

**INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
DARIEN, ILLINOIS**

ANNUAL FINANCIAL REPORT

**For the Year Ended
June 30, 2017**

**INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
Management's Discussion and Analysis	MD&A 1-5
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet	5-6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8-9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	10
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position	12
Notes to Financial Statements	13-28
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	29-32
Schedule of Employer Contributions - Illinois Municipal Retirement Fund	33
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios- Illinois Municipal Retirement Fund	34
Notes to Required Supplementary Information	35
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
NON-MAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet - Special Revenue Funds	36
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds	37
SUPPLEMENTARY INFORMATION	
Tax Levy	38

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Indian Prairie Public Library District
Darien, Illinois

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Indian Prairie Public Library District, (the Library) as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Prairie Public Library District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The combining and individual fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BRIAN ZABEL & ASSOCIATES, P.C.
Certified Public Accountants

Morris, Illinois
August 7, 2017

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

As management of the Indian Prairie Public Library District (Library), we offer readers of the Library's statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Library exceeded its liabilities at June 30, 2017 by \$6,720,420 (net position). Of this amount, \$345,576 (unrestricted net position) may be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net position decreased by \$341,469.
- At June 30, 2017, the Library's governmental funds reported combined ending fund balances of \$1,426,093 an increase of \$5,196 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

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

The Statement of Net Position includes all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position are an indicator of whether its financial position is improving or deteriorating, respectively.

The Statement of Activities presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements show functions of the Library that are principally supported by taxes, fees, and other revenues (governmental activities). The Library does not conduct functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include providing general library services and general governmental administrative services.

The governmental-wide financial statements can be found on pages 3 and 4 of this report.

**INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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

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

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

The Library maintains three individual major governmental funds. The General Fund (Corporate Fund) is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general Library purposes. The Special Reserve Fund is used accumulate monies for capital projects and improvements of the Library. The Debt Service Fund is used to accumulate monies for the payment of long-term debt.

Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Special Reserve Fund, and the Debt Service Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 5 through 10 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Library. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Library's own programs. The accounting used for fiduciary funds is in accordance with accounting principles generally accepted in the United States of America.

The basic fiduciary fund financial statements can be found on pages 11 and 12 of this report.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 13 through 28 of this report.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in meeting its obligation to provide library services to all of its residents.

The Library adopts an annual budget and appropriation ordinance that includes the General Fund, the Special Reserve Fund, the Debt Service Fund, and the Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget and appropriation ordinance. The budgetary comparison statement and related notes can be found on pages 29 through 35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$6,720,420 at June 30, 2017.

A significant portion of the Library's net position (94%) reflects investment in capital assets (e.g., land, buildings, and vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Indian Prairie Public Library District's Net Position at Year End

	Governmental Activities	
	FY 2017	FY 2016
Current and Other Assets	\$ 5,036,763	\$ 4,972,466
Capital Assets	6,347,660	6,509,549
Total Assets	11,384,423	11,482,015
Deferred Outflows of Resources	543,398	697,973
Total Deferred Outflows of Resources	543,398	697,973
Total Assets and Deferred Outflows of Resources	\$ 11,927,821	\$ 12,179,988
Current Liabilities	\$ 30,101	\$ 37,728
Noncurrent Liabilities	1,689,398	1,659,085
Total Liabilities	1,719,499	1,696,813
Deferred Inflows of Resources	3,487,902	3,421,286
Total Deferred Inflows of Resources	3,487,902	3,421,286
Total Liabilities and Deferred Inflows of Resources	5,207,401	5,118,099
Net Position		
Invested in Capital Assets, Net of Related Debt	6,347,660	6,509,549
Restricted	27,184	29,870
Unrestricted	345,576	522,470
Total Net Position	\$ 6,720,420	\$ 7,061,889

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

The majority portion of the Library's net position (95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$345,576) may be used to meet the Library's ongoing obligations to citizens and creditors.

At June 30, 2017, the Library is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Library's net position decreased by \$341,469 during the year ended June 30, 2017.

