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**WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

eder, casella & co.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
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JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Warren-Newport Public Library District
Gurnee, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Warren-Newport Public Library District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 15 to the financial statements, the Library implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in the Employer's Net Pension/OPEB Liability and Related Ratios, Schedules of Employer Contribution, and budgetary comparison information on pages 3 through 7 and 30 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining nonmajor fund financial statements is presented for purposed of additional analysis and is not a require part of the basic financial statements.

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

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
November 30, 2018

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

As management of the Warren-Newport Public Library District (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$8,326,854 (net position).
- The Library's total net position increased by \$360,654, which includes a net position adjustment of \$(770,362).
- At June 30, 2018, the Library reported combined ending fund balance of \$6,382,835, an increase of \$1,146,014 in comparison with prior year.
- At June 30, 2018, the unassigned fund balance for the General Fund was \$3,375,855, or 66 percent of total General Fund expenditures.
- The Library's total long-term debt decreased by \$476,793 during the year ended June 30, 2018 due to payments made on existing long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the Library's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating when comparing year to year results.

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

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 governmental administrative services and library operations.

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

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

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

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

The Library maintains eight governmental funds. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund for the General Fund, which is considered to be a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. The other seven funds include Building and Maintenance, FICA, Liability, Working Cash, Special Reserves, Expendable Trust, and IMRF.

The Library adopts an annual budget and appropriation ordinance for each of the funds listed above. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget and appropriation ordinance.

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 29 of this report.

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

Required supplementary information can be found on pages 30 through 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,326,854 at the close of the most recent fiscal year.

By far the largest portion of the Library's net position (58%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, furniture, books, videos/DVDs, and periodicals). The Library uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Warren-Newport Public Library District's Net Position at Year-End

	Governmental Activities	
	FY 2018	FY 2017
Assets		
Current and Other Assets	\$ 11,696,519	\$ 12,111,630
Capital Assets	11,793,218	12,350,437
Total Assets	\$ 23,489,737	\$ 24,462,067
Deferred Outflows of Resources		
Pension Expense	\$ 299,218	\$ 770,928
Employer Pension Contributions	179,880	-
Total Deferred Outflows of Resources	\$ 479,098	\$ 770,928
Liabilities		
Long-Term Liabilities Outstanding	\$ 8,964,833	\$ 9,656,528
Other Liabilities	148,266	299,093
Total Liabilities	\$ 9,113,099	\$ 9,955,621
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	\$ 5,180,882	\$ 6,744,177
Pension Revenue	1,348,000	566,997
Total Deferred Inflows of Resources	\$ 6,528,882	\$ 7,311,174
Net Position		
Net Investment in Capital Assets	\$ 4,853,714	\$ 4,922,116
Restricted	820,546	1,041,162
Unrestricted	2,652,594	2,002,922
Total Net Position	\$ 8,326,854	\$ 7,966,200

An additional portion of the Library's net position, 10 percent, represents resource that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,668,058) may be used to meet the Library's ongoing obligations to citizens and creditors.

The Library's net position increased by \$360,654, which includes a net position adjustment of \$(770,362) during the current fiscal year.

Governmental Activities - Governmental activities increased the Library's net position by \$360,654, which includes a net position adjustment of \$(770,362). Key elements of this increase are as follows:

Warren-Newport Public Library District's Change in Net Position

	Governmental Activities	
	FY 2018	FY 2017
Revenues		
Program Revenues		
Charges for Services	\$ 116,486	\$ 190,329
Operating Grants and Contributions	114,319	52,166
General Revenues		
Property Taxes	6,731,160	5,798,355
Other Taxes	47,920	57,270
Investment Earnings	100,420	43,242
Other	161,450	-
Total Revenues	\$ 7,271,755	\$ 6,141,362
Expenses		
General Government	\$ 2,270,516	\$ 2,268,488
Library Operations	2,599,420	3,084,183
Interest and Fees on Long-Term Debt	371,863	269,875
Unallocated Depreciation	898,940	959,973
Total Expenses	\$ 6,140,739	\$ 6,582,519
Change in Net Position	\$ 1,131,016	\$ (441,157)
Net Position - Beginning	7,966,200	8,407,357
Net Position Adjustment	(770,362)	-
Net Position - Ending	\$ 8,326,854	\$ 7,966,200

The Library's total revenues increased \$1,130,393 (18%) compared to prior year. The most significant factor of this increase was property taxes levied for bonds and interest, \$861,531. This was meant to be abated during fiscal year 2018, however it was not. The Library plans to make up for this by abating it during fiscal year 2019 and reducing the amount of property taxes collected in total.

Overall expenses decreased \$441,780 (7%) compared to the prior year. This decrease is primarily attributable to library operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of June 30, 2018, the Library's funds reported combined ending fund balance of \$6,382,835, an increase of \$1,146,014 in comparison with the prior year.

The General Fund is the chief operating fund of the Library. At June 30, 2018, total fund balance was \$3,460,193. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 67 percent of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was not amended during the year ended June 30, 2018; therefore, the amounts shown as original and final budget are the same.

- The difference between the budget and actual revenues was \$9,994 (favorable) due mainly to more than anticipated interest income.
- The difference between the budget and actual expenditures was \$161,939 (favorable) due to less than anticipated program supplies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Library's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$11,793,219 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, furniture, and library books and materials. Total depreciation expense for the year was \$898,940.

