

WORTH PUBLIC LIBRARY DISTRICT

WORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

WORTH PUBLIC LIBRARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Worth Public Library District
Worth, Illinois

We were engaged to audit 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, 2018, 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 the 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 mistreatment, 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 judgement, 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 the 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.

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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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles general accepted in the United States of America.

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 the 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



O'NEILL & GASPARDO, LLC
Mokena, Illinois
September 25, 2018

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, 2018. 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, 2018 was \$1,533,250, an increase of \$4,742 from June 30, 2017.

During the year, the District's governmental activities had revenues of \$785,053 in the year ended June 30, 2018 as compared to revenues of \$801,332 in the prior year. The District's governmental activities had expenses of \$780,311 in the year ended June 30, 2018 as compared to expenses of \$811,286 in the prior year. This represented a 2.0% decrease in revenues and 3.8% decrease in expenses. The District purchased a new phone system and developed a long-term capital maintenance plan during the fiscal year ended June 30, 2018.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the District's financial statements. The basic financial statements include the Governmental Funds Balance Sheet and Statement of Net Position, Governmental Funds Revenues, Expenditures and Changes in Fund Balances and 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.

Government-wide Financial Statements

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

The Statement of Net Position includes all of the District's assets, deferred outflows, liabilities and deferred inflows with the difference reported as net position. Increases and decreases in net position serve as a useful indicator of change in net position and whether the financial position of the District as a whole is improving or deteriorating. Non-financials factors, such as changes in the District's property tax base and condition of the District's buildings and equipment, should be considered regarding the overall health of the District.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

A fund is a group of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are reported separately while all other funds are combined into a single aggregated presentation.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and the balance of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the short-term.

Both the Governmental Funds Balance Sheet and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to assist in understanding the difference between the government-wide and fund financial statements.

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 supplemental 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 District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,533,250 at the end of the fiscal year. Of the net position balance, \$487,403 is invested in capital assets, \$72,809 is restricted and \$973,038 is unrestricted net assets.

Condensed Statement of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets		
Current assets:		
Cash and investments	\$ 1,137,058	\$ 1,118,941
Property tax receivable	381,165	367,453
Total current assets	<u>1,518,223</u>	<u>1,486,394</u>
Net pension asset	43,117	-
Capital assets	<u>487,403</u>	<u>530,024</u>
Total assets	<u>2,048,743</u>	<u>2,016,418</u>
Deferred outflows of resources	<u>16,555</u>	<u>42,796</u>
Total assets and deferred outflows of resources	<u>\$ 2,065,298</u>	<u>\$ 2,059,214</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 17,136	\$ 19,836
Total current liabilities	<u>17,136</u>	<u>19,836</u>
Accrued compensated absences	26,041	26,577
Pension liability	<u>-</u>	<u>116,839</u>
Total liabilities	<u>43,177</u>	<u>163,252</u>
Deferred inflows of resources:		
Property taxes	381,165	367,454
Pension related	<u>107,706</u>	<u>-</u>
Total deferred inflows of resources	<u>488,871</u>	<u>367,454</u>
Net Position		
Net invested in capital assets	487,403	530,024
Restricted	72,809	124,287
Unrestricted	<u>973,038</u>	<u>874,197</u>
Total net position	<u>1,533,250</u>	<u>1,528,508</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,065,298</u>	<u>\$ 2,059,214</u>

Seventy-four percent of the District's assets and deferred outflows of resources at June 30, 2018 were current and consisted of cash, investments and property tax receivables. The remainder was capital (tangible) assets and deferred outflows of resources. Forty percent of liabilities were current liabilities. The remaining liabilities consisted of accrued compensated absences and pension liabilities. Restricted net position of \$72,809 was five percent of total net position. Of the remaining net position, \$487,403 is invested in capital assets and \$973,038 is unrestricted net assets.

The following summarizes the revenue and expenses of the District's governmental activities for fiscal year ended June 30, 2018. Governmental activities increased the District's net position by \$4,742.

Condensed Statement of Activities

	<u>July 1, 2017 to June 30, 2018</u>	<u>July 1, 2016 to June 30, 2017</u>
Revenues		
General Revenues:		
Property taxes	\$ 742,043	\$ 761,036
Replacement taxes & grants	12,680	13,459
Other	1,436	7,515
Fines and fees	16,747	13,959
Investment income	12,147	5,363
Total revenues	<u>785,053</u>	<u>801,332</u>
Expenses		
Cultural	767,217	785,410
Capital outlay	<u>13,094</u>	<u>25,876</u>
Total expenses	<u>780,311</u>	<u>811,286</u>
Change in net position	4,742	(9,954)
Net position, beginning of year	<u>1,528,508</u>	<u>1,538,462</u>
Net position, beginning of year	<u>\$ 1,533,250</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 \$698,711 which was \$77,946 higher than budgeted. Actual expenditures for the general fund of \$647,520 were \$396,420 lower than budgeted, due mainly to conservative spending practices.

