

**SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
SHOREWOOD, ILLINOIS**

ANNUAL FINANCIAL REPORT

**For the Year Ended
June 30, 2018**

**SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shorewood-Troy Public Library District
Shorewood, Illinois

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Shorewood-Troy Public Library District, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Shorewood-Troy Public Library District, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

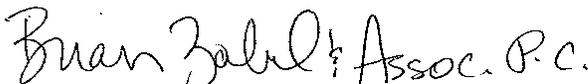
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shorewood-Troy Public Library District's basic financial statements. The combining fund financial statements and supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


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

Morris, Illinois
August 29, 2018

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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

FINANCIAL HIGHLIGHTS

- The assets of the Library exceeded its liabilities at June 30, 2018 by \$2,396,199 (net position). Of this amount, \$128,185 (unrestricted net position) may be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net position increased by \$147,230.
- At June 30, 2018, the Library's governmental funds reported combined ending fund balances of \$582,897, an increase of \$20,194 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be allocated into a single category: 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 one individual major governmental fund. The General Fund (Corporate Fund) is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general Library purposes.

Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 5 through 8 of this report.

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

The notes to financial statements can be found on pages 9 through 23 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 library services to all of its residents.

The Library adopts an annual budget and appropriation ordinance that includes the General Fund and the Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget and appropriation ordinance.

The budgetary comparison statement and related notes can be found on pages 24 through 29 of this report.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$2,396,199 at June 30, 2018.

A significant portion of the Library's net position (82%) reflects investment in capital assets (e.g., land, buildings, and vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Shorewood-Troy Public Library District's Net Position at Year End

	Governmental Activities	
	FY 2018	FY 2017
Current and Other Assets	\$ 1,117,267	\$ 1,095,606
Capital Assets	1,959,262	1,964,260
Total Assets	3,076,529	3,059,866
 Deferred Outflows of Resources	 71,554	 104,591
Total Assets and Deferred Outflows of Resources	\$ 3,148,083	\$ 3,164,457
 Current Liabilities	 \$ 11,618	 \$ -
Long-term Liabilities	-	382,585
Total Liabilities	11,618	382,585
 Deferred Inflows of Resources	 740,266	 532,903
Total Liabilities and Deferred Inflows of Resources	751,884	915,488
 Net Position		
Invested in Capital Assets, Net of Related Debt	1,959,262	1,836,432
Restricted	308,752	280,278
Unrestricted	128,185	132,259
Total Net Position	\$ 2,396,199	\$ 2,248,969

The majority portion of the Library's net position (95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$128,185) may be used to meet the Library's ongoing obligations to citizens and creditors.

At June 30, 2018, the Library is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Library's net position increased by \$147,230 during the year ended June 30, 2018.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Governmental Activities - Governmental activities increased the Library's net position by \$147,230. The key elements of this increase are as follows:

Shorewood-Troy Public Library District's Change in Net Position

	Governmental Activities	
	FY 2018	FY 2017
Revenues		
Program Revenues		
Charges for Services	\$ 106,336	\$ 112,631
Grants and Contributions	24,506	21,520
General Revenues		
Property Taxes	1,099,392	971,870
Replacement Taxes	21,650	25,874
Interest	1,051	1,019
Miscellaneous	43,861	42,440
Total Revenues	1,296,796	1,175,354
Expenses		
General Government	1,149,566	1,263,276
Total Expenses	1,149,566	1,263,276
Increase in Net Position	147,230	(87,922)
Net Position-Beginning	2,248,969	2,336,891
Net Position-Ending	\$ 2,396,199	\$ 2,248,969

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

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

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

At June 30, 2018 the Library's governmental funds reported combined ending unrestricted fund balances of \$274,145.

The General Fund is the chief operating fund of the Library. At June 30, 2018, unrestricted fund balance of the General Fund was \$279,309. The fund balance of the General Fund decreased by \$3,116 during the year ended June 30, 2018.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The difference between the estimated revenues and the actual revenues was \$30,025 (unfavorable).
- The difference between the estimated expenditures and the actual expenditures was \$112,500 (favorable).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Library’s investment in capital assets for its governmental activities as of June 30, 2018 amount to \$1,959,262 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture, fixtures, and equipment. The total decrease in the Library’s investment in capital assets for the year ended June 30, 2018 was \$4,998 and was due to the current depreciation expense being higher than capital asset additions.

