

**WORTH PUBLIC LIBRARY DISTRICT**

**WORTH, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
**WORTH PUBLIC LIBRARY DISTRICT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **WORTH PUBLIC LIBRARY DISTRICT** (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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.

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## Other Matters

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the accompanying financial information listed as required supplemental information 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 supplemental 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 District's basic financial statements. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This 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 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.



O'NEILL & GASPARDO, LLC  
Mokena, Illinois  
September 19, 2017

## **WORTH PUBLIC LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Worth Public Library District (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2017. We encourage readers to read this information in conjunction with the District's financial statements.

### **Financial Highlights**

The District's total net position at June 30, 2017 was \$1,528,508, a decrease of \$9,954 from June 30, 2016.

### **Overview of the Financial Statements**

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

### **Financial Statements**

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

The Governmental Funds Balance Sheet/Statement of Net Position provides information of the District's assets and liabilities. The difference between these two represents governmental fund balances for the current financial resources reporting, and net position for the government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenses and assets increase without a corresponding increase in liabilities. Information is presented for each major fund or group of funds and shows any restrictions on the fund or net position.

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

In addition to the basic financial statements, notes to the financial statements provide further information to the reader and should be considered an integral part of the financial statements.

Budgetary comparison schedules are also provided as required supplementary information, which is useful in comparing how District expenditures were made in comparison to budgeted amounts.

## Financial Analysis

Net Position may serve, over time, as a useful indicator of a municipal body's financial position. The District's assets exceeded liabilities by \$1,528,508 as of the close of the year. Of the net position balance, \$530,024 is invested in capital assets, \$124,287 is restricted and \$874,197 is unrestricted.

### Condensed Statement of Net Position

	June 30, 2016	June 30, 2017
<u>Assets</u>		
Cash and Investments	\$ 1,087,566	\$ 1,118,941
Property Taxes Receivable	372,693	367,453
Capital Assets	<u>564,138</u>	<u>530,024</u>
Total Assets	2,024,397	2,016,418
 <u>Deferred Outflows of Resources</u>		
Future Pension Expense	<u>89,815</u>	<u>42,796</u>
 Total Assets and Deferred Outflows Of Resources	<u>\$ 2,114,212</u>	<u>\$ 2,059,214</u>
 <u>Liabilities</u>		
Accounts Payable	\$ 4,327	\$ 5,051
Accrued Payroll	13,050	14,785
Accrued Compensated Absences	26,210	26,577
Net Pension Liability	<u>154,593</u>	<u>116,839</u>
Total Liabilities	198,180	163,252
 <u>Deferred Inflows of Resources</u>		
Unavailable Per Capita Grant	8,317	-
Unavailable Property Tax	<u>369,253</u>	<u>367,454</u>
Total Deferred Inflows of Resources	377,570	367,454
 Total Liabilities and Deferred Inflows of Resources	<u>575,750</u>	<u>530,706</u>
 <u>Net Position</u>		
Invested in Capital Assets	564,138	530,024
Restricted	151,858	124,287
Unrestricted	<u>822,466</u>	<u>874,197</u>
Total Net Position	<u>\$ 1,538,462</u>	<u>\$ 1,528,508</u>

Seventy-two percent of the District's assets and deferred outflows of resources at June 30, 2017 were current and consist of cash, investments and property tax receivables. The remainder is capital (tangible) assets and deferred outflows of resources. Ninety-six percent of the liabilities and deferred inflows of resources are non-current and represent accrued compensated absences, net pension liability and deferred inflows of resources of the District. Unrestricted net position (\$874,197) is fifty-seven percent of our total net position. Of the remaining net position, \$530,024 is invested in capital assets and \$124,287 is restricted.

The following summarizes the revenue and expenses of the District's governmental activities for fiscal year ended June 30, 2017. Governmental activities decreased the District's net position by \$9,954.

### Condensed Statement of Activities

	FY 2015-16	FY 2016-17
<b>Revenues</b>		
Property Taxes	\$ 743,479	\$ 761,036
Replacement Taxes & Grants	4,629	13,459
Fines and Fees	15,431	13,959
Donations	3,000	2,297
Interest	1,697	5,363
Other	<u>25,539</u>	<u>5,218</u>
Total Revenues	\$ 793,775	\$ 801,332
<b>Expenses</b>		
Cultural	\$ 819,456	\$ 785,410
Capital Outlay	<u>38,325</u>	<u>25,876</u>
Total Expenses	<u>857,781</u>	<u>811,286</u>
Net Change in Net Position	(64,006)	(9,954)
Net Position, Beginning of Year	<u>1,602,468</u>	<u>1,538,462</u>
Net Position, End of Year	<u>\$ 1,538,462</u>	<u>\$ 1,528,508</u>

The statement of activities shows the nature and source of the changes in net position. This year's expenses are quite similar to previous fiscal year with a major portion of revenues used to fund cultural expenses.

### Budget

The District did not amend their budget during the fiscal year. The actual funds received for the general fund were \$731,782 which was \$204,457 higher than budgeted. Actual expenditures for the general fund of \$650,906 were \$373,474 lower than budgeted, due mainly to conservative spending practices.

