



**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

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**ANNUAL FINANCIAL REPORT**

**For the Year Ended April 30, 2023**

**SIKICH.COM**

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees  
Cortland Community Library  
Cortland, Illinois

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cortland Community Library, Cortland, Illinois (the Library) as of and for the year ended April 30, 2023, and the related notes to financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Cortland Community Library, Cortland, Illinois as of April 30, 2023, and the respective changes in financial position and, where applicable, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these 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 audit opinions.

### **Responsibilities of Management 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 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 12 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. 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 GAAS 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 GAAS, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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.

The Library has not presented a Management's Discussion and Analysis as required supplementary information which accounting principles generally accepted in the United States of America required to 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. Our opinion on the basic financial statements is not affected by this missing information.

*Sikich LLP*

Naperville, Illinois  
August 23, 2023

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

**STATEMENT OF NET POSITION**

April 30, 2023

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**ASSETS**

Cash and Cash Equivalents	\$ 172,130
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)	
Property Taxes	264,624
Capital Assets	
Depreciable, Net of Accumulated Depreciation	<u>15,505</u>
Total Assets	<u>452,259</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension Related Items	<u>56,864</u>
Total Deferred Outflows of Resources	<u>56,864</u>
Total Assets and Deferred Outflows of Resources	<u>509,123</u>

**LIABILITIES**

Accounts Payable	6,452
Accrued Payroll	3,119
Noncurrent Liabilities	
Due in Less Than One Year	117
Due in More Than One Year	<u>77,834</u>
Total Liabilities	<u>87,522</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension Related Items	1,340
Deferred Revenue - Property Taxes	<u>264,624</u>
Total Deferred Inflows of Resources	<u>265,964</u>
Total Liabilities and Deferred Inflows of Resources	<u>353,486</u>

**NET POSITION**

Net Investment in Capital Assets	15,505
Unrestricted	<u>140,132</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 155,637</u></u>

See accompanying notes to financial statements.

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2023

			Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS						
PRIMARY GOVERNMENT						
Governmental Activities						
Culture and Recreation	\$ 295,921	\$ 735	\$ 99,372	\$ -	\$ (195,814)	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 295,921	\$ 735	\$ 99,372	\$ -	(195,814)	
		General Revenues				
		Taxes				
			Property and Replacement		253,130	
			Investment Income		156	
			Miscellaneous		1,330	
			Total		254,616	
		CHANGE IN NET POSITION			58,802	
		NET POSITION, MAY 1			96,835	
		NET POSITION, APRIL 30			\$ 155,637	

See accompanying notes to financial statements.



**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

**BALANCE SHEET  
GENERAL FUND**

April 30, 2023

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**ASSETS**

Cash	\$ 172,130
Receivables	
Property Taxes	<u>264,624</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 436,754</u></u></b>

**LIABILITIES, DEFERRED INFLOWS  
OF RESOURCES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 6,452
Accrued Payroll	<u>3,119</u>
Total Liabilities	<u>9,571</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenue - Property Taxes	<u>264,624</u>
Total Deferred Inflows of Resources	<u>264,624</u>

**FUND BALANCE**

Unrestricted	
Unassigned	<u>162,559</u>
Total Fund Balance	<u>162,559</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS  
OF RESOURCES AND FUND BALANCE**

**\$ 436,754**

See accompanying notes to financial statements.

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

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

April 30, 2023

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<b>FUND BALANCE OF GOVERNMENTAL FUNDS</b>	\$ 162,559
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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	15,505
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Deferred outflows of resources related to the Library's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	56,864
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Deferred inflows of resources related to the Library's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	(1,340)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds

Compensated absences	(584)
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Net pension liability	<u>(77,367)</u>
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<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 155,637</u></u>
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See accompanying notes to financial statements.

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

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

For the Year Ended April 30, 2023

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Property Taxes	\$ 251,114	\$ 253,130	\$ 2,016
Intergovernmental	10,298	10,487	189
Fines and Forfeits	500	735	235
Investment Income	-	156	156
Contributions	1,535	88,885	87,350
Miscellaneous	-	1,330	1,330
Total Revenues	263,447	354,723	91,276
<b>EXPENDITURES</b>			
Current			
Culture and Recreation	270,900	279,756	8,856
Total Expenditures	270,900	279,756	8,856
NET CHANGE IN FUND BALANCE	<u>\$ (7,453)</u>	74,967	<u>\$ 82,420</u>
FUND BALANCE, MAY 1		<u>87,592</u>	
FUND BALANCE, APRIL 30		<u>\$ 162,559</u>	

See accompanying notes to financial statements.

