ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2017

Sikich.

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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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Sikich LLP

Naperville, Illinois September 13, 2017

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

FLOSSMOOR PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2017

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, 2017. 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 the 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, 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 - 32 of this report.

Financial Analysis of the Library as a Whole

In accordance with GASB Statement No. 34, the Library presents in this report comparative financial information for governmental activities, net position, as well as the original appropriation to actual expenditures. Last year, the Library implemented GASB 68 and 71 which required 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	2016	2017
ASSETS		
Current and Other Assets	\$2,603,435	\$2,622,506
Capital Assets	133,537	104,625
Total Assets	2,736,972	2,727,131
DEFERRED OUTFLOWS OF		
RESOURCES Pension items - IMRF	107 077	156 010
	187,877	156,019
Total Deferred Outflows Of Resources	187,877	156,019
Total Assets and Deferred Outflows		
of Resources	2,924,849	2,833,150
LIABILITIES		
Accounts Payable	60,840	52,030
Accrued Payroll	8,743	14,147
Noncurrent Liabilities		
Due Within One Year	-	1,982
Due in More than One Year	540,504	469,943
Total Liabilities	610,087	538,102
DEFERRED INFLOWS OF RESOURCES		
Pension items – IMRF	-	25,742
Deferred Property Taxes	694,775	726,268
Total Deferred Inflows of Resources	694,775	752,010
Total Liabilities & Deferred Inflows		
of Resources	1,304,862	1,290,112

(See independent auditor's report) - MD&A 4 -

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

Fiscal years ending April 30	2016	2017
NET POSITION Net Investment in Capital Assets Unrestricted	133,537 1,486,450	104,625 1,488,413
TOTAL NET POSITION	\$1,619,987	\$1,593,038

Comparatively, the library's total net position decreased by 1.7% or \$26,949 and total assets by 0.4% or \$9,841. Last year's change in accounting principle related to the implementation of GASB Statements 68 and 71 and recognition of long-term pension benefits as a liability. This was a change to the landscape of the Statement of Net Position. This year's IMRF Net Pension Liability decreased by \$69,084, a result of personnel changes.

In fiscal year 2016, the Library implemented Government Accounting Standards Board (GASB) Statements 68 and 71. GASB Statement 68 requires the Library to recognize its long-term obligation for pension benefits as a liability 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. In FY2016, this 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, 2016 and April 30, 2017.

Table 2

Changes in Net Position Governmental Activity: Library									
Fiscal years ending April 30	2016	2017							
REVENUES									
Program Revenues									
Charges for Services	30,835	31,065							
Operating Grants & Contr.	14,359	10,862							
General Revenues									
Property Taxes	1,289,999	1,215,995							
Replacement	12,986	13,046							
Investment Income	6,123	5,932							
Miscellaneous	3,999	3,122							
Total Revenues	1,358,301	1,280,022							
EXPENSES									
Culture and Recreation	<u>(\$1,813,178)</u>	<u>(\$1,306,971)</u>							
Total Expenses	<u>(\$1,813,178)</u>	<u>(\$1,306,971)</u>							
CHANGE IN NET POSITION	(454,877)	(26,949)							
NET POSITION, MAY 1	2,408,015	1,619,987							
Change in accounting principle	(333,151)								
NET POSITION, MAY 1, as restated	2,074,864								
NET POSITION, APRIL 30	\$1,619,987	\$1,593,038							

(See independent auditor's report) - MD&A 6 -

FISCAL YEAR 2017 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, 2017.

INCOME SOURCES

Local Property & other taxes	96.0%
Grants & Contributions	0.8%
Fines, Charges & Misc	2.7%
Interest	0.5%
Total Income	\$1,280,022

EXPENSES BY CATEGORY

Personnel Services	64.2%
Commodities	12.7%
Contractual Services	13.0%
Training and Conferences	0.5%
Maintenance	8.1%
Capital Outlay	0.1%
Pension and Other	
Postemployment	
Benefit, Depreciation,	
and Other Expenses	1.4%
Total Expenses	\$1,306,971

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 0.7% was used to calculate the tax levy rate plus estimated new property of \$59,530. The Village of Flossmoor's equalized assessed value (EAV) for 2015 tax year was \$192,569,506 and \$210, 784,601 for 2016. Tax receipts have declined since 2014.