### Financial Analysis of District's Funds

	General	IMRF & Social Security	Other Funds	Total
Total Revenues	\$ 731,782	\$ 48,532	\$ 21,018	\$ 801,332
Total Expenditures	650,906	62,618	54,016	767,540
Net Change in Fund Balance	80,876	(14,086)	(32,998)	33,792
Fund Balance at June 30, 2016	913,454	42,088	109,770	1,065,312
Fund Balance at June 30, 2017	<u>\$ 994,330</u>	<u>\$ 28,002</u>	<u>\$ 76,772</u>	<u>\$ 1,099,104</u>

\$9,756 of the General Fund and \$22,557 of the Other Funds is nonspendable and only can be used as loans to other funds within the District. \$28,002 of the IMRF & Social Security Fund and \$43,503 of the Other Funds is restricted for specific purposes of those funds. \$20,469 of the Other Funds is committed for future operating expenditures of the District. The remaining General Fund balance of \$984,574 is unrestricted and can be used for any purpose within the District.

### Capital Assets

	FY 2015-16	FY 2016-17
Land	\$ 30,000	\$ 30,000
Building & Grounds	903,195	906,830
Equipment	41,525	44,194
District Collection	<u>355,084</u>	<u>352,956</u>
Total Capital Assets	1,329,804	1,333,980
Less Accumulated Depreciation	<u>765,666</u>	<u>803,956</u>
Net Capital Assets	<u>\$ 564,138</u>	<u>\$ 530,024</u>

The District's Collection includes adult's and children's materials in print, electronic and digital formats.

Additional information regarding capital assets may be found in the accompanying notes to the financial statements.

### Debt Outstanding

The District has no outstanding long-term debt.

### Economic Factors Bearing on the District's Future

At the time these financial statements were prepared, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- The District's service area is the same as the boundaries for the Village of Worth; as such the District's ability to generate tax receipts is directly linked to the Equalized Assessed Valuation (EAV) of the property within the Village of Worth. The EAV increased from \$131,916,399 to \$136,919,187 due to Cook County's triennial property reassessment in 2017. It is likely to decrease somewhat in the following year due to property tax appeals.
- Library Systems in Illinois are funded by the State of Illinois. Despite the State's financial constraints, it is hoped that system funds will arrive in a more timely fashion. Resource sharing and delivery of materials continue to be the highest priorities for service. RAILS (Reaching Across Illinois District System) adopted new membership standards that include ongoing continuing education requirements. RAIL increased continuing education opportunities for its members and offers most at very low or no cost. Many training sessions are offered online which saves staff time and does not require mileage reimbursement. If system funding is decreased, this could have an effect on future continuing education opportunities.
- Public Library District Per Capita Grants are funded through the State. FY 2017 grants were awarded at a reduced level as they were in FY 2016, and it is unknown when FY

2017 per capita grant funds will be distributed. The District will proceed with the FY 2018 application, but a schedule for grant distributions is uncertain.

- The SWAN (System Wide Automated Network) consortium provides software and support services for bibliographic and circulation functions of more than 70 libraries. Fees for these vital services were frozen for fiscal years 2016-2018. A new fee structure is being developed and will be implemented in FY 2018. The amount of increase is unknown at this time.
- The District continues to offer a variety of e-resource products. Statistics are monitored frequently to determine if use justifies cost.
- Although premium rates increased significantly last year, the District's health insurance pool with other libraries will maintain 2018's premium rates at the same level as 2017.
- It is unknown what impact any State pension reforms or changes to the minimum wage may be forthcoming.
- The District hired the Management Association of Illinois to update its compensation structure based on benchmarking analysis. A pay scale was developed utilizing data from surveys of libraries with comparable budgets and other factors.
- The District continues to allocate funds to enhance and update its technology. Four more computers were added for the public, and computer desks and chairs were replaced.
- The District's telephone system is no longer supported by the manufacturer. Equipment and other components will need to be replaced.
- The District's liability insurance pool conducts annual risk assessment evaluations. The evaluations have alerted the District to the need to make some building improvements.
- The District's elevator maintenance company advised that the elevator will require a complete rebuild within 5 – 10 years at an estimated cost of \$45,000.
- The District hired Chicago Project Management to develop a Capital Plan. The plan will estimate the remaining useful life of building components and develop a long-term plan for replacement of these assets. The plan will help the District budget for anticipated capital improvements.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Librarian, Worth Public Library District, 6917 W. 111<sup>th</sup> Street, Worth, Illinois, 60482.

