



**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018



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ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Members of the Public Library Board
Addison Public Library
Addison, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Addison Public Library (the Library) as of and for the year ended April 30, 2018, and the related 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 of 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 basic financial statements, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Addison Public Library, as of April 30, 2018, and the respective changes in financial position, where applicable, 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 supplemental data and supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental data 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. 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. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities and each major fund of the Library as of and for the year ended April 30, 2017, and we expressed unmodified opinions on those basic financial statements. The audit was conducted for purposes of forming an opinion on the basic financial statements as a whole. The schedules of revenues, expenditures, and changes in fund balance - budget and actual for each fund and the schedules of expenditures - budget and actual with comparative actual 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 relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 from which it has been derived.

Sikich LLP

Naperville, Illinois
November 7, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

ADDISON PUBLIC LIBRARY

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED APRIL 30, 2018

Introduction

This discussion and analysis of the Addison Public Library's financial performance provides a narrative overview of the Library's financial activities for the fiscal year ending April 30, 2018. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$16,124,437. Of this amount, \$12,473,758 in unrestricted funds may be used to meet the Library's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Library's governmental funds reported an ending fund balance of \$14,011,074. Of this amount, \$12,537,190 is committed for capital projects, \$41,943 is committed for pre-paid items in FY2019 and \$870,656 in unrestricted funds is available for spending at the Library's discretion. \$561,285 is restricted for special levies.
- During the current fiscal year, the Library transferred \$8,500,000 from the general fund to the Library's Capital Projects Fund.

Overview of the Financial Statements

The Library's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This dual focus on both the Library as a whole (government-wide) and the major individual funds allows the reader to broaden the basis for comparison (year to year or government to government) and enhances the Library's accountability.

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. There are two government-wide financial statements: **The Statement of Net Position** and **The Statement of Activities**.

The **Statement of Net Position** presents information on all of the Library's assets, deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. 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.

The **Statement of Activities** presents information showing how the Library's net position changed during the most recent fiscal year.

(See independent auditor's report)

Fund financial statements tell how services were paid for as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide financial statements.

Notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

As noted above, net position may serve, over time, as a useful indicator of a government's financial position. The following table indicates that in the case of the Addison Public Library, assets exceed liabilities by \$16,124,437. A large portion of the Library's net position reflects its investment in capital assets (e.g. building, books, furniture and fixtures, equipment, and improvements). The Library uses these capital assets to provide service to our patrons and consequently these assets are not available to liquidate liabilities or for future spending.

For the year ended April 30, 2018, the Library's net position increased by \$1,185,101. A complete comparative analysis is presented below.

Table 1
Statement of Net Position
April 30, 2018 and 2017

	2018	2017
Current and Other Assets	\$ 19,424,236	18,175,990
Capital Assets, net of accumulated depreciation	\$ 3,089,394	3,106,091
Deferred Outflows	\$ 172,925	597,005
Total Assets	\$ 22,686,555	21,879,086
Current Liabilities	\$ 158,792	177,041
Noncurrent Liabilities	\$ 668,163	1,561,251
Deferred Inflows	\$ 5,735,163	5,201,458
Total Liabilities and Deferred Inflows	\$ 6,562,118	6,939,750
Net Position:		
Net investment in capital assets	\$ 3,089,394	3,106,091
Restricted for special levies	\$ 561,285	573,278
Restricted for per capita grant	\$ -	-
Unrestricted	\$ 12,473,758	11,259,967
Total Net Position	\$ 16,124,437	14,939,336

(See independent auditor's report)

Governmental Activities

The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and reader's services, programming, interlibrary loan and outreach services. The following table summarizes the revenues and expenses of the Library's governmental activities for fiscal years ended 2018 and 2017.

Table 2
Changes in Net Position
Year ended April 30, 2018 and 2017

	2018	2017
Revenues		
Program Revenues		
Fines and Fees	\$ 38,437	53,244
Intergovernmental	\$ 101,039	54,771
General Revenues		
Property Taxes	\$ 5,208,798	4,989,838
Investment Income	\$ (63,944)	53,402
Miscellaneous	\$ 7,787	19,337
Total Revenues	\$ 5,292,117	5,170,592
Expenses		
Culture and Recreation	\$ 4,107,016	4,611,965
Total Expenses	\$ 4,107,016	4,611,965
Change in Net Position	\$ 1,185,101	558,627
Total Net Position, May 1	\$ 14,939,336	14,380,709
Total Net Position, April 30	\$ 16,124,437	14,939,336

Governmental Funds Analysis

At the end of the current fiscal year, the Library had an overall excess of revenue over expenditures.

