ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2016



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FLOSSMOOR PUBLIC LIBRARY, ILLINOIS FLOSSMOOR, ILLINOIS

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1415 W. Diehl Road, Suite 400 Naperville, Illinois 60563 Certified Public Accountants & Advisors

Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable President Members of the Board of Trustees Flossmoor Public Library Flossmoor, Illinois

We have audited the accompanying financial statements of the governmental activities and the major fund of the Flossmoor Public Library, Flossmoor, Illinois (the Library) as of and for the year ended April 30, 2016, and the 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 and the major fund of the Flossmoor Public Library, Flossmoor, Illinois as of April 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 9, the Library adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses and modified certain disclosures in the notes to financial statements and notes to required supplementary information. 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 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 taken as a whole. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary financial information is the responsibility of management and was derived from and relates 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.



Naperville, Illinois October 3, 2016

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

FLOSSMOOR PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2016

As the management of the Flossmoor Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal period ended April 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's financial statements (beginning on page 3).

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

The primary focus of local government financial statements has been to summarize fund type information on a current financial resource basis. This approach was modified by Government Accounting Standards Board (GASB) Statement No. 34. As a result, the Library's financial report presents two kinds of statements, each with a different snapshot of the Library's finances. The focus of the financial statements is on the Library as a whole (government wide) and on its individual fund. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a 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. The focus of the *Statement of Net Position* (page 3) is to present information on all of the Library's assets and liabilities and deferred inflows and outflows, with the difference between them reported as net position. The *Statement of Net Position* combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and the economic resources measurement focus. 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.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The *Statement of Activities* (page 4) presents information showing how the Library's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying 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 compensated absences).

The government-wide financial statements (see pages 3 and 4) describe functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and readers' services, youth and adult programs, interlibrary loan, outreach services, and online and virtual library resources.

Fund Financial Statements

Fund financial statements (pages 5 to 8) will be more familiar to traditional users of governmental financial statements. The focus of the presentation is on the fund rather than fund type. 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. The General Fund, which is the only fund of the Library, is categorized as a governmental fund.

Governmental Funds. The Library is presented as a single governmental fund. A governmental fund is 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 may be 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. 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* (page 5) and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* (page 7), provide a reconciliation to facilitate this comparison. They are:

- Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position (page 6), and
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Governmental Activities in the Statement of Activities (page 8).

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The Library adopts an annual budget for its General Fund. The Library uses the annual budget as its budgetary guide. A budgetary comparison statement has been provided (MD&A Table 3 and the schedule on page 25) in this report to demonstrate compliance with the budget.

Notes to the Financial Statement

The notes provide additional information that is essential for 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 - 24 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information reflecting the Library's progress in funding its expenditures and changes in fund balance. Required supplementary information can be found on pages 25 - 30 of this report.

Financial Analysis of the Library as a Whole

In accordance with GASB Statement No. 34, the Library presents here comparative financial information for governmental activities, net position, as well as the original appropriation to actual expenditures. This year, the Library is implementing GASB 68 and 71 which requires the Library to retroactively recognize long-term obligation for pension benefits (IMRF) as a liability.

GOVERNMENT-WIDE STATEMENTS

Table 1 Statement of Net Position – Comparative Summaries

Governmental Activity

Table 1 Statement of Net Position - Comparative Summaries

Fiscal years ending April 30	2015	2016
ASSETS		
Current and Other Assets	\$3,142,331	\$2,603,435
Capital Assets	124,805	133,537
Total Assets	3,267,136	2,736,972
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF	0	187,877
Total Deferred Outflows Of Resources	0	187,877
Total Assets and Deferred Outflows of Resources	0	2,924,849
LIABILITIES		
Accounts Payable	18,565	60,840
Accrued Payroll	38,647	8,743
Noncurrent Liabilities		
Due in More than One Year	65,080	540,504
Total Liabilities	122,292	610,087
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes	736,829	694,775
Total Deferred Inflows of Resources	736,829	694,775
Total Liabilities & Deferred Inflows		
of Resources	859,121	1,304,862

(See independent auditor's report)

Table 1 Cont'd Statement of Net Position -Comparative Summaries

Fiscal years ending April 30	2015	2016
NET POSITION Net Investment in Capital Assets Unrestricted	124,805 2,283,210	133,537 1,486,450
TOTAL NET POSITION	\$2,408,015	\$1,619,987

Comparatively, total assets decreased by \$788,028, due primarily to the change in accounting principle related to the implementation of GASB Statements 68 and 71 which added a net pension liability of \$468,666 to our long-term liabilities and the reduction in current and other assets. Cash and cash equivalents decreased due to the completion of a first floor remodel project.