FISCAL YEAR 2017 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 expected 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 has been slated to be at 62.1% for a total of \$7,248. However, due to budgetary issues in the State of Illinois, we have accrued for, but not realized the grant money as of July 31, 2017. Personal property replacement tax actualized was \$13,046.

Market impacts on investment income:

The Library's investment portfolio is concentrated in local bank and other money market accounts similar to many other governments. Interest income is received from the following investment vehicles – Illinois Funds, Illinois Metropolitan Investment (IMET) Convenience Fund, IMET 1-3 Year Funds, CD's and savings account. 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 as well as the Illinois Public Funds Act. Interest rates can fluctuate based on market conditions.

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. New programs this year in the Youth Services Department have included Sensory Story Time and Art Club. Total YS programs were 194. Adult programs which include workshops in the Inspiration Station totaled 101. Recurring programs included Classic Movies, Digitize This! and art classes.

Changes in personnel. Changes in service demand may cause the Administrative Staff and the Library Board of Trustees to increase or decrease staffing levels. Personnel costs including salary and fringe benefits totaling 64.2% of expenditures remains the Library's most significant operating cost. Escalating and uncertain health care costs will remain a concern in future budget forecasting.

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.

FISCAL YEAR 2017 FINANCIAL OVERVIEW (continued)

Inflation. While overall inflation has increased modestly, about 1.8%, 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, 2017, revenues totaled \$1,280,022. The Library's largest single revenue source, local property taxes of \$1,215,995 and other taxes of \$13,046, amounted to \$1,215,995 representing 96.0% of total revenues. Property tax receipts were 11% below an expected budget of \$1,368,473. Property tax revenue decreased again from FY2016 by 5.7% and 15.4% below FY2014 tax receipts.

For the second year, the State of Illinois Per Capita Grant was approved, but at less than fully funded, with the Library expecting \$7,248. These funds have yet to be received. Interest income for FY2016 was \$5,932, 76% of that was from our CD ladder investment. The IMET 1-3 Year fund which is comprised of US. Treasury securities had a very lackluster year as opposed to last year. This interest was 17.8% of the total.

The Equalized Assessed Valuation (EAV) of the Village reflected an upturn for the tax year 2016 to \$210,784,601 from the 2015 tax level of \$192,569,506, an increase of 9.4%. This has been the first upturn in the EAV since 2010. The decreases in prior years has had its impact on the Library's tax revenue resources. The Library is encouraged that Flossmoor and its surrounding communities are recovering some ground from the 2008 housing crisis and its delayed impact here locally. The Library continues to examine sources for other income streams (e.g., grants, better investment vehicles, etc.). Additionally, the Library continues to be judicious in operating expenditures, while maintaining traditional and on-trend library services to patrons.

The Library received monetary donations totaling \$2,625 from the Friends of the Library generated primarily through membership, candy and used book sales.

Expenditures

Personnel Services: These expenditures include both salary and fringe benefits for library employees. It is the Library's largest operating cost. The average wage increase in 2017 was 2.5%. Several changes occurred in personnel in 2016 with retirements, resignations and new hires. In October 2016, the Library Director resigned and the Board of Trustees underwent an executive search and recruitment for a new Director. This position was filled in March 2017. The change in Personnel expenditures reflect these transition periods as well as shared health care premiums between the Library and employee.

(See independent auditor's report) - MD&A 9 -

CURRENT YEAR IMPACTS (continued)

Maintenance: Maintenance costs were on budget but in February 2017, the boiler flue piping needed replacement. This was an unbudgeted but needed replacement to keep our boilers running effectively and smoothly. Repair was completed in April 2017. Additionally, some repairs to the chiller and fire box were needed due to an electrical issue.

Overall: Library expenditures were within or under budget as a whole; however, the drop in tax receipts of \$150,000 affected the bottom line and the Library incurred a deficit for the year of \$9,016.