Financial Analysis of District's Funds

	General	IMRF & Social Security	Special Reserve	Other Funds	Total
Total revenues	\$ 698,711	\$ 52,054	\$ 628	\$ 33,660	\$ 785,053
Total expenditures	647,520	63,402	-	53,313	764,235
Excess (deficiency) of revenues over (under) expenditures	51,191	(11,348)	628	(19,653)	20,818
Transfers	(83,728)	-	71,228	12,500	-
Change in fund balance	(32,537)	(11,348)	71,856	(7,153)	20,818
Fund balance at June 30, 2017	994,330	28,002	-	76,772	1,099,104
Fund balance at June 30, 2018	961,793	16,654	71,856	69,619	1,119,922

The fund balance of the IMRF & Social Security Fund and Other Funds are restricted for specific purposes. The Special Reserve Fund was created by the Board of Trustees to set aside funds for future repairs and maintenance for the District's building. \$954,221 of the General Fund balance is unrestricted and can be used for any purpose.

At the December 12, 2017 board meeting, the Board of Trustees approved a transfer of \$71,228 into the Special Reserve Fund and \$12,500 into the Building Fund.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation was \$487,403 as of June 30, 2018. This was a decrease of \$42,621 from June 30, 2017 and was due to depreciation expense exceeding fixed asset additions. The following summarizes capital assets.

	June 30, 2018	June 30, 2017
Land	\$ 30,000	\$ 30,000
Buildings	906,830	906,830
Equipment	43,973	44,194
Library collection	345,113	352,956
Total capital assets	1,325,916	1,333,980
Less: accumulated depreciation	838,513	803,956
Net capital assets	\$ 487,403	\$ 530,024

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

Debt

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 \$136,919,187 to \$160,913,140. The rise in assessed valuation will provide more income, but is also likely to result in a greater number tax objections to lower assessments.
- Library Systems in Illinois are funded by the State of Illinois. Despite the State's financial constraints, system funds seem to be arriving in a more timely fashion. Resource sharing, delivery of materials, and continuing education continue to be the system's highest priorities for service. RAILS (Reaching Across Illinois Library System) provides a variety of continuing education training opportunities for its members. Most training is offered online or as archived recordings which saves staff time and does not require mileage reimbursement.
- Public Library Per Capita Grants are funded through the State. FY 2017 grants were funded at a reduced rate and did not arrive until late in the fiscal year. FY 2018 grants were fully funded and arrived early in July 2018. The library will apply for a 2019 Per Capita Grant, but cannot reliably estimate future funding rates or when funds will be distributed.
- The SWAN (System Wide Automated Network) consortium provides software and support services for bibliographic and circulation functions for more than 80 libraries. A new, increased fee structure was implemented in the 2018-19 fiscal year. We anticipate that fees will continue to increase.
- SWAN also enabled a feature that automatically renews eligible checked out items. This has substantially decreased income received from fines.
- The health insurance pool increased premium rates for PPO health insurance plans by only 2%; HMO premiums were unchanged. Future premium rates are likely to rise.
- The Illinois Municipal Retirement Fund received good returns on its investments; the library's required contribution rate for 2019 will be lowered to 7.82% from 10.67%.
- Annual loss control visits from the library's insurance pool highlights options for improvement.
- The District completed a Capital Improvements Plan that will guide in budgeting for improvements to and replacement of capital assets. The plan estimates capital expenditures of a minimum of \$414,000 over a period of twenty-four years. This amount will likely increase as the cost of materials and labor grow. Work completed this fiscal year included;
 - Replacing its aging telephone system and moving landlines to VOIP (with the exception of the elevator's emergency phone). This resulted in lower fees for telephone service.
 - Replacing the last of three metal exterior doors.

