 2021. This expenditure is reported on the accompanying Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances. Deferred outflows of resources of \$117,251, deferred inflows of resources of \$698,160 and net pension asset of \$572,827 are recognized at December 31, 2021 on the accompanying Statement of Net Position. Also, pension income of \$159,807 is recognized for the year ended December 31, 2021 on the accompanying Statement of Activities.

Additional information for the defined benefit pension plan, including note disclosures and supplementary information required by the Government Accounting Standards Board, may be obtained from the Village's 2021 financial statements.

NOTE 3. CASH AND INVESTMENTS

Reconciled cash and investments were as follows at December 31, 2021:

Canadian Imperial Bank of Commerce - checking account	\$ 386,058
Canadian Imperial Bank of Commerce - money market account	846,861
Petty cash	150
Total cash and investments	<u>\$ 1,233,069</u>

The Library's investment policy (the "policy") authorizes the Library to invest in securities authorized by the Illinois Public Funds Investment Act.

The Library's deposits and investments are subject to the following risks:

- Custodial credit risk is the risk that the Library will not be able to recover its deposits with financial institutions in the event of the failure of the financial institutions. The Library's policy limits this risk by only allowing deposits with financial institutions that do not exceed the Federal Deposit Insurance Corporation (FDIC) coverage.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 3. CASH AND INVESTMENTS - Continued

- Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations, resulting in investment losses by the Library. The Library's policy limits this risk by only allowing investments in securities guaranteed by the United States government.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's policy limits the term of investments to no more than five years to reduce this risk.
- Concentration of credit risk is the risk of loss attributed to funds being concentrated in a limited number of investments. The Library's policy does not address this risk.

The Library's deposits with financial institutions were categorized as follows at December 31, 2021:

Insured by federal depository insurance	\$ 250,000
Collateralized by securities held by the pledging financial institution's trust department or agent in the Library's name	987,961
Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Library's name	-
Uncollateralized	-
Total deposits with financial institutions	<u>\$ 1,237,961</u>

NOTE 4. RISK OF LOSS

The Library is exposed to various risks of loss through property ownership, employee injury, liability of employees, actions of elected officials and other risks. The Library purchases commercial insurance policies to overcome these risks. There were no significant reductions in insurance coverage in the year ended December 31, 2021 compared to the previous fiscal year. Also, claims did not exceed insurance coverage in the year ended December 31, 2021 or the previous two fiscal years.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 5. CAPITAL ASSETS

Following is a summary of changes in the capital assets for the year ended December 31, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not depreciable:				
Land	\$ 395,112	\$ -	\$ -	\$ 395,112
Construction in progress	702,013	793,957	(1,495,970)	-
Total capital assets, not depreciable	1,097,125	793,957	(1,495,970)	395,112
Capital assets, depreciable:				
Building	3,013,037	1,145,445	-	4,158,482
Furniture and fixtures	416,018	362,822	-	778,840
Equipment	257,134	4,957	-	262,091
Local history room	5,215	-	-	5,215
Library collection	461,612	78,073	(89,262)	450,423
Total capital assets, depreciable	4,153,016	1,591,297	(89,262)	5,655,051
Less accumulated depreciation for:				
Building	(1,399,854)	(114,911)	-	(1,514,765)
Furniture and fixtures	(398,691)	(33,911)	-	(432,602)
Equipment	(179,721)	(7,453)	-	(187,174)
Local history room	(5,215)	-	-	(5,215)
Library collection	(241,548)	(91,203)	89,262	(243,489)
Total accumulated depreciation	(2,225,029)	(247,478)	89,262	(2,383,245)
Capital assets, net	\$ 3,025,112	\$ 2,137,776	\$ (1,495,970)	\$ 3,666,918

NOTE 6. LIABILITIES

Liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Other liabilities:					
Accrued compensated absences	\$ 34,285	\$ 43,521	\$ (49,835)	\$ 27,971	\$ 27,971
Total long term liabilities	\$ 34,285	\$ 43,521	\$ (49,835)	\$ 27,971	\$ 27,971

The general fund is used to liquidate the above liability.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 7. RESTRICTED NET POSITION

Restricted net position on the Statement of Net Position at December 31, 2021 was due to amounts restricted by tax levies for Social Security and Medicare tax (FICA) and IMRF contribution expenditures.

NOTE 8. FUND BALANCE CLASSIFICATIONS

The following is a schedule of fund balance classifications for the government funds at December 31, 2021:

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>
Fund balance:			
Restricted due to enabling legislation (tax levy):			
Contributions to IMRF	\$ -	\$ -	\$ 14,072
Social Security and Medicare taxes (FICA taxes)	-	-	20,688
Total restricted	<u>-</u>	<u>-</u>	<u>34,760</u>
Committed:			
Capital projects	-	195,868	-
Total committed	<u>-</u>	<u>195,868</u>	<u>-</u>
Unassigned:			
General	885,638	-	-
Total unassigned	<u>885,638</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 885,638</u>	<u>\$ 195,868</u>	<u>\$ 34,760</u>

NOTE 9. OTHER FUND DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds. Fund transfers of \$50,000 and \$150,000 were made from the general fund to the special reserve fund. These transfers were approved by the Board of Trustees for the planned or emergency repairs and alterations of the Library's building and equipment.

