

NILES-MAINE DISTRICT LIBRARY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Niles-Maine District Library
Niles, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Niles-Maine District Library as of and for the year ended June 30, 2017, and the related notes to the 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 entity'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 entity'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, each major fund, and the aggregate remaining fund information of the Niles-Maine District Library, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5 and 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying financial information, listed as Additional Information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 additional information is fairly stated in all material respects, in relation to the financial statements as a whole.

McClure, Ingersoll & Co., Chtd.

November 15, 2017

NILES-MAINE DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Management of the Niles-Maine District Library (Library) provides this narrative overview and analysis for the fiscal year ended June 30, 2017. It is recommended that readers consider this information in conjunction with the financial statements as a whole.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the Library's financial statements. The statements presented include a Governmental Funds Balance Sheet and Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities, and notes to the financial statements. The Library qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column, on the face of the statements, which reconciles the fund based accounting to the government-wide statements.

Financial Highlights

The Library's total net position as of June 30, 2017 and 2016 were \$22,320,569 and \$24,252,019, respectively. For the years ended June 30, 2017 and 2016, net position decreased \$1,931,450 and increased \$683,713, respectively. The term "net position" represents the difference between total assets/deferred outflows of resources and total liabilities/deferred inflows of resources. The decrease in 2017 is primarily due to advance funding of \$2,000,000 to IMRF.

Financial Statements

The financial statements of the Library are intended to provide the reader with an understanding of the financial position of the Library as of the close of the fiscal year and the results of activities for the year then ended. The fund financial statements focus on current financial resources while government-wide financial statements are similar to a private-sector business.

The Governmental Funds Balance Sheet and Statement of Net Position provides information on the Library's assets/deferred outflows of resources and liabilities/deferred inflows of resources. The difference between these two statements is that governmental fund balances represent current financial resources reporting and net position represents government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenses. Information is presented for each major fund or group of funds and shows any restrictions on the fund or net position.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities reflects the results of the Library's revenues, expenditures and activities during the year and the corresponding effect on fund and net position balances. This statement shows the source of Library revenues and how those revenues were used to provide Library services.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of a comparison of estimated receipts and appropriation to actual revenues and expenditures and more detailed data on the retirement fund.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The Library's assets/deferred outflows of resources exceed liabilities/deferred inflows of resources by \$22,320,569 as of the close of the year. Of the Net Position balance, \$190,691 is restricted, \$10,537,303 is unrestricted and \$11,592,575 is invested in capital assets.

Condensed Statement of Net Position

	June 30,	
	2017	2016
Current Assets	\$ 11,570,922	\$ 12,790,914
Capital Assets, net of accumulated depreciation	11,592,575	12,034,400
Total Assets	<u>23,163,497</u>	<u>24,825,314</u>
Deferred Outflows of Resources	<u>224,852</u>	<u>-</u>
Current Liabilities	474,531	573,295
Non-Current Liabilities	543,152	-
Total Liabilities	<u>1,017,683</u>	<u>573,295</u>
Deferred Inflows of Resources	<u>50,097</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	11,592,575	12,034,400
Restricted	190,691	459,454
Unrestricted	<u>10,537,303</u>	<u>11,758,165</u>
Total Net Position	<u>\$ 22,320,569</u>	<u>\$ 24,252,019</u>

As displayed above, 50% of the Library's assets are current and consist primarily of cash, investments and receivables. The remainder is capital assets.

Condensed Statement of Activities

	For Years Ended June 30,	
	2017	2016
Revenues		
Property and Replacement Taxes	\$ 6,812,741	\$ 6,795,886
Interest Income	115,110	98,358
Grants	-	45,157
Fines, Fees and Other	<u>100,192</u>	<u>86,397</u>
Total Revenues	<u>7,028,043</u>	<u>7,025,798</u>
Expenses		
Personnel	3,219,673	3,144,480
Library Materials	288,071	292,464
Operating	690,341	642,067
Employee Fringe Benefits	3,173,611	642,035
Other	535,233	491,141
Depreciation	942,363	945,116
Capital Outlay	61,635	148,580
Grants	<u>48,566</u>	<u>36,202</u>
Total Expenses	<u>8,959,493</u>	<u>6,342,085</u>
Increase (Decrease) in Net Position	(1,931,450)	683,713
Net Position, Beginning of Year	<u>24,252,019</u>	<u>23,568,306</u>
Net Position, End of Year	<u>\$ 22,320,569</u>	<u>\$ 24,252,019</u>

The following is a summary of changes in fund balances for the year ended June 30, 2017:

Governmental Funds	Fund Balance June 30, 2016	Increase (Decrease)	Fund Balance June 30, 2017
General	\$ 7,423,875	\$ (871,405)	\$ 6,552,470
Special Reserve	1,616,962	(103,588)	1,513,374
Audit	12,689	(1,655)	11,034
Liability Insurance	179,192	(27,757)	151,435
Social Security	14,326	(1,679)	12,647
Workers' Compensation	17,325	(4,094)	13,231
Unemployment Compensation	10,180	(7,836)	2,344
Building and Site	103,884	(214,976)	(111,092)
	<u>\$ 9,378,433</u>	<u>\$ (1,232,990)</u>	<u>\$ 8,145,443</u>

During the year, in the Building and Site Fund, expenditures exceeded revenues by \$214,976 due to completion of repairs and improvements to the Library's building and equipment. This resulted in a deficit fund balance of \$111,092. The deficit will be covered by a future tax levy.