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. 11th 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, 2018

	General	IMRF & Social Security	Special Reserve	Other Funds	Total	Adjustments	Statement of Net Position
Assets:							
Cash and investments	\$ 971,357	\$ 16,654	\$ 71,856	\$ 77,191	\$ 1,137,058	\$ -	\$ 1,137,058
Property tax receivables	334,913	28,967	-	17,285	381,165	-	381,165
Interfund balances	7,572	-	-	-	7,572	(7,572)	-
Net pension asset	-	-	-	-	-	43,117	43,117
Land (not depreciated)	-	-	-	-	-	30,000	30,000
Other capital assets, net of depreciation	-	-	-	-	-	457,403	457,403
Total assets	<u>1,313,842</u>	<u>45,621</u>	<u>71,856</u>	<u>94,476</u>	<u>1,525,795</u>	<u>522,948</u>	<u>2,048,743</u>
Deferred outflows of resources:							
Pension related	-	-	-	-	-	16,555	16,555
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,555</u>	<u>16,555</u>
Total assets and deferred outflows of resources	<u>\$ 1,313,842</u>	<u>\$ 45,621</u>	<u>\$ 71,856</u>	<u>\$ 94,476</u>	<u>\$ 1,525,795</u>	<u>\$ 539,503</u>	<u>\$ 2,065,298</u>

WORTH PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

June 30, 2018

	General	IMRF & Social Security	Special Reserve	Other Funds	Total	Adjustments	Statement of Net Position
Liabilities:							
Accounts payable	\$ 537	\$ -	\$ -	\$ -	\$ 537	\$ -	\$ 537
Accrued payroll	16,599	-	-	-	16,599	-	16,599
Interfund balances	-	-	-	7,572	7,572	(7,572)	-
Accrued compensated absences	-	-	-	-	-	26,041	26,041
Total liabilities	17,136	-	-	7,572	24,708	18,469	43,177
Deferred inflows of resources:							
Pension related	-	-	-	-	-	107,706	107,706
Unearned property tax revenue	334,913	28,967	-	17,285	381,165	-	381,165
Total deferred inflows of resources	334,913	28,967	-	17,285	381,165	107,706	488,871
Fund balances/net position							
Fund balances:							
Nonspendable	7,572	-	-	22,557	30,129	(30,129)	-
Restricted	-	16,654	-	33,598	50,252	(50,252)	-
Committed	-	-	71,856	-	71,856	(71,856)	-
Assigned	-	-	-	21,036	21,036	(21,036)	-
Unassigned	954,221	-	-	(7,572)	946,649	(946,649)	-
Total fund balances	961,793	16,654	71,856	69,619	1,119,922	(1,119,922)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,313,842</u>	<u>\$ 45,621</u>	<u>\$ 71,856</u>	<u>\$ 94,476</u>	<u>\$ 1,525,795</u>		<u>\$ 532,048</u>
Net position:							
Net investment in capital assets						487,403	487,403
Unrestricted						973,038	973,038
Restricted						72,809	72,809
Total net position						<u>\$ 1,533,250</u>	<u>\$ 1,533,250</u>

WORTH PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Fund balances - governmental funds		\$ 1,119,922
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Assets are not current financial resources and therefore are not reported on the governmental funds balance sheet.

Capital assets	\$ 487,403	
Net pension asset	<u>43,117</u>	
Total adjustments		530,520

Net deferred outflows/inflows of resources related to IMRF pension is not a current financial resource and therefore is not reported on the governmental funds balance sheet.	(91,151)
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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	<u>(26,041)</u>
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Net position of governmental activities	<u><u>\$ 1,533,250</u></u>
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WORTH PUBLIC LIBRARY DISTRICT

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

Year Ended June 30, 2018

	General	IMRF & Social Security	Special Reserve	Other Funds	Total	Adjustments	Statement of Activities
Revenues:							
Property taxes	\$ 657,610	\$ 52,054	\$ -	\$ 32,379	\$ 742,043	\$ -	\$ 742,043
Replacement taxes	4,303	-	-	-	4,303	-	4,303
Operating grants	8,377	-	-	-	8,377	-	8,377
Fines and fees (charges for services)	16,033	-	-	714	16,747	-	16,747
Investment income	10,952	-	628	567	12,147	-	12,147
Donations	1,436	-	-	-	1,436	-	1,436
Total revenues	698,711	52,054	628	33,660	785,053	-	785,053
Expenditures/expenses:							
Current:							
Cultural	630,981	63,402	-	53,313	747,696	19,521	767,217
Capital outlay	16,539	-	-	-	16,539	(3,445)	13,094
Total expenditures/expenses	647,520	63,402	-	53,313	764,235	16,076	780,311
Excess (deficiency) of revenues over (under) expenditures/expenses	51,191	(11,348)	628	(19,653)	20,818	(16,076)	4,742
Other financing sources:							
Transfers	(83,728)	-	71,228	12,500	-	-	-
Total other financing sources	(83,728)	-	71,228	12,500	-	-	-
Net change in fund balances/net position	(32,537)	(11,348)	71,856	(7,153)	20,818	(16,076)	4,742
Fund balances/net position:							
Beginning of year	994,330	28,002	-	76,772	1,099,104	429,404	1,528,508
End of year	<u>\$ 961,793</u>	<u>\$ 16,654</u>	<u>\$ 71,856</u>	<u>\$ 69,619</u>	<u>\$ 1,119,922</u>	<u>\$ 413,328</u>	<u>\$ 1,533,250</u>

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, 2018

Net change in fund balances - governmental funds	\$	20,818
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Governmental funds report capital outlays as expenditures.
However, on the Statement of Activities, the cost of these assets is
depreciated over their estimated useful lives.

