

**WARREN-NEWPORT PUBLIC  
LIBRARY DISTRICT**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**



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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity'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 Warren-Newport Public Library District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5, and 22 through 24, 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 District's financial statements. The accompanying financial information listed as Additional Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Additional Information as listed in the table of contents 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 information is fairly stated in all material respects, in relation to the financial statements as a whole.

*M. Elise, Inserra & Co., P.C.*

October 17, 2017



# WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

As management of Warren-Newport Public Library District, this narrative overview and analysis is provided of the District's financial activities for the fiscal year ending June 30, 2017. We recommend readers consider this information in conjunction with the financial statements as a whole.

### **Required Financial Statements**

Fund and government-wide financial statements are combined on pages 6 and 7. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They are prepared using the full accrual basis of accounting. The Statement of Net Position presents information on all the District's assets/deferred outflows and liabilities/deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year.

Fund financial statements tell how library services were paid for as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's two major funds and the total of all other funds.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of more detailed data related to budget to actual revenues and expenditures and the District's pension plan obligation and contributions.

### **Financial Analysis**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Warren-Newport Public Library District, assets/deferred outflows exceeded liabilities/deferred inflows of resources by \$7,966,200 and \$8,407,357 for the years ended June 30, 2017 and 2016, respectively. A large portion of the District's net position reflects its investment in capital assets. The District uses these capital assets to provide services and consequently these assets are not available to liquidate liabilities or for other spending. For the years ended June 30, 2017 and 2016, the District's net position decreased by \$441,157 and \$36,418, respectively. The decrease in net position in 2017 is primarily due to an increased pension expense accrual.

The District has maintained strong revenue collections in relation to budget – collecting approximately 98% of its internally budgeted revenues. We have provided our services to the community with great strides to maintain our costs. The District's expenditures in the General Fund were about 9% under budget – creating a cost savings of \$459,175.

### Condensed Statement of Net Position

	June 30,	
	2017	2016
Current Assets	\$ 12,111,630	\$ 11,019,612
Capital Assets, net of accumulated depreciation	12,350,437	12,997,193
<b>Total Assets</b>	<b>24,462,067</b>	<b>24,016,805</b>
Deferred Outflows of Resources	770,928	1,042,404
Current Liabilities	299,093	423,473
Non-Current Liabilities	9,656,528	10,409,490
<b>Total Liabilities</b>	<b>9,955,621</b>	<b>10,832,963</b>
Deferred Inflows of Resources	7,311,174	5,818,889
Net Position		
Net Investment in Capital Assets	4,922,116	5,100,292
Restricted	1,041,162	989,831
Unrestricted	2,002,922	2,317,234
<b>Total Net Position</b>	<b>\$ 7,966,200</b>	<b>\$ 8,407,357</b>

### Condensed Statement of Changes in Net Position

	For the Years Ended June 30,	
	2017	2016
Revenues		
Property and Replacement Taxes	\$ 5,855,625	\$ 5,810,504
Interest Income	43,242	15,668
Grants	-	51,408
Gifts	52,166	211,485
Fines, Fees and Other	190,329	166,058
<b>Total Revenues</b>	<b>6,141,362</b>	<b>6,255,123</b>
Expenses		
Personnel	3,109,530	3,153,915
Operating	473,650	531,188
Library Materials, non-capitalized	163,315	166,437
Capital Outlay	155,321	102,381
Debt Service Interest and Fees	269,875	281,845
Public Liability	51,396	52,060
FICA	221,850	214,604
Pension	923,381	522,974
Building, Site and Maintenance	251,339	255,254
Endowment / Expendable Trust	2,889	36,540
Depreciation	959,973	963,300
Loss on Disposal of Assets	-	11,043
<b>Total Expenses</b>	<b>6,582,519</b>	<b>6,291,541</b>
<b>Change in Net Position</b>	<b>(441,157)</b>	<b>(36,418)</b>
Net Position, Beginning of Year, as Originally Stated	8,407,357	7,895,343
Prior Period Adjustments	-	548,432
<b>Net Position, Beginning of Year, as Restated</b>	<b>8,407,357</b>	<b>8,443,775</b>
<b>Net Position, End of Year</b>	<b>\$ 7,966,200</b>	<b>\$ 8,407,357</b>

The following is a summary of changes in fund balances for the year ended June 30, 2017:

Governmental Funds	Fund Balance June 30, 2016	Increase (Decrease)	Fund Balance June 30, 2017
General	\$ 3,258,123	\$ 158,179	\$ 3,416,302
Building, Site and Maintenance	90,151	74,206	164,357
Public Liability	146,122	(12,937)	133,185
IMRF	367,812	(33,000)	334,812
FICA	124,159	15,199	139,358
Expendable Trust	131,558	17,013	148,571
Special Reserve	559,215	78,020	637,235
Working Cash	261,437	1,564	263,001
Total Fund Balances	<u>\$ 4,938,577</u>	<u>\$ 298,244</u>	<u>\$ 5,236,821</u>

The District transferred \$75,000 from the General Fund to the Special Reserve Fund for capital improvements.