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

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

For the Year Ended April 30, 2023

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 74,967</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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	(3,454)

The change in deferred outflows is reported as an expense on the statement of activities	31,068
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The change in deferred inflows is reported as an expense on the statement of activities	32,262
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The change in the compensated absences is reported as an expense on the statement of activities	(144)
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The change in the net pension liability is reported as an expense on the statement of activities	<u>(75,897)</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 58,802</u></b>
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See accompanying notes to financial statements.

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

April 30, 2023

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Cortland Community Library, Cortland, Illinois (the Library) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental 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 library corporation governed by an elected Board of Trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Town of Cortland, Illinois (the Town). The Friends of the Library, while a potential component unit, is not significant to the Library and, therefore, has been excluded from its reporting entity.

**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.

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

**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 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 Library does not have any business-type activities.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Government-Wide and Fund Financial Statements (Continued)**

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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Library reports the following major governmental fund:

The General Fund, a governmental fund, is used to account for all of the Library's activities.

**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 a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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 recognizes property taxes when they become both measurable and available in the year intended to finance. A one-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

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

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The Library reports deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also 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 liability or deferred inflow of resources for unearned and deferred/unavailable revenue is removed and revenue is recognized.

**E. Capital Assets**

Capital assets purchased or acquired with an original cost in excess of \$10,000 are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. The valuation basis for general capital assets are historical costs, or where historical capital costs is not available, estimated historical costs based on replacement costs.

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

<u>Assets</u>	<u>Years</u>
Building and Improvements	5

**F. Compensated Absences**

The Library accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Compensated Absences (Continued)**

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**G. Fund Balances/Net Position**

In the fund financial statements, governmental funds 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 Administrator by the Board of Trustees. Any residual fund balance of 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.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Library's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Net position of the Library has not been restricted as a result of enabling legislation enacted by the Library.

**H. 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.



**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Deferred Outflows/Inflows of Resources (Continued)**

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.

Pension items represent the changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events recognized over the expected remaining service life of all employees and differences in projected and actual earnings over the measurement period recognized over a five-year period.

**I. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities 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**

Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral held by an independent third party in the name of the Library.

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the Library's investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

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 deposit accounts fully insured by FDIC or by obtaining appropriate collateralization.

The Library categorizes its 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. The Library does not have any recurring investments requiring fair value measurement disclosure as of April 30, 2023.

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 Library'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 Library's agent separate from where the investment was purchased.

Concentration credit risk is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy states that diversification can be by type of investment, institution and length of maturity.

**3. PROPERTY TAXES**

Property taxes for 2022 attach as an enforceable lien on January 1, 2022, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2023, and are payable in two installments, on or about June 1, 2023 and September 1, 2023. The County collects such taxes and remits them periodically. As the 2022 tax levy is intended to fund expenditures for the 2024 fiscal year, these taxes are unavailable/deferred as of April 30, 2023.

The 2023 tax levy, which attached as an enforceable lien on property as of January 1, 2023, has not been recorded as a receivable as of April 30, 2023 as the tax has not yet been levied by the Library and will not be levied until December 2023 and, therefore, the levy is not measurable at April 30, 2023.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Being Depreciated				
Building and Improvements	\$ 119,587	\$ -	\$ -	\$ 119,587
Less Accumulated Depreciation for				
Building and Improvements	100,628	3,454	-	104,082
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 18,959</b>	<b>\$ (3,454)</b>	<b>\$ -</b>	<b>\$ 15,505</b>

Depreciation expense was charged to the culture and recreation function.

**5. LONG-TERM DEBT**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended April 30, 2023:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Compensated Absences	\$ 440	\$ 232	\$ 88	\$ 584	\$ 117
Net Pension Liability -					
IMRF	1,470	75,897	-	77,367	-
<b>TOTAL</b>	<b>\$ 1,910</b>	<b>\$ 76,129</b>	<b>\$ 88</b>	<b>\$ 77,951</b>	<b>\$ 117</b>

The General Fund has typically been used to liquidate the compensated absences and net pension liability.

**6. DEFINED BENEFIT PENSION PLAN**

The Library contributes, through the Town, 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 Town and the Library combined.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

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.