Warren-Newport Public Library District's Capital Assets
(net of depreciation)

	Governmental Activities	
	FY 2018	FY 2017
Land	\$ 304,909	\$ 304,909
Buildings	9,276,318	9,682,199
Land Improvements	28,658	34,531
Furniture and Equipment	1,050,573	1,121,127
Computer Hardware and Network	43,657	65,512
Bookmobile	11,377	34,131
Library Books and Other Materials	1,077,726	1,108,028
Total	<u>\$ 11,793,218</u>	<u>\$ 12,350,437</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of security camera system for \$54,174
- Purchase of air conditioner for \$10,390

Additional information on the Library’s capital assets can be found in note 4 on page 19 of this report.

Long-Term Debt - At June 30, 2018, the Library had \$6,923,586 in long-term debt.

Warren-Newport Public Library District's Outstanding Debt

	Governmental Activities	
	FY 2018	FY 2017
General Obligation Bonds	\$ 6,890,000	\$ 7,350,000
Equipment Debt	33,586	50,379
Total	<u>\$ 6,923,586</u>	<u>\$ 7,400,379</u>

Principal payments on all outstanding debt were \$476,793 for the current fiscal year.

Additional information on the District’s long-term debt can be found in note 5 on page 20 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The budget for fiscal year 2019 includes items for capital expenditures such as building maintenance, landscaping, HVAC, security monitoring, and parking lot replacement.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Warren-Newport Public 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 requests for additional financial information should be addressed to Ryan Livergood, Executive Director, at Warren-Newport Public Library District, 224 North O’Plaine Road, Gurnee, IL 60031.

BASIC FINANCIAL STATEMENTS

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 7,246,107
Investments	1,967,284
Property Taxes Receivable, net of allowance of \$0	2,386,917
Other Receivables, net of allowance of \$0	19
Prepaid Expenses	96,192
Capital Assets:	
Land	304,909
Depreciable Buildings, Improvements, Property, Equipment, Furniture, Books, Videos/DVDs and Periodicals, net of depreciation	11,488,309
TOTAL ASSETS	\$ 23,489,737
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Expense	\$ 299,218
Deferred Employer Pension Contributions	179,880
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 479,098
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 132,802
Accrued Interest	15,464
Non-Current Liabilities:	
Due Within One Year	493,129
Due In More Than One Year	8,471,704
TOTAL LIABILITIES	\$ 9,113,099
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 5,180,882
Deferred Pension Revenue	1,348,000
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 6,528,882
NET POSITION	
Net Investment in Capital Assets	\$ 4,853,714
Restricted for:	
Building and Maintenance	220,922
FICA	155,464
Liability	129,696
Youth	1,563
Pension	296,585
Debt	16,316
Unrestricted/(Deficit)	2,652,594
TOTAL NET POSITION	\$ 8,326,854

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Program Revenues			Net (Expense)
	Charges For	Operating	Grants and	Revenue and
Functions/Programs	Expenses	Services	Contributions	Changes in
Governmental Activities				Net Position
General Government	\$ 2,257,934	\$ 116,486	\$ 85,884	\$ (2,055,564)
Library Operations	2,612,002	-	28,435	(2,583,567)
Interest and Fees on Long-Term Debt	371,863	-	-	(371,863)
Unallocated Depreciation	898,940	-	-	(898,940)
	\$ 6,140,739	\$ 116,486	\$ 114,319	\$ (5,909,934)
General Revenues				
Taxes				
Property Taxes				\$ 6,731,160
Personal Property Replacement Tax				47,920
Unrestricted Investment Earnings				100,420
Other Income				161,450
Total General Revenues				\$ 7,040,950
Change in Net Position				\$ 1,131,016
Net Position - July 1, 2017				7,966,200
Net Position Adjustment (Note 16)				(770,362)
Net Position - June 30, 2018				\$ 8,326,854

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,707,658	\$ 3,538,449	\$ 7,246,107
Investments	1,967,284	-	1,967,284
Property Taxes Receivable, Net of Allowance of \$0	1,848,096	538,821	2,386,917
Other Receivable, Net of Allowance of \$0	19	-	19
Prepaid Items	68,022	28,170	96,192
TOTAL ASSETS	\$ 7,591,079	\$ 4,105,440	\$ 11,696,519
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 119,532	\$ 13,270	\$ 132,802
TOTAL LIABILITIES	\$ 119,532	\$ 13,270	\$ 132,802
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 4,011,354	\$ 1,169,528	\$ 5,180,882
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 4,011,354	\$ 1,169,528	\$ 5,180,882
FUND BALANCES			
Nonspendable			
Prepaid Items	\$ 68,022	\$ 28,170	\$ 96,192
Endowment	-	28,694	28,694
Restricted for:			
Building and Maintenance	-	220,922	220,922
FICA	-	155,464	155,464
Liability	-	129,696	129,696
Youth	-	1,563	1,563
Pension	-	296,585	296,585
Debt	16,316	-	16,316
Committed for:			
Special Reserves	-	637,235	637,235
Assigned for:			
FICA	-	2,450	2,450
Working Cash	-	266,571	266,571
Special Reserves	-	1,008,541	1,008,541
Expendable Trust	-	163,791	163,791
Pension	-	5,799	5,799
Unassigned	3,375,855	(22,839)	3,353,016
TOTAL FUND BALANCES	\$ 3,460,193	\$ 2,922,642	\$ 6,382,835
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,591,079	\$ 4,105,440	\$ 11,696,519