Expenditures for capital assets in the current year	\$	64,267	
Current year depreciation		<u>(106,888)</u>	
			(42,621)

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 accrued compensated absences from the prior year	536	
Change in net deferred outflows/inflows of resources for IMRF pension plan from the prior year	(133,947)	
Change in net pension liability / asset from the prior year	<u>159,956</u>	
Total adjustments		<u>26,545</u>

Change in net position of governmental activities	\$	<u>4,742</u>
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WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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 of 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. Program revenues include fines and fees (charges for service), operating grants and donations.

Major individual governmental funds are reported as separate columns on the fund financial statements and all other funds are combined under a single column. The major funds are the General, IMRF & Social Security and Special Reserve 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, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Special Reserve Fund – The Special Reserve Fund is used for property, building, building renovations and equipment purchases.

C. Basis of Accounting

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.

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 after the 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.

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 the estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at the estimated fair value at the date of donation. Depreciation of all exhaustible capital assets is recorded as a cultural 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.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 (books and audio-visual)	5 years

The minimum capitalization threshold is any item with a total cost greater than \$2,500, except for purchases of books and audio visual, which are always capitalized.

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

F. Compensated Absences

The District's personnel policy permits employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave, since it is the District's policy to not pay unused sick leave when employees separate from the District. 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 of resources on its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to future fiscal years, so will not be recognized as an outflow of resources (expenditure or expense) until then. The District only has one item that qualifies for reporting in this category, the outflows related to the pension, which represents pension items that will be recognized in future periods.

The District also reports deferred inflows of resources on its Governmental Funds Balance Sheet and Statement of Net Position. Deferred inflows of resources represent an acquisition of net position that applies to future fiscal years, so will not be recognized as an inflow of resources (revenue or reduction of expenditure or expense) until then. The District has two items that qualify for reporting in this category:

- Deferred inflows related to pensions, which represent pension items that will be recognized in future periods.
- Levied property taxes intended to finance the next fiscal year, which will be recognized as revenue in the next fiscal year.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 revenues are recognized in the fiscal year they are intended to finance. In addition, revenue under the modified accrual basis (fund financial statements) is not recognized unless it is also available (collected within 60 days after fiscal year end). Property tax collections and property taxes receivable not recognized as revenue are reported as deferred inflows of resources. Property tax revenues on the fund financial statements are allocated to each fund in accordance with the applicable fund levy amounts.

The second installment of the 2016 levy and the first installment of the 2017 levy were intended to finance the fiscal year ended June 30, 2018. Therefore, the property taxes collected within 60 days of June 30, 2018 for this levy have been recorded as revenue, along with collections of prior levies. The second installment of the 2017 levy is intended to finance the fiscal year ending June 30, 2019. Therefore, the property taxes receivable of this levy as of June 30, 2018 has been recorded as a deferred inflow of resources.

The District recorded an allowance for uncollectible property taxes of 1.95% of the 2017 levy (\$15,433). All uncollected taxes relating to prior years' levies have been written off.

Significant dates for the 2018 levy are as follows:

Lien date	January 1, 2017
Levy date	November 14, 2017
First installment due	March 1, 2018
Second installment due	August 1, 2018

Property taxes are billed and collected by the Cook County, Illinois Treasurer. Property tax bills are typically mailed at least 30 days prior to due dates. Substantially all of the collected taxes for the 2017 tax levy will be received by the District between March 2018 and December 2018.

I. Elimination and Reclassifications

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

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Fund Balance

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

- Nonspendable includes amounts not in spendable form, the principal portion of the Working Cash Fund 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, 2018. 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.

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, assigned and unassigned fund balances.