Budgetary Highlights

The Library's General Fund expended \$7,516,868, which was \$5,735,489 less than the appropriation of \$13,252,357. The appropriation sets the maximum spending limit for the fiscal year.

Capital Assets

The following is a summary of capital assets, net of accumulated depreciation:

	June 30,	
	2017	2016
Land	\$ 943,374	\$ 943,374
Building and Additions	13,405,344	13,387,618
Furniture and Fixtures	1,263,040	1,260,445
Equipment	1,317,067	1,487,683
Vehicles	37,595	54,756
Library Collection	3,254,983	3,211,307
Cost of Capital Assets	20,221,403	20,345,183
Less Accumulated Depreciation	8,628,828	8,310,783
Net Capital Assets	<u>\$ 11,592,575</u>	<u>\$ 12,034,400</u>

The Library Collection includes adult and children's printed, audio and visual materials. Significant capital asset additions during the year included computer equipment, cabinets, fire alarm system and the library collection. Additional information regarding the Library's capital assets can be found in Note 4 on page 14.

Description of Current or Expected Conditions

Currently, management is not aware of any changes in conditions that could have a significant effect on the financial position or results of activities of the Library in the near future.

Requests for Information

This financial report is designed to provide a general overview of the Library's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, Niles-Maine District Library, 6960 Oakton Street, Niles, Illinois 60714.

BASIC FINANCIAL STATEMENTS

NILES-MAINE DISTRICT LIBRARY

GOVERNMENTAL FUNDS
BALANCE SHEET AND STATEMENT OF NET POSITION

JUNE 30, 2017

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF NET POSITION
ASSETS						
Cash and Investments	\$ 6,677,765	\$ 1,531,752	\$ 203,406	\$ 8,412,923	\$ -	\$ 8,412,923
Receivables						
Property Taxes, net	2,882,651	-	136,616	3,019,267	-	3,019,267
State Replacement Taxes	23,481	-	-	23,481	-	23,481
Due from Other Funds	88,826	-	-	88,826	(88,826)	-
Other Assets	106,346	-	8,905	115,251	-	115,251
Capital Assets, net of accumulated depreciation	-	-	-	-	11,592,575	11,592,575
Total Assets	9,779,069	1,531,752	348,927	11,659,748	11,503,749	23,163,497
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Items Related to Pension (IMRF)	-	-	-	-	224,852	224,852
Total Assets and Deferred Outflows of Resources	\$ 9,779,069	\$ 1,531,752	\$ 348,927	\$ 11,659,748	11,728,601	23,388,349
LIABILITIES						
Accounts Payable	\$ 179,254	\$ 18,378	\$ 40,076	\$ 237,708	-	237,708
Due to Other Funds	-	-	88,826	88,826	(88,826)	-
Accrued Liabilities	73,993	-	-	73,993	-	73,993
Long-Term Liabilities						
Due within one year	-	-	-	-	162,830	162,830
Due after one year	-	-	-	-	543,152	543,152
Total Liabilities	253,247	18,378	128,902	400,527	617,156	1,017,683
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	2,973,352	-	140,426	3,113,778	(3,113,778)	-
Deferred Items Related to Pension (IMRF)	-	-	-	-	50,097	50,097
Total Liabilities and Deferred Inflows of Resources	3,226,599	18,378	269,328	3,514,305	(2,446,525)	1,067,780
FUND BALANCES / NET POSITION						
Fund Balances						
Nonspendable Prepaid Expenses	83,993	-	-	83,993	(83,993)	-
Restricted for Statutory Purposes	-	-	190,691	190,691	(190,691)	-
Committed for Capital Projects	-	1,513,374	-	1,513,374	(1,513,374)	-
Unassigned	6,468,477	-	(111,092)	6,357,385	(6,357,385)	-
Total Fund Balances	6,552,470	1,513,374	79,599	8,145,443	(8,145,443)	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 9,779,069	\$ 1,531,752	\$ 348,927	\$ 11,659,748		
Net Position						
Net Investment in Capital Assets					11,592,575	11,592,575
Restricted					190,691	190,691
Unrestricted					10,537,303	10,537,303
Total Net Position					\$ 22,320,569	\$ 22,320,569

The accompanying notes are an integral part of these financial statements.