End of Management Discussion and Analysis

**WORTH PUBLIC LIBRARY DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	GENERAL	IMRF & SOCIAL SECURITY	OTHER FUNDS	TOTAL	ADJUST- MENTS	STATEMENT OF NET POSITION
<u>ASSETS AND DEFERRED</u>						
<u>OUTFLOWS OF RESOURCES</u>						
<u>Assets</u>						
Cash and Investments	\$ 1,004,410	\$ 28,002	\$ 86,529	\$1,118,941	\$ -	\$ 1,118,941
Interfund Balance	9,756	-	-	9,756	(9,756)	-
Property Taxes Receivable	328,800	23,337	15,316	367,453	-	367,453
Capital Assets:						
Land	-	-	-	-	30,000	30,000
Other Capital Assets, Net	-	-	-	-	500,024	500,024
Total Assets	1,342,966	51,339	101,845	1,496,150	520,268	2,016,418
<u>DEFERRED OUTFLOWS OF</u>						
<u>RESOURCES</u>						
Future Pension Expense	-	-	-	-	42,796	42,796
Total Deferred Outflows of Resources	-	-	-	-	42,796	42,796
Total Assets and Deferred Outflows of Resources	<u>\$ 1,342,966</u>	<u>\$ 51,339</u>	<u>\$ 101,845</u>	<u>\$1,496,150</u>	<u>\$ 563,064</u>	<u>\$ 2,059,214</u>
<u>LIABILITIES AND DEFERRED</u>						
<u>INFLOWS OF RESOURCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 5,051	\$ -	\$ -	\$ 5,051	\$ -	\$ 5,051
Accrued Payroll	14,785	-	-	14,785	-	14,785
Accrued Compensated Absences	-	-	-	-	26,577	26,577
Net Pension Liability	-	-	-	-	116,839	116,839
Interfund Balance	-	-	9,756	9,756	(9,756)	-
Total Liabilities	19,836	-	9,756	29,592	133,660	163,252
<u>Deferred Inflows of Resources</u>						
Unavailable Property Taxes	328,800	23,337	15,317	367,454	-	367,454
Total Deferred Inflows of Resources	328,800	23,337	15,317	367,454	-	367,454
<u>FUND BALANCES/NET POSITION</u>						
<u>Fund Balances</u>						
Nonspendable	9,756	-	22,557	32,313	(32,313)	-
Restricted	-	28,002	43,503	71,505	(71,505)	-
Assigned	-	-	20,469	20,469	(20,469)	-
Unassigned	984,574	-	(9,757)	974,817	(974,817)	-
Total Fund Balances	994,330	28,002	76,772	1,099,104	(1,099,104)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,342,966</u>	<u>\$ 51,339</u>	<u>\$ 101,845</u>	<u>\$1,496,150</u>		<u>\$ 530,706</u>
<u>Net Position</u>						
Invested in Capital Assets					530,024	530,024
Restricted					124,287	124,287
Unrestricted					874,197	874,197
Total Net Position					<u>\$1,528,508</u>	<u>\$ 1,528,508</u>

See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

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Fund Balances - Governmental Funds	\$ 1,099,104
Capital assets are not current financial resources and therefore are not reported on the Governmental Funds Balance Sheet.	530,024
Future pension expense is not a current financial resource and therefore is not reported on the Governmental Funds Balance Sheet.	42,796
Long-term liabilities are not due and payable in the current period and therefore are not reported on the Governmental Funds Balance Sheet:	
Accrued Compensated Absences	(26,577)
Net Pension Liability	<u>(116,839)</u>
Net Position of Governmental Activities	<u>\$ 1,528,508</u>

See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**GOVERNMENTAL FUNDS REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	GENERAL	IMRF & SOCIAL SECURITY	OTHER FUNDS	TOTAL	ADJUST- MENTS	STATEMENT OF ACTIVITIES
<b>REVENUES</b>						
Property Taxes	\$ 692,110	\$ 48,532	\$ 20,394	\$ 761,036	\$ -	\$ 761,036
Replacement Taxes	5,142	-	-	5,142	-	5,142
Rentals	3,865	-	-	3,865	-	3,865
Fines	5,176	-	-	5,176	-	5,176
Damaged or Lost Books	453	-	-	453	-	453
Copy and Fax Machine	4,465	-	-	4,465	-	4,465
Interest	5,118	-	245	5,363	-	5,363
Donations	2,297	-	-	2,297	-	2,297
Other	4,839	-	379	5,218	-	5,218
Grants	8,317	-	-	8,317	-	8,317
Total Revenues	731,782	48,532	21,018	801,332	-	801,332
<b>EXPENDITURES</b>						
Cultural	622,361	62,618	54,016	738,995	46,415	785,410
Capital Outlay	28,545	-	-	28,545	(2,669)	25,876
Total Expenditures	650,906	62,618	54,016	767,540	43,746	811,286
Net Change in Fund Balances/ Net Position	80,876	(14,086)	(32,998)	33,792	(43,746)	(9,954)
<b>FUND BALANCES/NET POSITION</b>						
Beginning of Year	913,454	42,088	109,770	1,065,312	473,150	1,538,462
End of Year	<u>\$ 994,330</u>	<u>\$ 28,002</u>	<u>\$ 76,772</u>	<u>\$1,099,104</u>	<u>\$ 429,404</u>	<u>\$ 1,528,508</u>

See accompanying notes and auditor's report.

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

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Net Change in Fund Balances - Governmental Funds	\$	33,792
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Governmental funds report capital outlays as expenditures. However, the cost of these assets is depreciated over their estimated useful lives on the Statement of Activities.

Expenditures for Capital Assets in the Current Year	\$	75,521	
Current Year Depreciation		(109,635)	
			(34,114)

Some expenses reported on the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Deferred Outflows of Resources for Defined Benefit Pension Plan from the Prior Year		(47,019)	
Change in Accrued Compensated Absences from the Prior Year		(367)	
Change in Accrued Net Pension Liability from the Prior Year		37,754	
			(9,632)

Change in Net Position of Governmental Activities	\$	(9,954)
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See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**WORTH PUBLIC LIBRARY DISTRICT** (the "District") is located in Worth, Illinois. The District was organized under state law to provide cultural and library services to local residents.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. 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 District's accounting policies are described below.