### Budgetary Highlight

The District's General Fund expended \$4,854,323 which was 459,175 less than the budget of \$5,313,498 and \$920,177 less than the appropriated amount of \$5,774,500. The difference between appropriated and budgeted expenditures is due to the fact that the District typically appropriates funds 8% to 10% higher than the working budget to allow for contingent increases in costs not originally anticipated.

### Capital Assets and Debt Administration

The following is a summary of capital assets on June 30, 2017 and 2016:

	June 30,	
	2017	2016
Land	\$ 304,909	\$ 304,909
Building	13,520,470	13,520,470
Land Improvements	169,652	169,652
Furniture and Equipment	1,965,155	1,962,337
Computer Software	9,555	44,759
Computer Hardware & Network	322,860	334,135
Bookmobile	227,540	227,540
Library Books and Other Materials	3,558,293	3,511,877
Cost of Capital Assets	20,078,434	20,075,679
Less Accumulated Depreciation	<u>7,727,997</u>	<u>7,078,486</u>
Net Capital Assets	<u>\$ 12,350,437</u>	<u>\$ 12,997,193</u>

Capital asset acquisitions during the year were \$313,217 consisting primarily of library materials and cabinets for technical services. Dispositions were \$310,462, which were library materials, software, equipment and furniture. At year end, the District owed \$7,350,000 in bonds. \$450,000 was retired and none was issued during the year. Additional information regarding the District's capital assets and debt can be found in Notes 4, 5 and 7, on pages 13 through 18.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Warren-Newport Public Library District, 224 North O'Plaine Road, Gurnee, Illinois 60031.

## BASIC FINANCIAL STATEMENTS



WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET  
AND STATEMENT OF NET POSITION

JUNE 30, 2017

	GENERAL FUND	BUILDING, SITE AND MAINTENANCE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF NET POSITION
<b>ASSETS</b>						
Cash and Investments	\$ 6,444,358	\$ 359,291	\$ 1,999,680	\$ 8,803,329	\$ -	\$ 8,803,329
Property Taxes Receivable	2,794,607	166,059	326,618	3,287,284	-	3,287,284
Other Receivables	17	-	-	17	-	17
Prepaid Expenses	-	-	-	-	21,000	21,000
Capital Assets, net of accumulated depreciation	-	-	-	-	12,350,437	12,350,437
Total Assets	9,238,982	525,350	2,326,298	12,090,630	12,371,437	24,462,067
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pensions	-	-	-	-	770,928	770,928
Total Assets and Deferred Outflows of Resources	<u>\$ 9,238,982</u>	<u>\$ 525,350</u>	<u>\$ 2,326,298</u>	<u>\$ 12,090,630</u>	<u>\$ 13,142,365</u>	<u>\$ 25,232,995</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 50,966	\$ 20,308	\$ 48	\$ 71,322	-	71,322
Accrued Wages	38,205	-	-	38,205	-	38,205
Accrued Interest	-	-	-	-	10,688	10,688
Other Accrued Liabilities	105	-	-	105	-	105
Accrued Compensated Absences	-	-	-	-	178,773	178,773
Long-Term Liabilities						
Due within one year	-	-	-	-	478,129	478,129
Due after one year	-	-	-	-	9,178,399	9,178,399
Total Liabilities	89,276	20,308	48	109,632	9,845,989	9,955,621
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Property Tax Revenue	5,733,404	340,685	670,088	6,744,177	-	6,744,177
Deferred Items Related to Pension (IMRF)	-	-	-	-	566,997	566,997
Total Liabilities and Deferred Inflows of Resources	<u>5,822,680</u>	<u>360,993</u>	<u>670,136</u>	<u>6,853,809</u>	<u>10,412,986</u>	<u>17,266,795</u>
<b>FUND BALANCES / NET POSITION</b>						
<b>Fund Balances</b>						
Restricted for Statutory Purposes	-	164,357	870,356	1,034,713	(1,034,713)	-
Restricted by Donor	-	-	6,449	6,449	(6,449)	-
Committed for Capital Projects	-	-	637,235	637,235	(637,235)	-
Unassigned	<u>3,416,302</u>	<u>-</u>	<u>142,122</u>	<u>3,558,424</u>	<u>(3,558,424)</u>	<u>-</u>
Total Fund Balances	<u>3,416,302</u>	<u>164,357</u>	<u>1,656,162</u>	<u>5,236,821</u>	<u>(5,236,821)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 9,238,982</u>	<u>\$ 525,350</u>	<u>\$ 2,326,298</u>	<u>\$ 12,090,630</u>		
<b>Net Position</b>						
Net Investment in Capital Assets					4,922,116	4,922,116
Restricted					1,041,162	1,041,162
Unrestricted					<u>2,002,922</u>	<u>2,002,922</u>
Total Net Position					<u>\$ 7,966,200</u>	<u>\$ 7,966,200</u>