Governmental Activities - Governmental activities decreased the Library's net position by \$341,469

Indian Prairie Public Library District's Change in Net Position

	Governmental Activities	
	FY 2017	FY 2016
Revenues		
Program Revenues		
Charges for Services	\$ 180,126	\$ 170,028
Grants and Contributions	46,179	61,681
General Revenues		
Property Taxes	3,397,575	3,384,502
Interest	11,371	29,619
Miscellaneous	3,963	3,205
Total Revenues	<u>3,639,214</u>	<u>3,649,035</u>
Expenses		
General Government	<u>3,980,683</u>	<u>3,969,645</u>
Total Expenses	<u>3,980,683</u>	<u>3,969,645</u>
Increase in Net Position	(341,469)	(320,610)
Net Position-Beginning	<u>7,061,889</u>	<u>7,382,499</u>
Net Position-Ending	<u>\$ 6,720,420</u>	<u>\$ 7,061,889</u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

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

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

At June 30, 2017 the Library's governmental funds reported combined ending unrestricted fund balances of \$1,398,909.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

The General Fund is the chief operating fund of the Library. At June 30, 2017, unrestricted fund balance of the General Fund was \$1,398,909. The fund balance of the General Fund increased by \$7,882 during the year ended June 30, 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The difference between the estimated revenues and the actual revenues was \$1,377 (unfavorable).
- The difference between the estimated expenditures and the actual expenditures was \$247,371 (favorable).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Library's investment in capital assets for its governmental activities as of June 30, 2017 amount to \$6,347,660 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture, fixtures, and equipment. The total decrease in the Library's investment in capital assets for the year ended June 30, 2017 was \$161,889 and was due to the depreciation expense being greater than the asset additions.

Indian Prairie Public Library District's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	6/30/2017	6/30/2016
Land	\$ 491,400	\$ 491,400
Building and Improvements	5,815,130	5,970,535
Furniture, Fixtures, and Equipment	41,130	47,614
Total	<u>\$ 6,347,660</u>	<u>\$ 6,509,549</u>

Additional information on the Library's capital assets can be found in Note 4 on page 21 of this report.

Long-Term Debt – At June 30, 2017, the Library had no debt outstanding.

Additional information on the Library's long-term debt can be found in Note 5 on page 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The equalized assessed valuation (EAV) for the Library for 2016 is \$1,912,475,878. That represents an increase in EAV of \$143,190,792 over the prior year's EAV.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Trustees, Indian Prairie Public Library District, 401 Plainfield Rd, Darien, IL 60561.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

ASSETS

Cash and Investments	\$ 3,322,030
Property Taxes Receivable	1,681,950
Per Capita Grant Receivable	32,783
Capital Assets (net of accumulated depreciation)	6,347,660
Total Assets	<u>11,384,423</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow, IMRF	<u>543,398</u>
Total Deferred Outflows of Resources	<u>543,398</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 11,927,821

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 2,553
Accrued Payroll	<u>27,548</u>
Total Current Liabilities	<u>30,101</u>

Noncurrent Liabilities

Bond Payable - due within one year	-
Bond Payable - due in more than one year	-
Net Pension Liability	1,596,731
Compensated Absences	<u>92,667</u>
Total Noncurrent Liabilities	<u>1,689,398</u>
Total Liabilities	<u>1,719,499</u>

DEFERRED INFLOWS OF RESOURCES

Unearned Property Taxes	<u>3,487,902</u>
Total Deferred Inflows of Resources	<u>3,487,902</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,207,401</u>

NET POSITION

Invested in Capital Assets	6,347,660
Restricted for:	
Future Projects	22,233
Debt Service	-
Special Revenue	4,951
Working Cash	-
Unrestricted	<u>345,576</u>
Total Net Position	<u>6,720,420</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 11,927,821

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

June 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Total
FUNCTIONS/PROGRAMS				
Governmental Activities				
Current				
General Government	\$ 3,980,683	\$ 180,126	\$ 46,179	\$ (3,754,378)
TOTAL PRIMARY GOVERNMENT	\$ 3,980,683	\$ 180,126	\$ 46,179	(3,754,378)
General Revenues				
Property Taxes				3,397,575
Interest Income				11,371
Miscellaneous Income				3,963
Total				3,412,909
CHANGE IN NET POSITION				(341,469)
NET POSITION, JULY 1				7,061,889
NET POSITION, JUNE 30				\$ 6,720,420