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 1½% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1½% 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
- ½% of the increase in the Consumer Price Index of the original pension amount.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	7
Total	20

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 2017 was 10.67% of members' wages. For the fiscal year ended in June 30, 2018, the District contributed \$33,292 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, 2017. 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, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014-2016.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2. DEFINED BENEFIT PENSION PLAN - Continued

- **Mortality** (for non-disabled retirees) - An IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disability Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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:

<u>Asset class</u>	<u>Portfolio target percentage</u>	<u>Long-term expected real rate of return</u>
Domestic equity	38%	7.39%
International equity	17%	7.59%
Fixed income	27%	3.00%
Real estate	8%	6.00%
Alternative investments	9%	2.75-8.15%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

The District updated their price inflation from 2.75% to 2.50% and their specific mortality table from the generational projection scale MP-2014 (base year 2012) to the generational projection scale MP-2017 (base year 2015) during calendar year 2017. No other changes were made to the District's assumptions.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31% and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total pension liability (A)	Plan fiduciary net position (B)	Net pension liability (A) - (B)
Balances at December 31, 2016	\$ 1,332,723	\$ 1,215,884	\$ 116,839
Changes for the year:			
Service cost	36,459	-	36,459
Interest on the total pension liability	100,449	-	100,449
Changes in benefit terms	-	-	-
Differences between expected and actual			-
Experience of the total pension liability	(11,525)	-	(11,525)
Changes of assumptions	(41,546)	-	(41,546)
Contributions - employer	-	34,134	(34,134)
Contributions - employee	-	14,396	(14,396)
Net investment income	-	203,820	(203,820)
Benefits payments, including refunds			
of employee contributions	(23,275)	(23,275)	-
Other (net transfers)	-	(8,557)	8,557
Net changes	60,562	220,518	(159,956)
Balances at December 31, 2017	\$ 1,393,285	\$ 1,436,402	\$ (43,117)

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

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	\$ 1,579,424	\$ 1,393,285	\$ 1,238,349
Plan fiduciary net position	1,436,402	1,436,402	1,436,402
Net pension liability / (asset)	\$ 143,022	\$ (43,117)	\$ (198,053)

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

For the year ended June 30, 2018, the District recognized pension expense of \$7,283. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Deferred amounts related to pensions		
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ -	\$ 26,761
Changes of assumptions	418	30,104
Net difference between projected and actual earnings on pension plan investments	-	50,841
Total deferred amounts to be recognized in pension expense in future periods	418	107,706
<i>Pension contributions made subsequent to the measurement date</i>	16,137	-
Total deferred amounts related to pensions	\$ 16,555	\$ 107,706

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2. DEFINED BENEFIT PENSION PLAN – Continued

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

<u>Year ending December 31</u>	<u>Net deferred outflows of resources</u>
2018	\$ (34,292)
2019	(25,984)
2020	(24,613)
2021	(22,399)
2022	-
Thereafter	-
Total	<u>\$ (107,288)</u>

NOTE 3. CASH AND INVESTMENTS

Reconciled cash and investments were as follows at June 30, 2018:

Petty cash	\$ 400
CIBC Bank - checking accounts	221,714
Illinois Funds (investment pool - does not require categorization)	914,944
Total cash and investments	<u>\$ 1,137,058</u>

The District's investment policy (the "policy") authorizes the District to invest obligations of the U.S. Government and its agencies, interest-bearing savings account, 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 District's deposits and investments are subject to the following risks:

- Custodial credit risk is the risk that the District will not be able to recover its deposits with financial institutions in the event of the failure of the financial institutions. The District's policy limits this risk by only allowing deposits 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.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3. CASH AND INVESTMENTS – Continued

- Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations, resulting in investment losses by the District. The District's policy limits this risk by only allowing investments in securities guaranteed by the United States government or in FDIC insured institutions.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy does not limit the term of investments to specific maturities.
- Concentration of credit risk is the risk of loss attributed to funds being concentrated in a limited number of investments. The District's 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. 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.

The District's deposits with financial institutions were categorized as follows at June 30, 2018:

Insured by federal depository insurance	\$ 234,918
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>\$ 234,918</u>

NOTE 4. RISK OF LOSS

The District is exposed to various risks of loss through property ownership, employee injury, liability of employees, actions of elected officials and other risks. 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.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4. RISK OF LOSS – Continued

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, including the District.

There were no significant reductions in insurance coverage during the fiscal year ended June 30, 2018, and claims have not exceeded coverage in the last three years.