The accompanying notes are an integral part of these financial statements.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	BUILDING, SITE AND MAINTENANCE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$ 4,778,058	\$ 335,244	\$ 685,053	\$ 5,798,355	\$ -	\$ 5,798,355
Replacement Taxes	53,834	-	3,436	57,270	-	57,270
Interest Income	32,202	1,525	9,515	43,242	-	43,242
Gifts	33,079	-	19,087	52,166	-	52,166
Fines, Fees and Other	190,329	-	-	190,329	-	190,329
Total Revenues	5,087,502	336,769	717,091	6,141,362	-	6,141,362
EXPENDITURES / EXPENSES						
Personnel	3,024,378	-	80,356	3,104,734	4,796	3,109,530
Operating	473,650	-	-	473,650	-	473,650
Library Materials	463,225	-	-	463,225	(299,910)	163,315
Capital Outlay	171,408	9,651	-	181,059	(25,738)	155,321
Debt Service-Principal	450,000	-	-	450,000	(450,000)	-
Debt Service-Interest and Fees	271,662	-	-	271,662	(1,787)	269,875
Public Liability	-	-	51,396	51,396	-	51,396
FICA	-	-	221,850	221,850	-	221,850
Pension	-	-	369,741	369,741	553,640	923,381
Building, Site and Maintenance	-	252,912	-	252,912	(1,573)	251,339
Endowment / Expendable Trust	-	-	2,889	2,889	-	2,889
Depreciation	-	-	-	-	959,973	959,973
Total Expenditures / Expenses	4,854,323	262,563	726,232	5,843,118	739,401	6,582,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	233,179	74,206	(9,141)	298,244	(739,401)	
OTHER FINANCING SOURCES (USES)						
Operating Transfer	(75,000)	-	75,000	-	-	
Net Change in Fund Balances	158,179	74,206	65,859	298,244	(298,244)	
Change in Net Position	-	-	-	-	(441,157)	(441,157)
FUND BALANCES / NET POSITION						
Beginning of Year	3,258,123	90,151	1,590,303	4,938,577	3,468,780	8,407,357
End of Year	\$ 3,416,302	\$ 164,357	\$ 1,656,162	\$ 5,236,821	\$ 2,729,379	\$ 7,966,200

The accompanying notes are an integral part of these financial statements.

# WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Warren-Newport Public Library District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### A. Reporting Entity

The District's reporting entity includes all entities for which the District exercised oversight responsibility as defined by the GASB.

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the District has not included in its financial statements the activities of any other entity.

#### B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them.

The Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combine information about the reporting government as a whole and the funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are the General and Building, Site and Maintenance Funds. Following is a description of the major and non-major funds.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund Type - 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, Site and Maintenance, FICA, IMRF, Public Liability and Working Cash.

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

Endowment/Expendable Trust Fund - This fund is used to account for donations received by the District to be used as seems appropriate to the Board.

### C. Basis of Accounting

The government-wide statements (the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are prepared using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Property taxes are considered available if they are collected within 60 days of year-end. A one-year availability period is used for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The District accounts for property taxes using requirements that taxes relating to the current budget be recognized as revenue currently; and a property tax assessment made during the current year for the purpose of and relating to the following fiscal period budget be recorded as receivable and the related revenue deferred to the period for which it was levied. Accordingly, the property tax levy for the 2016 tax year is recognized as deferred property tax revenue in the accompanying balance sheet. Expenditures are recognized when the related obligations are incurred.

The District reports deferred inflows of resources on its funds balance sheet and statement of net position. Deferred inflows of resources arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized. Deferred property taxes are being reported as a deferred inflow.

### D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Investments include amounts on deposit with The Illinois Funds, which invests in AAA rated money market funds. Illinois Compiled Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ILCS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks which are insured by the Federal Deposit Insurance Corporation.

Investments are stated at cost which approximates fair value and consist of a certificate of deposit and The Illinois Funds.

### F. Capital Assets

The accounting treatment over property and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

#### *Government-wide Statements*

In the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

Building	15-40 years
Land Improvements	15-20 years
Furniture and Equipment	10-20 years
Computer Software (Intangibles)	3 years
Computer Hardware and Network	3-5 years
Bookmobile	10 years
Library Materials – Books	8 years
Library Materials – Audio Visual	5 years

The District has a capitalization policy which is different for various classes of assets; Except for library materials, and buildings with a cost of \$50,000, the asset cost must be at least \$10,000 to be capitalized.

#### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### G. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave because it is not paid upon termination. However, earned but unused vacation pay is reported as an expense and a liability in the government-wide statements.

### H. Interfund Transactions

Interfund transfers are reported as operating transfers.