**A. REPORTING ENTITY AND ITS SERVICES**

Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no agencies or entities whose financial data should be combined with and included in the financial statements of the District. Also, the District is not considered a component unit of any other government entity.

**B. BASIS OF PRESENTATION**

The fund and government-wide financial statements are combined, with a reconciliation shown between them. Therefore, the Governmental Funds Balance Sheet and Statement of Net Position are combined and the Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities are combined. The government-wide statements are designed to report the District's financial position and results of operations as a whole. The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions by fund.

Major individual governmental funds are reported as separate columns in the fund financial statements and all other funds are combined under a single column. The major funds are the General Fund and IMRF & Social Security Fund. Following is a brief description of the major funds used by the District.

**General Fund** - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. In addition, general operating expenditures and the capital improvement costs that are not paid through other funds are paid from this fund.

**IMRF & Social Security Fund** - The IMRF & Social Security Fund accounts for financial resources used to pay payroll taxes and IMRF contributions.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. BASIS OF ACCOUNTING**

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund equity. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (defined as within 60 days of fiscal year-end) to be used to pay liabilities of the current period. Material revenues susceptible to accrual include real estate tax, replacement tax and grant revenue. Expenditures are recognized when the related fund liability is incurred.

The government-wide statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Property taxes are recognized as revenue in the year in which they are intended to finance. Interfund balances between funds have been eliminated in the government-wide statements.

**D. INVESTMENTS**

Investments consist of investments held in an Illinois Funds Money Market account and are carried at cost, which approximates market.

**E. CAPITAL ASSETS**

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are reported on the government-wide or fund financial statements. On the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense on the Statement of Activities, with accumulated depreciation reflected on the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and Grounds	7 - 55 Years
Equipment	5 - 10 Years
Library Collection	5 Years

The minimum capitalization threshold is any item with a total cost greater than \$2,500, except for purchases for the library collection, which are always capitalized.

On the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave, since it is not paid upon termination. On the fund financial statements, accrued vacation is recorded in the general fund when payable (i.e. upon resignation or retirement). On the government-wide financial statements, accrued vacation is recorded when earned.

**G. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES**

The District reports deferred outflows / inflows of resources on its Statement of Net Position and Governmental Funds Balance Sheet.

Deferred outflows of resources represents a consumption of net position that applies to future periods and will not be recognized as outflows of resources until then. The District's only deferred outflow of resources at June 30, 2017 was due to the District's defined benefit pension plan (Illinois Municipal Retirement Fund - IMRF). It consisted of amounts to be recognized as pension expense in future fiscal years for the differences between expected and actual experience and assumption changes and contributions to the plan after the measurement date of the net pension asset or liability (December 31, 2016), but prior to fiscal year end (June 30, 2017).

Deferred inflows of resources arise when resources are received by the District that apply to future periods, so they will not be recognized as revenue until that time. The District's only deferred inflows of resources at June 30, 2017 were levied property taxes intended to finance the next fiscal year.

**H. PROPERTY TAXES**

The District annually establishes a legal right to revenue from property tax assessments upon enactment of a levy ordinance by its Board. Property taxes are recognized as a receivable at the time they are levied. Property tax revenue is recognized in the fiscal year for which they are levied (intended to finance). In addition, revenue under the modified accrual basis (fund financial statements) is not recognized unless they are also available (collected within 60 days after fiscal year end). Property taxes receivable and collections not recognized as revenue are reported as deferred inflows of resources. Property tax revenue on the fund financial statements is allocated to each fund in accordance with the applicable levy amounts for each fund.

The second installment of the 2015 levy and the first installment of the 2016 levy were intended to finance the fiscal year ended June 30, 2017. Therefore, the property taxes collected within 60 days of June 30, 2017 have been recorded as revenue, along with collections of prior levies. The second installment of the 2016 levy is intended to finance the fiscal year ending June 30, 2018. Therefore, this property tax receivable has been recorded as a deferred inflow of resources.

The District recorded an allowance for uncollectible property taxes of 1.71% of the 2016 levy (\$13,201). All uncollected taxes relating to prior years' levies have been written off.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Significant dates for the 2016 levy are as follows:

Lien Date	January 1, 2016
Levy Date	November 8, 2016
Tax Bills Mailed (at least 30 days prior to collection deadline)	
First Installment Due	March 1, 2017
Second Installment Due	August 1, 2017

Property taxes are billed and collected by the County Treasurer of Cook County, Illinois. Substantially all of the collected taxes for the 2016 tax levy will be received by the District between March 2017 and December 2017.

**I. ELIMINATION AND RECLASSIFICATIONS**

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund balances on the fund financial statements may be eliminated or reclassified.

**J. FUND BALANCE**

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, the principal portion of the Working Cash, or amounts required to be maintained intact legally or contractually.

Restricted - includes amounts constrained for a specific purpose by external parties.

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority (the Board of Trustees for the District). This formal action must occur prior to the end of the reporting period, but the amount of the committed balance may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Trustees that originally created the commitment.

