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**ANTIOCH PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

eder, casella & co.

ANTIOCH PUBLIC LIBRARY DISTRICT

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JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Antioch Public Library District
Antioch, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of

ANTIOCH PUBLIC LIBRARY DISTRICT

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Antioch Public Library District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contribution, and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 3 through 7 and 26 through 30 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 information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
November 21, 2017

REQUIRED SUPPLEMENTARY INFORMATION

**ANTIOCH PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

As management of Antioch Public Library District (Library), we offer readers of the Library's statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,031,390 (net position). Of this amount, (\$153,515) (unrestricted net position) would be available (if the balance was positive) to be used to meet the Library's ongoing obligations to citizens and creditors.

The Library's total net position increased by \$51,452.

As of the close of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$664,467, an increase of \$43,238 in comparison with the prior year.

The Library's total long-term debt decreased by \$195,000 during the current fiscal year due to scheduled repayments of the debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Library's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference 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. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements present functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library does not have any functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include general government and library operations.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Debt Service Fund, both of which are considered to be major funds.

The Library adopts an annual appropriated budget for both the General Fund and the Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and the Debt Service Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 25 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in meeting its obligation to provide as fully adequate as possible library services to its residents. Required supplementary information can be found on pages 26 through 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,031,390 at the close of the most recent fiscal year.

By far, the largest portion of the Library's net position reflects its investment in capital assets (e.g., land, works of art and historical books, building, land improvements, equipment and shelving, and library materials) less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the Statement of Net Position at June 30, 2017 and June 30, 2016 follows:

Antioch Public Library District's Net Position

	Governmental Activities	
	2017	2016
Assets		
Current and Other Assets	\$ 3,284,786	\$ 3,218,388
Capital Assets	3,917,853	4,010,198
Total Assets	\$ 7,202,639	\$ 7,228,586
Deferred Outflows of Resources		
Deferred Pension Expense	\$ 215,626	\$ 289,175
Deferred Employer Contributions	69,935	67,198
Total Deferred Outflows of Resources	\$ 285,561	\$ 356,373
Liabilities		
Long-Term Liabilities Outstanding	\$ 1,807,092	\$ 1,991,997
Other Liabilities	67,750	56,448
Total Liabilities	\$ 1,874,842	\$ 2,048,445
Deferred Inflows of Resources		
Unearned Revenue - Property Taxes	\$ 2,532,295	\$ 2,510,359
Unearned Revenue - Per Capita Grant	20,274	20,128
Deferred Pension Revenue	29,399	26,089
Total Deferred Inflows of Resources	\$ 2,581,968	\$ 2,556,576
Net Position		
Net Investment in Capital Assets	\$ 3,063,999	\$ 2,963,394
Restricted	120,906	107,370
Unrestricted/(Deficit)	(153,515)	(90,826)
Total Net Position	\$ 3,031,390	\$ 2,979,938

An additional portion of the Library's net position, \$120,906, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a negative balance of \$153,515.

At the end of the current fiscal year, the Library is able to report positive balances in two categories of net position.

The Library's net position increased by \$51,452 during the current fiscal year.

Governmental Activities - Governmental activities increased the Library's net position by \$51,452. Key elements of this increase are as follows:

Antioch Public Library District's Change in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program Revenues		
Charges for Services	\$ 30,818	\$ 46,147
Operating Grants and Contributions	14,361	161
Capital Grants and Contributions	26,778	31,407
General Revenues		
Property Taxes	2,531,836	2,496,984
Personal Property Replacement Taxes	11,926	10,736
Investment Earnings	1,219	4,774
Other Revenues	687	1,573
Total Revenues	<u>\$ 2,617,625</u>	<u>\$ 2,591,782</u>
Expenses		
General Government	\$ 152,976	\$ 143,154
Library Operations	2,382,537	2,463,115
Interest on Long-Term Debt	30,660	36,573
Total Expenses	<u>\$ 2,566,173</u>	<u>\$ 2,642,842</u>
Increase/(Decrease) in Net Position	\$ 51,452	\$ (51,060)
Net Position - Beginning	<u>2,979,938</u>	<u>3,030,998</u>
Net Position - Ending	<u><u>\$ 3,031,390</u></u>	<u><u>\$ 2,979,938</u></u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

As of June 30, 2017, the Library's governmental funds reported combined ending fund balances of \$664,467, an increase of \$43,238 in comparison with the prior year. In fiscal year 2017, the Library committed a total of \$274,000 of the fund balance to be used to pay for future parking lot construction.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year, the unassigned fund balance of the General Fund had a negative balance of \$35,759, while total fund balance was \$423,502.