(See independent auditor's report)

Table 3
Statement of General Fund Revenues and Expenditures
Year ended April 30, 2018 and 2017

	2018	2017
Revenues		
Taxes	\$ 5,208,798	4,989,838
Fines and Fees	\$ 38,437	53,244
Intergovernmental	\$ 54,861	54,771
Investment Income	\$ (83,785)	33,903
Miscellaneous	\$ 7,787	19,337
Total	\$ 5,225,998	5,151,093
Expenditures		
Salaries and Benefits	\$ 2,684,741	2,501,844
Library Materials	\$ 581,170	523,333
All Other Operating Expenditures*	\$ 810,731	918,387
Total	\$ 4,076,642	3,943,364

*Building insurance, general office supplies, processing costs, audit, utilities, professional fees, contractual services, program expenses, automation/technology, etc.

Capital Assets

The Library's investment in capital assets for governmental activities on April 30, 2018, net of \$1,891,715 of accumulated depreciation, was \$3,089,394.

The Library's investment in capital assets for governmental activities on April 30, 2017, net of \$1,680,880 of accumulated depreciation, was \$3,106,091.

Table 4
Capital Assets
Year ended April 30, 2018 and 2017

	2018	2017
Assets		
Buildings and Improvements	\$ 1,049,126	1,049,126
Operating Equipment	\$ 2,562,226	2,375,105
Office Equipment	\$ 1,369,757	1,362,740
Less – Accumulated Depreciation	\$ (1,891,715)	(1,680,880)
TOTAL (net of depreciation)	\$ 3,089,394	3,106,091

See Note 4 in the notes to the financial statements for additional capital asset information.

(See independent auditor's report)

Table 5
General Fund Balances
Year ended April 30, 2018 and 2017

	Original Budget	Final Budget	2018 Actual	2017 Actual
Revenues				
Taxes	\$ 5,202,310	5,202,310	5,208,798	4,989,838
Intergovernmental	\$ 100	100	54,861	54,771
Fines and Fees	\$ 31,000	31,000	38,437	53,244
Interest Income	\$ 17,200	17,200	(88,885)	33,903
Miscellaneous	\$ 12,000	12,000	7,787	19,337
Total Revenues	\$ 5,262,610	5,262,610	5,225,998	5,151,093
Expenditures				
Culture & Recreation	\$ 4,924,660	4,924,660	4,076,642	3,943,564
Total Expenditures	\$ 4,924,660	4,924,660	4,076,642	3,943,564
Excess (Deficiency) of Revenues over Expenditures	\$ 337,950	337,950	1,149,356	1,207,529
Transfers (out) Capital Projects Fund	\$ (1,500,000)	(1,500,000)	(8,500,000)	(1,000,000)
Net Change	\$ (1,162,050)	(1,162,050)	(7,350,644)	207,529
			\$8,824,528	
			\$1,473,884	

Requests for Information

This financial report is designed to provide a general overview of the Addison Public Library's finances. Questions and comments concerning any information provided in this report should be addressed to Mary Medjo Me Zengue, Director, Addison Public Library, 4 Friendship Plaza, Addison, Illinois, 60101.