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2018

Fund Balances - Total Governmental Funds \$ 6,382,835

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$ 20,093,703	
Less: Accumulated Depreciation	<u>(8,300,485)</u>	
		11,793,218

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

Deferred Pension Costs	\$ (1,048,782)	
Deferred Employer Contributions to Pension	<u>179,880</u>	
		(868,902)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	\$ (6,890,000)	
Loan Payable	(33,586)	
Premium on Bonds	(37,368)	
Accrued Interest	(15,464)	
Deferred Interest - Defeased Bond	21,450	
Compensated Absences	(144,148)	
Net Pension Liability - IMRF	(1,618,892)	
Net OPEB Liability	<u>(262,289)</u>	
		<u>(8,980,297)</u>

Net Position of Governmental Activities \$ 8,326,854

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 5,722,339	\$ 1,008,821	\$ 6,731,160
Personal Property Replacement Tax	45,045	2,875	47,920
Interest	72,420	28,000	100,420
Grants	51,781	-	51,781
BAB Subsidy	125,927	-	125,927
Fines and Fees	116,486	-	116,486
Gifts	20,827	28,435	49,262
Other Income	18,352	30,447	48,799
	<u>\$ 6,173,177</u>	<u>\$ 1,098,578</u>	<u>\$ 7,271,755</u>
EXPENDITURES			
Current			
General Government	\$ 1,324,212	\$ 849,121	\$ 2,173,333
Library Operations	2,616,907	-	2,616,907
Capital Outlay	342,952	147,334	490,286
Debt Service			
Principal	460,000	-	460,000
Interest and Fees	385,215	-	385,215
	<u>\$ 5,129,286</u>	<u>\$ 996,455</u>	<u>\$ 6,125,741</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,043,891	\$ 102,123	\$ 1,146,014
OTHER FINANCING SOURCES/(USES)			
Interfund Transfers	(1,000,000)	1,000,000	-
NET CHANGE IN FUND BALANCES	\$ 43,891	\$ 1,102,123	\$ 1,146,014
FUND BALANCES - JULY 1, 2017	3,416,302	1,820,519	5,236,821
FUND BALANCES - JUNE 30, 2018	<u>\$ 3,460,193</u>	<u>\$ 2,922,642</u>	<u>\$ 6,382,835</u>

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,146,014

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

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

Capital Outlays	\$ 320,722	
Depreciation Expense	(898,940)	
		(578,218)

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

Amortization of Bond Premiums/Accrued Interest	\$ (3,441)	
Pension Expense - IMRF	(324,527)	
OPEB Expense	(16,283)	
Compensated Absences	34,625	
		(309,626)

Employer Pension and OPEB Contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements. 396,053

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

Repayment of Long-Term Debt		476,793

Change in Net Position of Governmental Activities \$ 1,131,016

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Warren-Newport Public Library District (Library) is a public library organized under Chapter 75 of the Illinois Compiled Statutes. It operates under the direction of a Board of Trustees and provides library facilities in Warren and Newport Townships.

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

A. Reporting Entity

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

B. Basic Financial Statements – Government-Wide Financial Statements

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, other income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function (general government and library operations). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific grants and discretionary (either operating or capital) grants.

NOTES TO FINANCIAL STATEMENTS (Continued)

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Library does not allocate indirect costs.

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

C. Basic Financial Statements – Fund Financial Statements

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

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

The following fund type is used by the Library:

Governmental Funds

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

General Fund – The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the District are: Building and Maintenance, FICA, IMRF, Liability, Working Cash, and Expendable Trusts.

Capital Projects Fund – This fund is used to account for the acquisition or construction of general capital assets. The capital projects fund is the Special Reserve Fund.

D. Basis of Accounting

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

1. Accrual

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

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation leave, which is recognized when due and payable.

E. *Cash and Cash Equivalents and Investments*

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

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Library funds and are, therefore, interfund loans which have not been authorized by Board action. No Library fund had a cash overdraft at June 30, 2018.

The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which approximates market.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Items*

Prepaid expenses are for payments made by the Library in the current year for goods and services received in the subsequent fiscal year.

H. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the Library's inventories is not deemed to be material.

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$10,000 or more except for Building which is \$50,000 or more and library materials are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Buildings	15-40 years
Land Improvements	15-20 years
Furniture and Equipment	10-20 years
Computer Software (intangibles)	3 years
Computer Hardware & Network	3-5 years
Bookmobile	10 years
Library Books and Other Materials	5-8 years

J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

K. *Compensated Absences*

The Library accrues accumulated unpaid vacation leave when earned by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations.

L. *Interfund Transactions*

Interfund transfers are reported as operating transfers.

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

N. *Government-Wide Net Position*

Government-wide net position is divided into three components:

1. Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – consists of net position that is restricted by the Library's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted Net Position – all other net position is reported in this category.

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. Assigned – Assigned fund balances are amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Library has not delegated this authority to an appointed body or official.
Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Library itself. All assigned fund balances are the residual amounts of the fund.
4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.