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2017

	Governmental Fund Types				Total Governmental Funds
	General Fund	Special Reserve Fund	Debt Service Fund	Non-Major Governmental Funds	
ASSETS					
Cash and Investments	\$ 3,192,427	\$ 22,233	\$ -	\$ 107,370	\$ 3,322,030
Property Taxes Receivable	1,586,483	-	-	95,467	1,681,950
Per Capita Grant Receivable	32,783	-	-	-	32,783
TOTAL ASSETS	\$ 4,811,693	\$ 22,233	\$ -	\$ 202,837	\$ 5,036,763

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES	\$ 2,553	\$ -	\$ -	\$ -	\$ 2,553
Accounts Payable	27,548	-	-	-	27,548
Accrued Payroll	92,667	-	-	-	92,667
Compensated Absences					
Total Liabilities	122,768	-	-	-	122,768
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes	3,290,016	-	-	197,886	3,487,902
Total Deferred Inflows of Resources	3,290,016	-	-	197,886	3,487,902
Total Liabilities and Deferred Inflows of Resources	3,412,784	-	-	197,886	3,610,670

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	Governmental Fund Types				Total Governmental Funds
	General Fund	Special Reserve Fund	Debt Service Fund	Non-Major Governmental Funds	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)					
FUND BALANCES					
Restricted	-	22,233	-	-	22,233
Future Projects	-	-	-	-	-
Debt Service	-	-	-	4,951	4,951
Special Revenue	-	-	-	-	-
Working Cash	-	-	-	-	-
Unrestricted	1,398,909	-	-	-	1,398,909
Unassigned					
Total Fund Balances	1,398,909	22,233	-	4,951	1,426,093
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	\$ 4,811,693	\$ 22,233	\$ -	\$ 202,837	\$ 5,036,763

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

June 30, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,426,093
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Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	6,347,660
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Net pension liabilities are not current financial resources and, therefore, are not reported in the governmental funds	(1,596,731)
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Deferred outflows of resources related to pensions are not current financial resources and, therefore, are not reported in the governmental funds	543,398
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Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	-
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,720,420</u>
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See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	Governmental Fund Type					Total
	Major	Non-major				
	General	Special Reserve Fund	Debt Service Fund	Special Revenue Funds	Governmental Funds	
REVENUES						
Property taxes	\$ 3,197,782	\$ -	\$ -	\$ 199,793	\$ 3,397,575	
Grants	35,665	-	-	-	35,665	
IL Historical Records Preservation	-	-	-	-	-	
Service Fees	180,126	-	-	-	180,126	
Gifts and Donations	10,514	-	-	-	10,514	
Interest	65,336	120	-	-	65,456	
Realized/Unrealized Gain/(Loss)	(54,085)	-	-	-	(54,085)	
Collection Agency Fee	314	-	-	-	314	
Miscellaneous	3,649	-	-	-	3,649	
Total Revenues	3,439,301	120	-	199,793	3,639,214	

EXPENDITURES

Current						
Personnel	2,512,755	-	-	-	-	2,512,755
Materials	476,860	-	-	-	-	476,860
Building	210,147	-	-	-	-	210,147
Automation	104,065	-	-	-	-	104,065
Operations	30,673	-	-	-	-	30,673
Contractual Services	24,364	-	-	-	-	24,364
Insurance	1,336	-	-	-	15,471	16,807
Public Information	63,396	-	-	-	-	63,396
Maintenance, repair and service	-	-	-	-	82,258	82,258

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	Governmental Fund Type					Total Governmental Funds
	Major	Non-major				
	General	Special Reserve Fund	Debt Service Fund	Special Revenue Funds		
EXPENDITURES (continued)						
Current (continued)						
IMRF	-	-	-	57,379		57,379
Social security	-	-	-	48,941		48,941
Capital Outlay	-	-	-	-		-
Debt Service:						
Principal	-	-	-	-		-
Interest	-	-	-	-		-
Bond Fees	-	-	-	-		-
Contingencies	6,373	-	-	-		6,373
Total Expenditures	3,429,969	-	-	204,049		3,634,018
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,332	120	-	(4,256)		5,196
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(1,450)	-	-	1,450		-
Total other financing sources (uses)	(1,450)	-	-	1,450		-
NET CHANGE IN FUND BALANCES	7,882	120	-	(2,806)		5,196
FUND BALANCES, JULY 1	1,391,027	22,113	-	7,757		1,420,897
FUND BALANCES, JUNE 30	\$ 1,398,909	\$ 22,233	\$ -	\$ 4,951		\$ 1,426,093