In fiscal year 2016, the Library implemented GASB Statements No. 68 and 71. GASB 68 requires the Library to recognize its long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of the pension benefits it provides eligible employees and retirees. Statement 68 enhances accountability and transparency through revised and new note disclosures and requires supplementary information. GASB Statement 71 addresses an issue regarding application of the transition provisions of Statement 68, that relates to amounts associated with contributions made by the Library to IMRF after the measurement date of the Library's net position liability. The implementation of GASB Statements 68 & 71 resulted in the recording of a net pension liability (included in the non-current liabilities section of the Statement of Net Position (Table 1), deferred outflows of resources, and deferred inflows of resources in the Statement of Net Position and pension expense and a restatement of net position in the Statement of Activities (Table 2).

For more detailed information, reference the Statement of Net Position on page 3.

GOVERNMENT-WIDE STATEMENTS (continued)

Activities

The following table summarizes the revenue and expenses of the Library for the fiscal years ending April 30, 2015 and April 30, 2016.

Table 2
Changes in Net Position
Governmental Activity: Library

Fiscal years ending April 30	2015	2016
REVENUES		
Program Revenues		
Charges for Services	\$34,012	\$30,835
Operating Grants & Contr.	22,449	14,359
General Revenues		
Property Taxes	1,290,351	1,289,999
Replacement	12,136	12,986
Investment Income	-26,669	6,123
Miscellaneous	952	3,999
Total Revenues	1,333,231	1,358,301
EXPENSES		
Culture and Recreation	(\$1,475,497)	<u>(\$1,813,178)</u>
Total Expenses	(\$1,475,497)	(\$1,813,178)
CHANGE IN NET POSITION	-142,266	-454,877
NET POSITION, MAY 1	2,550,281	2,408,015
Change in accounting principle		-333,151
NET POSITION, MAY 1, as restated		2,074,864
NET POSITION, APRIL 30	\$2,408,015	\$1,619,987

FISCAL YEAR 2016 FINANCIAL OVERVIEW

The following schedule provides a summary of the Library's income by source, and the expenses by category during the fiscal year ending April 30, 2016.

INCOME SOURCES

Local Property & other taxes	95.9%
Grants & Contributions	1.1%
Fines, Charges & Misc	2.6%
Interest	0.4%
Total Income	\$1,358,301

EXPENSES BY CATEGORY

Personnel Services	50.4%
Commodities	8.6%
Contractual Services	7.7%
Training and Conferences	0.5%
Maintenance	4.7%
Capital Outlay	28.1%
Total Expenses	\$1,867,514

NORMAL IMPACTS

Revenues

Local Property and other taxes: The Library's total tax extension decreased 2.2% from \$1,328,815 to \$1,299,844. A CPI of 0.8% was used to calculate the tax levy rate plus new property of \$4,910 and recovered TIF increment of \$23,409. The Village of Flossmoor's EAV decreased 2.5% from \$197,446,531 to \$192,569,506. Tax receipts have continued to decline from 2014.

FISCAL YEAR 2016 FINANCIAL OVERVIEW (continued)

Changing patterns in intergovernmental and grant revenue (both recurring and nonrecurring.

Certain recurring revenues (Illinois State Per Capita Grant, State replacement taxes, etc.) may experience significant changes periodically while non-recurring or one-time grants are less predictable and often distort their impact on year-to-year comparisons. This year, the Library's only grant was the Illinois Per-Capita Grant. The Illinois Per Capita Grant, if fully funded, grants \$1.25 per person which is based on population. This year, the grant was funded at 61.67% for a total of \$7,295. Personal property replacement tax actualized \$12,986.

Market impacts on investment income:

The Library's investment portfolio is concentrated in local bank and money market funds similar to many other governments. Interest income is received from the following investment vehicles – Illinois Funds, Illinois Metropolitan Investment (IMET) Convenience Fund or IMET 1-3 Year Fund and CD's. These investment vehicles have historically been utilized by many units of governments for their stability, safety, liquidity and return - requirements of the Library's Investment Policy. Interest rates can fluctuate based on market conditions. Interest income for FY2016 was \$6123.

Expenditures

Introduction of new programs. Within functional expenditure categories, individual programs may be added or deleted in order to meet the changing needs and financial position of the Library.

Changes in personnel. Changes in service demand may cause the Administrative Staff and the Library Board to increase or decrease staffing levels. Adjusting out capital outlay, salary and fringe benefits at 70.1%, is the Library's most significant operating cost.