NOTE 5. CAPITAL ASSETS

Following is a summary of changes in the capital assets for the year ended June 30, 2018:

	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	906,830	-	-	906,830
Equipment	44,194	3,445	(3,666)	43,973
Library collection	352,956	60,822	(68,665)	345,113
Total capital assets, depreciable	1,303,980	64,267	(72,331)	1,295,916
Less accumulated depreciation for:				
Building	(589,615)	(34,933)	-	(624,548)
Equipment	(36,873)	(2,148)	3,666	(35,355)
Library collection	(177,468)	(69,807)	68,665	(178,610)
Total accumulated depreciation	(803,956)	(106,888)	72,331	(838,513)
Capital assets, net	<u>\$ 530,024</u>	<u>\$ (42,621)</u>	<u>\$ -</u>	<u>\$ 487,403</u>

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Other liabilities:					
Accrued compensated absences	\$ 26,577	\$ 27,756	\$ (28,292)	\$ 26,041	\$ 26,041
Net pension liability	116,839	-	(116,839)	-	-
Total long term liabilities	<u>\$ 143,416</u>	<u>\$ 27,756</u>	<u>\$ (145,131)</u>	<u>\$ 26,041</u>	<u>\$ 26,041</u>

The pension had a liability balance of \$116,839 at June 30, 2017. During the fiscal year ended June 30, 2018, the pension had an asset balance of \$43,117 and is no longer included as a long-term liability. The General Fund is used to liquidate the accrued compensated absences and the IMRF & Security Fund was used to liquidate the net pension liability.

NOTE 7. FUND BALANCE CLASSIFICATIONS

The following is a schedule of fund balance classifications for the government funds at June 30, 2018:

	General	IMRF & Social Security	Special Reserve	Other Funds
Fund balance:				
Nonspendable for:				
Short-term loans to other funds				
Interfund loans	\$ 7,572	\$ -	\$ -	\$ 22,557
Restricted due to enabling legislation (tax levy):				
IMRF & Social Security	-	16,654	-	-
Liability insurance	-	-	-	23,709
Unemployment compensation	-	-	-	2,636
Workers' compensation	-	-	-	7,253
Committed by Board of Trustees:				
Special projects	-	-	71,856	-
Assigned for:				
Future operating expenditures	-	-	-	21,036
Unassigned:	954,221	-	-	(7,572)
Total fund balances	<u>\$ 961,793</u>	<u>\$ 16,654</u>	<u>\$ 71,856</u>	<u>\$ 69,619</u>

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8. RESTRICTED NET POSITION

The following is a schedule of restricted net position on the Statement of Net Position at June 30, 2018. These balances are restricted by tax levies or by the Board of Directors.

Working cash	\$ 22,557
IMRF & Social Security	16,654
Liability insurance	23,709
Unemployment compensation	2,636
Workers' compensation	7,253
Total	<u>\$ 72,809</u>

NOTE 9. OTHER FUND DISCLOSURES

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

The following funds had a deficit balance at June 30, 2018:

Non-major fund: Audit fund	<u>\$ (145)</u>
Non-major fund: Building fund	<u>\$ (7,427)</u>

The following interfund balance existed as of June 30, 2018:

Due from non-major funds to General Fund	<u>\$ 7,572</u>
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The District's interfund balances were made to cover the operating expenditures of the Special Revenue Funds and are expected to be paid in full by June 30, 2019.

A fund transfer of \$71,228 was made from the General Fund to the Special Reserve Fund. This transfer was approved by the Board of Trustees to create the Special Reserve Fund so the District can set aside funds for property, building, building renovations and equipment purchases. In addition, a fund transfer of \$12,500 was made from the General Fund to the Building Fund. This transfer was approved by the Board of Trustees to reduce the deficit in the Building Fund.

NOTE 10. SUBSEQUENT EVENTS

The District has evaluated events subsequent to June 30, 2018 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

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

Year Ended June 30, 2018

	Original / Final Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	\$ 591,715	\$ 657,610	\$ 65,895
Other revenues:			
Replacement taxes		4,303	
Operating grants		8,377	
Fines and fees (charges for services)		16,033	
Investment income		10,952	
Donations		1,436	
Total other revenues	29,050	41,101	12,051
Total revenues	620,765	698,711	77,946
Expenditures:			
Cultural:			
Salaries	495,600	395,126	(100,474)
Books	78,000	57,322	(20,678)
Programming	14,400	11,215	(3,185)
Periodicals	8,400	6,684	(1,716)
Audio visual	7,800	3,908	(3,892)
Postage	6,000	1,215	(4,785)
Utilities	42,000	14,464	(27,536)
Office and library supplies	19,200	12,845	(6,355)
Publishing and printing	7,200	1,555	(5,645)
Staff development	9,600	1,341	(8,259)
Board development	7,200	660	(6,540)
Dues	3,840	2,594	(1,246)
Reciprocal borrowing delinquencies	4,200	84	(4,116)
Professional services	21,600	3,267	(18,333)
Legal services	14,400	1,343	(13,057)
Treasurer's bond	1,800	605	(1,195)
Copy machine	2,400	652	(1,748)
Databases and online resources	24,960	16,422	(8,538)
Computer maintenance	48,000	40,519	(7,481)
Health insurance	71,400	53,079	(18,321)
Contingency	7,200	4,037	(3,163)
Fax tax	540	343	(197)
Donations	9,600	1,701	(7,899)
Memorial book purchases	600	-	(600)
Total cultural expenditures	905,940	630,981	(274,959)