NILES-MAINE DISTRICT LIBRARY

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

FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$ 6,281,586	\$ -	\$ 282,883	\$ 6,564,469	\$ 99,697	\$ 6,664,166
State Replacement Taxes	148,575	-	-	148,575	-	148,575
Interest Income	115,110	-	-	115,110	-	115,110
Fines, Fees and Other	100,192	-	-	100,192	-	100,192
Total Revenues	6,645,463	-	282,883	6,928,346	99,697	7,028,043
EXPENDITURES / EXPENSES						
Current						
Personnel	3,231,738	-	-	3,231,738	(12,065)	3,219,673
Library Materials	737,924	-	-	737,924	(449,853)	288,071
Operating	690,341	-	-	690,341	-	690,341
Employee Fringe Benefits	2,805,214	-	-	2,805,214	368,397	3,173,611
Audit Fees	-	-	14,500	14,500	-	14,500
Liability Insurance	-	-	29,160	29,160	-	29,160
Social Security	-	-	240,271	240,271	-	240,271
Workers' Compensation Insurance	-	-	22,767	22,767	-	22,767
Unemployment Compensation Insurance	-	-	19,206	19,206	-	19,206
Building and Site	-	-	214,976	214,976	(5,647)	209,329
Depreciation	-	-	-	-	942,363	942,363
Capital Outlay	-	103,588	-	103,588	(41,953)	61,635
Grants	51,651	-	-	51,651	(3,085)	48,566
Total Expenditures / Expenses	7,516,868	103,588	540,880	8,161,336	798,157	8,959,493
Excess (Deficiency) of Revenues Over (Under) Expenditures	(871,405)	(103,588)	(257,997)	(1,232,990)	(698,460)	
Other Financing Sources (Uses)						
Operating Transfers	-	-	-	-	-	-
Net Change in Fund Balances	(871,405)	(103,588)	(257,997)	(1,232,990)	1,232,990	-
Change in Net Position	-	-	-	-	(1,931,450)	(1,931,450)
FUND BALANCES / NET POSITION						
Beginning of Year	7,423,875	1,616,962	337,596	9,378,433	14,873,586	24,252,019
End of Year	\$ 6,552,470	\$ 1,513,374	\$ 79,599	\$ 8,145,443	\$ 14,175,126	\$ 22,320,569

The accompanying notes are an integral part of these financial statements.

NILES-MAINE DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Niles-Maine District Library (Library) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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's reporting entity includes all entities for which the Library exercised oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The Library has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the Library has not included in its financial statements the activities of any other entity.

B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them. The Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Library functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are General and Special Reserve. Following is a description of major and non-major funds.

General Fund Type - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund Type - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the Library are: Audit, Liability Insurance, Social Security, Workers' Compensation, Unemployment Compensation, and Building and Site.

Capital Projects Fund Type - The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital projects. The Capital Projects Fund of the Library is the Special Reserve Fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

The modified accrual basis of accounting is used by all governmental fund types. 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 generally considers property taxes as available if they are collected within 60 days after year end. In recent years, Cook County has accelerated collections of taxes so that a substantial amount of property taxes receivable at year end are now collected within 60 days after year end. The Library has not treated these funds as being available for the year ended June 30, 2017, since historically the second installment of the tax levy was received far beyond 60 days after year end and the Library has designated the second installment for the subsequent year's budget. As such, the entire property tax receivable at year end has been treated as deferred property taxes. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, replacement taxes and investment income.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue and Special Reserve Funds. All annual appropriations lapse at fiscal year end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

Cash includes amounts in demand and time deposits and certificates of deposit with a five year or less maturity. Investments include amounts on deposit with The Illinois Funds, money market mutual funds, negotiable certificates of deposit, municipal bonds, and U.S. Government agency securities.

Illinois Revised Statutes authorize the Library to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ICLS 30, 235-2, e), short term obligations of corporations organized in the United States with assets exceeding \$500,000, interest bearing bonds of governmental units, and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426.

Investments are carried at cost which approximates fair market value. The Library plans to hold the investments to maturity.

F. Capital Assets

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

Government-wide Statements

In the government-wide financial statements capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Furniture and Fixtures	20 years
Equipment	5 years
Vehicles	5 years
Library Collection	7 years

The minimum capitalization threshold is any item with a total cost greater than \$2,500, except for books and other library materials.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the government-wide statements.

H. Deferred Outflows and Inflows of Resources

Deferred outflows of resources related to pension expense represent amounts related to the differences between expected and actual experience, changes in assumptions and the net difference between projected and actual earnings on pension plan investments and post measurement date payments. See Note 6 for additional information on these deferred outflows.

Deferred inflows of resources consist of two items. Deferred inflows relating to property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather deferred property taxes represent a future recognition of revenue, therefore are classified as deferred inflows of resources. Deferred inflows related to pensions represent differences between expected and actual experience.