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, 2017, the General Fund (as presented on the *Balance Sheet*, page 5) had a fund balance of \$1,830,061, a decrease of 0.5% compared to 2016.

Received tax revenues at 88.9% of budget is the main difference in budgeted revenue and actual dollars received. The Library expenditures were held below budget primarily in personnel services, but commodities and contractual services as well. As discussed under current year impacts, unexpected maintenance issues were incurred that went over budget; therefore, the change in fund balance resulted in a deficit of \$9,016.

The following schedule, Table 3, provides a comparison of the Library's Original Budget to Actual, as of April 30, 2017, 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 3General Fund Budgetary HighlightsFiscal Year Ending April 30, 2017

	Final Budget	Actual
REVENUES	`	
Taxes	\$1,368,473	\$1,215,995
Replacement Tax	12,000	13,046
Per Capita Grant	6,500	7,348
Fines and Forfeits	15,000	16,649
Charges for Services	14,250	14,416
Interest	5,000	5,932
Contributions	5,000	3,514
Miscellaneous	750	3,122
Total Revenues	\$1,426,973	\$1,280,022
EXPENDITURES		
Personnel Services	905,750	839,397
Commodities	179,550	165,514
Contractual Services	187,250	170,506
Training and Conferences	8,000	6,147
Maintenance	94,000	105,531
Capital Outlay	2,000	1,943
Total Expenditures	\$1,376,550	\$1,289,038
Change in Fund Balance		(9,016)
FUND BALANCE, MAY 1		1,839,077
FUND BALANCE, APRIL 30		\$1,830,061

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Capital Assets

The following schedule reflects the Library's capital asset balances as of April 30, 2017.

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

Table 4Balance of Capital Assets at the End of the Fiscal YearApril 30, 2017

GOVERNMENT ACTIVITIES

Capital Assets Being Depreciated	
Furniture and Equipment	404,792
Total Capital Assets Being Depreciated	404,792
Less Accumulated Depreciation for	
Furniture and Equipment	300,167
Total Accumulated Depreciation	300,167
Total Capital Assets Being Depreciated, Net	104,625
GOVERNMENT ACTIVITIES	
CAPITAL ASSETS, NET	104,625

At year-end, the Library's investment in governmental activity capital assets (net of accumulated depreciation) was \$104,625. Current year depreciation totaled \$28,912. In the current year, there were no asset additions or assets retired. 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, 2017. 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 Notes 6-9 (pages 17-24) for further information regarding the Library's long-term debt.

Table 5 Changes in Long-Term Disabilities Fiscal Year Ending April 30, 2017

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Compensated Absences IMRF Net Pension	\$ 30,171	-	1,857	28,314	1,982
Liability	468,666	-	69,084	399,582	-
OPEB**	\$41,667	2,362	-	44,029	
TOTAL LONG-TERM LIABILITIES	\$ 540,504	2,362	70,941	471,925	1,982

**Other Post Employment Benefit Obligation

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, Operations Manager, at Flossmoor Public Library, 1000 Sterling Avenue, Flossmoor, Illinois, 60422.

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STATEMENT OF NET POSITION

April 30, 2017

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 770,628
Investments	1,115,316
Receivables (Net, Where Applicable, of	
Allowances for Uncollectibles)	
Property Taxes	726,268
Due from Other Governments	10,294
Capital Assets	
Depreciable, (Net of	
Accumulated Depreciation)	104,625
Total Assets	2,727,131
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	156,019
Total Deferred Outflows of Resources	156,019
Total Assets and Deferred Outflows of Resources	2,883,150
LIABILITIES	
Accounts Payable	52,030
Accrued Payroll	14,147
Noncurrent Liabilities	
Due Within One Year	1,982
Due in More than One Year	469,943
Total Liabilities	538,102
DEFERRED INFLOWS OF RESOURCES Pension items - IMRF	25,742
Deferred Property Taxes	726,268
Total Deferred Inflows of Resources	752,010
Total Liabilities and Deferred Inflows of Resources	1,290,112
NET POSITION	
Net Investment in Capital Assets	104,625
Unrestricted	1,488,413
TOTAL NET POSITION	\$ 1,593,038