Salary increases (annual adjustments). The ability to attract and retain quality personnel requires the Library to strive to have competitive salary ranges and pay practices.

Inflation. While overall inflation has increased modestly, some of the Library's functions and services may experience unusual commodity-specific increases.

CURRENT YEAR IMPACTS

Revenues

For the fiscal year ending April 30, 2016, revenues totaled \$1,358,301. Property taxes, the Library's largest single revenue source, amounted to \$1,289,999 representing 94.9% of total revenues. Property tax revenue remained virtually static from FY2015 and 10.2% below FY2104 receipts.

In 2014, IMET Convenience Fund investors were notified of defaults on repurchase agreement loans. The Library's portion of this loss was \$36,545.14. In 2015, we recouped \$1817.97 reflecting a balance of \$34,727.17 as an unrealized loss. That loss was reflected in our interest income line. In FY2016, the Library earned \$6,123 in interest income.

The Equalized Assessed Valuation (EAV) of the Village decreased 2.2% to \$192,569,506 from \$197,446,531. The EAV has decreased steadily from 2010 and its impact on the Library's tax revenue resources is reflective of that decrease. The Library continues to examine sources for other income streams (e.g., grants, better investment vehicles, etc.). Additionally, the Library is being judicious in operating expenditures, keeping patron services strong, and monitoring expenditures as needed.

The Library received monetary donations totaling \$5,136 from the Friends of the Library generated primarily through membership and the sale of used books and candy sales.

Expenditures

Personnel Services: These expenditures include both salary and benefits for library employees. It is the Library's largest operating cost. The average wage increase in 2016 was 1.5%. A change in Health Care Plans, effective January 1, 2016 will continue to help reduce health insurance premiums paid by the Library for its full-time staff.

Capital Outlay: In February 2016, the Library completed a remodel project that included infrastructure for an additional study room, upgraded and remodeled the service desk and workroom; removed counter and sink area for additional seating; upgrades to the patron computer area; replaced buckled and worn carpet on first and second floor, reupholstered and refreshed all seating on the first floor. This remodeling and improvement project was funded by reserves, budgeted for and totaled \$523,054.

FINANCIAL ANALYSIS OF THE LIBRARY FUND

As stated on page 2 of the MD&A, the Flossmoor Public Library has one individual government fund, the General Fund. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. As of April 30, 2016, the General Fund (as presented on the *Balance Sheet*, page 5) had a fund balance of \$1,839,077, a decrease of 21.7% over 2015. This decrease is related to the first floor remodel and carpet replacement as stated in Capital Outlay, (page MD&A 9).

Received tax revenues at 94.3% of budget is the main difference in budgeted revenue and actual dollars received. The expenditures for Library operations and capital outlay were held below budget. Changes in personnel, inventories purchased and consumed, and services/maintenance limited or postposed contributed to keeping expenditures below budget.

The following schedule, Table 3, provides a comparison of the Library's Original Budget to Actual, as of April 30, 2016, and a summary of the change in fund balance. One budget amendment was made during the year.

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Table 3
General Fund Budgetary Highlights
Fiscal Year Ending April 30, 2016

	Final Budget	Actual
REVENUES	_	
Taxes	\$1,367,765	\$1,289,999
Replacement Tax	12,000	12,986
Per Capita Grant	11,800	7,295
Fines and Forfeits	20,000	16,189
Charges for	-,	-,
Services	12,750	14,646
Interest	3,000	6,123
Contributions	6,500	7,064
Miscellaneous	1,300	3,999
Total Revenues	\$1,435,115	\$1,358,301
EXPENDITURES		
Personnel Services	978,895	942,056
Commodities	175,755	160,402
Contractual	175,755	100,102
Services	161,050	144,553
Training and Conferences	13,000	9,302
Maintenance	97,000	87,256
Capital Outlay	551,000	523,945
Total		
Expenditures	\$1,976,700	\$1,867,514
Change in Fund Balance		-509,213
FUND BALANCE, MAY 1		2,348,290
FUND BALANCE, APRIL 30		\$1,839,077

(See independent auditor's report)
- MD&A 11 -

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Capital Assets

The following schedule reflects the Library's capital asset balances as of April 30, 2016.