I. Fund Equity

The Library follows the reporting standards of GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board of trustees establish (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. An assigned fund

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

balance is established by the board of trustees through adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the Library’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, or other comprehensive basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the Library's deposits, excluding petty cash of \$400, was \$230,547 and the bank balance was \$267,209. Of the bank balance, \$250,027 was covered by federal depository insurance, \$11,973 was collateralized with securities held by the pledging financial institution’s agent in the Library’s name and \$5,209 was uninsured and uncollateralized.

Investments. At year-end, the Library's investment balances were as follows:

INVESTMENT	WEIGHTED AVERAGE MATURITY (IN YEARS)	WEIGHTED AVERAGE RATE	COST	FAIR VALUE
Negotiable Certificates	2.52	1.74%	\$ 5,400,000	\$ 5,418,197
Institutional Government Money Market Fund	-	.70%	1,409,182	1,409,182
U.S. Government Agency Securities	2.81	1.34%	966,667	963,110
The Illinois Funds	-	-	156,127	156,127
Municipal Bonds	2.00	2.16%	<u>250,000</u>	<u>251,418</u>
			<u>\$ 8,181,976</u>	<u>\$ 8,198,034</u>

Negotiable Certificates. The Library has investments in negotiable certificates of deposit at various banks. Each certificate is a marketable security that can be actively traded. The Library has the ability and intent to hold each certificate to maturity. Each certificate is fully covered by federal depository insurance.

Institutional Money Market Fund. The Library has investments in an institutional money market account. The fund invests in high-quality commercial paper and other money market securities.

The Illinois Funds. A portion of the Library’s investments are in The Illinois Funds, which is an investment pool under the oversight of the State of Illinois Treasurer’s Office. The Illinois Funds complies with Illinois law and is limited to the following: Direct United States Treasury obligations and issues of United States Agencies or Instrumentalities, agreements to repurchase United States Treasury obligations and issues of United States Agencies or Instrumentalities, Commercial Paper rated A1, P1 or equivalent, and AAA rated Money Market Funds.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Municipal Bond. The Library has an investment in a municipal bond. Illinois state law requires that the bonds be rated at the time of purchase within the four highest general classifications issued by at least two nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of June 30, 2017, the Library's municipal bond is rated Aa by Moody's Investor Service and AA by Standard & Poor's, which is in compliance with the Library's policy.

NOTE 3 – PROPERTY TAX REVENUE RECOGNITION

The Library's property tax was levied in November 2016 by passage of a Tax Levy Ordinance on all taxable real property located in the Library. Property taxes, which are due within the current fiscal year and collected, are recorded as revenues.

The County Assessor is responsible for assessment of all taxable real property within Cook County (County) except for certain railroad property, which is assessed directly by the State. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the governmental units their respective share of the collections. Tax bills are to be issued on or around February 1 and July 1. Payment is due 30 days following the issuance date.

Property taxes for 2016 attached as an enforceable lien on property as of January 1, 2016. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received in February, March, July and August. The County collects such taxes and remits them periodically, with the majority being collected March 2017 through January 2018.

The second installment of the 2016 property tax levy is recorded as a receivable at June 30, 2017, net of estimated uncollectibles. The Library has provided an allowance for uncollectible property taxes of \$276,940, equivalent to 4% of the current year's tax extension. All uncollected taxes relating to prior years' levies have been written off. The second installment is not deemed available as of June 30, 2017 and is therefore reflected as deferred property taxes at June 30, 2017 in the funds balance sheet.

The second installment of the 2016 tax levy is deemed a financial resource in the government-wide statements and is therefore recognized as revenue on the Statement of Activities.

NOTE 4 – CAPITAL ASSETS

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

	Balance June 30, 2016	Additions/ Transfers	Retirements	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Capital assets, being depreciated				
Building	1,556,979	-	-	1,556,979
Building Addition	11,830,639	17,726	-	11,848,365
Furniture and Fixtures	1,260,445	2,595	-	1,263,040
Equipment	1,487,683	30,364	(200,980)	1,317,067
Vehicles	54,756	-	(17,161)	37,595
Library Collection	3,211,307	449,853	(406,177)	3,254,983
Total capital assets being depreciated	<u>19,401,809</u>	<u>500,538</u>	<u>(624,318)</u>	<u>19,278,029</u>
Less accumulated depreciation for				
Building	(1,183,737)	(38,925)	-	(1,222,662)
Building Addition	(3,727,783)	(295,988)	-	(4,023,771)
Furniture and Fixtures	(424,547)	(55,382)	-	(479,929)
Equipment	(1,096,124)	(149,783)	200,980	(1,044,927)
Vehicles	(33,149)	(2,161)	17,161	(18,149)
Library Collection	(1,845,443)	(400,124)	406,177	(1,839,390)
Total accumulated depreciation	<u>(8,310,783)</u>	<u>(942,363)</u>	<u>624,318</u>	<u>(8,628,828)</u>
Total capital assets being depreciated, net	<u>11,091,026</u>	<u>(441,825)</u>	<u>-</u>	<u>10,649,201</u>
Capital assets, net	<u>\$ 12,034,400</u>	<u>\$ (441,825)</u>	<u>\$ -</u>	<u>\$ 11,592,575</u>