See accompanying notes to financial statements. - 3 -

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

			Program Revenues					R	et (Expense) evenue and Change in let Position	
						perating		Capital		
				harges		rants and	-	rants and	-	overnmental
FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT		Expenses	for	Services	Cor	ntributions	Cor	ntributions		Activities
Governmental Activities										
Culture and Recreation	\$	1,306,971	\$	31,065	\$	10,862	\$	-	\$	(1,265,044)
TOTAL PRIMARY GOVERNMENT	\$	1,306,971	\$	31,065	\$	10,862	\$	-		(1,265,044)
			Tax Pro Rep Inve	perty placement estment Inc cellaneous						1,215,995 13,046 5,932 3,122
			То	tal						1,238,095
			CHA	NGE IN N	ET P	OSITION				(26,949)
	NET POSITION, MAY 1								1,619,987	

NET POSITION, APRIL 30

<u>\$ 1,593,03</u>8

See accompanying notes to financial statements.

BALANCE SHEET

April 30, 2017

	General Fund
ASSETS	
Cash and Cash Equivalents Investments Receivables (Net, Where Applicable,	\$ 770,628 1,115,316
of Allowances for Uncollectables) Property Taxes Due from Other Governments	726,268 10,294
TOTAL ASSETS	\$ 2,622,506
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts Payable Accrued Payroll	\$ 52,030 14,147
Total Liabilities	66,177
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Taxes	726,268
Total Liabilities and Deferred Inflows of Resources	792,445
FUND BALANCES	
Unrestricted	1 120 000
Committed for Capital Purposes Committed for Special Acquisition	1,120,000 307,000
Assigned for	507,000
Technology Projects	7,000
Green Initiatives	5,000
Security Upgrades	5,000
Unassigned	386,061
Total Fund Balances	1,830,061
TOTAL LIABILITIES, DEFERRED INFLOWS	
OF RESOURCES AND FUND BALANCES	\$ 2,622,506

See accompanying notes to financial statements. - 5 -

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

April 30, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,830,061
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	104,625
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	156,019
Deferred inflows of resources	(25,742)
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	(399,582)
Compensated absences	(28,314)
Net other postemployment benefit obligation	 (44,029)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,593,038

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended April 30, 2017

REVENUES	
Taxes	\$ 1,215,995
Intergovernmental	
Personal Property Replacement Taxes	13,046
Per Capita Grant	7,348
Fines and Forfeits	16,649
Charges for Services	14,416
Other	
Investment Income	5,932
Contributions	3,514
Miscellaneous	3,122
Total Revenues	1,280,022
EXPENDITURES	
Current	
Personnel Services	839,397
Commodities	165,514
Contractual Services	170,506
Training and Conferences	6,147
Maintenance	105,531
Capital Outlay	1,943
Total Expenditures	1,289,038
NET CHANGE IN FUND BALANCES	(9,016)
FUND BALANCES, MAY 1	1,839,077
FUND BALANCES, APRIL 30	\$ 1,830,061

See accompanying notes to financial statements. - 7 -

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

For the Year Ended April 30, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (9,016)
Amounts reported for governmental activities in the statement of activities are different because:	
The change in the Illinois Municipal Retirement Fund net pension	
liability is not a source or use of a financial resource	69,084
	,
The change in deferred outflows for the Illinois Municipal Retirement	
Fund is reported only on the statement of activities	(49,394)
The change in deferred inflows for the Illinois Municipal Retirement	
Fund is reported only on the statement of activities	(8,206)
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	(28,912)
Change in compensated absences	1,857
Change in net other postemployment benefit	(2,362)
	 <u>, , ,</u>
CHANGE IN NET POSITION OF	
GOVERNMENTAL ACTIVITIES	\$ (26,949)

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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 activities of the Library. Governmental activities are normally supported by taxes and intergovernmental revenues.

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.

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 the availability 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 with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 acquisition value at the date of donation.

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.