Shorewood-Troy Public Library District's Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	6/30/2018	6/30/2017
Land	\$ 699,873	\$ 699,873
Building and Improvements	1,208,417	1,204,889
Furniture, Fixtures, and Equipment	50,972	59,498
Total	\$ 1,959,262	\$ 1,964,260

Additional information on the Library’s capital assets can be found in Note 3 on page 16 of this report.

Long-Term Debt – At June 30, 2018, the Library had no outstanding debt.

Shorewood-Troy Public Library District's Debt Analysis

Issuance	Balance 07/01/2017	Debt Issued	Debt Payment	Balance 06/30/2018	Interest Paid
Debt Certificates	\$ 127,828	\$ -	\$ 127,828	\$ -	\$ -
Owener Financed Debt	-	-	-	-	-
Total	\$ 127,828	\$ -	\$ 127,828	\$ -	\$ -

Additional information on the Library’s long-term debt can be found in Note 4 on page 17 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The equalized assessed valuation (EAV) for the Library for 2017 is \$651,296,232. That represents an increase in EAV of \$33,729,133 over the prior year’s EAV.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Trustees, Shorewood-Troy Public Library District, 650 Deerwood Drive, Shorewood, IL 60404.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

ASSETS	
Cash and Investments	\$ 594,515
Accounts Receivable	-
Property Taxes Receivable	503,009
Capital Assets (net of accumulated depreciation)	1,959,262
Net Pension Asset	19,743
Total Assets	<u>3,076,529</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow, IMRF	<u>71,554</u>
Total Deferred Outflows of Resources	<u>71,554</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,148,083</u>
LIABILITIES	
Accounts Payable	\$ -
Cash Overdraft	5,164
Payroll Liabilities	6,454
Accrued Payroll	-
Noncurrent Liabilities	-
Net Pension Liability	-
Total Liabilities	<u>11,618</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows, IMRF	237,257
Unavailable Property Taxes	<u>503,009</u>
Total Deferred Inflows of Resources	<u>740,266</u>
Total Liabilities and Deferred Inflows of Resources	<u>751,884</u>
NET POSITION	
Net Investment in Capital Assets	1,959,262
Restricted	
Special Revenues	119,111
Building Construction	189,641
Unrestricted	<u>128,185</u>
Total Net Position	<u>2,396,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 3,148,083</u>

See accompanying notes to financial statements.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

June 30, 2018

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities				
Current				
General Government	<u>\$ 1,149,566</u>	<u>\$ 106,336</u>	<u>\$ 24,506</u>	<u>\$ (1,018,724)</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 1,149,566</u></u>	<u><u>\$ 106,336</u></u>	<u><u>\$ 24,506</u></u>	<u><u>(1,018,724)</u></u>
	General Revenues			
				1,099,392
				21,650
				1,051
				<u>43,861</u>
			Total	<u>1,165,954</u>
			CHANGE IN NET POSITION	<u>147,230</u>
			NET POSITION, JULY 1	<u>2,248,969</u>
			NET POSITION, JUNE 30	<u><u>\$ 2,396,199</u></u>

See accompanying notes to financial statements.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2018

	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 279,309	\$ 315,206	\$ 594,515
Property Taxes Receivable	454,973	48,036	503,009
TOTAL ASSETS	\$ 734,282	\$ 363,242	\$ 1,097,524
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Cash Overdraft	-	5,164	5,164
Payroll Liabilities	-	6,454	6,454
Accrued Payroll	-	-	-
Total Liabilities	-	11,618	11,618
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	454,973	48,036	503,009
Total Deferred Inflows of Resources	454,973	48,036	503,009
Total Liabilities and Deferred Inflows of Resources	454,973	59,654	514,627
FUND BALANCES			
Restricted			
Special Revenues	-	119,111	119,111
Building Construction	-	189,641	189,641
Unrestricted			
Unassigned	279,309	(5,164)	274,145
Total Fund Balances	279,309	303,588	582,897
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 734,282	\$ 363,242	\$ 1,097,524