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUNDS BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES	
TOTAL GOVERNMENTAL FUNDS	\$ 5,196
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the Statement of Activities	21,554
The change in the net pension liability is reported as an expense on the statement of activities	(30,201)
The change in the deferred outflow is reported as an expense on the statement of activities	(154,575)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction or principal outstanding in the statement of activities	-
Some expenses in the Statement of Activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(183,443)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (341,469)</u>

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	Deferred Compensation Plan
ASSETS	
Cash and Cash Equivalents	\$ -
Deferred Compensation Plan	<u>1,323,926</u>
 TOTAL ASSETS	 <u><u>\$ 1,323,926</u></u>
 LIABILITIES	
Accounts Payable	<u>\$ -</u>
 Total Liabilities	 <u>-</u>
 NET POSITION HELD IN TRUST FOR DEFERRED COMPENSATION	 <u><u>\$ 1,323,926</u></u>

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2017

	Deferred Compensation Plan
ADDITIONS	
Contributions	
Member contributions	\$ 41,983
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	173,865
Less: Investment Expenses	<u>(4,920)</u>
Net Investment Income	<u>168,945</u>
TOTAL ADDITIONS	<u>210,928</u>
DEDUCTIONS	
Withdrawals	168,820
Miscellaneous	<u>-</u>
TOTAL DEDUCTIONS	<u>168,820</u>
NET INCREASE	42,108
NET POSITION - JULY 1, 2016	<u>1,281,818</u>
NET POSITION - JUNE 30, 2017	<u><u>\$ 1,323,926</u></u>

See accompanying notes to financial statements.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Indian Prairie Public Library District (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Library was organized under the laws of the State of Illinois. The Library is governed by a Board of Trustees (the Board) and the rules and regulations for library districts.

The accounting policies of the Library conform to GAAP as applicable to governmental units. The following is a summary of the more significant policies.

a. Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will be by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

b. Fund Accounting

The Library uses funds to report on its financial position and the changes in financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental and fiduciary. The Library reports only governmental funds.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of the Library's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of capital assets (capital projects funds). The general fund is used to account for all activities of the Library not accounted for in some other fund. The Library has no fiduciary funds.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the Library. The effect of material interfund activity has been eliminated from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

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

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Special Reserve Fund is used to accumulate monies for capital projects and improvements of the Library.

The Debt Service Fund is used to accumulate monies for payment on long-term debt.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable, available and earned). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Fines and fees revenues are not susceptible to accrual because generally they are not measurable until received in cash. In applying susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Library reports unearned/unavailable revenue on its financial statements. Unearned/unavailable revenues arise when potential revenue does not meet the measureable, available, and earned criteria for recognition in the current period. Unearned/unavailable revenues also arise when resources are received by the government before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned/unavailable revenue is removed from the financial statements and revenue is recognized.

e. Restricted Cash

The Library has transferred funds to the Special Reserve. Additionally, the Library's special revenue fund balances are restricted.

f. Prepaid Item/Expenses

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

g. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

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

Assets	Years
Buildings and improvements	20-50
Furniture, fixtures and equipment	5-10

h. Compensated Absences

Vested or accumulated vacation, compensatory, and holiday time are reported as expenditures and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation, compensatory, or holiday time of proprietary funds and governmental activities are recorded as an expense and liability as the benefits accrue to employees.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

i. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library only has no items that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has only one type of time, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

k. Fund Balances/Net Position

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

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considers committed funds to be expended first followed by assigned and then unassigned.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balances/Net Position (Continued)

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. None of the Library's restricted net positions are restricted as a result of enabling legislation adopted by the Library. Invested in capital assets, net of related debt is the book value of the capital assets less the outstanding principal balance of long-term debt issued to construct or acquire the capital assets.

l. Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed.

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

m. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments – Statutes and the Library's investment policy authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

2. DEPOSITS AND INVESTMENTS (Continued)

Illinois Funds is an investment pool managed by the State of Illinois, Office of the 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price for which the investment could be sold.

a. Deposits

To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of the uninsured deposits with the collateral held by a third party acting as the agent of the Library.

b. Investments

At June 30, 2017, the Library had invested \$765,380, which is the fair value, in Illinois Funds. These investments are liquid with no maturity date.

GASB 40 – Operating Funds

In accordance with its investment policy, the Library limits its exposure to interest rate risk to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The portfolio that is invested with Illinois Funds, which is completely liquid, is not subject to interest rate risk.