### I. Deferred Outflows and Inflows of Resources

Deferred outflows of resources related to pension expense represent amounts related to the differences between expected and actual experience, changes in assumptions and the net difference between projected and actual earnings on pension plan investments and post measurement date payments. See Note 7 for additional information on these deferred outflows.

Deferred property tax revenue and pension related items are listed under deferred inflows. Deferred property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather, deferred property taxes represent a future recognition of revenue, and therefore are classified as deferred inflows of resources. The pension related items represent future adjustments to pension expense.

### J. Fund Equity

The District follows GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Trustees or someone to which the Board of Trustees delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund and expendable trust fund.

The board of trustees establish (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of trustees through adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

### K. Estimates

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

## NOTE 2 – PROPERTY TAXES

Property tax revenue is budgeted and recognized based on the prior year's levy. Therefore, it is the 2015 levy and collections from prior years that are reported as Property Tax Revenue in the financial statements. Most of the 2015 levy was collected from May 2016 through December 2016 as the result of tax bills prepared by the County, mailed in May and due in June and September.

The 2016 levy was passed via ordinance in November 2016 with the proceeds designated to fund the 2017-2018 fiscal year. The 2016 property taxes attach as an enforceable lien on January 1, 2016. The 2016 property tax levy has been recorded as Deferred Property Tax Revenue, and the uncollected portion of the levy reported as Property Taxes Receivable. The District has elected not to calculate and record an allowance for uncollectible taxes as the amount is considered immaterial. As of the end of the year over 99% of the 2015 extended levy was collected.

## NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the District's deposits excluding cash on hand of \$1,361 was \$2,499,989 and the bank balance was \$2,579,700. The bank balance covered by federal depository insurance was \$2,005,069 and \$574,631 was collateralized by securities held by the bank in the name of Warren-Newport Public Library District.

Included in deposits were certificates of deposit (CDs) held at a brokerage account in the amount of \$1,755,069. The CDs will mature from three to twelve months and have yields ranging from .901% to 1.350%.

The Illinois Funds. A portion of the District's investments are in The Illinois Funds, which is an investment pool under the oversight of the State of Illinois Treasurer's Office. The Illinois Funds complies with Illinois law and is limited to the following: Direct United States Treasury obligations and issues of United States Agencies or Instrumentalities, agreements to repurchase United States Treasury obligations and issues of United States Agencies or Instrumentalities, Commercial Paper rated A1, P1 or equivalent, and AAA rated Money Market Funds. The carrying amount of deposits in the Illinois Funds at June 30, 2017 was \$6,301,979.



## NOTE 4 – CAPITAL ASSETS

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

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated				
Land	\$ 304,909	\$ -	\$ -	\$ 304,909
Total capital assets not being depreciated	304,909	-	-	304,909
Capital assets being depreciated				
Building	13,520,470	-	-	13,520,470
Land Improvements	169,652	-	-	169,652
Furniture and Equipment	1,962,337	10,518	(7,700)	1,965,155
Computer Software (Intangibles)	44,759	-	(35,204)	9,555
Computer Hardware & Network	334,135	-	(11,275)	322,860
Bookmobile	227,540	-	-	227,540
Library Books and Other Materials	3,511,877	302,699	(256,283)	3,558,293
Total capital assets being depreciated	19,770,770	313,217	(310,462)	19,773,525
Less accumulated depreciation for				
Building	3,432,389	405,881	-	3,838,270
Land Improvements	125,986	9,135	-	135,121
Furniture and Equipment	706,488	131,540	(7,700)	830,328
Computer Software (Intangibles)	44,759	-	(35,204)	9,555
Computer Hardware & Network	258,757	23,567	(11,275)	271,049
Bookmobile	170,655	22,754	-	193,409
Library Books and Other Materials	2,339,452	367,096	(256,283)	2,450,265
Total accumulated depreciation	7,078,486	959,973	(310,462)	7,727,997
Total capital assets being depreciated, net	12,692,284	(646,756)	-	12,045,528
Capital assets, net	\$ 12,997,193	\$ (646,756)	\$ -	\$ 12,350,437

## NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following general obligation bonds, debt certificates and pension obligation:

- On May 6, 2010, the District issued taxable General Obligation Bonds, Series 2010B Build America Bonds – Direct Payment to Issuer, in the amount of \$7,800,000 to build and equip an addition and to repair, remodel, improve and equip the Library and pay costs of issuance of the 2010B series bonds. Interest rates range from 4.1% to 5.15%. The District receives an approximate 32% interest credit from Build America Bonds.
- Net pension obligation recorded as of June 30, 2017 under GASB 68.
- Long-term debt related to District equipment. The initial debt was \$83,965. The debt will be retired with annual payments of \$16,793, with the first payment in 2016. There is no interest charge on this debt.