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

O. Property Tax Calendar and Revenues

The Library's property tax is levied each calendar year on all taxable real property located in the Library's district on or before the last Tuesday in December. The 2017 levy was passed by the Board on November 21, 2017. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Library receives significant distributions of tax receipts approximately one month after these dates.

P. Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Library's name.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

As of June 30, 2018, the Library had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	5-10	More than 10
State Investment Pools	\$ 6,892,844	\$ 6,892,844	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered but do have regulatory oversight through the State of Illinois.

Interest Rate Risk. The Library’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The Library’s investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2018, the Library’s investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard’s and Poor’s

NOTE 3 - FAIR VALUE MEASUREMENT

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Library has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	6/30/2018	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificate of Deposit	\$ 1,967,284	\$ -	\$ 1,967,284
Total Investments by fair value level	\$ 1,967,284	\$ -	\$ 1,967,284

All investments are priced using evaluated pricing.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 304,909	\$ -	\$ -	\$ 304,909
Total Capital Assets not being depreciated	<u>\$ 304,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,909</u>
Other Capital Assets				
Buildings	\$ 13,520,470	\$ -	\$ -	\$ 13,520,470
Land Improvements	169,652	-	-	169,652
Furniture and Equipment	2,105,414	64,564	-	2,169,978
Computer Software (intangibles)	9,555	-	-	9,555
Computer Hardware and Network	182,601	-	7,575	175,026
Bookmobile	227,540	-	-	227,540
Library Books and Other Materials	3,558,293	318,146	359,866	3,516,573
Total Other Capital Assets at Historical Cost	<u>\$ 19,773,525</u>	<u>\$ 382,710</u>	<u>\$ 367,441</u>	<u>\$ 19,788,794</u>
Less Accumulated Depreciation for:				
Buildings	\$ 3,838,271	\$ 405,881	\$ -	\$ 4,244,152
Land Improvements	135,121	5,873	-	140,994
Furniture and Equipment	984,287	135,118	-	1,119,405
Computer Software (intangibles)	9,555	-	-	9,555
Computer Hardware and Network	117,089	21,855	7,575	131,369
Bookmobile	193,409	22,754	-	216,163
Library Books and Other Materials	2,450,265	307,459	318,877	2,438,847
Total Accumulated Depreciation	<u>\$ 7,727,997</u>	<u>\$ 898,940</u>	<u>\$ 326,452</u>	<u>\$ 8,300,485</u>
Other Capital Assets, Net	<u>\$ 12,045,528</u>	<u>\$ (516,230)</u>	<u>\$ 40,989</u>	<u>\$ 11,488,309</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,350,437</u>	<u>\$ (516,230)</u>	<u>\$ 40,989</u>	<u>\$ 11,793,218</u>

Depreciation expense charged to unallocated expenses was \$898,940 for the year ended June 30, 2018.

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

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

	Balance July 1, 2017	Adjustment Note 16	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:						
Long-Term Debt						
General Obligation Bonds	\$ 7,350,000	\$ -	\$ -	\$ 460,000	\$ 6,890,000	\$ 475,000
Equipment Debt	50,379	-	-	16,793	33,586	16,793
Total Long-Term Debt	<u>\$ 7,400,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,793</u>	<u>\$ 6,923,586</u>	<u>\$ 491,793</u>
Other Long-Term Liabilities						
Unamortized Bond Premium	\$ 40,504	\$ -	\$ -	\$ 3,136	\$ 37,368	\$ 3,136
Deferred Interst - Defeased Bonds	(23,250)	-	-	(1,800)	(21,450)	(1,800)
Compensated Absences	178,773	-	-	34,625	144,148	-
Net Pension Liability - IMRF	2,238,895	486,636	-	1,106,639	1,618,892	-
Net OPEB Liability	-	283,726	-	21,437	262,289	-
Total Other Long-Term Liabilities	<u>\$ 2,434,922</u>	<u>\$ 770,362</u>	<u>\$ -</u>	<u>\$ 1,164,037</u>	<u>\$ 2,041,247</u>	<u>\$ 1,336</u>
Governmental Activities Long-Term Liabilities	<u>\$ 9,835,301</u>	<u>\$ 770,362</u>	<u>\$ -</u>	<u>\$ 1,640,830</u>	<u>\$ 8,964,833</u>	<u>\$ 493,129</u>

Bonds and notes payable consisted of the following at June 30, 2018:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
General Obligation Bonds	12/31/2029	4.10% - 6.00%	\$ 7,800,000	\$ 6,890,000
Equipment Debt	1/1/2020	0.00%	83,965	33,586

At June 30, 2018, the annual debt service requirements to cover all outstanding debt attributable to governmental activities are:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending June 30	Principal	Interest	Total
2019	\$ 491,793	\$ 365,098	\$ 856,891
2020	506,793	342,772	849,565
2021	505,000	318,510	823,510
2022	520,000	292,495	812,495
2023	540,000	264,795	804,795
2024-2028	2,995,000	850,713	3,845,713
2029-2030	1,365,000	82,649	1,447,649
	<u>\$ 6,923,586</u>	<u>\$ 2,517,032</u>	<u>\$ 9,440,618</u>

NOTE 6 - INTERFUND LOANS

There are no interfund loans at June 30, 2018.

NOTE 7 - DEFICIT FUND BALANCE

At June 30, 2018, no Library fund had a deficit fund balance.