Illinois Funds is "AAA" rated and credit risk is very marginal.

3. RECEIVABLES – TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 2016, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Ordinance). Tax bills are prepared by the County and issued on or about June 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. Based upon actual collection experience, uncollectible property taxes are immaterial, therefore, an allowance provision has not been recorded. The Library has deferred recognition of the 2016 tax levy as it is intended to fund operations of the 2017 fiscal year.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

4. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 491,400	\$ -	\$ -	\$ 491,400
Capital assets being depreciated				
Building and improvements	7,770,268	-	-	7,770,268
Furniture, fixtures, and equipment	350,408	21,554	-	371,962
Total capital assets being depreciated	8,120,676	21,554	-	8,142,230
Less accumulated depreciation for				
Building improvements	1,799,733	155,405	-	1,955,138
Furniture, fixtures, and equipment	302,794	28,038	-	330,832
Total accumulated depreciation	2,102,527	183,443	-	2,285,970
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6,509,549</u>	<u>\$ (161,889)</u>	<u>\$ -</u>	<u>\$ 6,347,660</u>

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General Government	<u>\$ 183,443</u>

5. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities during the year ended June 30, 2017:

	Balances July 1	Additions	Reductions	Balances June 30	Current Portion
GOVERNMENTAL ACTIVITIES					
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	92,555	112	-	92,667	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 92,555</u>	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ 92,667</u>	<u>\$ -</u>

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

5. LONG-TERM DEBT (Continued)

On December 16, 1993, the Library issued \$4,950,000 in library bonds to provide financing for the construction of new library facilities. A portion of the above issue has been refunded by the issuance of \$3,840,000 General Obligation Refunding Bonds, Series 2003 dated July 1, 2003 resulting in a savings to the Library of \$478,353. These bonds mature annually in varying amounts beginning December 30, 2004 through December 30, 2014. Interest at varying rates is due in June and December of each year through December 30, 2014. As of June 30, 2015, the Library paid off the entire original issuance and the refunding issuance.

6. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

7. INDIVIDUAL FUND DISCLOSURES

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,450
Debt Service Fund	-	-
Working Cash Fund	-	-
Building Fund	1,450	-
TOTAL ALL FUNDS	<u>\$ 1,450</u>	<u>\$ 1,450</u>

8. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor cannot be determined at this time. The Library does not expect to have any such liability if any were to arise it would be immaterial.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

9. DEFERRED COMPENATION PLAN

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future year. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in Trust for the exclusive benefit of participants and their beneficiaries.

10. DEFINED BENEFIT PENSION PLAN

The Library's contributes to a defined benefit pension plan: the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions, and employer contributions for all plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF's plan does not issue a separate report for the plan. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2016, IMRF membership consisted of:

Retirees and beneficiaries	60
Inactive, non-retired members	36
Active plan members	32
TOTAL	128

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The final rate of earnings is the highest total earnings during one consecutive 48 months within the last 10 year of IMRF services divided by 48.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The final rate of earnings is the highest total earnings during any consecutive 96 months within the last 10 years of IMRF service, divided by 96.

Contributions

The Library employees participating in IMRF are required to contribute 4.5% of their annual eligible covered salary. The member rate is established by state statute. The Library is required to contribute at an actuarially determined rate. The employer rate for calendar year 2016 was 13.63% of payroll. The Library's contribution requirements are established and may be amended by the IMRF Board of Trustees.

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2016
Actuarial cost method	Aggregate Entry Age Normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Investment rate of return	7.50%
Cost of living adjustments	4.00%
Asset valuation method	5-year smoothed market

Net Pension

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that The Library's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2016	\$ 8,053,070	\$ 6,486,540	\$ 1,566,530
Changes for the period			
Service cost	157,471	-	157,471
Interest	594,598	-	594,598
Difference between expected and actual experience	126,969	-	126,969
Changes in assumptions	(30,692)	-	(30,692)
Employer contributions	-	204,629	(204,629)
Employee contributions	-	69,224	(69,224)
Net investment income	-	434,886	(434,886)
Benefit payments and refunds	(343,985)	(343,985)	-
Other	-	109,406	(109,406)
Net changes	504,361	474,160	30,201
Balances at December 31, 2016	\$ 8,557,431	\$ 6,960,700	\$ 1,596,731