# NOTE 5 – LONG-TERM DEBT (Continued)

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due In One Year
General Obligation					
Bonds – Series 2010B	7,800,000	-	450,000	7,350,000	460,000
Net Pension Obligation	2,523,728	-	284,833	2,238,895	-
Equipment Debt	67,172	-	16,793	50,379	16,793
Plus (Minus) Deferred Amortized Amounts:					
For Issuance	43,640	-	3,136	40,504	3,136
Premiums	(25,050)	-	(1,800)	(23,250)	(1,800)
Defeased Bonds					
Interest					
	<u>\$ 10,409,490</u>	<u>\$ -</u>	<u>\$ 752,962</u>	<u>\$ 9,656,528</u>	<u>\$ 478,129</u>

Annual debt service requirements to maturity are as follows:

	Bond Series 2010B		Equipment	Totals	
	Principal	Interest*	Debt	Principal	Interest*
2018	460,000	250,390	16,793	476,793	250,390
2019	475,000	237,313	16,793	491,793	237,313
2020	490,000	222,802	16,793	506,793	222,802
2021	505,000	207,032	-	505,000	207,032
2022	520,000	191,122	-	520,000	191,122
2023-2027	2,890,000	659,686	-	2,890,000	659,686
2028-2030	2,010,000	119,116	-	2,010,000	119,116
	<u>\$ 7,350,000</u>	<u>\$ 1,887,461</u>	<u>\$ 50,379</u>	<u>\$ 7,400,379</u>	<u>\$ 1,887,461</u>

\*This amount represents the interest expense netted against the original Build America Bonds subsidy schedule. Due to the federal sequestration, the District is no longer receiving the full BAB subsidy and it is uncertain as to the amount of subsidy the District will receive in the future. In the 2017 fiscal year, the District's subsidy was \$131,308, which is \$9,732 less than the original, expected subsidy.

## NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims resulting from these risks have historically not exceeded insurance coverage in the past three years and there have been no significant reductions in coverage.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description. The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a 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](http://www.imrf.org).

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided. IMRF has three benefit plans. The District participates in the Regular Plan (RP). 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 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms. As of December 31, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	39
Inactive Plan Members entitled to but not yet receiving benefits	30
Active Plan Members	55
Total	124

Contributions. As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 14.40%. For the fiscal year ended June 30, 2017 the District contributed \$369,741 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

- The *Actuarial Cost Method* used was Entry Age Normal.
- The *Asset Valuation Method* used was Market Value of Assets.
- The *Inflation Rate* was assumed to be 2.75%.
- *Salary Increases* were expected to be 3.75% to 14.50%, including inflation.
- The *Investment Rate of Return* was assumed to be 7.50%.
- *Retirement Age* was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- *Mortality* – For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The *long-term expected rate of return* on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	38%	6.85%
International Equities	17	6.75%
Fixed Income	27	3.00%
Real Estate	8	5.75%
Alternative Investments	9	2.75-8.15%
Cash Equivalents	1	2.25%
Total	100%	

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

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

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

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2015	\$ 11,857,263	\$ 9,333,535	\$ 2,523,728
Change for the year:			
Service Cost	295,400		295,400
Interest on the Total Pension Liability	877,550		877,550
Change in Benefit Terms	-		-
Differences Between Expected and Actual Experience of the Total Pension Liability	(679,911)		(679,911)
Changes in Assumptions	(84,262)		(84,262)
Contributions - Employer		358,637	(358,637)
Contributions - Employees		112,074	(112,074)
Net Investment Income		225,910	(225,910)
Benefit Payments, including Refunds of Employee Contributions	(419,870)	(419,870)	-
Administrative Expense		(3,011)	3,011
Other (Net Transfers)	-	-	-
Net Changes	(11,093)	273,740	(284,833)
Balances at December 31, 2016	\$ 11,846,170	\$ 9,607,275	\$ 2,238,895

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 (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$ 3,750,379	\$ 2,238,895	\$ 983,256



## NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the District recognized pension expense of \$923,381. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 32,324	\$ 504,477
Assumption Changes	112,939	62,520
Net difference between projected and actual earnings on pension plan investments	<u>450,318</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	595,581	566,997
Pension Contributions made subsequent to the Measurement Date, through June 30, 2017	<u>175,347</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 770,928</u>	<u>\$ 566,997</u>

Deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date were \$175,347. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 99,187
2018	(37,226)
2019	(40,791)
2020	7,414
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 28,584</u>

## NOTE 8 – DEFERRED COMPENSATION PLAN

The District 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 9 – PUBLIC ENTITY RISK POOL

The District participates in a public entity risk (the pool) for unemployment insurance coverage. The District is responsible for quarterly payments and the pool is responsible for administering the program. If funds in the program are insufficient in the judgment of the pool, then the pool may assess the member's additional equal payments.