(See independent auditor's report)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 14,127,923
Receivables (net of allowance where applicable)	
Property taxes	5,208,192
Prepaid expenses	41,943
Due from other governments	46,178
Capital assets (net of accumulated depreciation)	<u>3,089,394</u>
 Total assets	 <u>22,513,630</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>172,925</u>
 Total deferred outflows of resources	 <u>172,925</u>
 Total assets and deferred outflows of resources	 <u>22,686,555</u>
LIABILITIES	
Accounts payable	68,710
Accrued payroll	90,082
Noncurrent liabilities	
Due in less than one year	17,260
Due in more than one year	<u>650,903</u>
 Total liabilities	 <u>826,955</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue - property taxes	5,208,192
Pension related items	<u>526,971</u>
 Total deferred inflows of resources	 <u>5,735,163</u>
NET POSITION	
Invested in capital assets	3,089,394
Restricted for special levies	561,285
Unrestricted	<u>12,473,758</u>
 TOTAL NET POSITION	 <u><u>\$ 16,124,437</u></u>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Change in Net Position	
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 4,107,016	\$ 38,437	\$ 101,039	\$ -	\$ (3,967,540)
TOTAL PRIMARY GOVERNMENT	\$ 4,107,016	\$ 38,437	\$ 101,039	\$ -	(3,967,540)
		General Revenues			
		Taxes			
		Property and replacement		5,208,798	
		Investment income		(63,944)	
		Miscellaneous		7,787	
		Total		5,152,641	
		CHANGE IN NET POSITION			1,185,101
		NET POSITION, MAY 1			14,939,336
		NET POSITION, APRIL 30			\$ 16,124,437

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

April 30, 2018

	General	Capital Projects	Total
ASSETS			
Cash and investments	\$ 1,587,268	\$ 12,540,655	\$ 14,127,923
Property taxes receivable	5,208,192	-	5,208,192
Prepaid items	41,943	-	41,943
Due from other governments	46,178	-	46,178
TOTAL ASSETS	\$ 6,883,581	\$ 12,540,655	\$ 19,424,236
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 65,245	\$ 3,465	\$ 68,710
Accrued payroll	90,082	-	90,082
Total liabilities	155,327	3,465	158,792
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	5,208,192	-	5,208,192
Unavailable revenue - grants	46,178	-	46,178
Total deferred inflows of resources	5,254,370	-	5,254,370
FUND BALANCES			
Nonspendable in form - prepaid items	41,943	-	41,943
Restricted for special levies	561,285	-	561,285
Committed for capital projects	-	12,537,190	12,537,190
Unrestricted, unassigned General Fund	870,656	-	870,656
Total fund balances	1,473,884	12,537,190	14,011,074
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,883,581	\$ 12,540,655	\$ 19,424,236

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 14,011,074
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	3,089,394
Grant revenue appropriated by the state, but not yet issued to the local government are reported as deferred revenues at the fund level, but on the government wide level they are reported as revenues	46,178
Deferred outflows of resources related to the Library's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	172,925
Deferred inflows of resources related to the Library's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	(526,971)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Net pension liability	(537,466)
The net other post employment benefit obligation is not a current liability and, therefore, is not reported in the governmental funds	(15,632)
Compensated absences are not a current liability and, therefore, is not reported in the governmental funds	<u>(115,065)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 16,124,437</u></u>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

For the Year Ended April 30, 2018

	General	Capital Projects	Total
REVENUES			
Taxes	\$ 5,208,798	\$ -	\$ 5,208,798
Intergovernmental	54,861	-	54,861
Fines and fees	38,437	-	38,437
Investment income	(83,885)	19,941	(63,944)
Miscellaneous	7,787	-	7,787
Total revenues	5,225,998	19,941	5,245,939
EXPENDITURES			
Culture and recreation	4,076,642	3,465	4,080,107
Total expenditures	4,076,642	3,465	4,080,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,149,356	16,476	1,165,832
OTHER FINANCING SOURCES (USES)			
Transfers in	-	8,500,000	8,500,000
Transfers (out)	(8,500,000)	-	(8,500,000)
Total other financing sources (uses)	(8,500,000)	8,500,000	-
NET CHANGE IN FUND BALANCES	(7,350,644)	8,516,476	1,165,832
FUND BALANCES, MAY 1	8,824,528	4,020,714	12,845,242
FUND BALANCES, APRIL 30	\$ 1,473,884	\$ 12,537,190	\$ 14,011,074

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

For the Year Ended April 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,165,832
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	603,123
Grant revenue appropriated by the state, but not yet issued to the local government are reported as deferred revenues at the fund level, but on the government-wide level they are reported as revenues	46,178
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds	(619,820)
The change in the net other postemployment benefit obligation/asset is shown as a functional expense on the statement of activities	(3,040)
The change in deferred outflows is reported as an expense on the statement of activities	(424,080)
The change in deferred inflows is reported as an expense on the statement of activities	(479,220)
The change in the net pension liability is reported as an expense on the statement of activities	880,869
The change in compensated absences is shown as a functional expense on the statement of activities	<u>15,259</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,185,101</u></u>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Addison Public Library (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 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 municipal corporation governed by an elected president and six-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 and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Village of Addison, Illinois (the Village).