The fund balance of the Library's General Fund increased by \$36,223 during the current fiscal year.

The Debt Service Fund has a total fund balance of \$240,965, all of which is assigned for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$7,015.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was passed on August 30, 2016.

Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

The difference between the budgeted revenues and the actual revenues was \$32,738 (unfavorable) and was mostly due to decreased fines revenue and the Library budgeting for other grant revenue when they did not receive any.

The difference between the budgeted expenditures and the actual expenditures was \$78,248 (favorable) and was mostly due to lower insurance and maintenance & supplies costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Library's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$3,917,853 (net of accumulated depreciation). This investment in capital assets includes land, works of art and historical books, building, land improvements, equipment and shelving, and library materials. The total decrease in the Library's investment in capital assets for the current fiscal year was 2%.

Antioch Public Library District's Capital Assets
(net of depreciation)

	Governmental Activities	
	2017	2016
Land	\$ 185,000	\$ 185,000
Works of Art and Historical Books	68,615	68,386
Building	2,847,345	2,932,776
Land Improvements	13,277	13,157
Equipment and Shelving	287,147	296,381
Library Materials	516,469	514,498
Total	<u>\$ 3,917,853</u>	<u>\$ 4,010,198</u>

Additional information on the Library's capital assets can be found in note 3 on page 19 of this report.

Long-Term Debt - At the end of the current fiscal year, the Library had total bonded debt outstanding of \$860,000. All of this debt is backed by the full faith and credit of the Library.

Additional information on the Library's long-term debt can be found in note 4 on pages 19 and 20 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

There were no significant economic factors that have been noted that would affect the Library's fiscal year 2018 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Antioch Public Library District's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Antioch Public Library District, 757 Main Street, Antioch, IL 60002.

BASIC FINANCIAL STATEMENTS

ANTIOCH PUBLIC LIBRARY DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,966,383
Property Taxes Receivables, Net of Allowance of \$24,688	1,224,994
Per Capita Grant Receivable	20,274
Fines Receivable, Net of Allowance of \$16,808	11,369
Prepaid Expenses	61,766
Capital Assets (Note 3)	
Land	185,000
Works of Art and Historical Books	68,615
Depreciable Building, Land Improvements, Equipment and Shelving, and Library Materials, Net of Depreciation	<u>3,664,238</u>
Total Assets	<u>\$ 7,202,639</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Expense	\$ 215,626
Deferred Employer Pension Contributions	69,935
Total Deferred Outflows of Resources	<u>\$ 285,561</u>
LIABILITIES	
Accounts Payable	\$ 19,738
Accrued Payroll	43,154
Accrued Expenses	4,858
Non-Current Liabilities	
Due in Less Than One Year	212,950
Due in More Than One Year	1,594,142
Total Liabilities	<u>\$ 1,874,842</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue - Property Taxes	\$ 2,532,295
Unearned Revenue - Per Capita Grant	20,274
Deferred Pension Revenue	29,399
Total Deferred Inflows of Resources	<u>\$ 2,581,968</u>
NET POSITION	
Net Investment in Capital Assets	\$ 3,063,999
Restricted for:	
Building	78,550
Tort Immunity	33,107
Capital Projects	9,249
Unrestricted/(Deficit)	(153,515)
Total Net Position	<u>\$ 3,031,390</u>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					
General Government	\$ 152,976	\$ -	\$ -	\$ -	\$ (152,976)
Library Operations	2,382,537	30,818	14,361	26,778	(2,310,580)
Interest on Long-Term Debt	30,660	-	-	-	(30,660)
Total Governmental Activities	<u>\$ 2,566,173</u>	<u>\$ 30,818</u>	<u>\$ 14,361</u>	<u>\$ 26,778</u>	<u>\$ (2,494,216)</u>