Table 4 Balance of Capital Assets at the End of the Fiscal Year April 30, 2016

GOVERNMENT ACTIVITIES Capital Assets not Being	
Depreciated Depreciated	
Land	0
Total Capital Assets not Being Depreciated	0
Capital Assets Being Depreciated	
Furniture and Equipment	404,792
Total Capital Assets Being Depreciated	404,792
Less Accumulated Depreciation for	
Furniture and Equipment	271,255
Total Accumulated Depreciation	271,255
Total Capital Assets Being Depreciated, Net	133,537
GOVERNMENT ACTIVITIES	
CAPITAL ASSETS, NET	133,537

At year-end, the Library's investment in governmental activity capital assets (net of accumulated depreciation) was \$133,537. Current year depreciation totaled \$25,561. Assets with book values of \$31,419 were retired and asset additions were \$65,712. Retired assets and new assets were related to the service desk and patron computer desk replacements. See Note 4 for additional information regarding capital assets.

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Long-Term Debt (continued)

Table 5 below summarizes the changes in the Library's long-term debt, as of April 30, 2016. The accounting principle changes of GASB 68 and GASB 71 reflect the inclusion of IMRF Net Pension Liability and considerable changes to the balances of the Library's reported long term debt. Please see Note 5 for further information regarding the Library's long-term debt.

Table 5 Changes in Long-Term Liabilities Fiscal Year Ending April 30, 2016

	Beginnin	Addition	Retirement		
	g	S	S	Ending	Current
	Balance			Balance	Portion
Compensated					
Absences	\$ 28,913	1,258	-	30,171	-
IMRF Net Pension Liability	357,857	110,809	-	468,666	-
Other					
Postemployment					
Benefit Obligation	\$36,167	5,500	-	41,667	
TOTAL LONG-TERM					
LIABILITIES	\$ 422,937	117,567	-	540,504	-

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Barbara Donahue, Business Manager, at Flossmoor Public Library, 1000 Sterling Avenue, Flossmoor, Illinois, 60422.

STATEMENT OF NET POSITION

April 30, 2016

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 482,195
Investments	1,416,787
Receivables (Net, Where Applicable, of	
Allowances for Uncollectibles)	
Property Taxes	694,775
Due from Other Governments	9,678
Capital Assets	
Depreciable, (Net of	
Accumulated Depreciation)	133,537_
Total Assets	2,736,972
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	187,877
Total Deferred Outflows of Resources	187,877
Total Assets and Deferred Outflows of Resources	2,924,849
LIABILITIES	
Accounts Payable	60,840
Accrued Payroll	8,743
Noncurrent Liabilities	
Due in More than One Year	540,504
Total Liabilities	610,087
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	694,775
Defended Property Taxes	
Total Deferred Inflows of Resources	694,775
Total Liabilities and Deferred Inflows of Resources	1,304,862
NET POSITION	
Net Investment in Capital Assets	133,537
Unrestricted	1,486,450
TOTAL NET POSITION	\$ 1,619,987

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

				P	rogra	am Revenu	es		R	et (Expense) evenue and Change in et Position
						perating		Capital		
				harges		rants and		ants and		vernmental
FUNCTIONS/PROGRAMS		Expenses	for	Services	Cor	tributions	Con	tributions		Activities
PRIMARY GOVERNMENT										
Governmental Activities Culture and Recreation	\$	1,813,178	\$	30,835	\$	14,359	\$		\$	(1,767,984)
Culture and Recreation	<u> </u>	1,013,170	Ф	30,633	Ф	14,339	Φ		Ф	(1,707,984)
TOTAL PRIMARY GOVERNMENT	\$	1,813,178	\$	30,835	\$	14,359	\$	-	_	(1,767,984)
			Taxo Pro Rep Inve Miso	perty blacement estment Inc cellaneous tal	ome					1,289,999 12,986 6,123 3,999 1,313,107
			CHA	NGE IN N	ET P	OSITION				(454,877)
			NET	POSITION	I, MA	AY 1				2,408,015
			Cha	nge in acco	untin	g principle				(333,151)
			NET	POSITION	I, MA	AY 1, AS RI	ESTA'	TED		2,074,864
			NET	POSITIO	N, A l	PRIL 30			\$	1,619,987

BALANCE SHEET

April 30, 2016

	General Fund
ASSETS	
AGGETO	
Cash and Cash Equivalents	\$ 482,195
Investments	1,416,787
Receivables (Net, of Allowances for Uncollectables)	
Property Taxes	694,775
Due from Other Governments	9,678
TOTAL ASSETS	\$ 2,603,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 60,840
Accrued Payroll	8,743
Total Liabilities	69,583
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Taxes	694,775
Total Liabilities and Deferred Inflows of Resources	764,358
FUND BALANCES	
Unrestricted	
Committed for Capital Purposes	990,561
Committed for Special Acquisition	305,000
Assigned for	
Technology Projects	7,000
Green Initiatives	2,360
Security Upgrades	10,000
Unassigned	524,156
Total Fund Balances	1,839,077
TOTAL LIABILITIES, DEFERRED INFLOWS OF	
RESOURCES AND FUND BALANCES	\$ 2,603,435