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified as governmental funds.

Governmental funds are used to account for all or most of a government's general activities, including the acquisition or construction of capital assets (capital projects funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Library. The effect of material interfund activity has been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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 standard revenues 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 major governmental funds.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those accounted for in another fund.

The Capital Projects Fund is used to account for capital asset acquisitions.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days. The Library recognizes property taxes when they become both measurable and available or earned in the year intended to finance. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes and interest revenue. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash. The Library reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Investments

Investments are stated at fair value.

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.

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Building improvements	5-40
Operating equipment	3-5
Office equipment	5-30

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses, if any.

h. Compensated Absences

Vested or accumulated vacation leave, including related Social Security and Medicare, that is owed to retirees or terminated employees, is reported as expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees.

i. Interfund Transactions

Interfund services transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Balances/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally for contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Library's 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 by the Library Board of Trustees. Any residual fund balance in the General Fund or deficit fund balance in other funds is reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considered committed funds to be expended first following 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. None of the net position is restricted as a result of enabling legislation adopted by the Library. Net investment in capital assets, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

k. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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.

2. DEPOSITS AND INVESTMENTS

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.

The Library maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments."

Deposits and Investments

The Library's investment policy authorizes the Library to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Metropolitan Investment Fund (IMET), 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. The Library's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits and Investments (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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, in order of priority, legality, safety of principal, liquidity, and rate of return.

Deposits with Financial Institutions

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, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Library or an independent third party, and evidenced by a safekeeping agreement.

Investments

The following table presents the investments and maturities of the Library's debt securities as of April 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 158,984	\$ -	\$ 158,984	\$ -	\$ -
U.S. agency obligations	9,332,172	322,621	9,009,551	-	-
Negotiable CDs	3,259,948	1,663,024	1,596,924	-	-
TOTAL	\$ 12,751,104	\$ 1,985,645	\$ 10,765,459	\$ -	\$ -

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Library has the following recurring fair value measurements as of April 30, 2018. The U.S. agency obligations and negotiable certificates for deposit are valued using quoted matrix pricing models (Level 2 inputs). 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).

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Library limits its exposure to credit risk by primarily investing in external investment pools and U.S. agency obligations. The Illinois Funds and IMET are rated AAA. The U.S. agency obligations are rated AA+ and negotiable CD's are not rated.

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 investment policy does not address this risk. The Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment. The Library's investment policy requires diversification of investments to avoid unreasonable risk. No financial institution shall hold investments greater than 50% of its capital stock and surplus.

3. RECEIVABLES - TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017 on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2018 and are payable in two installments, on or about June 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically. As the 2017 tax levy is collected to fund the expenditures for the 2018-2019 fiscal year, these taxes are deferred as of April 30, 2018.

The 2018 tax levy, which attached as an enforceable lien on property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018, as the tax has not yet been levied by the Library and will not be levied until December 2018 and, therefore, the levy is not yet measurable at April 30, 2018.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
None	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated				
Building improvements	1,049,126	-	-	1,049,126
Operating equipment	2,375,105	581,173	394,052	2,562,226
Office equipment	1,362,740	21,950	14,933	1,369,757
Total capital assets being depreciated	4,786,971	603,123	408,985	4,981,109
Less accumulated depreciation for				
Building improvements	70,376	52,418	-	122,794
Operating equipment	885,556	475,019	394,052	966,523
Office equipment	724,948	92,383	14,933	802,398
Total accumulated depreciation	1,680,880	619,820	408,985	1,891,715
Total capital assets being depreciated, net	3,106,091	(16,697)	-	3,089,394
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 3,106,091	\$ (16,697)	\$ -	\$ 3,089,394

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 619,820</u>

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. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the 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. 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 governmental activities.

b. Benefits Provided

The Library provides pre and post-Medicare postretirement health insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement) as part of the Village's insurance plan. To be eligible for benefits, the employee must qualify for retirement under one of the Library's retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>28</u>
TOTAL	<u><u>30</u></u>
 Participating employers	 <u><u>1</u></u>

d. Funding Policy

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.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Library's annual OPEB cost, employer contributions, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2016, 2017, and 2018 was as follows.