General Revenues	
Taxes	
Property Taxes	\$ 2,531,836
Personal Property Replacement Taxes	11,926
Unrestricted Investment Earnings	1,219
Other Income	687
Total General Revenues	<u>\$ 2,545,668</u>
Change in Net Position	\$ 51,452
Net Position - Beginning of Year	<u>2,979,938</u>
Net Position - End of Year	<u>\$ 3,031,390</u>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,725,418	\$ 240,965	\$ 1,966,383
Property Taxes Receivable, Net of Allowance of \$25,579	1,224,994	-	1,224,994
Per Capita Grant Receivable	20,274	-	20,274
Fines Receivable, Net of Allowance of \$9,685	11,369	-	11,369
Prepaid Expenses	61,766	-	61,766
Total Assets	<u>\$ 3,043,821</u>	<u>\$ 240,965</u>	<u>\$ 3,284,786</u>
LIABILITIES			
Accounts Payable	\$ 19,738	\$ -	\$ 19,738
Accrued Payroll	43,154	-	43,154
Accrued Expenses	4,858	-	4,858
Total Liabilities	<u>\$ 67,750</u>	<u>\$ -</u>	<u>\$ 67,750</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue - Property Taxes	\$ 2,532,295	\$ -	\$ 2,532,295
Unearned Revenue - Per Capita Grant	20,274	-	20,274
Total Deferred Inflows of Resources	<u>\$ 2,552,569</u>	<u>\$ -</u>	<u>\$ 2,552,569</u>
FUND BALANCES			
Non-Spendable	\$ 62,036	\$ -	\$ 62,036
Restricted for:			
Building	78,550	-	78,550
IMRF	2,319	-	2,319
Tort Immunity	33,107	-	33,107
Capital Projects	9,249	-	9,249
Committed			-
Parking Lot Construction	254,000	-	254,000
Community Survey and Strategic Plan	20,000	-	20,000
Assigned			
Debt Service	-	240,965	240,965
Unassigned	(35,759)	-	(35,759)
Total Fund Balances	<u>\$ 423,502</u>	<u>\$ 240,965</u>	<u>\$ 664,467</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,043,821</u>	<u>\$ 240,965</u>	<u>\$ 3,284,786</u>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 YEAR ENDED JUNE 30, 2017

Fund Balances - Total Governmental Funds \$ 664,467

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 funds.

Capital Assets	\$ 8,935,300	
Less: Accumulated Depreciation	<u>(5,017,447)</u>	
		3,917,853

Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.

Deferred Pension Costs	\$ 186,227	
Deferred Employer Contributions to Pension	<u>69,935</u>	
		256,162

Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.

Bond Discounts, net of related amortization		6,146
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	\$ (860,000)	
Compensated Absences	(56,924)	
Net Pension Liability - IMRF	<u>(896,314)</u>	
		<u>(1,813,238)</u>

Net Position of Governmental Activities \$ 3,031,390

ANTIOCH PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 2,531,836	\$ -	\$ 2,531,836
Personal Property Replacement Taxes	11,926	-	11,926
Developer Donations	6,650	-	6,650
Fines	18,087	-	18,087
Interest	1,129	90	1,219
Copier and Reader-Printer	12,731	-	12,731
Gifts and Memorials	14,361	-	14,361
Per Capita Grant	20,128	-	20,128
Other Income	687	-	687
Total Revenues	\$ 2,617,535	\$ 90	\$ 2,617,625
EXPENDITURES			
Current			
General Government	\$ 152,976	\$ -	\$ 152,976
Library Operations	1,958,607	-	1,958,607
Capital Outlay	237,144	-	237,144
Debt Service			
Principal	-	195,000	195,000
Interest and Fees	-	30,660	30,660
Total Expenditures	\$ 2,348,727	\$ 225,660	\$ 2,574,387
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 268,808	\$ (225,570)	\$ 43,238
OTHER FINANCING SOURCES/(USES)			
Interfund Transfers	(232,585)	232,585	-
NET CHANGE IN FUND BALANCES	\$ 36,223	\$ 7,015	\$ 43,238
FUND BALANCES - JULY 1, 2016	387,279	233,950	621,229
FUND BALANCES - JUNE 30, 2017	\$ 423,502	\$ 240,965	\$ 664,467