See accompanying notes to financial statements.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

June 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$	582,897
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,959,262
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		-
Net pension assets are not due and receivable in the current period and, therefore, are not reported in the governmental funds		19,743
Deferred outflows/inflows of resources related to pensions are not current financial resources and, therefore, are not reported in the governmental funds		(165,703)
Long-term liabilities, are not due and payable in the current period, and, therefore, are not reported in the governmental funds		-
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>2,396,199</u>

See accompanying notes to financial statements.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	Major <u>General</u>	Non-Major <u>Special Revenue</u>	Total <u>Governmental Funds</u>
REVENUES			
Property taxes	\$ 995,480	\$ 103,912	\$ 1,099,392
Replacement taxes	21,650	-	21,650
Per Capita Grant	14,935	-	14,935
Miscellaneous Grant	4,999	-	4,999
Service fees and fines	106,336	-	106,336
Interest	1,051	-	1,051
Donations and Memorials	4,572	-	4,572
Miscellaneous	12,675	-	12,675
Impact Fees	31,186	-	31,186
	<u>1,192,884</u>	<u>103,912</u>	<u>1,296,796</u>
EXPENDITURES			
Personnel	652,480	45,068	697,548
Library Materials	111,578	-	111,578
Contractual Services	108,500	10,290	118,790
Supplies and Service	67,230	-	67,230
Other Current Expenses	91,601	-	91,601
Capital Outlay	33,869	-	33,869
Debt Service	130,742	-	130,742
Building	-	15,637	15,637
Insurance	-	9,607	9,607
	<u>1,196,000</u>	<u>80,602</u>	<u>1,276,602</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,116)</u>	<u>23,310</u>	<u>20,194</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(3,116)</u>	<u>23,310</u>	<u>20,194</u>
FUND BALANCES, JULY 1	<u>282,425</u>	<u>280,278</u>	<u>562,703</u>
FUND BALANCES, JUNE 30	<u>\$ 279,309</u>	<u>\$ 303,588</u>	<u>\$ 582,897</u>

See accompanying notes to financial statements.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES	
TOTAL GOVERNMENTAL FUNDS	\$ 20,194
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the Statement of Activities	33,869
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	127,828
The change in the net pension liability is reported as an expense on the statement of activities	58,491
The change in the net pension asset is reported as income on the statement of activities	216,009
The change in the deferred outflow/inflow is reported as an expense on the statement of activities	(270,294)
Some expenses in the Statement of Activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(38,867)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 147,230</u>

See accompanying notes to financial statements.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

a. Reporting Entity

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

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

b. Fund Accounting

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

c. Government-Wide and Fund Financial Statements

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

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

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

The Library reports the following major governmental funds:

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Restricted Cash

The fund balance of the Construction and Building Maintenance Fund is restricted.

f. Prepaid Item/Expenses

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

g. Capital Assets

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

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

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

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

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

h. Compensated Absences

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Compensated Absences (Continued)

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

i. Long-Term Obligations

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

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

j. Deferred Outflows/Inflows of Resources

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balances/Net Position

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

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

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

l. Interfund Transactions

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

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

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

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund’s share price, which is the price for which the investment could be sold.

a. Deposits

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

At June 30, 2018, the Library had invested \$3,832, which is the fair value, in Illinois Funds. These investments are liquid with no maturity date.

GASB 40 – Operating Funds

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

Illinois Funds is “AAA” rated and credit risk is very marginal.

3. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	699,873	-	-	699,873
Capital assets being depreciated				
Building and improvements	1,483,120	33,869	-	1,516,989
Furniture, fixtures, and equipment	376,319	-	-	376,319
Total capital assets being depreciated	1,859,439	33,869	-	1,893,308
Less accumulated depreciation for				
Building improvements	\$ 278,231	\$ 30,340	\$ -	\$ 308,571
Furniture, fixtures, and equipment	316,821	8,527	-	325,348
Total accumulated depreciation	595,052	38,867	-	633,919
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 1,964,260	\$ (4,998)	\$ -	\$ 1,959,262

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 38,867

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

4. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during the year ended June 30, 2018:

	<u>Balances July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30</u>
GOVERNMENTAL ACTIVITIES				
Owner Financed Debt	\$ -	\$ -	\$ -	\$ -
Debt Certificates, Series 2013	<u>127,828</u>	<u>-</u>	<u>127,828</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 127,828</u>	<u>\$ -</u>	<u>\$ 127,828</u>	<u>\$ -</u>

b. Debt Service Requirements to Maturity

The Debt Certificates, Series 2013 was paid off as of June 30, 2018.

5. RECEIVABLE – TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2018 and are payable in two installments, on or about June 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically.

6. RISK MANAGEMENT

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

7. INDIVIDUAL FUND DISCLOSURES

There were no transfers during the year ended June 30, 2018.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ -
Audit Fund	-	-
Insurance Fund	-	-
Construction and Building Maintenance Fund	-	-
Unemployment Insurance Fund	-	-
TOTAL ALL FUNDS	<u>\$ -</u>	<u>\$ -</u>

8. DEFINED BENEFIT PENSION PLAN

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

Plan Administration

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund

Plan Membership

At December 31, 2017, IMRF membership consisted of:

Retirees and beneficiaries	13
Inactive, non-retired members	17
Active plan members	12
TOTAL	<u>42</u>

Benefits Provided

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

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

Contributions

The Library employees participating in IMRF are required to contribute 4.5% of their annual eligible covered salary. The member rate is established by state statute. The Library is required to contribute at an actuarially determined rate. The employer rate for calendar year 2017 was 9.79% of payroll. The Library's contribution requirements are established and may be amended by the IMRF Board of Trustees.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial cost method	Aggregate Entry Age Normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Investment rate of return	7.40%
Cost of living adjustments	4.00%
Asset valuation method	5-year smoothed market

Net Pension

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

For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

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

Changes in Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at January 1, 2017	\$ 1,766,425	\$ 1,511,668	\$ 254,757
Changes for the period			
Service cost	48,169	-	48,169
Interest	130,720	-	130,720
Difference between expected and actual experience	(81,827)	-	-
Changes in assumptions	(60,412)	-	(60,412)
Employer contributions	-	45,997	(45,997)
Employee contributions	-	21,143	(21,143)
Net investment income	-	273,663	(273,663)
Benefit payments and refunds	(95,141)	(95,141)	-
Other	-	(29,653)	29,653
Net changes	<u>(58,491)</u>	<u>216,009</u>	<u>(274,500)</u>
Balances at December 31, 2017	<u>\$ 1,707,934</u>	<u>\$ 1,727,677</u>	<u>\$ (19,743)</u>

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

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2018 The Library recognized pension expense of \$40,940. At June 30, 2018, The Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,211	\$ 62,358
Changes in assumption	-	44,939
Net difference between projected and actual earnings on pension plan investments	47,514	129,960
Contributions after measurement date	<u>21,829</u>	<u>-</u>
TOTAL	<u><u>\$ 71,554</u></u>	<u><u>\$ 237,257</u></u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ (41,233)
2019	(46,399)
2020	(51,039)
2021	(27,032)
2022	-
Thereafter	<u>-</u>
TOTAL	<u><u>\$ (165,703)</u></u>

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 204,935	\$ (19,743)	\$ (203,181)