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2016	\$ 6,415	\$ 1,952	30.43%	\$ 7,950
2017	6,594	1,952	29.60%	12,592
2018	5,458	2,418	45.00%	15,632

The net OPEB obligation as of April 30, 2018 was calculated as follows:

Annual required contribution	\$ 5,373
Interest on net OPEB obligation	505
Adjustment to annual required contribution	<u>(420)</u>
Annual OPEB cost	5,458
Contributions made	<u>(2,418)</u>
Increase in net OPEB obligation	3,040
Net OPEB obligation, beginning of year	<u>12,592</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 15,632</u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2018 was as follows:

Actuarial accrued liability (AAL)	\$ 60,625
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	69,625
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,480,674
UAAL as a percentage of covered payroll	4.09%

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (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 trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the April 30, 2018 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return and an initial healthcare cost trend rate of 8% with an ultimate healthcare inflation rate of 6%. Both rates include a 3% inflation assumption and 5% wage inflation assumption. 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 a 30-year open basis.

7. DEFINED BENEFIT PENSION PLAN

The Library contributes, through 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.

7. DEFINED BENEFIT PENSION PLAN (Continued)

a. Plan Description

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. Investments are reported at fair value.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and the Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2017 was 12.81% of covered payroll. For the year ended April 30, 2018, salaries totaling \$1,523,741 were paid that required employer contributions of \$194,765, which was equal to the Library's actual contributions.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLAN (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

At April 30, 2018, the Library reported a liability of \$537,466 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's actual contribution to the plan for the year ended April 30, 2018 relative to the contributions of the Village, actuarially determined. At April 30, 2018, the Library's proportion was 8.87% of the total contribution.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

7. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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 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 contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was used to determine the total pension liability.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2018, the Library recognized pension expense of \$217,196. At April 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 97,875	\$ 11,925
Changes in assumption	14,754	215,205
Net difference between projected and actual earnings on pension plan investments	-	299,841
Contributions subsequent to measurement date	<u>60,296</u>	<u>-</u>
TOTAL	<u><u>\$ 172,925</u></u>	<u><u>\$ 526,971</u></u>

\$60,296 reported as deferred outflows of resources related to pensions resulting from library contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ended April 30, 2019. Other amounts reported as deferred outflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending <u>April 30,</u>	
2019	\$ (36,554)
2020	(64,862)
2021	(159,947)
2022	(152,979)
2023	-
Thereafter	<u>-</u>
TOTAL	<u><u>\$ (414,342)</u></u>

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Library calculated using the discount rate of 7.50% as well as what the Library's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 1,596,298	\$ 537,466	\$ (338,008)

8. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities for the year ended April 30, 2018:

Changes in long-term debt

	Balances May 1	Issuances/ Increases	Reductions	Balances April 30	Due Within One Year
Compensated absences	\$ 130,324	\$ -	\$ 15,259	\$ 115,065	\$ 17,260
Net pension liability	1,418,335	-	880,869	537,466	-
Net other postemployment benefits obligation	12,592	3,040	-	15,632	-
TOTAL	\$ 1,561,251	\$ 3,040	\$ 896,128	\$ 668,163	\$ 17,260

Compensated absences, net pension liability, and the net other postemployment benefits obligation is retired by the Library's General Fund.

ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. INDIVIDUAL FUND DISCLOSURES

Transfers

Interfund transfers during the year ended April 30, 2018 consisted of the following:

Fund	Transfers Out	Transfers In
General	\$ 8,500,000	\$ -
Capital projects	-	8,500,000
TOTAL	<u>\$ 8,500,000</u>	<u>\$ 8,500,000</u>

The purpose of significant transfers is as follows:

- \$8,500,000 transferred from the General Fund to the Capital Projects Fund to cover planned expenditures in this fund.