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 43,238

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlays	\$ 165,130	
Depreciation Expense	<u>(257,475)</u>	(92,345)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		195,000
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Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Bond Discount Amortization	\$ (2,050)	
Bond Refunding Cost Amortization	(10,222)	
Compensated Absences	4,148	
Pension Expense	<u>(226,907)</u>	(235,031)

Employer Pension Contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.

		<u>140,590</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>51,452</u>

ANTIOCH PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Antioch Public Library District (Library) is a public library organized under Chapter 75 of the Illinois Compiled Statutes. It operates under the direction of a Board of Trustees and provides library facilities in an area generally described as Antioch Township and part of upper Newport Township.

The Library's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting principles established in GAAP and used by the Library are discussed below.

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Library. Component units are legally separate entities for which the Library (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Library's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Library. Using these criteria, the Library has no component units. In addition, the Library is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund (reporting the Library's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Library as governmental activities. The Library does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, other income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function (general government and library operations). Operating grants include operating specific grants and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants. The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, other income, etc.).

NOTES TO FINANCIAL STATEMENTS (Continued)

The Library does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

B. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures of all governmental funds) for the determination of major funds. The Library electively made all funds major.

The following fund types are used by the Library:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

General Fund – 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. Building, IMRF, Social Security, and Tort Immunity are included in this fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal, interest, and related fees on general-long term debt.

C. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other nonexchange revenues, including governmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available.

NOTES TO FINANCIAL STATEMENTS (Continued)

Expenditures are recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash and Cash Equivalents and Investments

Separate bank accounts are not maintained for all Library funds. Instead, the funds maintain their cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Library funds and are, therefore, interfund loans that have not been authorized by Library Board action.

No Library fund had a cash overdraft at June 30, 2017.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at cost or amortized cost. Gains or losses on the sale of investments are recognized upon realization.

F. Receivables

All receivables are reported net of estimated uncollectible amounts.

G. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

H. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

NOTES TO FINANCIAL STATEMENTS (Continued)

Building	50 years
Land Improvements	15 years
Equipment and Shelving	5-50 years
Library and Materials	3-15 years

J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the balance sheet(s) and statement(s) of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

K. *Compensated Absences*

The Library has a policy to pay employees for accumulated unused vacation time and compensatory time ("paid time off") upon termination. The amount estimated to be used in subsequent fiscal years for governmental funds is reported only as a general non-current liability in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations.

L. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are unavailable and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. *Government-Wide Net Position*

Government-wide net position is divided into three components:

Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – consists of net position that is restricted by the Library's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions or shared revenues), by grantors (both federal and state), and by other contributors (including those who have contributed impact fees for future capital expansion).

Unrestricted Net Position – the remaining net position is reported in this category.

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

NOTES TO FINANCIAL STATEMENTS (Continued)

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of resolution of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Pursuant to a Fund Balance Policy passed by the Board of Trustees, the Library Director has been delegated this authority.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Library itself. All assigned fund balances are the residual amounts of the fund.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Library permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

O. Property Tax Calendar and Revenues

The Library's property tax is levied each calendar year on all taxable real property located in the Library's district on or before the last Tuesday in December. The 2016 levy was passed by the Board on October 25, 2016. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Library receives significant distributions of tax receipts approximately one month after these dates.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS

The Library's deposits are fully insured or collateralized by securities held in the Library's name.