NOTE 5 – LONG TERM LIABILITIES

Changes in long-term liabilities during the year were as follows:

Liability	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017	Amounts Due Within One Year
Compensated Absences	\$ 174,895	\$ -	\$ 12,065	\$ 162,830	\$ 162,830
Other Post Employment Benefits	-	10,650	-	10,650	-
Net Pension Obligation	<u>-</u>	<u>532,502</u>	<u>-</u>	<u>532,502</u>	<u>-</u>
	<u>\$ 174,895</u>	<u>\$ 543,152</u>	<u>\$ 12,065</u>	<u>\$ 705,982</u>	<u>\$ 162,830</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description. The Library's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Library's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. The Library entered into the IMRF plan on August 1, 2016. A summary of IMRF's pension

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided. IMRF has three benefit plans. The Library participates in the Regular Plan (RP). All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms. As of December 31, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	0
Inactive Plan Members entitled to but not yet receiving benefits	3
Active Plan Members	64
Total	67

Contributions. As set by statute, the Library’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library’s annual contribution rate for calendar year 2016 was 8.12%. For the fiscal year ended June 30, 2017 the Library contributed \$2,094,661 to the plan. The Library also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability. The Library’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The *Actuarial Cost Method* used was Entry Age Normal.
- The *Asset Valuation Method* used was Market Value of Assets.
- The *Inflation Rate* was assumed to be 2.75%.
- *Salary Increases* were expected to be 3.75% to 14.50%, including inflation.
- The *Investment Rate of Return* was assumed to be 7.50%.
- *Projected Retirement Age* was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for *Mortality* (for non-disabled retirees) 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 non-disabled 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 Employee Mortality Table with adjustments to match current IMRF experience.
- The *long-term expected rate of return* on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17	6.75%
Fixed Income	27	3.00%
Real Estate	8	5.75%
Alternative Investments	9	2.65-7.35%
Cash Equivalents	1	2.25%
Total	100%	

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

Single Discount Rate. A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2015	\$ -	\$ -	\$ -
Changes for the year:			
Service Cost	245,259	-	245,259
Interest on the Total Pension Liability	9,197	-	9,197
Changes of Benefit Terms	3,985,362	-	3,985,362
Differences Between Expected and Actual Experience of the Total Pension	(56,287)	-	(56,287)
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,094,661	(2,094,661)
Contributions - Employees	-	1,522,084	(1,522,084)
Net Investment Income	-	-	-
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Other (Net Transfer)	-	34,284	(34,284)
Net Changes	<u>4,183,531</u>	<u>3,651,029</u>	<u>532,502</u>
Balances at December 31, 2016	<u>\$ 4,183,531</u>	<u>\$ 3,651,029</u>	<u>\$ 532,502</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current (7.50%)	1% Higher (8.50%)
Net Pension Liability/(Asset)	<u>\$ 1,115,168</u>	<u>\$ 532,502</u>	<u>\$ 68,779</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the Library recognized pension expense of \$357,747. At December 31, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 50,097
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>109,531</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	109,531	50,097
Pension Contributions made subsequent to the Measurement Date, through June, 30 , 2017	<u>115,321</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 224,852</u>	<u>\$ 50,097</u>

Deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date of \$115,321 are recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 21,193
2018	21,193
2019	21,193
2020	21,192
2021	(6,190)
Thereafter	<u>(19,147)</u>
Total	<u>\$ 59,434</u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

In addition to providing the pension benefits described above, the Library provides post-employment health care and life insurance benefits (OPEB) for retired employees of the Library through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual and union contracts. 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. To be eligible for benefits, an employee must qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits for retired employees of the Library are provided through the Library's 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. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Library's plan becomes secondary.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending June 30, 2017, retirees contributed \$0. Active employees do not contribute to the plan until retirement.

At June 30, 2017, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	0
Active Employees	<u>108</u>
	<u>108</u>

Annual OPEB Costs and Net OPEB Obligation

The Library had an actuarial valuation performed for the plan as of June 30, 2017 to determine the funded status of the plan as of those dates as well as the employer's annual required contribution (ARC) for the years then ended. The Library retirees are included in the actuarial valuation.