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2017 The Library recognized pension expense of \$389,219. At June 30, 2017, The Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 111,819	\$ -
Changes in assumption	1,959	18,486
Net difference between projected and actual earnings on pension plan investments	347,120	-
Contributions after measurement date	100,986	-
TOTAL	<u>\$ 561,884</u>	<u>\$ 18,486</u>

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

Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 193,459
2018	137,574
2019	100,762
2020	100,986
2021	10,617
Thereafter	-
TOTAL	<u>\$ 543,398</u>

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 2,700,612	\$ 1,596,731	\$ 683,446

REQUIRED SUPPLEMENTARY INFORMATION

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Property Taxes	\$ 3,236,415	\$ 3,236,415	\$ 3,197,782
Per Capita Grant	32,000	32,000	32,783
Other Grants	-	-	2,882
IL Historical Records Preservation	-	-	-
Service Fees:			
Copier	4,800	4,800	4,818
Computer Copies	12,000	12,000	15,102
Fines/Fees	48,000	48,000	51,612
Lost Materials	12,000	12,000	12,156
Non-Resident Fees	82,000	82,000	84,261
Video Rental	7,000	7,000	3,519
Book Rental	1,000	1,000	633
Meeting Room Rental	200	200	325
Other Service Fees	1,200	1,200	7,700
Gifts/Donations	1,500	1,500	10,514
Collection Agency Fee	300	300	314
Interest	1,000	1,000	65,336
Realized/Unrealized Gain/(Loss) on Investment	-	-	(54,085)
Miscellaneous	1,263	1,263	3,649
Total Revenues	<u>3,440,678</u>	<u>3,440,678</u>	<u>3,439,301</u>
EXPENDITURES			
Current			
Personnel:			
Salaries	2,179,740	2,139,740	2,097,685
Medical/Life Insurance	132,000	132,000	131,145
Staff Development	20,000	20,000	15,053
Recruitment	-	-	-
Benefits - IMRF	160,000	160,000	148,446
Benefits - FICA	120,000	120,000	106,701
Workers Compensation	13,000	13,000	9,787
Unemployment Insurance	6,000	6,000	2,981
Employee Assistance Program	-	-	-
Board Development	3,000	3,000	957
Total Personnel	<u>2,633,740</u>	<u>2,593,740</u>	<u>2,512,755</u>

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
EXPENDITURES (cont)			
Current (cont)			
Materials:			
Books	250,000	250,000	233,234
Periodicals	35,000	35,000	29,276
Audio	50,000	50,000	45,038
Video	60,000	60,000	65,881
Story Boxes	-	-	-
Electronic Reference Resources	68,000	68,000	64,311
Circulating CD Rom	8,000	8,000	6,272
Kits	10,000	10,000	8,782
Life Skills/ESL	3,000	3,000	1,404
Processing Supplies	25,000	25,000	22,662
Total Materials	<u>509,000</u>	<u>509,000</u>	<u>476,860</u>
Building:			
Cleaning Service	80,000	73,000	69,766
Maintenance Supplies	20,000	20,000	18,961
Building Maintenance/Repairs	60,000	110,000	90,937
Utilities	9,000	9,000	8,814
Security System Monitoring	3,000	3,000	708
Property Maintenance	30,000	30,000	20,961
Total Building	<u>202,000</u>	<u>245,000</u>	<u>210,147</u>
Automation:			
Supplies	17,100	17,100	14,999
Automation-Prof Services	8,000	8,000	-
Purchase of Equipment	18,000	18,000	21,554
Automation Equipment Maintenance	5,000	5,000	2,722
Software	27,000	27,000	16,882
SWAN Maintenance	47,000	47,000	45,620
New Technologies	-	-	-
Telecommunications	4,000	4,000	2,288
Total Automation	<u>126,100</u>	<u>126,100</u>	<u>104,065</u>