The Library is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Works of Art and Historical Books	68,386	229	-	68,615
Total Capital Assets not being depreciated	<u>\$ 253,386</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 253,615</u>
Other Capital Assets				
Building	\$ 4,271,565	\$ -	\$ -	\$ 4,271,565
Land Improvements	30,102	2,200	-	32,302
Equipment and Shelving	668,012	19,129	-	687,141
Library Materials	3,549,579	143,572	2,474	3,690,677
Total Other Capital Assets at Historical Cost	<u>\$ 8,519,258</u>	<u>\$ 164,901</u>	<u>\$ 2,474</u>	<u>\$ 8,681,685</u>
Less Accumulated Depreciation for:				
Building	\$ 1,338,789	\$ 85,431	\$ -	\$ 1,424,220
Land Improvements	16,945	2,080	-	19,025
Equipment and Shelving	371,631	28,363	-	399,994
Library Materials	3,035,081	141,601	2,474	3,174,208
Total Accumulated Depreciation	<u>\$ 4,762,446</u>	<u>\$ 257,475</u>	<u>\$ 2,474</u>	<u>\$ 5,017,447</u>
Other Capital Assets, Net	<u>\$ 3,756,812</u>	<u>\$ (92,574)</u>	<u>\$ -</u>	<u>\$ 3,664,238</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 4,010,198</u></u>	<u><u>\$ (92,345)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,917,853</u></u>

Depreciation expense charged to library operations was \$257,475 for the year ended June 30, 2017.

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
General Obligation Library Building Refunding					
Bonds Series 2010 dated 10/1/2010	\$ 1,055,000	\$ -	\$ 195,000	\$ 860,000	\$ 215,000
Discount on Series 2010 Bonds	(8,196)	-	(2,050)	(6,146)	(2,050)
Total Long-Term Debt	<u>\$ 1,046,804</u>	<u>\$ -</u>	<u>\$ 192,950</u>	<u>\$ 853,854</u>	<u>\$ 212,950</u>
Other Long-Term Obligations					
Compensated Absences	\$ 61,072	\$ -	\$ 4,148	\$ 56,924	\$ -
Net Pension Liability - IMRF	884,121	12,193	-	896,314	-
Total Other Long-Term Obligations	<u>\$ 945,193</u>	<u>\$ 12,193</u>	<u>\$ 4,148</u>	<u>\$ 953,238</u>	<u>\$ -</u>
Governmental Activities Long-Term Obligations	<u><u>\$ 1,991,997</u></u>	<u><u>\$ 12,193</u></u>	<u><u>\$ 197,098</u></u>	<u><u>\$ 1,807,092</u></u>	<u><u>\$ 212,950</u></u>

Bonds and notes payable consisted of the following at June 30, 2017:

NOTES TO FINANCIAL STATEMENTS (Continued)

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Amount</u>	<u>Carrying Amount</u>
Governmental Activities:				
General Obligation Library Building Refunding Bonds Series 2010 dated 10/1/2010	1/1/2021	2.0% -3.4%	\$ 2,135,000	\$ 860,000

At June 30, 2017 the annual debt service requirements to service long-term debt attributable to governmental activities are:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 215,000	\$ 24,510	\$ 239,510
2019	210,000	17,873	227,873
2020	220,000	10,885	230,885
2021	215,000	3,654	218,654
	<u>\$ 860,000</u>	<u>\$ 56,922</u>	<u>\$ 916,922</u>

NOTE 5 - DEFICIT FUND BALANCE

At June 30, 2017, no Library fund had a deficit fund balance.

NOTE 6 - PROPERTY TAXES REVENUE

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2016 tax levy. The unavailable revenue is 100% of the 2016 tax levy. These taxes are unavailable as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the Library does not consider the amounts to be available and does not budget for their use in fiscal year 2017. The Library has determined that 100% of the amounts collected for the 2015 levy is allocable for use in fiscal year 2017. Therefore, 100% of the amounts collected for the 2015 levy (\$2,531,836) is recorded in these financial statements as property taxes revenue. A summary of the assessed valuations and extensions for the tax years 2016, 2015 and 2014 is as follows:

Tax Year	2016		2015		2014	
	Assessed Valuation		Assessed Valuation		Assessed Valuation	
	\$635,371,965		\$622,084,458		\$635,052,358	
	<u>Rate</u>	<u>Extension</u>	<u>Rate</u>	<u>Extension</u>	<u>Rate</u>	<u>Extension</u>
General	0.342922	\$ 2,178,830	0.346923	\$ 2,158,154	0.345382	\$ 2,193,356
Building	0.016694	106,069	0.020000	124,417	0.020000	127,010
Illinois Municipal Retirement	0.022054	140,125	0.022083	137,375	0.021573	137,000
Social Security	0.015400	97,847	0.015395	95,770	0.003622	23,002
Tort Immunity	0.005509	35,003	0.003215	20,000	0.004724	30,000
	<u>0.402579</u>	<u>\$ 2,557,874</u>	<u>0.407616</u>	<u>\$ 2,535,716</u>	<u>0.395301</u>	<u>\$ 2,510,368</u>

NOTE 7 - OPERATING LEASES

The Library leases copier equipment under an operating lease. Annual requirements to cover this outstanding operating lease agreement are:

<u>Year Ending June 30</u>	<u>Total Payments</u>
2018	\$ 6,072
2019	6,072
2020	2,024
	<u>\$ 14,168</u>

Total rental expense for the year ended June 30, 2017 was \$6,685.

NOTE 8 - OVEREXPENDITURE OF BUDGET

For the year ended June 30, 2017, no Library funds had expenditures that exceeded the budget.

NOTE 9 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund*

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. A summary of IMRF's pension 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 vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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 ten 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 ten 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 2014). 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 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Rate of Return

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 as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	38.0%	6.85%
International Equities	17.0%	6.75%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	5.75%
Alternatives	9.0%	
Private Equity		7.35%
Hedge Funds		5.25%
Commodities		2.65%
Cash	1.0%	2.25%
	<u>100.0%</u>	

Single Discount Rate

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 this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and 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	\$ 3,665,448	\$ 2,781,327	\$ 884,121
Changes for the year:			
Service Cost	\$ 120,116	\$ -	\$ 120,116
Interest on the Total Pension Liability	274,694	-	274,694
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	24,977	-	24,977
Changes of Assumptions	(17,984)	-	(17,984)
Contributions - Employer	-	137,853	(137,853)
Contributions - Employee	-	52,042	(52,042)
Net Investment Income	-	193,647	(193,647)
Benefit Payments, Including Refunds of Employee Contributions	(96,432)	(96,432)	-
Other (Net Transfer)	-	6,068	(6,068)
Net Changes	<u>\$ 305,371</u>	<u>\$ 293,178</u>	<u>\$ 12,193</u>
Balances at December 31, 2016	<u>\$ 3,970,819</u>	<u>\$ 3,074,505</u>	<u>\$ 896,314</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 Discount Rate 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 1,548,548	\$ 896,314	\$ 371,131

Pension Expense and 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 \$226,905. At June 30, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 39,234	\$ (16,428)	\$ 22,806
Changes of Assumptions	30,412	(12,971)	17,441
Net difference between projected and actual earnings on pension plan investments	145,980	-	145,980
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 215,626</u>	<u>\$ (29,399)</u>	<u>\$ 186,227</u>
Pension contributions made subsequent to the measurement date	69,935	-	69,935
Total deferred amounts related to pensions	<u>\$ 285,561</u>	<u>\$ (29,399)</u>	<u>\$ 256,162</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 91,744
2018	47,172
2019	43,574
2020	3,737
	<u>\$ 186,227</u>

B. Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered “non-participating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under social security. The Library paid the total required contribution for the current fiscal year.

NOTE 10 - INTERFUND TRANSFERS

An interfund transfer during the year ended June 30, 2017 was as follows:

Transfer from General Fund to Debt Service Fund	<u>\$ 232,585</u>
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The purpose of the transfer was to fund the Debt Service Fund to pay General Obligation Building Bond payments for the year.

NOTE 11 - 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; and natural disasters. The Library purchases commercial insurance to handle these risks of loss. During fiscal year 2017 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Library is insured under a retrospectively-rated policy for workers’ compensation coverage, whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2017, there were no significant adjustments in premiums based on actual experience.