## NOTE 10 –ADJUSTMENTS

Amounts reported in the statement of net position are different from the governmental funds balance sheet because:

Prepaid items are not current expenses in the statement of net position and are therefore deferred to future periods.	\$ 21,000
Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	12,350,437
Deferred outflows related to pensions.	770,928
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet:	
Bonds	(7,367,254)
Net Pension Obligation	(2,238,895)
Equipment Debt	(50,379)
Accrued interest on bonds is recorded as a liability and deducted from net position, but is not deducted from governmental fund balances until due.	(10,688)
Liabilities for compensated absences, which will not mature in the current period, are not included in the governmental fund balances and, therefore, are deducted from net position.	(178,773)
Deferred inflows related to pensions.	(566,997)
	<u>\$ 2,729,379</u>

Amounts reported on the statement of activities are different from governmental funds statement of revenues, expenditures and changes in fund balances because:

The government funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded net capital asset purchases (\$959,973 less \$313,217).	\$ 646,756
Debt payments are not expenditures on the statement of activities; instead, they reduce the principal balance on the statement of net position.	(466,793)
Change in deferred outflows/inflows of resources and net pension obligation on the government-wide statements increasing pension expense.	553,640

## NOTE 10 –ADJUSTMENTS (Continued)

Other differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government wide statement of activities:

Change in compensated absences	4,796
Change in prepaid expenses	2,789
Change of bond interest due	(451)
Amortization of bond issuance premiums	(3,136)
Amortization of deferred interest on deferred bonds	<u>1,800</u>
	<u>\$ 739,401</u>

## NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

The District is required to offer employees, who are IMRF vested, continued health insurance coverage upon retirement. The retiree pays the entire health insurance premium, so there is no explicit subsidy by the District. However, the recently applicable GASB statements numbers 43 and 45 related to Postemployment Benefit Plans Other than Pensions require consideration of the potential implicit subsidy due to the likely demographic differences of the retired population.

In 2013 the District hired an actuary to compute the estimated implicit subsidy related to these GASB statements. The resulting calculations provided by the actuary yielded a liability which would have an immaterial effect on the financial statements. The District has chosen not to provide this lengthy disclosure due to immateriality.

## NOTE 12 – COMMITMENTS

The District has a lease for the use of photocopy and printing equipment. This lease is considered an operating lease for accounting purposes. Lease expenditures for the year ended June 30, 2017 amounted to \$23,904. In addition, in 2016 the District entered into an agreement which provided equipment, supplies and maintenance for a new radio frequency identification system (RFID). This agreement is paid for over five years with the first payment made during the current year. The equipment portion of the agreement has been capitalized and recorded as debt, the remaining portion of the agreement is paid over the next three years. Also, in 2017 the District entered into a technology subscription requiring four more annual payments, as noted below.

Year Ending June 30,	Lease	RFID	Technology	Totals
2018	\$ 23,904	\$ 28,925	\$ 103,286	\$ 156,115
2019	23,904	28,924	105,165	157,993
2020	13,944	28,925	107,091	149,960
2021	-	-	109,064	109,064
	<u>\$ 61,752</u>	<u>\$ 86,774</u>	<u>\$ 424,606</u>	<u>\$ 573,132</u>

## NOTE 13 – OPERATING TRANSFER

During the year ended June 30, 2017 the District transferred \$75,000 from the General Fund to the Special Reserve Fund to provide for future capital improvements.

#### NOTE 14 – 2017 LEVY

It has been the District's practice and commitment to, each year, abate the bond payment levy for the 2010 bonds. Inadvertently, the 2016 levy was not so abated. In May of 2017, the Board of Trustees passed a resolution indicating it will abate future levies for the 2010 bond payments and, in addition, further reduce the 2017 levy by an amount commensurate with the 2016 bond levy.



## REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

GENERAL FUND AND BUILDING, SITE AND MAINTENANCE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND		BUILDING, SITE AND MAINTENANCE FUND	
	ESTIMATED RECEIPTS AND APPROPRIATION ORIGINAL AND FINAL	ACTUAL	ESTIMATED RECEIPTS AND APPROPRIATION ORIGINAL AND FINAL	ACTUAL
REVENUES				
Property Taxes	\$ 4,794,979	\$ 4,778,058	\$ 336,431	\$ 335,244
Replacement Taxes	56,001	53,834	-	-
Interest Income	10,000	32,202	75	1,525
Grants	43,682	-	-	-
BAB Subsidy	132,295	-	-	-
Gifts	35,000	33,079	-	-
Fines, Fees and Other	137,550	190,329	-	-
Total Revenues	<u>5,209,507</u>	<u>5,087,502</u>	<u>336,506</u>	<u>336,769</u>
EXPENDITURES				
Personnel	3,452,500	3,024,378	-	-
Operating	672,000	473,650	-	-
Library Materials	550,000	463,225	-	-
Capital Outlay	200,000	171,408	20,000	9,651
Debt Service-Principal, Interest and Fees	900,000	721,662	-	-
Building, Site and Maintenance	-	-	322,500	252,912
Total Expenditures	<u>5,774,500</u>	<u>4,854,323</u>	<u>342,500</u>	<u>262,563</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(564,993)</u>	<u>233,179</u>	<u>(5,994)</u>	<u>74,206</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfer	-	(75,000)	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (564,993)</u>	<u>\$ 158,179</u>	<u>\$ (5,994)</u>	<u>\$ 74,206</u>