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 Library Director and the Operations 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, 2017, 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.

J. The preparation of financial statements in conformity with generally accepted accounting principles 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

A. Deposits with Financial Institutions

The Library categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. 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, 2017:

			Investment Maturities (in Years)								
Investment Type	F	air Value	Le	ess than 1		1-5	6-10			Greater than 10	
Negotiable CD's IMET	\$	605,286 510,033	\$	605,286 -	\$	- 510,033	\$		-	\$	-
TOTAL	\$	1,115,319	\$	605,286	\$	510,033	\$		-	\$	-

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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.

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 are rated AAAm by S&P and IMET is rated Aaa by Moody's.

The Library has the following recurring fair value measurements as of April 30, 2017. The negotiable CD's are valued using quoted matrix pricing models (Level 2 input). The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

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 and IMET are not subject to custodial credit risk.

Concentration of credit risk - At April 30, 2017, the Library had 3% of its overall portfolio invested in Illinois Funds, 53% of its overall portfolio in negotiable CD's and 44% 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 2016 levy year attach as an enforceable lien on January 1, 2016, 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, 2017 and August 1, 2017. 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 2017 tax levy, which attached as an enforceable lien on property as of January 1, 2017, has not been recorded as a receivable as of April 30, 2017 as the tax has not yet been levied by the Library and will not be levied until December 2017 and, therefore, the levy is not measurable at April 30, 2017.

4. CAPITAL ASSETS

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

	Beginning Balances			Increases Decreases				Ending Balances	
GOVERNMENTAL ACTIVITIES									
Capital Assets Being Depreciated Furniture and Equipment	\$	404,792	\$	_	\$	_	\$	404,792	
Total Capital Assets Being Depreciated	Ψ	404,792	Ψ	-	Ψ	-	Ψ	404,792	
Less Accumulated Depreciation for Furniture and Equipment		271,255		28,912		_		300,167	
Total Accumulated Depreciation		271,255		28,912		-		300,167	
Total Capital Assets Being Depreciated, Net		133,537		(28,912)		-		104,625	
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$	133,537	\$	(28,912)	\$	-	\$	104,625	

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

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

	eginning Balances	Additions Retirements		Ending ditions Retirements Balances			U	Current Portion		
Compensated Absences IMRF Net Pension Liability Other Postemployment Benefit Obligation	\$ 30,171 468,666 41,667	\$	2,362	\$	1,857 69,084 -	\$	28,314 399,582 44,029	\$	1,982 - -	
TOTAL LONG-TERM LIABILITIES	\$ 540,504	\$	2,362	\$	70,941	\$	471,925	\$	1,982	

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.

7. DEFINED BENEFIT PENSION PLAN (Continued)

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

Benefits Provided (Continued)

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 4.5% 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 2017 was 12.0% of covered payroll. For the year ended April 30, 3017, salaries totaling \$572,681 were paid that required employer contributions of \$68,749, which was equal to the Library's actual contributions.

Net Pension Liability

At April 30, 2017, the Library reported a liability of \$399,582 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, 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, 2016, 2016 relative to the contributions of the Village, actuarially determined. At April 30, 2017, the Library's proportion was 20% of the total contribution.

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2016 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.

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)	
Actuarial Assumptions (Continued)	
Actuarial Valuation Date	December 31, 2016
Actuarial Cost Method	Entry-Age Normal
Assumptions Inflation	2.75%
Salary Increases	3.75% to 14.50%
Discount Rate	7.50%
Cost of Living Adjustments	3.00%
Asset Valuation Method	Market Value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). 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 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 2012). The IMRF specific rates were developed from the RP-2014 mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 7.50%. 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 Library's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ending April 30, 2017, the Library recognized pension expense of \$80,233. At April 30, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Oı	Deferred atflows of esources	Deferred Inflows of Resources			
Difference Between Expected and Actual Experience Changes in Assumption Contributions Made After Measurement Date Net Difference Between Projected and Actual	\$	2,078 20,572	\$	16,708 9,034 -		
Earnings on Pension Plan Investments		133,369		-		
TOTAL	\$	156,019	\$	25,742		