NOTE 8 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2017 tax levy. The unavailable revenue is 100% of the 2017 tax levy. These taxes are unavailable as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the Library does not consider the amounts to be available and does not budget for their use in fiscal year 2018. The Library has determined that 100% of the amount collected for the 2016 levy is allocable for use in fiscal year 2018. Therefore, 100% of the amount collected for the 2016 levy (\$6,731,160) is recorded in these financial statements as property taxes revenue. A summary of assessed valuations and extensions for tax years 2017, 2016 and 2015 is as follows:

Tax Year	2017		2016		2015	
	Rate	Extension	Rate	Extension	Rate	Extension
Assessed Valuation	\$1,894,310,285		\$1,825,750,443		\$1,738,035,225	
General	0.211758	\$ 4,011,354	0.266751	\$ 4,870,208	0.275885	\$ 4,794,978
Building	0.019137	362,514	0.018660	340,685	0.019357	336,431
Bond and Interest	-	-	0.047279	863,197	-	-
IMRF	0.021116	400,003	0.017409	317,845	0.019089	331,774
Social Security	0.013198	250,011	0.012693	231,742	0.013635	236,981
Insurance	0.008288	157,000	0.006600	120,499	0.006831	118,725
	<u>0.273497</u>	<u>\$ 5,180,882</u>	<u>0.369392</u>	<u>\$ 6,744,176</u>	<u>0.334797</u>	<u>\$ 5,818,889</u>

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2018 no Library fund had expenditures that exceeded budget.

NOTE 10 - OPERATING LEASES

The Library copiers, printers, radio frequency identification system, and subscription. Total lease expense for fiscal year 2018 was \$156,115.

Annual requirements to cover outstanding lease agreements at June 30, 2018 are:

Year Ending June 30	Amount
2019	\$ 157,993
2020	149,960
2021	109,064
	<u>\$ 417,017</u>

NOTE 11 - RETIREMENT FUND COMMITMENTS

A. Illinois Municipal Retirement Fund

Plan Description

The Library’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Library’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	43
Inactive plan members entitled to but not yet receiving benefits	31
Active plan members	<u>58</u>
Total	<u><u>132</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37.0%	6.85%
International Equities	18.0%	6.75%
Fixed Income	28.0%	3.00%
Real Estate	9.0%	5.75%
Alternatives	7.0%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash	1.0%	2.25%
	<u>100.0%</u>	

Single Discount Rate

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

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

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and resulting single discount rate is 7.50%.

NOTES TO FINANCIAL STATEMENTS (Continued)

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	\$ 11,846,170	\$ 9,120,639	\$ 2,725,531
Changes for the year:			
Service Cost	\$ 281,034	\$ -	\$ 281,034
Interest on the Total Pension Liability	881,680	-	881,680
Differences Between Expected and Actual Experience of the Total Pension Liability	(3,474)	-	(3,474)
Changes of Assumptions	(351,571)	-	(351,571)
Contributions - Employer	-	353,801	(353,801)
Contributions - Employee	-	115,583	(115,583)
Net Investment Income	-	1,574,298	(1,574,298)
Benefit Payments, Including Refunds of Employee Contributions	(461,899)	(461,899)	-
Other (Net Transfer)	-	(129,374)	129,374
Net Changes	\$ 345,770	\$ 1,452,409	\$ (1,106,639)
Balances at December 31, 2017	\$ 12,191,940	\$ 10,573,048	\$ 1,618,892

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	\$ 3,094,792	\$ 1,618,892	\$ 385,649

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

For the year ended June 30, 2018, the Library recognized pension expense of \$324,527. At June 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 4,426	\$ (331,610)	\$ (327,184)
Assumption changes	-	(300,533)	(300,533)
Net difference between projected and actual earnings on pension investments	294,792	(715,857)	(421,065)
Total deferred amounts to be recognized in pension expense in future periods	\$ 299,218	\$ (1,348,000)	\$ (1,048,782)
Pension contributions made subsequent to the measurement date	179,880	-	179,880
Total deferred amounts related to pensions	\$ 479,098	\$ (1,348,000)	\$ (868,902)

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (308,913)
2019	(312,478)
2020	(248,426)
2021	(178,965)
	<u>\$ (1,048,782)</u>

B. Social Security

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

NOTE 12 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

Plan Overview

In addition to the retirement plan described in Note 11, the District provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Full-Time Employees

Pre-65 Coverage:

- Retirees may remain on the Libraries insurance in retirement, but they pay the full cost of coverage.
- Eligible Spouse/Dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs, but they pay the full cost of coverage.

Post-65 Coverage:

- Retirees are not permitted to remain on Libraries insurance.

The Plan does not issue a stand-alone financial report.