*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 Town and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the fiscal year ended April 30, 2023 was 9.08%. For the year ended April 30, 2023, salaries totaling \$115,916 were paid that required employer contributions of \$10,528, which was equal to the Library's actual contributions.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Net Pension Liability*

At April 30, 2023, the Library reported a liability of \$77,367 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, 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 actual contributions under the plan for the year ended April 30, 2023 relative to the covered payroll of the Town, actuarially determined. At April 30, 2023, the Library's proportion was 9.01%.

*Actuarial Assumptions*

The Library's net pension liability was measured as of December 31, 2022 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, 2022
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.25%
Salary Increases	2.85% to 13.75%
Interest Rate	7.25%
Asset Valuation Method	Market Value

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

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**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%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

At April 30, 2023, 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	\$ 25,138	\$ -
Changes in Assumption	-	1,340
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,501	-
Contributions Subsequent to Measurement Date	3,225	-
<b>TOTAL</b>	<b>\$ 56,864</b>	<b>\$ 1,340</b>

For the year ended April 30, 2023, the Library recognized pension expense of \$15,792.

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. DEFINED BENEFIT PENSION PLAN (Continued)**

Illinois Municipal Retirement Fund (Continued)

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

\$3,225 reported as deferred outflows of resources related to pensions resulting from the Library contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2024. 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</u> <u>April 30,</u>	
2024	\$ 9,156
2025	13,484
2026	14,799
2027	14,860
2028	-
Thereafter	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 52,299</u></b>

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Library calculated using the discount rate of 7.25% as well as what the Library's net pension liability (asset) 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	\$ 127,043	\$ 77,367	\$ 37,148

**CORTLAND COMMUNITY LIBRARY**  
**CORTLAND, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. RISK MANAGEMENT**

The Library participates in the Illinois Public Risk Fund for workers' compensation insurance and purchases third party insurance for liability insurance. The Library's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Library is not aware of any additional assessments that may be owed as of April 30, 2023. The Library purchases third party indemnity insurance for employee health. Settled claims have not exceeded coverage for the current or prior two fiscal years.

**8. OTHER POSTEMPLOYMENT BENEFITS**

The Library provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, no retired employees have chosen to stay in the Library's health insurance plan. Therefore, there has been 0% utilization and therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Library has no former employees for whom the Library was providing an explicit subsidy and no current employees with agreement for future explicit subsidies upon retirement. Therefore, the Library has not recorded any postemployment benefit liability as of April 30, 2023.

**9. BUDGETS**

The Library Board of Trustees has the authority to approve the budget for the General Fund; the Town Board of Trustees passes the tax levy for the General Fund.

Budgets are adopted on a basis consistent with GAAP. The budget is prepared for the General Fund by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to the Library Board of Trustees for review. This governing body holds public meetings and may add to, subtract from or change appropriations. The budget may be amended by the governing body. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

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

The following fund had expenditures in excess of budget:

Fund	Budget	Actual
General Fund	\$ 270,900	\$ 279,756



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Eight Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Contractually Required Contribution	\$ 8,247	\$ 8,652	\$ 7,900	\$ 7,727	\$ 8,934	\$ 9,594	\$ 10,195	\$ 10,528
Contributions in Relation to the Contractually Required Contribution	8,247	8,652	7,900	7,727	8,934	9,594	10,195	10,528
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered Payroll	\$ 70,081	\$ 74,181	\$ 73,714	\$ 77,109	\$ 94,831	\$ 102,326	\$ 108,263	\$ 115,915
Contributions as a Percentage of Covered Payroll	11.77%	11.66%	10.72%	10.02%	9.42%	9.38%	9.42%	9.08%

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 21 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 2.85% to 13.75% compounded annually and price inflation of 2.50%.

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.

(See independent auditor's report.)

**CORTLAND COMMUNITY LIBRARY  
CORTLAND, ILLINOIS**

SCHEDULE OF THE LIBRARY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Eight Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
Employer's Proportion of Net Pension Liability	9.22%	9.22%	9.22%	7.90%	7.90%	7.67%	8.79%	9.01%
Employer's Proportionate Share of Net Pension Liability	\$ 50,725	\$ 47,547	\$ 27,295	\$ 50,519	\$ 32,176	\$ 15,534	\$ 1,470	\$ 77,367
Employer's Covered Payroll	70,081	74,181	75,200	76,224	82,822	87,232	89,680	117,765
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	72.38%	64.10%	36.30%	66.28%	38.85%	17.81%	1.64%	65.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.01%	78.88%	88.46%	77.79%	86.88%	93.95%	99.56%	79.50%

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.

(See independent auditor's report.)