The contributions of \$20,572 were made after the plan's measurement date and will be recognized in pension expense for the fiscal year ended April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

2018 \$ 34,740 2019 34,740 2020 37,679 2021 2,546	Year Ending April 30,	
2020 37,679 2021 2,546	2018	\$ 34,740
2021 2,546	2019	34,740
	2020	37,679
2022	2021	2,546
2022 -	2022	-
Thereafter	Thereafter	-
TOTAL <u>\$ 109,705</u>	TOTAL	\$ 109,705

7. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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 7.5% 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

		Current					
	1%	Decrease	se Discount Rate			Increase	
		(6.5%)		(7.5%)	(8.5%)		
Net Pension Liability	\$	825,619	\$	399,582	\$	47,694	

8. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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.

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. Membership

At April 30, 2016, membership consisted of:

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

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:

Fiscal		Annual	Percentage of Annual OPEB						
Year		OPEB	Employer Cost		Cost	Ν	et OPEB		
Ended		Cost	Contributions		Contributed	0	bligation		
	_		.		0.0004	.			
2015	\$	5,871	\$	-	0.00%	\$	36,167		
2016		8,253		2,753	33.36%		41,667		
2017		8,277		5,915	71.46%		44,029		

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation as of April 30, 2017 was calculated as follows:

Annual Required Contribution Interest on Net OPEB Obligation Adjustment to Annual Required Contribution	\$ 8,098 1,667 (1,488)
Annual OPEB Cost Contributions Made	 8,277 (5,915)
Increase in Net OPEB Obligation Net OPEB Obligation, Beginning of Year	 2,362 41,667
NET OPEB OBLIGATION, END OF YEAR	\$ 44,029

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2016 (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)	0.00%
Covered Payroll (Active Plan Members)	\$ 407,272
UAAL as a Percentage of Covered Payroll	17.83%

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.

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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 (most recent information available), 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, 2016 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended April 30, 2017

		Original Budget		Final Budget	Actual	ariance Over Under)
REVENUES						
Taxes	\$	1,367,765	\$	1,368,473	\$ 1,215,995	\$ (152,478)
Intergovernmental	·	, ,	·	<i>yy</i>	, -,	(
Personal Property Replacement Taxes		12,000		12,000	13,046	1,046
Per Capita Grant		6,500		6,500	7,348	848
Fines and Forfeits		20,000		15,000	16,649	1,649
Charges for Services		14,250		14,250	14,416	166
Other						
Investment Income		5,000		5,000	5,932	932
Contributions		5,000		5,000	3,514	(1,486)
Miscellaneous		750		750	3,122	2,372
Total Revenues		1,431,265		1,426,973	1,280,022	(146,951)
EXPENDITURES						
Current						
Personnel Services		956,540		905,750	839,397	(66,353)
Commodities		178,800		179,550	165,514	(14,036)
Contractual Services		170,100		187,250	170,506	(16,744)
Training and Conferences		10,000		8,000	6,147	(1,853)
Maintenance		89,000		94,000	105,531	11,531
Capital Outlay		1,000		2,000	1,943	(57)
Total Expenditures		1,405,440		1,376,550	1,289,038	(87,512)
NET CHANGE IN FUND BALANCE	\$	25,825	\$	50,423	(9,016)	\$ (59,439)
FUND BALANCE, MAY 1					 1,839,077	
FUND BALANCE, APRIL 30					\$ 1,830,061	

SCHEDULE OF EMPLOYER CONTRIBUTIONS ILLINOIS MUNICIPAL RETIREMENT FUND

Last Two Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017		
Contractually Required Contribution	\$ 82,943	\$	68,749	
Contributions in Relation to the Contractually Required Contribution	 82,943		68,749	
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$	-	
Covered-Employee Payroll	\$ 619,642	\$	572,681	
Contributions as a Percentage of Covered-Employee Payroll	13.39%		12.00%	

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of the calendar years as reference above. 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 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

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

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

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016
Employer's Proportion of Net Pension Liability	22.00%	20.00%
Employer's Proportionate Share of Net Pension Liability	\$ 468,666 \$	399,582
Employer's Covered-Employee Payroll	619,642	566,100
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	75.63%	70.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.01%	88.28%

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

SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLAN

April	30,	2017
1 P 111	50,	2017

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)
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%
2017	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available as a complete actuarial valuation was not performed as of April 30, 2012, 2014, 2015 and 2017, as permitted by GASB Statement No. 45.