Budgets are adopted on the modified accrual basis of accounting. Appropriations lapse at year end.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

MULTI-YEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

CALENDAR YEAR ENDED DECEMBER 31

	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 295,400	\$ 283,431	\$ 299,488
Interest on the Total Pension Liability	877,550	823,430	733,431
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	(679,911)	19,777	102,857
Assumption Changes	(84,262)	-	509,908
Benefit Payments and Refunds	<u>(419,870)</u>	<u>(390,544)</u>	<u>(359,988)</u>
Net Change in Total Pension Liability	(11,093)	736,094	1,285,696
Total Pension Liability - Beginning	<u>11,857,263</u>	<u>11,121,169</u>	<u>9,835,473</u>
Total Pension Liability - Ending (a)	<u>\$ 11,846,170</u>	<u>\$ 11,857,263</u>	<u>\$ 11,121,169</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 358,637	\$ 344,786	\$ 342,456
Employee Contributions	112,074	115,357	109,450
Net Investment Income	225,910	184,546	700,228
Benefit Payments and Refunds	(419,870)	(390,544)	(369,993)
Administrative Expense	(3,011)	(26,394)	-
Other	<u>-</u>	<u>427</u>	<u>(9,241)</u>
Net Change in Plan Fiduciary Net Position	273,740	228,178	772,900
Plan Fiduciary Net Position - Beginning	<u>9,333,535</u>	<u>9,105,357</u>	<u>8,332,457</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,607,275</u>	<u>\$ 9,333,535</u>	<u>\$ 9,105,357</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 2,238,895</u>	<u>\$ 2,523,728</u>	<u>\$ 2,015,812</u>
Plan Fiduciary Net Position as a Percentage of			
Total Pension Liability	81.10%	78.72%	81.87%
Covered Valuation Payroll	\$ 2,490,531	\$ 2,563,469	\$ 2,432,218
Net Pension Liability as a Percentage of			
Covered Valuation Payroll	89.90%	98.45%	82.88%

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

WARREN NEWPORT PUBLIC LIBRARY DISTRICT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation Payroll
2014	\$ 320,716	\$ 327,376	\$ (6,660)	\$ 2,382,737	13.74%
2015	344,787	344,788	(1)	2,563,469	13.45%
2016	358,686	358,637	(1)	2,490,531	14.40%

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

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

*Actuarial Cost Method:* Aggregate entry age normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* 27-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.50%  
*Price Inflation:* 2.75% approximate; No explicit price inflation assumption is used in this valuation.  
*Salary Increases:* 3.75% to 14.5%, 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 Health Annuitant Mortality Table and RP-2014 (base year 2012) Disabled Mortality Table with adjustments to match current IMRF experience.

*Other Information:*

*Notes:* There were no benefit changes during the year.

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

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



## ADDITIONAL INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

GENERAL FUND AND BUILDING, SITE AND MAINTENANCE FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	BUDGET	ACTUAL	VARIANCE
<u>GENERAL FUND</u>			
PERSONNEL			
Salaries	\$ 2,988,152	\$ 2,821,653	\$ 166,499
Employee Benefits	224,024	202,725	21,299
	<u>3,212,176</u>	<u>3,024,378</u>	<u>187,798</u>
OPERATING			
Programs	35,665	31,479	4,186
Legal and Professional	67,103	62,197	4,906
Supplies - Library	37,360	29,435	7,925
Supplies - Office	7,555	4,832	2,723
Computer Supplies and Maintenance	87,561	96,508	(8,947)
Telephone and Internet	36,568	32,235	4,333
Postage	25,318	21,189	4,129
Staff and Board Development	40,390	22,441	17,949
Printing	38,275	35,408	2,867
Bookmobile Operating Expense	20,746	9,164	11,582
Copiers/Fax/Microfilm	29,004	28,477	527
Public Relations	13,517	10,677	2,840
Electronic Services	10,300	9,424	876
Cleaning	86,235	80,184	6,051
Contingency	-	-	-
	<u>535,597</u>	<u>473,650</u>	<u>61,947</u>
LIBRARY MATERIALS			
Library Materials	533,508	463,225	70,283
	<u>533,508</u>	<u>463,225</u>	<u>70,283</u>
CAPITAL OUTLAY			
Equipment and Furniture	179,247	171,408	7,839
	<u>179,247</u>	<u>171,408</u>	<u>7,839</u>
BUILDING			
Debt Service	852,970	721,662	131,308
Bond Issuance Costs	-	-	-
Site and Maintenance	-	-	-
	<u>852,970</u>	<u>721,662</u>	<u>131,308</u>
Total General Fund Expenditures	<u>\$ 5,313,498</u>	<u>\$ 4,854,323</u>	<u>\$ 459,175</u>
<u>BUILDING, SITE AND MAINTENANCE FUND</u>			
BUILDING, SITE AND MAINTENANCE EXPENDITURES			
Maintenance Supplies	\$ 31,030	\$ 22,299	\$ 8,731
Cleaning Service	-	-	-
Utilities	105,750	97,018	8,732
Building Inspection	3,393	2,738	655
Building and HVAC Maintenance	99,555	91,113	8,442
Grounds Maintenance	33,200	36,452	(3,252)
Building Alarms and Miscellaneous	2,000	1,930	70
Waste Removal	2,500	1,362	1,138
Equipment and Furnishings	11,600	9,651	1,949
Capital Projects	-	-	-
Contingency	-	-	-
Total Building, Site & Maintenance Expenditures	<u>\$ 289,028</u>	<u>\$ 262,563</u>	<u>\$ 26,465</u>