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
EXPENDITURES (cont)			
Current (cont)			
Operations:			
Office Supplies	18,000	18,000	13,758
Photocopy Supplies	6,000	6,000	4,516
Patron Cards	3,800	3,800	376
Postage	8,000	5,000	4,907
Non-Payment Reimbursements	5,000	5,000	1,678
Travel	1,000	1,000	357
Bank and Investment Fees	3,000	3,000	2,895
Organizational Membership	2,200	2,200	2,186
Total Operations	<u>47,000</u>	<u>44,000</u>	<u>30,673</u>
Contractual Services:			
Professional Services	5,000	5,000	7,733
Legal Services	8,000	8,000	5,851
Credit Bureau	2,000	2,000	880
Audit	4,000	4,000	3,675
Equipment Maint./Repair	3,000	3,000	2,000
Equipment Maint. Contracts	-	-	-
Photocopy Maint. Contracts	5,000	5,000	4,225
Total Contractual Services	<u>27,000</u>	<u>27,000</u>	<u>24,364</u>
Insurance:			
Multi-peril Physical Assets	-	-	-
Bonding & Liability	1,500	1,500	1,336
Total Insurance	<u>1,500</u>	<u>1,500</u>	<u>1,336</u>
Public Information			
Legal Notices	2,000	2,000	861
Marketing	43,000	43,000	35,176
Information Supplies	8,000	8,000	2,304
Special Events	28,000	28,000	25,055
Information Printing	-	-	-
Total Public Information	<u>81,000</u>	<u>81,000</u>	<u>63,396</u>

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
EXPENDITURES (cont)			
Current (cont)			
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Contingencies	<u>50,000</u>	<u>50,000</u>	<u>6,373</u>
Total Expenditures	<u>3,677,340</u>	<u>3,677,340</u>	<u>3,429,969</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(236,662)	(236,662)	9,332
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(1,450)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (236,662)</u>	<u>\$ (236,662)</u>	7,882
FUND BALANCE, JULY 1			<u>1,391,027</u>
FUND BALANCE, JUNE 30			<u>\$ 1,398,909</u>

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2016*

	2016	2015	2014
Actuarially determined contribution	\$ 204,630	\$ 192,777	\$ 177,173
Contributions in relation to the actuarially determined contribution	<u>204,629</u>	<u>192,776</u>	<u>181,305</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (4,132)</u>
Covered-employee payroll	\$ 1,501,320	\$ 1,494,393	\$ 1,324,166
Contributions as a percentage of covered-employee payroll	13.63%	12.90%	13.69%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percentage of pay, closed and the amortization period was 27 years; the asset valuation method was 5-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 4.40% to 16.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

*IMRF's measurement date is December 31, 2016; therefore information above is presented for the calendar year ended December 31, 2016.

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2016*

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	\$ 157,471	\$ 143,721	\$ 146,819
Interest	594,598	552,904	498,958
Changes of benefit terms	-	-	-
Differences between expected and actual experience	126,969	176,829	84,098
Changes of assumptions	(30,692)	9,805	289,894
Benefit payments, including refunds of member contribution:	(343,985)	(300,190)	(276,015)
Net change in total pension liability	504,361	583,069	743,754
TOTAL PENSION LIABILITY - BEGINNING	8,053,070	7,470,001	6,726,247
TOTAL PENSION LIABILITY - ENDING	<u>\$ 8,557,431</u>	<u>\$ 8,053,070</u>	<u>\$ 7,470,001</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 204,629	\$ 192,776	\$ 181,305
Contributions - member	69,224	67,248	60,977
Net investment income	434,886	31,989	368,428
Benefit payments, including refunds of member contribution:	(343,985)	(300,190)	(276,015)
Other	109,406	76,845	26,510
Net change in plan fiduciary net position	474,160	68,668	361,205
PLAN FIDUCIARY NET POSITION - BEGINNING	6,486,540	6,417,872	6,056,667
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 6,960,700</u>	<u>\$ 6,486,540</u>	<u>\$ 6,417,872</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET)	<u>\$ 1,596,731</u>	<u>\$ 1,566,530</u>	<u>\$ 1,052,129</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	81.34%	80.55%	85.92%
Covered-employee payroll	\$ 1,501,320	\$ 1,494,393	\$ 1,324,166
Employer's net pension liability as a percentage of covered-employee payroll	106.36%	104.83%	79.46%

Changes in assumptions related to retirement age and mortality were made since the prior measurement date

*IMRF's measurement date is December 31, 2016; therefore information above is presented for the calendar year ended December 31, 2016.