SCHEDULE OF EMPLOYER CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2017

Year Ended April 30,	ployer •ibutions	Re Con	nnual equired tribution ARC)	Percentage Contributed			
2012	\$ -	\$	5,742	0.00%			
2013	-		5,742	0.00%			
2014	-		5,669	0.00%			
2015	-		5,669	0.00%			
2016	2,753		8,098	34.00%			
2017	5,915		8,098	73.04%			

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2017

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 Library Director 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 of Trustees and legally enacted by Village Board of Trustees action. This is the amount reported as original budget.
- D. The Library Director 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 of Trustees.
- 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.

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, 2017

	Original Budget		Final Budget		Actual
PERSONNEL SERVICES					
Salaries	\$ 74	48,000	\$	710,000	\$ 659,631
Health and Life Insurance		68,090		66,100	60,089
Unemployment Compensation		1,750		1,750	1,544
FICA Contribution		45,950		44,100	40,024
Medicare Contribution		10,750		10,300	9,360
IMRF Contribution		82,000		73,500	68,749
Total Personnel Services	9	56,540		905,750	839,397
COMMODITIES					
Office Supplies		4,000		4,000	3,989
Books	,	72,000		72,000	66,877
Postage		2,500		2,500	2,229
Leased Books		4,300		4,300	4,137
Periodicals		10,000		10,000	9,523
Electronic Resources		10,000		10,000	8,785
Audio - Visual		18,000		18,000	16,848
Interlibrary Loan Charges		250		250	42
Circulation Supplies		2,250		2,250	2,031
Technical Service Supplies		6,500		6,500	6,491
Building Supplies		6,000		6,000	4,924
Programming		28,000		28,000	25,419
Printer Supplies		7,000		7,000	5,486
Software		8,000		8,750	8,733
Total Commodities	1′	78,800		179,550	165,514
CONTRACTUAL SERVICES					
Auditing Services		4,600		4,100	4,455
Printing and Advertising		7,500		7,500	6,995
Telecommunications		7,000		7,500	6,301
Casualty, Liability and Workers' Compensation Insurance		16,500		16,500	15,579
Legal Services		2,500		2,500	891
Consultants		7,000		20,000	14,028
Security	,	20,000		23,000	21,368
Janitorial Services		36,200		36,200	36,120
Computer Technical Services		12,000		14,500	14,425

(This schedule is continued on the following page.)

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

For the Year Ended April 30, 2017

		Original Budget		Final Budget		Actual
CONTRACTUAL SERVICES (Continued)						
Water and Sewer Services	\$	2,450	\$	2,600	\$	2,580
Gas Energy - Heating		20,000		18,000		14,907
Equipment Rental		2,700		3,200		3,248
Payroll Services/Fees		2,400		2,400		2,143
Village Accounting Services		6,000		6,000		5,084
Insurance Surety Bond Premium		750		750		491
System Wide Area Network		22,500		22,500		21,891
Total Contractual Services	1	170,100		187,250		170,506
TRAINING AND CONFERENCES						
Personnel Training and Conferences		10,000		8,000		6,147
Total Training and Conferences		10,000		8,000		6,147
MAINTENANCE						
Office Equipment Maintenance/RPR		19,000		19,000		18,970
Building Maintenance		60,000		65,000		76,561
Emergency and Contingency Expense		10,000		10,000		10,000
Total Maintenance		89,000		94,000		105,531
CAPITAL OUTLAY						
Equipment and Furnishings		1,000		2,000		1,943
Total Capital Outlay		1,000		2,000		1,943
TOTAL EXPENDITURES	\$ 1,4	05,440	\$1,	376,550	\$ 1	,289,038