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

April 30, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,839,077
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	133,537
Differences between expected and actual experiences, assumption changes and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	
Deferred outflows of resources	205,413
Deferred inflows of resources	(17,536)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Net pension liability	(468,666)
Compensated absences	(30,171)
Net other postemployment benefit obligation	 (41,667)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,619,987

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended April 30, 2016

REVENUES	
Taxes	\$ 1,289,999
Intergovernmental	
Personal Property Replacement Taxes	12,986
Per Capita Grant	7,295
Fines and Forfeits	16,189
Charges for Services	14,646
Other	
Investment Income	6,123
Contributions	7,064
Miscellaneous	3,999
Total Revenues	1,358,301
EXPENDITURES	
Current	
Personnel Services	942,056
Commodities	160,402
Contractual Services	144,553
Training and Conferences	9,302
Maintenance	87,256
Capital Outlay	523,945
Total Expenditures	1,867,514
NET CHANGE IN FUND BALANCE	(509,213)
FUND BALANCE, MAY 1	2,348,290
FUND BALANCE, APRIL 30	\$ 1,839,077

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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (509)	,213)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities 65	5,712
The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense (31)	,419)
The change in the Illinois Municipal Retirement Fund net pension liability is not a source or use of a financial resource (110)),809)
The change in deferred outflows for the Illinois Municipal Retirement Fund is reported only on the statement of activities 163	3,171
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	
	5,561)
Change in compensated absences (1	,258)
Change in net other postemployment benefit (5	5,500)
CHANGE IN NET POSITION OF	
	,877)

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Flossmoor Public Library, Flossmoor, Illinois (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 library corporation governed by a seven-member 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 based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. 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, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Library's expendable resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The Library reports one governmental fund, the General Fund, which is used to account for all of the Library's general activities.

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements

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.

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 fund:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library.

D. Basis of Accounting

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.

The modified accrual basis of accounting is followed by the governmental funds on the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers property taxes and other revenues as available if they are collected within 60 days after year end in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The Library reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, 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 and deferred inflows of resource for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

E. Cash and Investments

Investments are stated at cost or amortized cost, which approximates fair value.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the Library's fair value in the pool.

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

F. Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 for shelving and equipment and \$50,000 for building infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (Continued)

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

Assets	Years
Buildings/Infrastructure	25-40
Equipment/Shelving	3-15

G. Compensated Absences

Library employees earn vacation on an anniversary date of employment. Vacation must be used within the following twelve-month period.

Vested or accumulated vacation and compensatory time, including related Social Security and Medicare, that is owed retirees or terminated employees 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 compensatory time of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees. The Library allows accumulation of sick leave hours but these may only be applied towards retirement and are not paid out at termination, thus no liability has been recorded for sick leave.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Equity/Net Position

Governmental funds' equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable 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. Committed fund balance is constrained by formal actions of the Library Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Library 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 Administrative Librarian and the Business Manager through the approved fund balance policy of the Library. The Library's Fund Balance Policy recommends the Library set aside a minimum of 30% of the prior year's audited actual expenditures in its unassigned fund balance. Any residual fund balance of the General Fund and any deficits in other funds, if any, are 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. At April 30, 2016, no net position restrictions were the result of enabling legislation adopted by the Library. 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. Unrestricted net position consists of net position that does not meet the definition of restricted or net investments in capital assets.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

Deposits and investments are governed by the Library's investment policy.

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 objectives of the policy are legality, safety (preservation of capital and protection of investment principal), liquidity, yield and simplicity of management.

The Illinois Compiled Statutes (ILCS) and the Library's investment policy permit investments in commercial banks and savings and loan institutions (if a member of FDIC or NCUA), certificates of deposit, securities guaranteed by the United Sates Government, Illinois Funds, IMET, money market mutual funds registered under the Investment Company Act of 1940 and any other investments allowed under state law that satisfy the investment objectives of the Library.

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. The Library's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an agent of the Library in the Library's name.

B. Investments

The following table presents the investments and maturities of the Library's debt securities as of April 30, 2016:

Investment Type	Fair Value		Less than 1 1-3		turrer	3-6	Cui	 r than 6	
Negotiable CD's IMET	\$	600,813 815,975	\$	500,720	\$ 100,093 815,975	\$		-	\$ - -
TOTAL	\$	1,416,788	\$	500,720	\$ 916,068	\$		-	\$ -

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-month period. Investment maturities should not exceed three years.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

B. 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 obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government and Illinois Funds. Illinois Funds and IMET are rated AAA to AA by a national rating agency.