NOTE 10. SUBSEQUENT EVENTS

The Library has evaluated events subsequent to December 31, 2021 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

***REQUIRED
SUPPLEMENTARY INFORMATION***

CHICAGO RIDGE PUBLIC LIBRARY

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

Year Ended December 31, 2021

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	\$ 1,265,000	\$ 1,214,064	\$ (50,936)
Replacement taxes	15,000	34,757	19,757
Operating grants	15,000	46,740	31,740
Investment income	2,000	1,047	(953)
Fines and fees (charges for services)	8,000	12,877	4,877
Donations	-	1,761	1,761
	<hr/>	<hr/>	<hr/>
Total revenues	1,305,000	1,311,246	6,246
Expenditures:			
Cultural:			
Wages	724,000	634,730	(89,270)
Materials and supplies	106,000	86,869	(19,131)
Offices supplies	6,000	12,279	6,279
Postage	1,000	491	(509)
Maintenance - equipment	132,000	27,855	(104,145)
Maintenance - grounds	3,000	1,670	(1,330)
Maintenance - buildings	54,000	44,930	(9,070)
Seminars	17,000	-	(17,000)
Public information	18,000	14,151	(3,849)
Professional fees	-	75,260	75,260
Programs	-	24,926	24,926
Subscriptions	47,000	56,689	9,689
Training and dues	-	9,782	9,782
Contingencies	65,000	2,384	(62,616)
Health insurance	95,000	86,318	(8,682)
State unemployment taxes	2,000	1,430	(570)
Liability insurance	18,000	14,971	(3,029)
Grants	-	28,922	28,922
Utilities	24,000	22,378	(1,622)
	<hr/>	<hr/>	<hr/>
Total cultural expenditures	1,312,000	1,146,035	(165,965)

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CHICAGO RIDGE PUBLIC LIBRARY

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL Year Ended December 31, 2021

Continued from previous page

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Capital outlay:			
Machinery and equipment	<u>15,000</u>	<u>31,359</u>	<u>16,359</u>
Total capital outlay	<u>15,000</u>	<u>31,359</u>	<u>16,359</u>
Total expenditures	<u>1,327,000</u>	<u>1,177,394</u>	<u>(149,606)</u>
Excess (deficiency) of revenues over (under) expenditures	(22,000)	133,852	155,852
Other financing uses:			
Transfers	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total other financing uses	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ (22,000)</u>	(66,148)	<u>\$ (44,148)</u>
Fund balance, beginning		<u>951,786</u>	
Fund balance, ending		<u>\$ 885,638</u>	

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2021

NOTE 1. BUDGETS

Budgets for funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used to establish the budgets:

- (a) The Library's Director submits a proposed operating budget to the Board of Trustees for approval.
- (b) The Board of Trustees makes any adjustments to the budget deemed necessary and submits this resolution to the Board of Trustees of the Village of Chicago Ridge (the "Village").
- (c) The Library's budget is included in the Village's annual budget and appropriation ordinance.
- (d) Notice is published in a newspaper that the tentative Annual Budget and Appropriation Ordinance of the Village is available for inspection and then is subsequently presented at a public hearing.
- (e) The Village's Board of Trustees adopts the Annual Budget and Appropriation Ordinance after the public hearing.

Expenditures may not legally exceed the budgeted appropriations at the fund level. The budget may be amended by the Library's Board of Trustees. There were no amendments to the budget for the year ended December 31, 2021.

NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed the appropriations for the year ended December 31, 2021 for the general fund.

***OTHER
SUPPLEMENTARY INFORMATION***

CHICAGO RIDGE PUBLIC LIBRARY

OTHER FUNDS

COMBINING BALANCE SHEET

December 31, 2021

	<u>IMRF</u>	<u>FICA</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 15,909	\$ 22,390	\$ 38,299
Property tax receivables	<u>55,268</u>	<u>55,268</u>	<u>110,536</u>
Total assets	<u>\$ 71,177</u>	<u>\$ 77,658</u>	<u>\$ 148,835</u>
Liabilities:			
Accrued payroll	\$ 1,837	\$ 1,702	\$ 3,539
Total liabilities	<u>1,837</u>	<u>1,702</u>	<u>3,539</u>
Deferred inflows of resources:			
Unearned property tax revenue	<u>55,268</u>	<u>55,268</u>	<u>110,536</u>
Total deferred inflows of resources	<u>55,268</u>	<u>55,268</u>	<u>110,536</u>
Fund balances:			
Restricted	<u>14,072</u>	<u>20,688</u>	<u>34,760</u>
Total fund balances	<u>14,072</u>	<u>20,688</u>	<u>34,760</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,177</u>	<u>\$ 77,658</u>	<u>\$ 148,835</u>

CHICAGO RIDGE PUBLIC LIBRARY

OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2021

	<u>IMRF</u>	<u>FICA</u>	<u>Total</u>
Revenues:			
Property taxes	\$ 69,940	\$ 51,324	\$ 121,264
Total revenues	69,940	51,324	121,264
Expenditures:			
Current:			
Contributions to IMRF	70,560	-	70,560
Social Security and Medicare taxes (FICA taxes)	-	46,544	46,544
Total expenditures	70,560	46,544	117,104
Net change in fund balances	(620)	4,780	4,160
Fund balances:			
Beginning of year	14,692	15,908	30,600
End of year	<u>\$ 14,072</u>	<u>\$ 20,688</u>	<u>\$ 34,760</u>