NOTE 12 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of governmental activities indebtedness to 2.875% of the most recent available equalized valuation (EAV) of the Library. The Library’s legal debt limitation is as follows:

2016 EAV	\$635,371,965
Rate	<u>2.875%</u>
Debt Margin	\$ 18,266,944
Current Debt	860,000
Remaining Debt Margin	<u>\$ 17,406,944</u>

REQUIRED SUPPLEMENTARY INFORMATION

ANTIOCH PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2017

	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 120,116	\$ 121,717	\$ 119,090
Interest on the Total Pension Liability	274,694	256,216	223,040
Differences Between Expected and Actual Experience	24,977	(35,750)	99,630
Changes of Assumptions	(17,984)	11,002	119,049
Benefit Payments, Including Refunds of Member Contributions	(96,432)	(95,299)	(143,075)
Net Change in Total Pension Liability	<u>\$ 305,371</u>	<u>\$ 257,886</u>	<u>\$ 417,734</u>
Total Pension Liability - Beginning	<u>3,665,448</u>	<u>3,407,562</u>	<u>2,989,828</u>
Total Pension Liability - Ending	<u>\$ 3,970,819</u>	<u>\$ 3,665,448</u>	<u>\$ 3,407,562</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 137,853	\$ 133,329	\$ 123,437
Contributions - Member	52,042	50,647	49,032
Net Investment Income	193,647	14,053	155,593
Benefit Payments, Including Refunds of Member Contributions	(96,432)	(95,299)	(143,075)
Other (Net Transfers)	6,068	(87,578)	45,174
Net Change in Plan Fiduciary Net Position	<u>\$ 293,178</u>	<u>\$ 15,152</u>	<u>\$ 230,161</u>
Plan Net Position - Beginning	<u>2,781,327</u>	<u>2,766,175</u>	<u>2,536,014</u>
Plan Net Position - Ending	<u>\$ 3,074,505</u>	<u>\$ 2,781,327</u>	<u>\$ 2,766,175</u>
District's Net Pension Liability	<u>\$ 896,314</u>	<u>\$ 884,121</u>	<u>\$ 641,387</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.43%	75.88%	81.18%
Covered-Valuation Payroll	\$ 1,156,482	\$ 1,116,665	\$ 1,082,804
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	77.50%	79.18%	59.23%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

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

See Accompanying Independent Auditors' Report

ANTIOCH PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2017

	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Actuarially-Determined Contribution	\$ 137,853	\$ 133,330	\$ 122,898
Contributions in Relation to Actuarially-Determined Contribution	<u>137,853</u>	<u>133,329</u>	<u>123,437</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (539)</u>
Covered-Valuation Payroll	\$ 1,156,482	\$ 1,116,665	\$ 1,082,804
Contributions as a Percentage of Covered-Valuation Payroll	11.92%	11.94%	11.40%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2016 Contribution Rate *

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.

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: 3.50%

Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

Retirement Age: 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 Healthy Mortality Table, adjusted to match current IMRF experience. For disabled lives, 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 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

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

ANTIOCH PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual
REVENUES		
Property Taxes	\$ 2,553,295	\$ 2,531,836
Personal Property Replacement Taxes	6,000	11,926
Developer Donations	1,000	6,650
Fines	28,000	18,087
Interest	5,550	1,129
Copier and Reader-Printer	13,000	12,731
Gifts and Memorials	1,000	14,361
Per Capita Grant	20,128	20,128
Capital Contributions	1,000	-
Other Grants	19,200	-
Other Income	2,100	687
TOTAL REVENUES	\$ 2,650,273	\$ 2,617,535
EXPENDITURES		
Current		
General Government		
Legal	\$ 18,100	\$ 19,543
Publishing	2,500	2,673
Printing	2,400	1,902
Office Supplies	10,100	8,721
Travel	3,000	2,148
Postage	10,000	7,667
Accounting	12,100	14,075
Insurance	25,500	12,605
Dues and Memberships	2,625	2,094
Public Relations	31,100	25,599
Appraisal	5,700	2,950
Staff Development	18,672	14,471
Human Resource Activities	7,000	6,599
Computer Programs	2,027	2,769
Collection Agency Fees	3,500	3,427
Copier Supplies	4,000	4,225
Computer Supplies	9,000	7,640
Processing Supplies	12,000	9,541
AV Repair Supplies	3,500	3,702
Bank Charges	200	45
Reciprocal Borrowing Losses	300	65
Refunds	1,000	515
	\$ 184,324	\$ 152,976
Library Operations		
Salaries	\$ 1,152,800	\$ 1,175,557
Temporary Employees	98,100	86,404
Employer Paid Benefits - Insurance	205,000	182,096
IMRF	137,376	140,590
Social Security	95,924	93,575
Book Binding	2,500	290
Shelf Management	5,000	2,410
Equipment Rental	6,500	6,610
Equipment and Furniture Repair	5,000	1,913
Computer Maintenance	24,056	22,096
Maintenance Agreement	37,805	41,813
Network Consultants	5,375	4,635
Video License	1,000	1,052