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. The Library's investments are not exposed to custodial credit and the Library's investment policy is silent in regards to custodial credit risk. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk - At April 30, 2016, the Library had 4% of its overall portfolio invested in Illinois Funds, 41% of its overall portfolio in negotiable CD's, and 55% of its overall portfolio invested in IMET. This is in accordance with the Library's investment policy, which does not require diversification of the portfolio.

Derivatives - The Library's investment policy does not specifically prohibit the use of or the investment in derivatives if the derivative falls into an allowable category.

3. PROPERTY TAXES

Property taxes for the 2015 levy year attach as an enforceable lien on January 1, 2015, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued and are payable in two installments, on or about April 1, 2015 and August 1, 2015. The County collects such taxes and remits them periodically. The Library recognizes property tax revenues when they become both measurable and available in the fiscal year that the tax levy is intended to finance. The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016 as the tax has not yet been levied by the Library and will not be levied until December 2016 and, therefore, the levy is not measurable at April 30, 2016.

NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year:

		eginning alances	In	creases	D	ecreases		Ending salances
GOVERNMENTAL ACTIVITIES Capital Assets not Being Depreciated Land	\$	_	\$		\$		\$	
Total Capital Assets not Being Depreciated	Φ		Ф	-	φ		Þ	
Capital Assets Being Depreciated								
Furniture and Equipment		380,000		65,712		40,920		404,792
Total Capital Assets Being Depreciated		380,000		65,712		40,920		404,792
Less Accumulated Depreciation for								
Furniture and Equipment		255,195		25,561		9,501		271,255
Total Accumulated Depreciation		255,195		25,561		9,501		271,255
Total Capital Assets Being Depreciated, Net		124,805		40,151		31,419		133,537
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$	124,805	\$	40,151	\$	31,419	\$	133,537

5. 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; illnesses of employees; 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 three fiscal years.

6. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year:

	В	eginning alances, destated	A	Additions	Ret	tirements	Ending Balances	Current Portion
Compensated Absences IMRF Net Pension Liability Other Postemployment Benefit Obligation	\$	28,913 357,857 36,167	\$	1,258 110,809 5,500	\$	- -	\$ 30,171 468,666 41,667	\$ - - -
TOTAL LONG-TERM LIABILITIES	\$	422,937	\$	117,567	\$	-	\$ 540,504	\$

NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN

The Library contributes, through the Village of Flossmoor (the Village), to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. All disclosures for an agent plan can be found in the Village's comprehensive annual financial report.

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

IMRF 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village 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 2016 was 13.39% of covered payroll. For the year ended April 30, 3016, salaries totaling \$619,642 were paid that required employer contributions of \$82,943, which was equal to the Library's actual contributions.

Net Pension Liability

At April 30, 2016, the Library reported a liability of \$468,666 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, 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 in the Library's actual contribution to the plan for the year ended December 31, 2015 relative to the contributions of the Village, actuarially determined. At April 30, 2016, the Library's proportion was 22% of the total contribution.

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2015 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, 2015
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.75%
Salary Increases	3.75% to 14.50%
Interest Rate	7.50%
Cost of Living Adjustments	3.00%

Asset Valuation Method Market Value

NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Illinois Municipal Retirement Fund</u> (Continued)

Actuarial Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.47%. 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected not 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 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.47% used to determine the total pension liability.

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

For the year ending April 30, 2016, the Library recognized pension expense of \$29,499. At April 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	D Ou <u>R</u> e	Deferred Inflows of Resources		
Difference Between Expected and Actual Experience Changes in Assumption Contributions Made After Measurement Date Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$	3,297 26,538 175,578	\$	17,536 - -
TOTAL	\$	205,413	\$	17,536

NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Illinois Municipal Retirement Fund</u> (Continued)

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

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

Year Ending April 30,		
2017	\$	66,065
2018		39,527
2019		39,527
2020		42,758
2021		_
Thereafter		-
TOTAL	_ \$	187,877

Discount Rate Sensitivity

The following is a sensitive 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 7.47% 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 (6.47%) or 1 percentage point higher (8.47%) than the current rate:

				Current		
	1%	Decrease	Dis	scount Rate	1%	Increase
	((6.47%)		(7.47%)	(8.47%)
Net Pension Liability	\$	935,505	\$	468,666	\$	82,717

NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description A.

In addition to providing the pension benefits described, the Library provides postemployment health care and life insurance 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 ILCS and by the Library. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Library's General Fund and Governmental Activities.