Assigned - includes General Fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated authority to assign amounts. The Board of Trustees has not delegated this authority as of June 30, 2017. Additionally, all remaining positive spendable amounts in government funds other than the General Fund, that are neither restricted nor committed, are considered assigned. Assignments may take place after the end of the reporting period.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

In circumstances where an expenditure relates to amounts available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and unassigned fund balance.

**K. NET POSITION**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District uses restricted resources when an expense is incurred before using unrestricted resources.

**L. ESTIMATES**

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

**NOTE 2. DEFINED BENEFIT PENSION PLAN**

**IMRF Plan Description**

The District'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 District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-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](http://www.imrf.org).

**Benefits Provided**

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

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued**

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

**Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

	<b><u>IMRF</u></b>
Retirees and Beneficiaries currently receiving benefits	8
Inactive Plan Members entitled to but not yet receiving benefits	3
Active Plan Members	7
<b>Total</b>	<b><u>18</u></b>

**Contributions**

As set by statute, the District's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 10.64% of members' wages. For the fiscal year ended June 30, 2017, the District contributed \$33,401 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Price Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2016 valuation according to an experience study from years 2011 to 2013.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. DEFINED BENEFIT PENSION PLAN - 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 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine 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

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued**

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2015</b>	\$ 1,262,020	\$ 1,107,427	\$ 154,593
<b>Changes for the year:</b>			
Service Cost	36,439	-	36,439
Interest on the Total Pension Liability	95,001	-	95,001
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(36,814)	-	(36,814)
Changes of Assumptions	(3,567)	-	(3,567)
Contributions - Employer	-	32,712	(32,712)
Contributions - Employee	-	13,835	(13,835)
Net Investment Income	-	76,804	(76,804)
Benefit Payments, including Refunds of Employee Contributions	(20,356)	(20,356)	-
Other (Net Transfer)	-	5,462	(5,462)
Net Changes	70,703	108,457	(37,754)
<b>Balances at December 31, 2016</b>	<u>\$ 1,332,723</u>	<u>\$ 1,215,884</u>	<u>\$ 116,839</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:

	<b>1% Lower (6.50%)</b>	<b>Current Discount (7.50%)</b>	<b>1% Higher (8.50%)</b>
<b>Net Pension Liability (Asset)</b>	\$ 308,745	\$ 116,839	\$ (41,072)

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the District recognized pension expense of \$42,667. At June 30, 2017, the District reported deferred outflows of resources related to the IMRF pension from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>
<b><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b>	
Differences between expected and actual experience	\$ (39,031)
Changes of assumptions	5,966
Net difference between projected and actual earnings on pension plan investments	<u>58,881</u>
Total deferred amounts to be recognized in pension expense in future periods	25,816
<b><i>Pension Contributions made subsequent to the Measurement Date</i></b>	<u>16,980</u>
<b>Total Deferred Amounts Related to Pensions</b>	<u><u>\$ 42,796</u></u>

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

<b><u>Year Ending December 31</u></b>	<b>Net Deferred Outflows of Resources</b>
2017	\$ 6,888
2018	4,566
2019	12,874
2020	1,488
2021	-
Thereafter	-
Total	<u><u>\$ 25,816</u></u>

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 3. CASH AND INVESTMENTS**

The District's investment policy authorizes the District to invest in any securities allowed for by Illinois statutes regarding the investment of public funds. Reconciled cash and investments at June 30, 2017 were as follows and are all permitted by the District's investment policy:

Petty Cash	\$ 100
The Private Bank - Checking Accounts	224,116
Illinois Funds (Investment Pool - does not require categorization)	894,725
Total Cash and Investments	<u>\$ 1,118,941</u>

**Authorized Investments**

The District's investment policy (the "policy") authorizes the District to invest in obligations of the U.S. Government and its agencies, interest-bearing savings accounts, certain short-term obligations of U.S. corporations, money market mutual funds, certificates of deposit, Illinois Public Treasurer's Investment Pool (Illinois Funds), and other securities authorized by the Illinois Public Funds Investment Act. The policy does not limit the investment portfolio to specific maturities (interest rate risk).

**Custodial Credit Risk**

The policy requires no collateral for investments in Federally Insured or Licensed Institutions Permitted to Hold Public Funds, provided that such investments shall not exceed federal insurance limits. Uninsured investments shall be collateralized by securities or mortgages in an amount equal to at least fair market value of the uninsured amount.

**Concentration of Credit Risk**

The policy states that if funds invested in one of the securities exceeds federal deposit insurance limits, the excess funds shall be moved to another federally insured institution.

**Illinois Funds**

Illinois Funds is an investment pool managed by the State of Illinois, Office of Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2 (a)7 of the Investment Company Act of 1940. Illinois Funds is rated AAAM by Standard & Poor's. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for. Illinois Funds issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained on-line at [www.treasurer.il.gov](http://www.treasurer.il.gov).