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	PUBLIC LIABILITY	FICA	IMRF	ENDOWMENT/ EXPENDABLE TRUST	SPECIAL RESERVE	WORKING CASH	TOTALS
ASSETS							
Cash and Investments	\$ 194,950	\$ 258,144	\$ 497,731	\$ 148,619	\$ 637,235	\$ 263,001	\$ 1,999,680
Property Taxes Receivable	58,735	112,957	154,926	-	-	-	326,618
Total Assets	<u>\$ 253,685</u>	<u>\$ 371,101</u>	<u>\$ 652,657</u>	<u>\$ 148,619</u>	<u>\$ 637,235</u>	<u>\$ 263,001</u>	<u>\$ 2,326,298</u>
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ 48	\$ -	\$ -	\$ 48
Other Accrued Liabilities	-	-	-	-	-	-	-
Total Liabilities	-	-	-	48	-	-	48
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Tax Revenue	120,500	231,743	317,845	-	-	-	670,088
Total Liabilities and Deferred Inflows of Resources	<u>120,500</u>	<u>231,743</u>	<u>317,845</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>670,136</u>
FUND BALANCES							
Restricted for Statutory Purposes	133,185	139,358	334,812	-	-	263,001	870,356
Restricted By Donor	-	-	-	6,449	-	-	6,449
Committed for Capital Projects	-	-	-	-	637,235	-	637,235
Unassigned	-	-	-	142,122	-	-	142,122
Total Fund Balances	<u>133,185</u>	<u>139,358</u>	<u>334,812</u>	<u>148,571</u>	<u>637,235</u>	<u>263,001</u>	<u>1,656,162</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 253,685</u>	<u>\$ 371,101</u>	<u>\$ 652,657</u>	<u>\$ 148,619</u>	<u>\$ 637,235</u>	<u>\$ 263,001</u>	<u>\$ 2,326,298</u>

The accompanying notes are an integral part of these financial statements.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

	PUBLIC LIABILITY	FICA	IMRF	ENDOWMENT/ EXPENDABLE TRUST	SPECIAL RESERVE	WORKING CASH	TOTAL
REVENUES							
Property Taxes	\$ 118,306	\$ 236,144	\$ 330,603	\$ -	\$ -	\$ -	\$ 685,053
Replacement Taxes	-	-	3,436	-	-	-	3,436
Interest Income	509	905	2,702	815	3,020	1,564	9,515
Gifts	-	-	-	19,087	-	-	19,087
Other Revenue	-	-	-	-	-	-	-
Total Revenues	<u>118,815</u>	<u>237,049</u>	<u>336,741</u>	<u>19,902</u>	<u>3,020</u>	<u>1,564</u>	<u>717,091</u>
EXPENDITURES							
Personnel	80,356	-	-	-	-	-	80,356
Public Liability	51,396	-	-	-	-	-	51,396
FICA	-	221,850	-	-	-	-	221,850
Pension	-	-	369,741	-	-	-	369,741
Endowment / Expendable Trust	-	-	-	2,889	-	-	2,889
Total Expenditures	<u>131,752</u>	<u>221,850</u>	<u>369,741</u>	<u>2,889</u>	<u>-</u>	<u>-</u>	<u>726,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,937)	15,199	(33,000)	17,013	3,020	1,564	(9,141)
OTHER FINANCING SOURCES							
Transfer From General Fund	-	-	-	-	75,000	-	75,000
Net Change in Fund Balances	(12,937)	15,199	(33,000)	17,013	78,020	1,564	65,859
FUND BALANCES							
Beginning of Year	<u>146,122</u>	<u>124,159</u>	<u>367,812</u>	<u>131,558</u>	<u>559,215</u>	<u>261,437</u>	<u>1,590,303</u>
End of Year	<u>\$ 133,185</u>	<u>\$ 139,358</u>	<u>\$ 334,812</u>	<u>\$ 148,571</u>	<u>\$ 637,235</u>	<u>\$ 263,001</u>	<u>\$ 1,656,162</u>

The accompanying notes are an integral part of these financial statements.