Continued on next page

WORTH PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

Year Ended June 30, 2018

Continued from previous page

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Capital outlay:			
Computer equipment	42,000	16,539	(25,461)
Purchase of furniture	24,000	-	(24,000)
Equipment	12,000	-	(12,000)
Capital improvements	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>
Total capital outlay	<u>138,000</u>	<u>16,539</u>	<u>(121,461)</u>
Total expenditures	<u>1,043,940</u>	<u>647,520</u>	<u>(396,420)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (423,175)</u>	51,191	<u>\$ 474,366</u>
Other financing sources:			
Transfers		<u>(83,728)</u>	
Total other financing sources		<u>(83,728)</u>	
Net change in fund balance		(32,537)	
Fund balance, beginning		<u>994,330</u>	
Fund balance, ending		<u>\$ 961,793</u>	

WORTH PUBLIC LIBRARY DISTRICT

IMRF & SOCIAL SECURITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

Year Ended June 30, 2018

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	<u>\$ 49,653</u>	<u>\$ 52,054</u>	<u>\$ 2,401</u>
Total revenues	<u>49,653</u>	<u>52,054</u>	<u>2,401</u>
Expenditures:			
Cultural:			
IMRF	<u>42,000</u>	<u>33,292</u>	<u>(8,708)</u>
Social security	<u>45,600</u>	<u>30,110</u>	<u>(15,490)</u>
Total cultural expenditures	<u>87,600</u>	<u>63,402</u>	<u>(24,198)</u>
Total expenditures	<u>87,600</u>	<u>63,402</u>	<u>(24,198)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (37,947)</u>	<u>(11,348)</u>	<u>\$ 26,599</u>
Fund balance, beginning		<u>28,002</u>	
Fund balance, ending		<u>\$ 16,654</u>	

WORTH PUBLIC LIBRARY DISTRICT**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

June 30, 2018

Calendar year ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 36,459	\$ 36,439	\$ 35,656	\$ 35,324
Interest on the total pension liability	100,449	95,001	89,592	78,653
Change in benefit terms	-	-	-	-
Differences between expected and actual experience of the total pension liability	(11,525)	(36,814)	(32,249)	1,366
Changes of assumptions	(41,546)	(3,567)	3,412	51,235
Benefit payments, including refunds of employee contributions	(23,275)	(20,356)	(22,235)	(19,547)
Net change in total pension liability	<u>60,562</u>	<u>70,703</u>	<u>74,176</u>	<u>147,031</u>
Total pension liability - beginning	<u>1,332,723</u>	<u>1,262,020</u>	<u>1,187,844</u>	<u>1,040,813</u>
Total pension liability - ending (A)	<u>\$ 1,393,285</u>	<u>\$ 1,332,723</u>	<u>\$ 1,262,020</u>	<u>\$ 1,187,844</u>
Plan fiduciary net position:				
Contributions - employer	\$ 34,134	\$ 32,712	\$ 31,160	\$ 32,006
Contributions - employee	14,396	13,835	13,667	13,398
Net investment income	203,820	76,804	5,760	64,980
Benefit payments, including refunds of employee contributions	(23,275)	(20,356)	(22,235)	(19,547)
Other (net transfer)	(8,557)	5,462	(61,726)	(2,349)
Net change in plan fiduciary net position	<u>220,518</u>	<u>108,457</u>	<u>(33,374)</u>	<u>88,488</u>
Plan fiduciary net position - beginning	<u>1,215,884</u>	<u>1,107,427</u>	<u>1,140,801</u>	<u>1,052,313</u>
Plan fiduciary net position - ending (B)	<u>\$ 1,436,402</u>	<u>\$ 1,215,884</u>	<u>\$ 1,107,427</u>	<u>\$ 1,140,801</u>
Net pension liability (asset) - ending (A) - (B)	<u>\$ (43,117)</u>	<u>\$ 116,839</u>	<u>\$ 154,593</u>	<u>\$ 47,043</u>
Plan fiduciary net position as a percentage of the total pension liability	103.09%	91.23%	87.75%	96.04%
Covered valuation payroll	\$ 319,911	\$ 307,451	\$ 303,705	\$ 297,724
Net pension liability as a percentage of covered valuation payroll	-13.48%	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, 2018

Calendar year ended December 31,	Actuarially determined contribution (a)	Actual contribution (b)	Contribution deficiency (excess) (b-a)	Covered valuation payroll (c)	Actual contribution as a percentage of covered valuation payroll (b/c)
2017	\$ 34,135	\$ 34,134	\$ 1	\$ 319,911	10.67%
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%

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2018

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) Notice is published in a newspaper that the tentative Annual Budget and Appropriation Ordinance of the District is available for inspection and then is subsequently presented at a public hearing.
- (d) The District's Board of Trustees adopts the Annual Budget and Appropriation Ordinance after the public hearing.