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3. CASH AND INVESTMENTS - Continued**

The District's deposits with financial institutions were categorized as follows at June 30, 2017:

Insured by federal depository insurance	\$ 230,149
Collateralized by securities held by the pledging financial institution's trust department or agent in the District's name	-
Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the District's name	-
Uncollateralized	-
Total Deposits with Financial Institutions	<u>\$ 230,149</u>

**NOTE 4. CAPITAL ASSETS**

Following is a summary of changes in the capital assets for the year ended June 30, 2017:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
Capital Assets, Not Depreciable:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total Capital Assets, Not Depreciable	30,000	-	-	30,000
Capital Assets, Depreciable:				
Building and Grounds	903,195	7,360	(3,725)	906,830
Equipment	41,525	2,669	-	44,194
Library Collection	355,084	65,492	(67,620)	352,956
Total Capital Assets, Depreciable	1,299,804	75,521	(71,345)	1,303,980
Less Accumulated Depreciation for:				
Building and Grounds	(558,312)	(35,028)	3,725	(589,615)
Equipment	(33,070)	(3,803)	-	(36,873)
Library Collection	(174,284)	(70,804)	67,620	(177,468)
Total Accumulated Depreciation	(765,666)	(109,635)	71,345	(803,956)
Capital Assets, Net	<u>\$ 564,138</u>	<u>\$ (34,114)</u>	<u>\$ -</u>	<u>\$ 530,024</u>

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 5. RISK OF LOSS**

The District is exposed to various risks of loss through property ownership, employee injury, liability of employees, elected officials' actions and other items. The District has membership with Libraries of Illinois Risk Agency ("LIRA") to overcome these risks. LIRA is a cooperative agency voluntarily established by contracting public libraries, library districts, library systems and other units of government pursuant to Article VII, Section 10 of the 1970 Constitution of the State of Illinois and 5 ILCS 220/6 of the Illinois Compiled Statutes for the purpose of seeking prevention or reduction of casualty losses to governmental properties and injuries to persons or property which might result in claims being made against Member units, their officers and employees.

The relationship, including rights and responsibilities, of the District and LIRA is governed by an intergovernmental contract, which may be obtained from the District. In accordance with this contract, the District is obligated to report claims on a timely basis, following risk management procedures adopted by LIRA, provide necessary information to LIRA, cooperate with LIRA's attorneys and staff and timely pay all contributions. LIRA has a Board of Directors that is responsible for administering the intergovernmental contract and managing the operating and reserve funds. The Board of Directors is elected or appointed by LIRA members, include the District.

There were no significant reductions in insurance coverage during the fiscal year ended June 30, 2017, and claims have not exceeded coverage in the last three years.

**NOTE 6. FUND BALANCE CLASSIFICATIONS**

The following is a schedule of fund balance classifications for the government funds as of June 30, 2017:

	<u>GENERAL</u>	<u>IMRF &amp; SOCIAL SECURITY</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Fund Balance:				
Nonspendable:				
Interfund Loans	\$ 9,756	\$ -	\$ 22,557	\$ 32,313
Restricted by Tax Levies for:				
IMRF & Social Security	-	28,002	-	28,002
Liability Insurance	-	-	33,942	33,942
Audit	-	-	1,320	1,320
Unemployment Compensation	-	-	2,432	2,432
Workers' Compensation	-	-	5,809	5,809
Assigned for:				
Future Operating Expenditures	-	-	20,469	20,469
Unassigned	984,574	-	(9,757)	974,817
Total Fund Balances	<u>\$ 994,330</u>	<u>\$ 28,002</u>	<u>\$ 76,772</u>	<u>\$ 1,099,104</u>

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 7. RESTRICTED NET POSITION**

The following is a schedule of restricted net position on the Statement of Net Position as of June 30, 2017. These balances are restricted by tax levies or by the Board of Directors.

Working Cash	\$ 43,026
IMRF & Social Security	28,002
Liability Insurance	33,942
Audit	1,320
Unemployment Compensation	2,432
Workers' Compensation	5,809
Total	<u>\$ 114,531</u>

**NOTE 8. LONG-TERM LIABILITY**

Activity of long-term liabilities were as follows for the year ended June 30, 2017:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Accrued Comp. Absences	\$ 26,210	\$ 26,335	\$ (25,968)	\$ 26,577	\$ 26,577
Net Pension Liability	154,593	-	(37,754)	116,839	-
Total Long-Term Liability	<u>\$ 180,803</u>	<u>\$ 26,335</u>	<u>\$ (63,722)</u>	<u>\$ 143,416</u>	<u>\$ 26,577</u>

**NOTE 9. OTHER FUND DISCLOSURES**

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds including:

The following fund had deficit balance at June 30, 2017:

Non-Major Fund - Building Fund	<u>\$ (9,757)</u>
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The following interfund balance existed as of June 30, 2017:

Due from Non-Major Fund to General Fund	<u>\$ (9,756)</u>
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The District's interfund loan was made to cover general operating expenditures of the Special Revenue Funds. This loan is expected to be paid in full by June 30, 2018.