B. Benefits Provided

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

All health care benefits are provided through the Library's third party indemnity health 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.

Membership C.

At April 30, 2015, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	2
Terminated Employees Entitled to Benefits but not	
Yet Receiving Them	6
Active Employees	
TOTAL	8
Participating Employers	1

NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Funding Policy

The Library negotiates the contribution percentages between the Library and employees through the personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the plan (pay as you go) which results in an implicit subsidy to the Library as defined by GASB Statement No. 45. The Library is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years was as follows:

					Percentage of				
Fiscal		Annual	Annual OPEB						
Year	OPEB		En	nployer	N	et OPEB			
Ended	Cost		Contributions Contributed		ost Contributions Contribu		O	bligation	
2014	\$	5,832	\$	-	N/A	\$	30,296		
2015		5,871		-	N/A		36,167		
2016		8,253		2,753	N/A		41,667		

E. Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2016 was calculated as follows:

Annual Required Contribution	\$ 8,098
Interest on Net OPEB Obligation	1,447
Adjustment to Annual Required Contribution	(1,292)
Annual OPEB Cost	8,253
Contributions Made	2,753
Increase in Net OPEB Obligation	5,500
Net OPEB Obligation, Beginning of Year	36,167
NET OPEB OBLIGATION, END OF YEAR	\$ 41,667

NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2015 (most recent information available) was as follows:

Actuarial Accrued Liability (AAL)	\$ 72,625
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	72,625
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	\$ 407,272
UAAL as a Percentage of Covered Payroll	18.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2016 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5.0%. Both rates include a 3.5% inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015 was 30 years.

NOTES TO FINANCIAL STATEMENTS (Continued)

9. CHANGE IN ACCOUNTING PRINCIPLE

The Library recorded the following change in accounting principle during the year ended April 30, 2016:

	Increase (Decrease)
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
Change in accounting principle To record deferred outflow for contributions subsequent to the measurement date in accordance with GASB Statement No. 71 To record the IMRF net pension liability in accordance with GASB Statement No. 68	\$ 24,706 (357,857)
TOTAL CHANGE IN ACCOUNTING PRINCIPLE -	(337,837)
GOVERNMENTAL ACTIVITIES	\$ (333,151)

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended April 30, 2016

			20	16		
	-	Original Budget	Final Budget		Actual	Variance Over (Under)
REVENUES						
Taxes	\$	1,416,430	\$ 1,367,765	\$	1,289,999	\$ (77,766)
Intergovernmental			, ,			. , ,
Personal Property Replacement Taxes		12,000	12,000		12,986	986
Per Capita Grant		11,800	11,800		7,295	(4,505)
Fines and Forfeits		23,500	20,000		16,189	(3,811)
Charges for Services		12,750	12,750		14,646	1,896
Other						
Investment Income		3,000	3,000		6,123	3,123
Contributions		6,500	6,500		7,064	564
Miscellaneous		1,300	1,300		3,999	 2,699
Total Revenues		1,487,280	1,435,115		1,358,301	 (76,814)
EXPENDITURES						
Current						
Personnel Services		974,320	978,895		942,056	(36,839)
Commodities		202,015	175,755		160,402	(15,353)
Contractual Services		170,100	161,050		144,553	(16,497)
Training and Conferences		9,000	13,000		9,302	(3,698)
Maintenance		101,000	97,000		87,256	(9,744)
Capital Outlay		510,000	551,000		523,945	 (27,055)
Total Expenditures		1,966,435	1,976,700		1,867,514	 (109,186)
NET CHANGE IN FUND BALANCE	\$	(479,155)	\$ (541,585)	=	(509,213)	\$ 32,372
FUND BALANCE, MAY 1					2,348,290	
FUND BALANCE, APRIL 30				\$	1,839,077	

SCHEDULE OF EMPLOYER CONTRIBUTIONS ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

		2016
Contractually Required Contribution	\$	82,943
	Ψ	02,743
Contributions in Relation to the Contractually Required Contribution		82,943
CONTRIBUTION DEFICIENCY (Excess)	\$	_
Covered-Employee Payroll	\$	619,642
Contributions as a Percentage of Covered-Employee Payroll		13.39%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2015. 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 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3% compounded annually.

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

April 30, 2016

	2016
Employer's Proportion of Net Pension Liability	22.00%
Employer's Proportionate Share of Net Pension Liability	\$ 468,666
Employer's Covered-Employee Payroll	619,642
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	75.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.01%

SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2016

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded (AAL) (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2011	\$ -	\$ 53,026	0.00%	\$ 53,026	\$ 334,567	15.85%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	58,552	0.00%	58,552	354,461	16.52%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	72,625	0.00%	72,625	407,272	17.83%

N/A - Information not available as a complete actuarial valuation was not performed as of April 30, 2012, 2014 and 2015, as permitted by GASB Statement No. 45.