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted (at the fund level) for the General, Special Reserve, Debt Service and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The Library follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Library prepares and submits to the Board a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them. Annual budgets are adopted for the General Fund on a basis consistent with GAAP. The legal level of budgetary control is at the fund level.
2. The proposed operating budget is adopted by the Board at a public meeting.
3. Any amendments to the budget must be adopted by the Board at a public meeting.
4. Budgeted amounts presented in the financial statements are those as originally adopted by the Board and final budgeted amounts after amendments. The budget was approved on July 20, 2016 and amended on June 21, 2017.

NON-MAJOR GOVERNMENTAL FUNDS

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue					Totals
	IMRF	Social Security	Liability Insurance	Building Maintenance	Working Cash	
ASSETS						
Cash and investments	\$ 28,995	\$ 25,253	\$ 7,483	\$ 45,639	\$ -	\$ 107,370
Property tax receivable	26,904	23,433	6,943	38,187	-	95,467
TOTAL ASSETS	\$ 55,899	\$ 48,686	\$ 14,426	\$ 83,826	\$ -	\$ 202,837
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES -						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable Property Taxes	55,768	48,572	14,392	79,154	-	197,886
Total Deferred Inflows of Resources	55,768	48,572	14,392	79,154	-	197,886
Total Liabilities and Deferred Inflows of Resources	55,768	48,572	14,392	79,154	-	197,886
FUND BALANCES						
Restricted						
Special Revenue	131	114	34	4,672	-	4,951
Working Cash	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total Fund Equities	131	114	34	4,672	-	4,951
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,899	\$ 48,686	\$ 14,426	\$ 83,826	\$ -	\$ 202,837

(See independent auditor's report.)

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	Special Revenues					Totals
	IMRF	Social Security	Liability Insurance	Building Maintenance	Working Cash	
REVENUES						
Property Taxes	\$ 57,565	\$ 49,102	\$ 13,546	\$ 79,580	\$ -	\$ 199,793
Interest	-	-	-	-	-	-
Gain/(Loss) on Investments	-	-	-	-	-	-
Total Revenues	57,565	49,102	13,546	79,580	-	199,793
EXPENDITURES						
General Government						
Insurance premiums	-	-	15,471	-	-	15,471
Building maintenance	-	-	2,499	79,759	-	82,258
IMRF	57,379	-	-	-	-	57,379
FICA	-	48,941	-	-	-	48,941
Capital Outlay	-	-	-	-	-	-
Investment Expense	-	-	-	-	-	-
Total Expenditures	57,379	48,941	17,970	79,759	-	204,049
NET CHANGES IN FUND BALANCES	186	161	(4,424)	(179)	-	(4,256)
Other financing sources (uses):						
Transfers from (to) general fund	-	-	-	1,450	-	1,450
FUND BALANCES, JULY 1	(55)	(47)	4,458	3,401	-	7,757
FUND BALANCES, JUNE 30	\$ 131	\$ 114	\$ 34	\$ 4,672	\$ -	\$ 4,951

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS

June 30, 2017

Tax Levy Year	2016			2015		
	DuPage County	Cook County		DuPage County	Cook County	
Assessed Valuation	1,798,960,805	113,515,073		1,660,551,282	108,733,804	
	Rate	Amount	Rate	Amount	Rate	Amount
Tax Extensions						
Corporate	0.1714	\$ 3,083,419	0.1813	\$ 206,597	0.1899	\$ 206,594
I.M.R.F.	0.0031	55,768	0.0000	-	0.0000	-
Social Security	0.0027	48,572	0.0000	-	0.0000	-
Audit	0.0000	-	0.0000	-	0.0000	-
Liability Insurance	0.0008	14,392	0.0000	-	0.0000	-
Building Maintenance	0.0044	79,154	0.0000	-	0.0000	-
Debt Service	0.0000	-	0.0000	-	0.0000	-
	0.1824	3,281,305	0.1813	206,597	0.1892	206,594
Total DuPage Co Extension		\$ 3,281,305		\$ 3,214,692		
Total Cook Co Extension		206,597		206,594		
Total Extensions		\$ 3,487,902		\$ 3,421,286		
Tax Collections:						
year ended June 30, 2017		\$ 1,805,952		\$ 1,679,793		
Previous years		-		1,717,782		
Total Collected		\$ 1,805,952		\$ 3,397,575		
Percent Collected		51.78%		99.31%		

Property tax rates are per \$100 of assessed valuation. Assessed valuation, rates and extended amounts of property taxes levied have been presented for each of the counties for which the District files a property tax levy.

(See independent auditor's report.)