REQUIRED SUPPLEMENTARY INFORMATION

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

For the Year Ended April 30, 2018
(with prior year actual)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
REVENUES				
Taxes				
Property taxes	\$ 5,152,310	\$ 5,152,310	\$ 5,143,872	\$ 4,937,362
Replacement taxes	50,000	50,000	64,926	52,476
Intergovernmental				
Per capita grant	-	-	28,683	28,477
Interlibrary loan receipts	-	-	-	228
E-rate	-	-	25,178	26,056
Other	100	100	1,000	10
Fines	10,000	10,000	10,157	26,633
Fees	21,000	21,000	28,280	26,611
Investment income	17,200	17,200	(83,885)	33,903
Miscellaneous				
Other	12,000	12,000	7,787	19,337
Total revenues	5,262,610	5,262,610	5,225,998	5,151,093
EXPENDITURES				
Culture and recreation				
Personnel	3,158,210	3,158,210	2,684,741	2,501,844
Library books and materials	597,200	597,200	581,170	523,333
General contractual services	106,500	106,500	85,844	105,333
Physical services	350,000	350,000	258,710	260,035
Automation	225,000	225,000	142,376	126,609
Professional services	64,600	64,600	24,441	26,277
Programs and communications	109,000	109,000	88,149	100,000
Other operating expenditures	240,150	240,150	158,395	183,792
Grants	3,500	3,500	4,609	57,786
Insurance	70,500	70,500	48,207	58,555
Total expenditures	4,924,660	4,924,660	4,076,642	3,943,564
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	337,950	337,950	1,149,356	1,207,529
OTHER FINANCING SOURCES (USES)				
Transfers (out)				
Capital Projects Fund	(1,500,000)	(1,500,000)	(8,500,000)	(1,000,000)
NET CHANGE IN FUND BALANCE	\$ (1,162,050)	\$ (1,162,050)	(7,350,644)	207,529
FUND BALANCE, MAY 1			8,824,528	8,616,999
FUND BALANCE, APRIL 30			\$ 1,473,884	\$ 8,824,528

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2018

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2013	\$ -	\$ 40,367	0.00%	\$ 40,367	\$ 1,600,256	2.52%
2014	-	40,905	0.00%	40,905	1,653,399	2.47%
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	69,643	0.00%	69,643	1,096,234	6.35%
2017	N/A	N/A	N/A	N/A	N/A	N/A
2018	-	60,625	0.00%	60,625	1,480,674	4.09%

Schedule of Employer Contributions

Actuarial Valuation Date April 30,	Annual Required Contribution (ARC)	Contribution Made	Contribution Made as a Percentage of Annual Required Contribution
2013	\$ 3,805	\$ 6,244	164.10%
2014	4,400	2,882	65.50%
2015	5,540	2,882	52.02%
2016	6,392	1,952	30.54%
2017	6,392	1,952	30.54%
2018	5,373	2,418	45.00%

N/A - Information is not available as no actuarial valuation has been performed.

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Contractually required contribution	\$ 176,277	\$ 181,921	\$ 194,765
Contributions in relation to the contractually required contribution	<u>176,277</u>	<u>181,921</u>	<u>194,765</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,364,411	\$ 1,380,687	\$ 1,523,741
Contributions as a percentage of covered-employee payroll	12.92%	13.18%	12.78%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. 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 26 years; the asset valuation method was at smoothed market value, projected salary increases assumption of 3.75% to 14.50% compounded annually,

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

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
Employer's proportion of net pension liability	9.58%	9.58%	8.87%
Employer's proportionate share of net pension liability	\$ 1,373,841	\$ 1,418,335	\$ 537,466
Employer's covered-employee payroll	1,335,315	1,417,040	1,383,334
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	102.89%	100.09%	38.85%
Plan fiduciary net position as a percentage of the total pension liability	82.87%	83.42%	93.41%

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

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

BUDGETS

The Library Board of Trustees has the authority to approve the budget for the General (Public Library) and Capital Projects Funds; the Village Board of Trustees passes the tax levy for the General Fund.