Eligibility

Employees of the District are eligible for retiree health benefits as listed below:

Full-Time Employees - IMRF

Tier I IMRF Full-Time Employees

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time Employees

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active employees fully eligible	9
Active employees not yet eligible	29
Retired plan members	<u>2</u>
Total	<u><u>40</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method	Entry Age Normal
Discount rate	3.87%
Salary Rate Increase	2.50%
Expected long-term investment rate of return	N/A
Health Care Trend	Fiscal Year Trends

Period	PPO		HMO	
	Pre-65	Post-65	Pre-65	Post-65
FY17-FY18	7.70%	N/A	6.90%	N/A
FY18-FY19	7.40%	N/A	6.69%	N/A
FY19-FY20	7.10%	N/A	6.48%	N/A
FY20-FY21	6.80%	N/A	6.27%	N/A
FY21-FY22	6.50%	N/A	6.06%	N/A
FY22-FY23	6.20%	N/A	5.84%	N/A
FY23-FY24	5.90%	N/A	5.63%	N/A
FY24-FY25	5.60%	N/A	5.42%	N/A
FY25-FY26	5.30%	N/A	5.21%	N/A
FY26-FY27	5.00%	N/A	5.00%	N/A
Ultimate	5.00%	N/A	5.00%	N/A

Retiree Contribution Trend Same as Health Care Trend

Mortality Follows the Sex Distinct Raw Rate as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-16 Improvement Rates.

Average Retirement Age IMRF Tier 1: Age 60
IMRF Tier 2: Age 62

	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
PPO Plan	\$ 16,118	\$ 22,588	N/A	N/A
HMO Plan	15,359	21,582	N/A	N/A
	Retiree	Spouse	Retiree	Spouse
PPO Plan	\$ 9,628	\$ 13,493	N/A	N/A
HMO Plan	9,175	12,892	N/A	N/A

Blended Premium Rates Election at Retirement 30% of active employees are assumed to elect coverage at retirement

Marital Status 50% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

Retiree Lapse Rate 100% at age 65

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

NOTES TO FINANCIAL STATEMENTS (Continued)

Discount Rate

The Library does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 3.87% is used, which is The Bond Buyer GO Index as of June 28, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A)-(B)
Balances at June 30, 2017	\$ 283,726	\$ -	\$ 283,726
Changes for the year:			
Service Cost	\$ 6,033	\$ -	\$ 6,033
Interest on the Total OPEB Liability	10,250	-	10,250
Contributions - Employer	-	37,720	(37,720)
Benefit Payments	(37,720)	(37,720)	-
Net Changes	\$ (21,437)	\$ -	\$ (21,437)
Balances at June 30, 2018	\$ 262,289	\$ -	\$ 262,289

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Increase 2.87%	Valuation Rate 3.87%	1% Decrease 4.87%
\$ 277,961	\$ 262,289	\$ 248,705

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Increase	Healthcare Cost Valuation Rate (Varies)	1% Decrease
\$ 244,292	\$ 262,289	\$ 282,731

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the Library recognized OPEB expense of \$16,283. At June 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of Assumptions	-	-	-
Net difference between projected and actual earnings on OPEB investments	-	-	-
OPEB contributions made subsequent to the measurement date	-	-	-
Total deferred amounts related to OPEB	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense. There are not deferred outflows therefore there will not be expense recognized in future years.

NOTE 13 - INTERFUND TRANSFERS

The following were transfers for the year ended June 30, 2018:

Transfer From	Transfer To	Amount
General Fund	Other Governmental Fund	\$ 1,000,000

The transfer to Other Governmental Fund was to provide for future capital improvements.

NOTE 14 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library purchases commercial insurance to handle these risks of loss. During fiscal year 2018 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Library is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2018, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ended June 30, 2018, the Library has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. These Statements establish financial reporting standards for postemployment benefits other than pension agreements offered by the Library. The Statements also require additional disclosures about the post-employment benefits other than pensions offered by the Library (see Note 12).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 16 - NET POSITION ADJUSTMENT

The Library had the following net position adjustments to correct beginning net pension liability – IMRF and related to the change in accounting principle noted above:

Adjustments to 6/30/17 balances:

Net Position Adjustment	
Illinois Municipal Retirement Fund Pension Liability	\$ (486,636)
Illinois Municipal Retirement Fund OPEB Liability	(283,726)
	<u>\$ (770,362)</u>

NOTE 17 – DEFERRED COMPENSATION PLAN

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees at their option, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The District does not contribute to the plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan’s administrator. The choice of investments is made by the participants. All amounts of compensation are held in trust until paid or made available to the employee or other beneficiary. The deferred compensation is not subject to the claims of the District’s creditors.

NOTE 18 – LEGAL DEBT LIMITATION

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

2017 EAV	\$1,894,310,285
Rate	<u>2.875%</u>
Debt Margin	\$ 54,461,421
Current Debt	<u>6,923,586</u>
Remaining Debt Margin	<u>\$ 47,537,835</u>