The net OPEB obligation (NOPEBO) as of June 30, 2017, per the last actuarial valuation, was calculated as follows:

	<u>Governmental Activities</u>
Annual Required Contribution	\$ 15,496
Adjustment to the ARC, net	<u>-</u>
Annual OPEB Cost	15,496
Expected Contribution	<u>(4,846)</u>
Increase in the NPO	10,650
NOPEBO – Beginning of Year	<u>-</u>
NOPEBO – End of Year	<u>\$ 10,650</u>

The funded status and funding progress of the plan as of June 30, 2017, per the last actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 121,597
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	121,597
Funded Ratio (actuarial value of plan assets/AAL)	-
Covered Payroll (active plan members)	1,165,771
UAAL as a percentage of covered payroll	10.43%

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 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 statements, presented as required supplementary information following the notes to the financial statements, presents multiyear 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

Projection 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 June 30, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate, a 2.5% price inflation assumption, a 3.5% wage inflation assumption as well as a healthcare cost trend rate of 8.0% initially, then reduced to an ultimate rate of 4.5% after eight years. The actuarial value of assets was not determined as the Library has not advanced 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 June 30, 2017 was 30 years.

NOTE 8 – DEFERRED COMPENSATION PLAN

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees with one year of service, permits them to defer a portion of their salary until future years.

Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. An outside trustee holds all amounts of compensation in trust. The deferred compensation is not subject to the claims of the Library's creditors.

Investments are managed by the plan's administrator under one of seven investment options, or combination thereof. The choice of the investment option(s) is made by the participants. The Library contributed seven percent of salaries for all full-time employees after one year of employment up until August 1, 2016, when it joined IMRF. For the year ended June 30, 2017, the Library expended \$17,282 as contributions towards the deferred compensation plan.

NOTE 9 – 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; and natural disasters for which the Library carries commercial insurance. Settlements did not exceed coverage during the year.

NOTE 10 – JOINTLY GOVERNED ORGANIZATION

The Library participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality formed by library members of the former North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS’s governing board is comprised of one member from each participating library. No participant has any obligation, entitlement, or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The Library’s expenditures to CCS for the year ended June 30, 2017 were \$89,526.

NOTE 11 – ADJUSTMENTS

Amounts reported in the statement of net position are different from the governmental fund balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 11,592,575
Deferred outflows, net, related to pensions	174,755
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet:	
Accrued Compensated Absences	(162,830)
Net Pension Obligation	(532,502)
Other Post-Employment Obligation	(10,650)
The second installment of the tax levy is a financial resource in the statement of net position.	<u>3,113,778</u>
	<u>\$ 14,175,126</u>

Amounts reported on the statement of activities are different from governmental funds statement of revenues, expenditures and changes in fund balances because:

The government funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded net capital asset purchases (\$942,363 less \$500,538).	\$ (441,825)
Recognizing the second installment of property tax receipts as revenue in the statement of activities	99,697
Recognizing the change in Deferred Outflows and Deferred Inflows in the statement of activities	174,755
Recognizing expense in the statement of activities due to changes in:	
Accrued Compensated Absences	12,065
Net Pension Obligation	(532,502)
Other Post-Employment Obligation	<u>(10,650)</u>
	<u>\$ (698,460)</u>

NOTE 12 - OPERATING LEASES

The Library is committed under a lease with the School Library for parking spaces that will expire in 2037. This lease is considered for accounting purposes to be an operating lease. Future minimum lease payments are as follows:

Years Ending June 30,	
2018	\$ 10,572
2019	10,572
2020	10,572
2021	10,572
2022	10,572
2023-2027	52,860
2028-2032	52,860
2033-2037	<u>52,860</u>
	<u>\$ 211,440</u>

Rent expense under the lease obligation was \$10,572 for the year ended June 30, 2017.

NOTE 13 – DEFICIT FUND BALANCE

As of June 30, 2017, the Building and Site Fund has a deficit fund balance of \$111,092. The deficit will be covered by a future tax levy.

NOTE 14 – SUBSEQUENT EVENT

On October 18, 2017, the Board committed to an advanced funding of \$500,000 to their IMRF plan.