Expenditures may not legally exceed the budgeted appropriations at the fund level. The budget may be amended by the District's Board of Trustees. There were no amendments to the budget for the year ended June 30, 2018.

NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed the appropriations for the year ended June 30, 2018 for the General Fund or the IMRF & Social Security Fund.

WORTH PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2018

NOTE 3. SCHEDULE OF EMPLOYER CONTRIBUTION

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 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 2017 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>	26-year closed period.
<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 2011-2013.
<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 (base 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, 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.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation; note the two year lag between valuation and rate setting.

***OTHER
SUPPLEMENTAL INFORMATION***

WORTH PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

June 30, 2018

	SPECIAL REVENUE FUNDS					PERMANENT FUND	
	Liability Insurance	Audit	Unemploy. Comp.	Library Building	Workers' Compens.	Working Cash	Total
Assets:							
Cash and investments	\$ 23,709	\$ -	\$ 2,636	\$ -	\$ 7,253	\$ 43,593	\$ 77,191
Property tax receivables	233	3,270	467	12,848	467	-	17,285
Total assets	<u>\$ 23,942</u>	<u>\$ 3,270</u>	<u>\$ 3,103</u>	<u>\$ 12,848</u>	<u>\$ 7,720</u>	<u>\$ 43,593</u>	<u>\$ 94,476</u>
Liabilities:							
Interfund balances	\$ -	\$ 145	\$ -	\$ 7,427	\$ -	\$ -	\$ 7,572
Total liabilities	-	145	-	7,427	-	-	7,572
Deferred inflows of resources:							
Unearned property tax revenue	233	3,270	467	12,848	467	-	17,285
Total deferred inflows of resources	233	3,270	467	12,848	467	-	17,285
Fund balances:							
Nonspendable	-	-	-	-	-	22,557	22,557
Restricted	23,709	-	2,636	-	7,253	-	33,598
Assigned	-	-	-	-	-	21,036	21,036
Unassigned	-	(145)	-	(7,427)	-	-	(7,572)
Total fund balances	<u>23,709</u>	<u>(145)</u>	<u>2,636</u>	<u>(7,427)</u>	<u>7,253</u>	<u>43,593</u>	<u>69,619</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,942</u>	<u>\$ 3,270</u>	<u>\$ 3,103</u>	<u>\$ 12,848</u>	<u>\$ 7,720</u>	<u>\$ 43,593</u>	<u>\$ 94,476</u>

WORTH PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2018

	SPECIAL REVENUE FUNDS					PERMANENT FUND	
	Liability Insurance	Audit	Unemploy. Comp.	Library Building	Workers' Compens.	Working Cash	Total
Revenues:							
Property taxes	\$ 242	\$ 6,035	\$ 730	\$ 24,642	\$ 730	\$ -	\$ 32,379
Interest	-	-	-	-	-	567	567
Fines and fees (charges for services)	-	-	-	-	714	-	714
Total revenues	242	6,035	730	24,642	1,444	567	33,660
Expenditures:							
Liability insurance	10,475	-	-	-	-	-	10,475
Audit fees	-	7,500	-	-	-	-	7,500
Unemployment insurance	-	-	526	-	-	-	526
Library building	-	-	-	34,812	-	-	34,812
Total expenditures	10,475	7,500	526	34,812	-	-	53,313
Excess (deficiency) of revenues over (under) expenditures	(10,233)	(1,465)	204	(10,170)	1,444	567	(19,653)
Other financing sources:							
Transfers	-	-	-	12,500	-	-	12,500
Total other financing sources	-	-	-	12,500	-	-	12,500
Net change in fund balances	(10,233)	(1,465)	204	2,330	1,444	567	(7,153)
Fund balances:							
Beginning of year	33,942	1,320	2,432	(9,757)	5,809	43,026	76,772
End of year	\$ 23,709	\$ (145)	\$ 2,636	\$ (7,427)	\$ 7,253	\$ 43,593	\$ 69,619