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 281,034	\$ 295,400	\$ 283,431	\$ 299,488
Interest	881,680	877,550	823,430	733,431
Differences Between Expected and Actual Experience	(3,474)	(679,911)	19,777	102,857
Changes in Assumptions	(351,571)	(84,262)	-	509,908
Benefit Payments, Including Refunds of Member Contributions	(461,899)	(419,870)	(390,544)	(359,988)
Net Change in Total Pension Liability	<u>\$ 345,770</u>	<u>\$ (11,093)</u>	<u>\$ 736,094</u>	<u>\$ 1,285,696</u>
Total Pension Liability - Beginning	<u>11,846,170</u>	<u>11,857,263</u>	<u>11,121,169</u>	<u>9,835,473</u>
Total Pension Liability - Ending	<u>\$ 12,191,940</u>	<u>\$ 11,846,170</u>	<u>\$ 11,857,263</u>	<u>\$ 11,121,169</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 353,801	\$ 358,637	\$ 344,788	\$ 327,376
Contributions - Member	115,583	112,074	115,357	109,450
Net Investment Income	1,574,298	615,476	44,857	509,357
Benefit Payments, Including Refunds of Member Contributions	(461,899)	(419,870)	(390,544)	(359,988)
Other (Net Transfers)	(129,374)	(441,964)	(154,781)	38,721
Net Change in Plan Fiduciary Net Position	<u>\$ 1,452,409</u>	<u>\$ 224,353</u>	<u>\$ (40,323)</u>	<u>\$ 624,916</u>
Plan Net Position - Beginning	<u>9,120,639</u>	<u>8,896,286</u>	<u>8,936,609</u>	<u>8,311,693</u>
Plan Net Position - Ending	<u>\$ 10,573,048</u>	<u>\$ 9,120,639</u>	<u>\$ 8,896,286</u>	<u>\$ 8,936,609</u>
Library's Net Pension Liability	<u>\$ 1,618,892</u>	<u>\$ 2,725,531</u>	<u>\$ 2,960,977</u>	<u>\$ 2,184,560</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.72%	76.99%	75.03%	80.36%
Covered-Valuation Payroll	\$ 2,538,022	\$ 2,490,531	\$ 2,563,469	\$ 2,382,737
Employer's Net Pension Liability as a percentage of Covered-Valuation Payroll	63.79%	109.44%	115.51%	91.68%

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

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2018

	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 353,800	\$ 358,636	\$ 344,787	\$ 320,716
Contributions in relation to Actuarially-Determined Contribution	353,801	358,637	344,788	327,376
Contribution deficiency/(excess)	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (6,660)</u>
Covered-Valuation Payroll	\$ 2,567,769	\$ 2,490,531	\$ 2,563,469	\$ 2,382,737
Contributions as a percentage of Covered-Valuation Payroll	13.78%	14.40%	13.45%	13.74%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2017 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 26-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.5%

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

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

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

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

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	6/30/2018
TOTAL OPEB LIABILITY	
Service Cost	\$ 6,033
Interest	10,250
Benefit Payments	(37,720)
Net Change in Total OPEB Liability	\$ (21,437)
 Total OPEB Liability - Beginning	 283,726
Total OPEB Liability - Ending	\$ 262,289
 OPEB PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 37,720
Benefit Payments	(37,720)
Net Change in OPEB Plan Net Position	\$ -
 OPEB Plan Net Position - Beginning	 -
OPEB Net Position - Ending	\$ -
 Library's Net OPEB Plan Liability	 \$ 262,289
 OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
 Covered Employee Payroll	\$ 1,765,248
 Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	14.86%

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2018

	6/30/2018
Actuarially-Determined Contribution	N/A
Contributions in relation to Actuarially-Determined Contribution	-
Contribution deficiency/(excess)	N/A
Covered-Employee Payroll	\$ 2,087,549
Contributions as a percentage of Covered-Employee Payroll	0.00%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

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

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original and Final		Actual Amounts
REVENUES			
Property Taxes	\$ 5,733,404	\$	5,722,339
Personal Property Replacement Tax	56,001		45,045
Interest	24,000		72,420
Grants	43,682		51,781
BAB Subsidy	128,595		125,927
Fines and Fees	123,050		116,486
Gifts	35,000		20,827
Other Income	19,451		18,352
	\$ 6,163,183		\$ 6,173,177
EXPENDITURES			
Current			
General Government			
Salaries	\$ 807,995	\$	832,140
Employer Paid Benefits	224,495		233,219
Staff Development	11,833		9,151
Legal	12,000		7,075
Printing	34,400		33,186
Operating Supplies	5,750		4,794
Office Supplies	4,760		4,335
Computer Supplies	11,922		7,804
Telephone	36,568		35,197
Postage	17,078		15,054
Audit	11,200		11,100
Maintenance Contractual	86,235		80,066
Dues and Memberships	4,350		3,107
Board of Trustees Expense	2,115		-
Other Professional Services	37,030		30,643
Public Relations/Advertising	7,631		6,141
Miscellaneous	16,914		11,200
	\$ 1,332,276		\$ 1,324,212
Library Operations			
Salaries	\$ 2,043,075	\$	2,039,438
Staff Development	25,428		14,483
Computer Support & Maintenance	35,936		32,093
Dues and Memberships	3,030		2,528
Mobil Library Maintenance & Supplies	7,170		4,031
Postage	10,650		6,467
Program Expenses	40,280		33,779
Program Supplies	540,018		453,179
Public Relations/Advertising	1,300		880
Supplies	37,025		30,029
	\$ 2,743,912		\$ 2,616,907
Total Current	\$ 4,076,188		\$ 3,941,119

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
Capital Outlay		
General Government	\$ 348,887	\$ 319,430
Library Operations	20,935	23,522
	\$ 369,822	\$ 342,952
Debt Service		
Principal	\$ 460,000	\$ 460,000
Interest	385,215	385,215
	\$ 845,215	\$ 845,215
 TOTAL EXPENDITURES	 \$ 5,291,225	 \$ 5,129,286
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ 871,958	 \$ 1,043,891
 OTHER FINANCING SOURCES/(USES)		
Interfund Transfer	-	(1,000,000)
 NET CHANGE IN FUND BALANCE	 \$ 871,958	 \$ 43,891
 FUND BALANCE - JULY 1, 2017	 3,487,094	 3,416,302
 FUND BALANCE - JUNE 30, 2018	 \$ 4,359,052	 \$ 3,460,193

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - BUDGETARY PROCESS

Annual budgets are legally adopted and separately reported for all funds of the Library. The budget was passed on September 19, 2017. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Board and Executive Director discuss budgetary priorities including capital projects.
2. The Executive Director uses this input to prepare a preliminary budget.
3. The staff and Executive Director then go over the preliminary budget and make any necessary adjustments.
4. The revised budget is then submitted to the Committee of the Whole, who go over it and make any changes with the Executive Director.
5. The budget is then presented to and reviewed by the Board at a public hearing.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2018, no Library fund presented as Required Supplementary Information had expenditures that exceeded budget.

SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Building and Maintenance	FICA	Liability	Working Cash	Special Reserves	Expendable Trust	IMRF	Total Other Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 422,936	\$ 292,741	\$ 198,278	\$ 266,571	\$ 1,645,776	\$ 194,048	\$ 518,099	\$ 3,538,449
Prepaid Expenses	10,162	-	18,008	-	-	-	-	28,170
Receivables (Net of \$0 Allowance)								
Property Taxes	167,016	115,184	72,333	-	-	-	184,288	538,821
TOTAL ASSETS	\$ 600,114	\$ 407,925	\$ 288,619	\$ 266,571	\$ 1,645,776	\$ 194,048	\$ 702,387	\$ 4,105,440
LIABILITIES								
Accounts Payable and Accrued Expenses	\$ 12,350	\$ -	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ 13,270
TOTAL LIABILITIES	\$ 12,350	\$ -	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ 13,270
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Property Taxes	\$ 362,514	\$ 250,011	\$ 157,000	\$ -	\$ -	\$ -	\$ 400,003	\$ 1,169,528
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 362,514	\$ 250,011	\$ 157,000	\$ -	\$ -	\$ -	\$ 400,003	\$ 1,169,528
FUND BALANCES								
Nonspendable:								
Prepaid Expenses	\$ 10,162	\$ -	\$ 18,008	\$ -	\$ -	\$ -	\$ -	\$ 28,170
Endowment	-	-	-	-	-	28,694	-	28,694
Restricted for:								
Fund Purpose	220,922	155,464	129,696	-	-	-	296,585	802,667
Youth	-	-	-	-	-	1,563	-	1,563
Committed for:								
Special Reserves	-	-	-	-	637,235	-	-	637,235
Assigned for:								
Fund Purpose	-	2,450	-	266,571	1,008,541	163,791	5,799	1,447,152
Unassigned	(5,834)	-	(17,005)	-	-	-	-	(22,839)
TOTAL FUND BALANCES	\$ 225,250	\$ 157,914	\$ 130,699	\$ 266,571	\$ 1,645,776	\$ 194,048	\$ 302,384	\$ 2,922,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 600,114	\$ 407,925	\$ 288,619	\$ 266,571	\$ 1,645,776	\$ 194,048	\$ 702,387	\$ 4,105,440

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Building and Maintenance	FICA	Liability	Working Cash	Special Reserves	Expendable Trust	IMRF	Total Non-Major Governmental Funds
REVENUES								
Property Taxes	\$ 340,028	\$ 231,295	\$ 120,267	\$ -	\$ -	\$ -	\$ 317,231	\$ 1,008,821
Replacement Taxes	-	-	-	-	-	-	2,875	2,875
Interest	4,328	2,450	1,003	3,570	8,541	2,309	5,799	28,000
Gifts	-	-	-	-	-	28,435	-	28,435
Other Revenue	-	-	-	-	-	30,447	-	30,447
	<u>\$ 344,356</u>	<u>\$ 233,745</u>	<u>\$ 121,270</u>	<u>\$ 3,570</u>	<u>\$ 8,541</u>	<u>\$ 61,191</u>	<u>\$ 325,905</u>	<u>\$ 1,098,578</u>
EXPENDITURES								
General Government	\$ 149,064	\$ 215,190	\$ 123,756	\$ -	\$ -	\$ 2,778	\$ 358,333	\$ 849,121
Capital Outlay	134,398	-	-	-	-	12,936	-	147,334
	<u>\$ 283,462</u>	<u>\$ 215,190</u>	<u>\$ 123,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,714</u>	<u>\$ 358,333</u>	<u>\$ 996,455</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 60,894	\$ 18,555	\$ (2,486)	\$ 3,570	\$ 8,541	\$ 45,477	\$ (32,428)	\$ 102,123
OTHER FINANCING SOURCES/(USES)								
Transfers	-	-	-	-	1,000,000	-	-	1,000,000
NET CHANGE IN FUND BALANCES	\$ 60,894	\$ 18,555	\$ (2,486)	\$ 3,570	\$ 1,008,541	\$ 45,477	\$ (32,428)	\$ 1,102,123
FUND BALANCES - JULY 1, 2017	164,356	139,359	133,185	263,001	637,235	148,571	334,812	1,820,519
FUND BALANCES - JUNE 30, 2018	<u>\$ 225,250</u>	<u>\$ 157,914</u>	<u>\$ 130,699</u>	<u>\$ 266,571</u>	<u>\$ 1,645,776</u>	<u>\$ 194,048</u>	<u>\$ 302,384</u>	<u>\$ 2,922,642</u>

See Accompanying Independent Auditor's Report