REQUIRED SUPPLEMENTARY INFORMATION

NILES-MAINE DISTRICT LIBRARY

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
ESTIMATED RECEIPTS AND APPROPRIATION COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL AND FINAL BUDGET AND APPROPRIATION	ACTUAL	VARIANCE
REVENUES			
Property Taxes	\$ 6,800,000	\$ 6,281,586	\$ (518,414)
State Replacement Taxes	145,000	148,575	3,575
Interest Income	60,000	115,110	55,110
Grants	45,157	-	(45,157)
Fines, Fees and Other	80,250	100,192	19,942
	<u>7,130,407</u>	<u>6,645,463</u>	<u>(484,944)</u>
PERSONNEL			
Administrator	252,188	126,417	125,771
Department Managers	344,658	172,316	172,342
Division Supervisors	875,549	439,345	436,204
Librarian I	2,423,987	1,182,173	1,241,814
Library Grade V	1,436,963	732,159	704,804
Library Grade VI	611,423	353,260	258,163
Library Pages	245,748	132,025	113,723
Sundays and Extra Service	214,000	94,043	119,957
Retirement Incentive Program	-	-	-
	<u>6,404,516</u>	<u>3,231,738</u>	<u>3,172,778</u>
LIBRARY MATERIALS			
Main Library	1,478,700	737,924	740,776
	<u>1,478,700</u>	<u>737,924</u>	<u>740,776</u>
OPERATING			
Main Library			
Processing and Service	673,096	325,472	347,624
Administrative and General Office	586,345	258,450	327,895
Utilities	254,670	103,447	151,223
	<u>1,514,111</u>	<u>687,369</u>	<u>826,742</u>
Vehicles	-	2,972	(2,972)
	<u>1,514,111</u>	<u>690,341</u>	<u>823,770</u>
EMPLOYEE FRINGE BENEFITS			
Deferred Compensation and IMRF	2,500,001	2,227,264	272,737
Group Health Insurance	1,040,315	466,454	573,861
Dental and Other	224,400	111,496	112,904
	<u>3,764,716</u>	<u>2,805,214</u>	<u>959,502</u>
GRANTS			
Per Capita Grant	90,314	51,651	38,663
Other Grants	-	-	-
	<u>90,314</u>	<u>51,651</u>	<u>38,663</u>
Total Expenditures	<u>13,252,357</u>	<u>7,516,868</u>	<u>5,735,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,121,950)</u>	<u>\$ (871,405)</u>	<u>\$ 5,250,545</u>

Note: Budgets are adopted on the modified basis of accounting. All appropriations lapse at fiscal year end.

NILES-MAINE DISTRICT LIBRARY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

FISCAL YEAR ENDED DECEMBER 31,

	<u>2016</u>
Total Pension Liability	
Service Cost	\$ 245,259
Interest on the Total Pension Liability	9,197
Changes of Benefit Terms	3,985,362
Differences Between Expected and Actual Experience	(56,287)
Changes of Assumptions	-
Benefit Payments and Refunds	<u>-</u>
Net Change in Total Pension Liability	4,183,531
Total Pension Liability – Beginning	<u>-</u>
Total Pension Liability – Ending (A)	<u><u>\$ 4,183,531</u></u>
Plan Fiduciary Net Position	
Contributions – Employer	\$ 2,094,661
Contributions – Employee	1,522,084
Net Investment Income	-
Benefit Payments and Refunds	-
Other (Net Transfer)	<u>34,284</u>
Net Change in Plan Fiduciary Net Position	3,651,029
Plan Fiduciary Net Position - Beginning	<u>-</u>
Plan Fiduciary Net Position – Ending (B)	<u><u>\$ 3,651,029</u></u>
Net Pension Liability – Ending (A) – (B)	<u><u>\$ 532,502</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.27%
Covered Valuation Payroll	1,165,771
Net Pension Liability as a Percentage of Covered Valuation Payroll	45.68%

Note: This is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

NILES-MAINE DISTRICT LIBRARY

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 94,661	\$ 2,094,661	\$ (2,000,000)	\$ 1,165,771	179.68%

Notes to the Required Supplementary Information*

Valuation Date

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates

Actuarial Cost Method	Aggregate entry age - normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27-year closed period
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.5%
Price Inflation	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.5%, including inflation
Investment Rate of Return	7.50%
	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table and RP-2014 (base year 2012) Disabled Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes Amounts shown for changes in benefit terms are due to the recognition of prior service purchased by members.

* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available

ADDITIONAL INFORMATION

NILES-MAINE DISTRICT LIBRARY

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	<u>AUDIT</u>	<u>LIABILITY INSURANCE</u>	<u>SOCIAL SECURITY</u>	<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
ASSETS							
Cash and Investments	\$ 11,174	\$ 151,448	\$ 24,928	\$ 13,441	\$ 2,415	\$ -	\$ 203,406
Property Tax Receivable	6,865	687	111,214	10,298	7,552	-	136,616
Other Assets	-	-	8,905	-	-	-	8,905
Total Assets	<u>\$ 18,039</u>	<u>\$ 152,135</u>	<u>\$ 145,047</u>	<u>\$ 23,739</u>	<u>\$ 9,967</u>	<u>\$ -</u>	<u>\$ 348,927</u>
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 17,810	\$ -	\$ -	\$ 22,266	\$ 40,076
Due to Other Funds	-	-	-	-	-	88,826	88,826
Accrued Liabilities	-	-	-	-	-	-	-
Total Liabilities	-	-	17,810	-	-	111,092	128,902
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Tax Revenue	7,005	700	114,590	10,508	7,623	-	140,426
Total Liabilities and Deferred Inflows of Resources	<u>7,005</u>	<u>700</u>	<u>132,400</u>	<u>10,508</u>	<u>7,623</u>	<u>111,092</u>	<u>269,328</u>
FUND BALANCES							
Restricted for Statutory Purposes	11,034	151,435	12,647	13,231	2,344	-	190,691
Unassigned	-	-	-	-	-	(111,092)	(111,092)
Total Fund Balances	<u>11,034</u>	<u>151,435</u>	<u>12,647</u>	<u>13,231</u>	<u>2,344</u>	<u>(111,092)</u>	<u>79,599</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,039</u>	<u>\$ 152,135</u>	<u>\$ 145,047</u>	<u>\$ 23,739</u>	<u>\$ 9,967</u>	<u>\$ -</u>	<u>\$ 348,927</u>