**NOTE 10. SUBSEQUENT EVENTS**

The District has evaluated events subsequent to June 30, 2017 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

***REQUIRED***  
***SUPPLEMENTAL INFORMATION***

**WORTH PUBLIC LIBRARY DISTRICT**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL**  
**YEAR ENDED JUNE 30, 2017**

	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<b>REVENUES</b>			
Property Taxes	\$ 494,560	\$ 692,110	\$ 197,550
Other Revenues:			
Replacement Taxes		5,142	
Rentals		3,865	
Fines		5,176	
Damaged or Lost Books		453	
Copy and Fax Machine		4,465	
Interest		5,118	
Donations		2,297	
Other		4,839	
Grants		8,317	
Total Other Revenues	32,765	39,672	6,907
Total Revenues	527,325	731,782	204,457
<b>EXPENDITURES</b>			
<b>Cultural</b>			
Salaries	484,800	385,121	(99,679)
Books	85,800	61,317	(24,483)
Programming	18,000	8,849	(9,151)
Periodicals	9,600	5,504	(4,096)
Audio Visual	7,800	4,176	(3,624)
Postage	7,200	1,260	(5,940)
Utilities	42,000	19,814	(22,186)
Office and Library Supplies	20,400	13,660	(6,740)
Publishing and Printing	7,200	2,675	(4,525)
Staff Development	9,600	1,481	(8,119)
Board Development	7,200	935	(6,265)
Dues	3,840	2,729	(1,111)
Reciprocal Borrowing Delinquencies	4,200	395	(3,805)
Professional Services	12,000	2,814	(9,186)
Legal Services	14,400	1,267	(13,133)
Treasurer's Bond	1,800	605	(1,195)
Copy Machine	2,400	768	(1,632)

Continued . .

See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL**  
**YEAR ENDED JUNE 30, 2017**

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Continued . . .

	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
Databases and Online Resources	18,000	14,584	(3,416)
Computer Maintenance	48,000	39,471	(8,529)
Health Insurance	64,800	52,363	(12,437)
Contingency	7,200	1,283	(5,917)
Fax Tax	540	367	(173)
Donations	9,600	923	(8,677)
Total Cultural	886,380	622,361	(264,019)
<u>Capital Outlay</u>			
Computer Equipment	42,000	19,467	(22,533)
Purchase of Furniture	36,000	9,013	(26,987)
Equipment	12,000	65	(11,935)
Capital Improvements	48,000	-	(48,000)
Total Capital Outlay	138,000	28,545	(109,455)
Total Expenditures	1,024,380	650,906	(373,474)
Net Change in Fund Balance	<u>\$ (497,055)</u>	80,876	<u>\$ 577,931</u>
<u>FUND BALANCE</u>			
Beginning of Year		913,454	
End of Year		<u>\$ 994,330</u>	

See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**MAJOR FUND - IMRF & SOCIAL SECURITY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL**  
**YEAR ENDED JUNE 30, 2017**

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	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<u>REVENUES</u>			
Property Taxes	\$ 87,600	\$ 48,532	\$ (39,068)
Total Revenues	87,600	48,532	(39,068)
<u>EXPENDITURES</u>			
<u>Cultural</u>			
IMRF	45,600	33,401	(12,199)
Social Security	42,000	29,217	(12,783)
Total Cultural	87,600	62,618	(24,982)
Total Expenditures	87,600	62,618	(24,982)
Net Change in Fund Balance	\$ -	(14,086)	\$ (14,086)
<u>FUND BALANCE</u>			
Beginning of Year		42,088	
End of Year		\$ 28,002	

See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2016**

Calendar Year Ended December 31,	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 36,439	\$ 35,656	\$ 35,324
Interest on the Total Pension Liability	95,001	89,592	78,653
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(36,814)	(32,249)	1,366
Changes of Assumptions	(3,567)	3,412	51,235
Benefit Payments, including Refunds of Employee Contributions	(20,356)	(22,235)	(19,547)
<b>Net Change in Total Pension Liability</b>	70,703	74,176	147,031
<b>Total Pension Liability - Beginning</b>	1,262,020	1,187,844	1,040,813
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 1,332,723</u>	<u>\$ 1,262,020</u>	<u>\$ 1,187,844</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 32,712	\$ 31,160	\$ 32,006
Contributions - Employees	13,835	13,667	13,398
Net Investment Income	76,804	5,760	64,980
Benefit Payments, including Refunds of Employee Contributions	(20,356)	(22,235)	(19,547)
Other (Net Transfer)	5,462	(61,726)	(2,349)
<b>Net Change in Plan Fiduciary Net Position</b>	108,457	(33,374)	88,488
<b>Plan Fiduciary Net Position - Beginning</b>	1,107,427	1,140,801	1,052,313
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 1,215,884</u>	<u>\$ 1,107,427</u>	<u>\$ 1,140,801</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 116,839</u>	<u>\$ 154,593</u>	<u>\$ 47,043</u>
<b>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</b>	91.23%	87.75%	96.04%
<b>Covered Valuation Payroll</b>	\$ 307,451	\$ 303,705	\$ 297,724
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	38.00%	50.90%	15.80%