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

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

SUPPLEMENTAL DATA

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018
(with prior year actual)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
PERSONNEL				
Administrator and staff salaries	\$ 2,384,360	\$ 2,384,360	\$ 2,052,679	\$ 1,928,006
Employee benefits	422,850	422,850	351,525	328,658
Health insurance	350,000	350,000	280,462	244,785
Recruiting	1,000	1,000	75	395
Total personnel	3,158,210	3,158,210	2,684,741	2,501,844
LIBRARY BOOKS AND MATERIALS				
Books - children	70,000	70,000	68,556	67,690
Books - adult	148,000	148,000	144,368	137,722
Periodicals	12,000	12,000	4,040	14,470
Online databases	156,200	156,200	156,444	117,620
E-Books	52,000	52,000	51,975	42,000
Other expenditures	159,000	159,000	155,787	143,831
Total library books and materials	597,200	597,200	581,170	523,333
GENERAL CONTRACTUAL SERVICES				
Legal fees	5,000	5,000	5,476	5,490
Collection agency fees	6,000	6,000	4,672	2,927
Equipment rental and fees	12,000	12,000	11,058	9,212
Accounting service fees	28,000	28,000	19,565	20,855
Payroll service fees	18,000	18,000	12,357	12,793
Audit service fees	7,500	7,500	6,694	5,547
Rebillable services	-	-	118	118
Contractual service fees	30,000	30,000	25,904	35,471
Police monitors	-	-	-	12,920
Total general contractual services	106,500	106,500	85,844	105,333
PHYSICAL SERVICES				
Utilities and maintenance	98,500	98,500	80,677	76,264
Telecommunications	67,000	67,000	38,199	46,672
Maintenance and repair	184,500	184,500	139,834	137,099
Total physical services	350,000	350,000	258,710	260,035
AUTOMATION				
System development	50,000	50,000	32,985	25,331
Innovative millennium maintenance	75,000	75,000	48,284	46,808
OCLS	15,000	15,000	13,452	12,919
Software/licenses	85,000	85,000	47,655	41,551
Total automation	225,000	225,000	142,376	126,609

(This schedule is continued on the following page.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

For the Year Ended April 30, 2018
(with prior year actual)

	2018		2017 Actual	
	Original Budget	Final Budget		Actual
PROFESSIONAL DEVELOPMENT				
Organization memberships	\$ 8,500	\$ 8,500	\$ 6,532	\$ 6,034
Programs and meetings	36,100	36,100	11,555	15,987
Travel	20,000	20,000	6,354	4,256
Total professional development	64,600	64,600	24,441	26,277
PROGRAMS AND COMMUNICATIONS				
Programming	69,000	69,000	59,176	62,112
PR/marketing	40,000	40,000	28,973	37,888
Total programs and communications	109,000	109,000	88,149	100,000
OTHER OPERATING EXPENDITURES				
Supplies	108,000	108,000	85,419	87,696
Hardware	65,000	65,000	53,379	39,855
Furniture/equipment	35,000	35,000	9,284	47,584
Reciprocal borrowing	650	650	433	59
Recording for cable broadcast	4,500	4,500	4,500	-
Friends of the library	15,000	15,000	1,988	6,007
FUNshine committee	2,000	2,000	1,553	599
Contingency	5,000	5,000	25	750
Gifts	5,000	5,000	1,814	1,242
Total other operating expenditures	240,150	240,150	158,395	183,792
GRANTS				
Per capita grant	3,500	3,500	4,609	57,786
Total grants	3,500	3,500	4,609	57,786
INSURANCE				
Liability insurance	5,000	5,000	1,154	1,972
Unemployment compensation	25,000	25,000	6,681	21,455
Workers' compensation insurance	40,500	40,500	40,372	35,128
Total insurance	70,500	70,500	48,207	58,555
TOTAL EXPENDITURES	\$ 4,924,660	\$ 4,924,660	\$ 4,076,642	\$ 3,943,564

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

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

For the Year Ended April 30, 2018
(with prior year actual)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ 12,000	\$ 12,000	\$ 19,941	\$ 19,499
Total revenues	12,000	12,000	19,941	19,499
EXPENDITURES				
Culture and recreation				
Capital outlay	60,000	60,000	3,465	687,717
Total expenditures	60,000	60,000	3,465	687,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,000)	(48,000)	16,476	(668,218)
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	1,500,000	1,500,000	8,500,000	1,000,000
NET CHANGE IN FUND BALANCE	<u>\$ 1,452,000</u>	<u>\$ 1,452,000</u>	8,516,476	331,782
FUND BALANCE, MAY 1			<u>4,020,714</u>	<u>3,688,932</u>
FUND BALANCE, APRIL 30			<u>\$ 12,537,190</u>	<u>\$ 4,020,714</u>