NILES-MAINE DISTRICT LIBRARY

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>AUDIT</u>	<u>LIABILITY INSURANCE</u>	<u>SOCIAL SECURITY</u>	<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
REVENUES							
Property Taxes	\$ 12,845	\$ 1,403	\$ 238,592	\$ 18,673	\$ 11,370	\$ -	\$ 282,883
Total Revenues	<u>12,845</u>	<u>1,403</u>	<u>238,592</u>	<u>18,673</u>	<u>11,370</u>	<u>-</u>	<u>282,883</u>
EXPENDITURES							
Audit Fees	14,500	-	-	-	-	-	14,500
Liability Insurance	-	29,160	-	-	-	-	29,160
Social Security	-	-	240,271	-	-	-	240,271
Workers' Compensation Insurance	-	-	-	22,767	-	-	22,767
Unemployment Compensation Insurance	-	-	-	-	19,206	-	19,206
Building and Site	-	-	-	-	-	214,976	214,976
Total Expenditures	<u>14,500</u>	<u>29,160</u>	<u>240,271</u>	<u>22,767</u>	<u>19,206</u>	<u>214,976</u>	<u>540,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,655)	(27,757)	(1,679)	(4,094)	(7,836)	(214,976)	(257,997)
FUND BALANCES, Beginning of Year	<u>12,689</u>	<u>179,192</u>	<u>14,326</u>	<u>17,325</u>	<u>10,180</u>	<u>103,884</u>	<u>337,596</u>
FUND BALANCES, End of Year	<u>\$ 11,034</u>	<u>\$ 151,435</u>	<u>\$ 12,647</u>	<u>\$ 13,231</u>	<u>\$ 2,344</u>	<u>\$ (111,092)</u>	<u>\$ 79,599</u>

NILES-MAINE DISTRICT LIBRARY
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS

Levy Year	2016	2015	2014
ASSESSED EQUALIZED VALUATIONS	<u>\$ 1,573,522,695</u>	<u>\$ 1,351,690,393</u>	<u>\$ 1,402,491,702</u>
TAX RATES			
General	0.4199	0.4913	0.4190
Audit	0.0010	0.0008	0.0001
Liability Insurance	0.0001	0.0001	0.0001
Social Security	0.0162	0.0183	0.0154
Worker's Compensation	0.0015	0.0011	0.0001
Unemployment Insurance	<u>0.0011</u>	<u>0.0004</u>	<u>0.0001</u>
Total	<u>0.4398</u>	<u>0.5120</u>	<u>0.4348</u>
TAX EXTENSIONS			
General	\$ 6,610,226	\$ 6,640,253	\$ 5,879,143
Audit	15,742	10,813	1,403
Liability Insurance	1,574	1,352	1,403
Social Security	255,027	247,337	216,083
Worker's Compensation	23,614	14,867	1,403
Unemployment Insurance	<u>17,317</u>	<u>5,406</u>	<u>1,403</u>
Total	<u>\$ 6,923,500</u>	<u>\$ 6,920,028</u>	<u>\$ 6,100,838</u>
COLLECTIONS TO JUNE 30, 2017			
General	\$ 3,372,465	\$ 6,391,484	\$ 5,661,441
Audit	8,107	10,407	1,351
Liability Insurance	811	1,301	1,351
Social Security and Medicare	130,235	238,071	208,082
Worker's Compensation	12,160	14,310	1,351
Unemployment Insurance	<u>9,002</u>	<u>5,204</u>	<u>1,351</u>
Total	<u>\$ 3,532,780 *</u>	<u>\$ 6,660,777</u>	<u>\$ 5,874,927</u>
UNCOLLECTED TAXES			
General	\$ 3,237,761	\$ 248,769	\$ 217,702
Audit	7,635	406	52
Liability Insurance	764	51	52
Social Security	124,792	9,266	8,001
Worker's Compensation	11,453	557	52
Unemployment Insurance	<u>8,315</u>	<u>202</u>	<u>52</u>
Total	<u>\$ 3,390,720</u>	<u>\$ 259,251</u>	<u>\$ 225,911</u>

* 2016 collections represent the first installment only.