See Accompanying Independent Auditors' Report

ANTIOCH PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual
EXPENDITURES (Continued)		
Current (Continued)		
Library Operations (Continued)		
Reference Services	\$ 49,260	\$ 48,956
Adult Programs	13,500	12,412
Young Adult Programs	10,000	12,079
Children's Programs	18,000	10,700
Periodicals	9,250	9,150
Music Recording Services	7,214	7,214
Playaway Views	3,250	2,600
Contingency	5,000	417
Building Operations		
Telephone	10,250	10,784
Disposal Service	1,740	1,502
Building and Grounds Maintenance	39,500	33,080
Heat/Gas	9,000	6,497
Electricity	38,500	36,592
Water	1,750	2,109
Custodial Supplies	9,000	5,474
Other Grants	1,000	-
Expenditures, Dev. Contributions	500	-
Contingency	1,000	-
	\$ 2,004,150	\$ 1,958,607
Total Current	\$ 2,188,474	\$ 2,111,583
Capital Outlay		
Books	\$ 190,374	\$ 169,356
Equipment	2,500	2,528
Furniture	2,000	3,083
Per Capita Grant	20,127	32,869
Building	1,000	2,200
Grounds	12,500	9,618
Other Grants	10,000	10,048
Future Development	-	7,442
Total Capital Outlay	\$ 238,501	\$ 237,144
TOTAL EXPENDITURES	\$ 2,426,975	\$ 2,348,727
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 223,298	\$ 268,808
OTHER FINANCING SOURCES/(USES)		
Interfund Transfers	(232,600)	(232,585)
NET CHANGE IN FUND BALANCE	\$ (9,302)	\$ 36,223
FUND BALANCES - JULY 1, 2016	387,279	387,279
FUND BALANCES - JUNE 30, 2017	\$ 377,977	\$ 423,502

See Accompanying Independent Auditors' Report

ANTIOCH PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - BUDGETARY PROCESS

Annual budgets are legally adopted and separately reported for all funds of the Library. The budget was passed on August 30, 2016. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director requests input on the needs of the different departments of the Library.
2. The Library Director uses this input to prepare a preliminary budget.
3. The staff and Library Director go over the preliminary budget and make any necessary adjustments.
4. The revised budget is submitted to the budget committee for review. Recommended changes are discussed with Library Director.
5. The budget is presented to and reviewed by the Board at a public hearing.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2017, no fund presented as Required Supplementary Information had expenditures that exceeded the budget.

SUPPLEMENTAL FINANCIAL INFORMATION

ANTIOCH PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original and Final	Actual
REVENUES		
Interest	\$ 200	\$ 90
EXPENDITURES		
Debt Service		
Principal	\$ 225,660	\$ 195,000
Interest	-	30,660
	\$ 225,660	\$ 225,660
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (225,460)	\$ (225,570)
OTHER FINANCING SOURCES/(USES)		
Interfund Transfers	232,585	232,585
NET CHANGE IN FUND BALANCE	\$ 7,125	\$ 7,015
FUND BALANCES - JULY 1, 2016	233,950	233,950
FUND BALANCES - JUNE 30, 2017	\$ 241,075	\$ 240,965

See Accompanying Independent Auditors' Report