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	2017		2016		2015		2014	
ASSESSED VALUATION	\$	1,141,152,957	\$	1,061,279,248	\$	984,832,704	\$	955,289,150
	Rate*	Amount	Rate*	Amount	Rate*	Amount	Rate*	Amount
TAX EXTENSIONS								
General library	0.4199	\$ 4,789,575	0.4509	\$ 4,759,948	0.4684	\$ 4,591,846	0.4514	\$ 4,300,419
IMRF	0.0229	261,208	0.0244	257,580	0.0261	255,865	0.0260	247,698
Social Security tax	0.0090	102,658	0.0096	101,343	0.0078	76,465	0.0160	152,430
Audit	0.0007	7,985	0.0005	5,278	0.0003	980	0.0003	2,858
Unemployment insurance	0.0002	2,281	0.0004	4,223	0.0004	3,921	0.0005	4,763
Workers' compensation insurance	0.0025	28,516	0.0023	24,280	0.0021	20,587	0.0014	13,338
Liability insurance	0.0014	15,969	0.0001	1,056	0.0002	1,961	0.0032	30,486
TOTAL TAX EXTENSIONS	0.4566	\$ 5,208,192	0.4882	\$ 5,153,708	0.5053	\$ 4,951,625	0.4988	\$ 4,751,992
TOTAL COLLECTIONS		\$ -		\$ 5,143,872		\$ 4,937,082		\$ 4,713,494
PERCENT COLLECTED		0.00%		99.81%		99.71%		99.19%

* Property tax rates are per \$100 of assessed valuation.

2013		2012		2011		2010		2009		2008	
\$	972,414,422	\$	1,045,262,655	\$	1,188,757,153	\$	1,302,337,989	\$	1,428,714,562	\$	1,404,323,967
Rate*	Amount										
0.4312	\$ 4,141,377	0.3894	\$ 4,015,509	0.3293	\$ 3,850,555	0.2908	\$ 3,702,888	0.2561	\$ 3,569,493	0.2521	\$ 3,540,301
0.0258	247,791	0.0221	227,896	0.0191	223,339	0.0147	187,182	0.0127	177,011	0.0119	167,114
0.0158	151,748	0.0151	155,712	0.0130	152,011	0.0112	142,615	0.0096	133,804	0.0095	133,411
0.0003	2,881	0.0004	4,125	0.0003	3,508	0.0004	5,093	0.0005	6,969	0.0003	4,213
0.0005	4,802	0.0004	4,125	0.0003	3,508	0.0006	7,640	0.0005	6,969	-	-
0.0013	12,486	0.0012	12,374	0.0010	11,693	0.0008	10,187	0.0007	9,756	0.0011	15,447
0.0028	26,892	0.0030	30,936	0.0026	30,402	0.0036	45,840	0.0033	45,995	0.0033	46,343
0.4777	\$ 4,587,977	0.4316	\$ 4,450,677	0.3656	\$ 4,275,016	0.3221	\$ 4,101,445	0.2834	\$ 3,949,997	0.2782	\$ 3,906,829
	<u>\$ 4,567,919</u>		<u>\$ 4,409,027</u>		<u>\$ 4,253,596</u>		<u>\$ 4,093,183</u>		<u>\$ 3,938,570</u>		<u>\$ 3,893,740</u>
	<u>99.56%</u>		<u>99.06%</u>		<u>99.50%</u>		<u>99.80%</u>		<u>99.71%</u>		<u>99.66%</u>

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY
ADDISON, ILLINOIS**

SCHEDULE OF RESTRICTIONS OF FUND BALANCE FOR SPECIAL LEVIES

April 30, 2018

Fund	Beginning Balances	Increases	Decreases	Ending Balances
FICA	\$ 195,676	\$ 101,149	\$ 156,760	\$ 140,065
IMRF	294,421	257,088	194,763	356,746
Unemployment compensation	11,661	4,215	1,156	14,720
Liability insurance	71,520	1,054	40,373	32,201
Audit	(2,824)	5,268	3,870	(1,426)
Workers' compensation	(929)	24,233	5,751	17,553
TOTAL ALL FUNDS	\$ 569,525	\$ 393,007	\$ 402,673	\$ 559,859

(See independent auditor's report.)