**Notes to Schedule:**

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

**WORTH PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**JUNE 30, 2017**

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CALENDAR YEAR ENDED DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION (a)	ACTUAL CONTRIBUTION (b)	CONTRIBUTION DEFICIENCY (EXCESS) (a-b)	COVERED VALUATION PAYROLL (c)	ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED VALUATION PAYROLL (b/c)
2016	\$ 32,713	\$ 32,712	\$ 1	\$ 307,451	10.64%
2015	31,160	31,160	-	303,705	10.26%
2014	32,005	32,006	(1)	297,724	10.75%
2013	34,420	34,420	-	278,481	12.36%
2012	31,861	31,861	-	275,618	11.56%
2011	31,433	31,433	-	273,333	11.50%
2010	28,096	28,096	-	268,604	10.46%
2009	13,675	13,675	-	257,539	5.31%
2008	17,763	17,763	-	219,027	8.11%
2007	15,561	15,561	-	186,143	8.36%

See accompanying notes and auditor's report.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2017**

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**NOTE 1. BUDGETS**

Budgets for funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used to establish the budgets:

- (a) The District's Director submits a proposed operating budget to the Board of Trustees for approval.
- (b) The Board of Trustees makes any adjustments to the budget deemed necessary and approves the proposed budget and appropriation ordinance.
- (c) Public Hearings are conducted by the District to obtain taxpayer comments on the proposed budget and appropriation ordinance.
- (d) Subsequently, the Board of Trustees approves the final budget and appropriation ordinance.

Expenditures may not legally exceed the budgeted appropriations at the fund level. The budget may be amended by the Board of Trustees. There were no amendments to the budget for the year ended June 30, 2017.

**NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

Expenditures did not exceed budgeted appropriations for the year ended June 30, 2017 for the General Fund or the IMRF & Social Security Fund.

**WORTH PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2017**

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**NOTE 3. SCHEDULE OF EMPLOYER CONTRIBUTIONS**

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate\****

***Valuation Date:***

Notes

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

**Methods and Assumptions Used to Determine 2016 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	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.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 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 (based year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, and IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

Notes

There were no benefit changes during the year.

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

*OTHER*  
*SUPPLEMENTAL INFORMATION*

**WORTH PUBLIC LIBRARY DISTRICT**  
**OTHER FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	SPECIAL REVENUE FUNDS					PERMANENT FUND	
	LIABILITY INSURANCE	AUDIT	UNEMPLOY. COMP.	LIBRARY BUILDING	WORKERS' COMPENS.	WORKING CASH	TOTAL
<b>ASSETS</b>							
Cash and Investments	\$ 33,942	\$ 1,320	\$ 2,432	\$ -	\$ 5,809	\$ 43,026	\$ 86,529
Property Taxes Receivable	-	2,803	260	11,993	260	-	15,316
Total Assets	<u>\$ 33,942</u>	<u>\$ 4,123</u>	<u>\$ 2,692</u>	<u>\$ 11,993</u>	<u>\$ 6,069</u>	<u>\$ 43,026</u>	<u>\$ 101,845</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Interfund Balance	\$ -	\$ -	\$ -	\$ 9,756	\$ -	\$ -	\$ 9,756
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,756</u>	<u>-</u>	<u>-</u>	<u>9,756</u>
<b>Deferred Inflows of Resources</b>							
Unavailable Property Taxes	-	2,803	260	11,994	260	-	15,317
Total Deferred Inflows of Resources	<u>-</u>	<u>2,803</u>	<u>260</u>	<u>11,994</u>	<u>260</u>	<u>-</u>	<u>15,317</u>
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	22,557	22,557
Restricted	33,942	1,320	2,432	-	5,809	-	43,503
Assigned	-	-	-	-	-	20,469	20,469
Unassigned	-	-	-	(9,757)	-	-	(9,757)
Total Fund Balances	<u>33,942</u>	<u>1,320</u>	<u>2,432</u>	<u>(9,757)</u>	<u>5,809</u>	<u>43,026</u>	<u>76,772</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,942</u>	<u>\$ 4,123</u>	<u>\$ 2,692</u>	<u>\$ 11,993</u>	<u>\$ 6,069</u>	<u>\$ 43,026</u>	<u>\$ 101,845</u>

See accompanying auditor's report.

# WORTH PUBLIC LIBRARY DISTRICT

## OTHER FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				PERMANENT FUND		
	LIABILITY INSURANCE	AUDIT	UNEMPLOY. COMP.	LIBRARY BUILDING	WORKERS' COMPENS.	WORKING CASH	TOTAL
<b>REVENUES</b>							
Property Taxes	\$ -	\$ 5,849	\$ 278	\$ 12,781	\$ 1,486	\$ -	\$ 20,394
Interest	-	-	-	-	-	245	245
Other	379	-	-	-	-	-	379
Total Revenues	379	5,849	278	12,781	1,486	245	21,018
<b>EXPENDITURES</b>							
Liability Insurance	10,781	-	-	-	-	-	10,781
Audit Fees	-	7,224	-	-	-	-	7,224
Unemployment Insurance	-	-	504	-	-	-	504
Library Building	-	-	-	35,507	-	-	35,507
Total Expenditures	10,781	7,224	504	35,507	-	-	54,016
Net Change in Fund Balances	(10,402)	(1,375)	(226)	(22,726)	1,486	245	(32,998)
<b>FUND BALANCES</b>							
Beginning of Year	44,344	2,695	2,658	12,969	4,323	42,781	109,770
End of Year	\$ 33,942	\$ 1,320	\$ 2,432	\$ (9,757)	\$ 5,809	\$ 43,026	\$ 76,772

See accompanying auditor's report.