SCHEDULE OF EMPLOYER CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2016

Year Ended April 30,	-	ployer ibutions	Re Cont	nnual quired tribution ARC)	Percentage Contributed
2011	\$	-	\$	3,545	0.00%
2012		-		5,742	0.00%
2013		-		5,742	0.00%
2014		-		5,669	0.00%
2015		-		5,669	0.00%
2016		-		8,098	0.00%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2016

BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General Fund on the modified accrual basis. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

The Library follows these procedures in establishing the budgetary data reflected in the financial statements.

- A. Prior to March 1, the Administrative Librarian submits to the Library Board of Trustees a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to May 1, the budget is presented to the Village Board and legally enacted by Village Board action. This is the amount reported as original budget.
- D. The Administrative Librarian is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be communicated to the Library Board.
- E. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for the General Fund.
- F. State law requires that "expenditures be made in conformity with appropriations/ budget." As under the budget act, transfers between line items, departments and funds may be made by administrative action. The fund budget reflects all amendment needs. The level of legal control is at the fund level.

Expenditures did not exceed final budget in the current year.

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	
PERSONNEL SERVICES				
Salaries	\$ 748,500	\$ 757,000	\$ 724,350	
Health and Life Insurance	83,605	81,445	76,244	
Unemployment Compensation	2,750	1,750	1,128	
FICA Contribution	45,950	45,950	46,513	
Medicare Contribution	10,750	10,750	10,878	
IMRF Contribution	82,765	82,000	82,943	
Total Personnel Services	974,320	978,895	942,056	
COMMODITIES				
Office Supplies	4,250	3,825	3,842	
Books	74,015	65,950	61,452	
Postage	3,000	3,000	2,380	
Leased Books	4,300	4,300	4,128	
Periodicals	12,000	12,000	12,089	
Electronic Resources	17,000	11,500	6,975	
Audio - Visual	22,000	17,900	16,911	
Interlibrary Loan Charges	500	500	81	
Circulation Supplies	2,500	2,250	1,668	
Technical Service Supplies	7,200	6,480	3,598	
Building Supplies	9,000	7,500	5,878	
Programming	30,450	26,250	28,089	
Printer Supplies	8,000	7,000	6,234	
Software	7,800	7,300	7,077	
Total Commodities	202,015	175,755	160,402	
CONTRACTUAL SERVICES				
Auditing Services	4,500	4,500	5,700	
Printing and Advertising	9,000	8,200	7,792	
Telecommunications	9,750	7,000	6,898	
Casualty, Liability and Workers' Compensation Insurance	17,000	17,000	15,364	
Legal Services	2,500	4,000	2,985	
Consultants	10,000	3,500	1,670	
Security	7,500	10,000	7,994	
Janitorial Services	36,000	36,000	35,580	
Computer Technical Services	11,000	11,000	11,000	

(This schedule is continued on the following page.) - 31 -

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued) GENERAL FUND

For the Year Ended April 30, 2016

	0	Original		Final		
	<u>I</u>	Budget		Budget		Actual
CONTRACTUAL SERVICES (Continued)						
Water and Sewer Services	\$	2,600	\$	2,600	\$	2,465
Gas Energy - Heating	·	22,000	·	22,000		14,607
Equipment Rental		3,500		3,500		2,386
Payroll Services/Fees		2,500		2,500		2,235
Village Accounting Services		6,000		6,000		4,919
Insurance Surety Bond Premium		750		750		491
System Wide Area Network		25,500		22,500		22,467
Total Contractual Services		170,100		161,050		144,553
TRAINING AND CONFERENCES						
Personnel Training and Conferences		9,000		13,000		9,302
Total Training and Conferences		9,000		13,000		9,302
MAINTENANCE						
Office Equipment Maintenance/RPR		28,000		28,000		25,936
Building Maintenance		63,000		58,000		50,784
Emergency and Contingency Expense		10,000		11,000		10,536
Total Maintenance		101,000		97,000		87,256
CAPITAL OUTLAY						
Equipment and Furnishings		10,000		1,000		891
Remodel Project		500,000		550,000		523,054
Total Capital Outlay		510,000		551,000		523,945
TOTAL EXPENDITURES	\$ 1.	,966,435	\$ 1,	976,700	\$ 1	,867,514