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

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 956,909	\$ 995,480
Replacement taxes	30,000	21,650
Per Capita Grant	25,000	14,935
Miscellaneous Grant	-	4,999
Interest	2,000	1,051
Copy Machine Fees	7,000	6,364
Fines	18,000	16,338
Fax Service	-	2,291
Reimbursements	-	81,343
Donations and Memorials	10,000	4,572
Miscellaneous	110,000	12,675
Impact Fees	64,000	31,186
	1,222,909	1,192,884
EXPENDITURES		
Personnel		
Professional Salaries	360,000	334,564
Health Insurance	60,000	48,016
Social Security	50,000	42,176
Non-Professional Salaries	230,000	227,724
	700,000	652,480
Library Materials		
Books	80,000	81,366
Periodicals	5,000	9,799
Newspapers	1,500	1,717
Audiobooks	6,000	5,790
Music	5,000	1,502
Videos	13,000	10,524
Games	-	742
Miscellaneous Library Materials	-	138
	110,500	111,578

(See independent auditor's report.)

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

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Contractual Services		
Pinnacle Library Coop	60,000	54,808
Website Maintenance	500	488
Management Services	5,000	2,380
Maintenance of Equipment	20,000	8,771
Computer Supplies	20,000	14,520
Photocopy Supplies	13,000	12,109
Databases	15,000	15,424
Total Contractual Services	133,500	108,500
Supplies and Service		
Technical Service Supplies	7,000	6,204
Office Supplies	6,000	4,804
Management Supplies	4,000	4,911
Assets not Capitalized	5,000	2,454
Telephone Services	20,000	18,980
Computer Line	-	4,854
Adult Service Programs	6,000	4,095
Special Services	-	1,820
Young Adult Programs	3,000	930
Youth Service Programs	10,000	9,613
Postage	5,000	6,504
Circulation Supplies	1,500	2,061
Total Supplies and Service	67,500	67,230
Other Current Expenses		
Advertising and Publishing	15,000	13,376
Mileage	2,000	2,868
Professional Development	2,000	3,756
Grant Expense	-	-
Professional Dues	1,000	400
Library Promotion	2,000	1,003
Electricity	12,000	10,744
Gas	3,000	4,210

(See independent auditor's report.)

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

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Other Current Expenses (Continued)		
Maintenance and Safety	15,000	11,287
Water	2,000	1,587
Utilities and Janitorial Supplies	2,000	1,592
Janitorial Service	30,000	19,961
Legal Services	5,000	2,220
Administrative Expense	6,000	9,266
Contingencies	14,000	9,331
Total Other Current Expenses	111,000	91,601
Capital Outlay		
Building	-	-
Land Purchase	126,000	-
Capital Improvements	60,000	33,869
Total Capital Outlay	186,000	33,869
Debt Service		
Principal	-	127,828
Interest	-	2,914
Total Debt Service	-	130,742
Total Expenditures	1,308,500	1,196,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(85,591)	(3,116)
OTHER FINANCING SOURCES (USES)		
Transfers	-	-
NET CHANGE IN FUND BALANCE	(85,591)	(3,116)
FUND BALANCE, JULY 1		282,425
FUND BALANCE, JUNE 30		\$ 279,309

(See independent auditor's report.)

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2017*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 45,997	\$ 51,980	\$ 42,235	\$ 51,277
Contributions in relation to the actuarially determined contribution	<u>45,997</u>	<u>51,979</u>	<u>42,235</u>	<u>51,277</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 469,832	\$ 496,938	\$ 438,582	\$ 437,893
Contributions as a percentage of covered-employee payroll	9.79%	10.46%	9.63%	11.71%

Notes to Required Supplementary Information

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

*IMRF's measurement date is December 31, 2017; therefore information above is presented for the calendar year ended December 31, 2017.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

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

December 31, 2017*

	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service cost	\$ 48,169	\$ 46,337	\$ 39,123	\$ 43,501
Interest	130,720	125,071	118,316	102,883
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(81,827)	(6,377)	16,932	68,603
Changes of assumptions	(60,412)	(2,305)	-	68,570
Benefit payments, including refunds of member contributions	(95,141)	(85,950)	(89,630)	(57,343)
Net change in total pension liability	(58,491)	76,776	84,741	226,214
TOTAL PENSION LIABILITY - BEGINNING	1,766,425	1,689,649	1,604,908	1,378,694
TOTAL PENSION LIABILITY - ENDING	<u>\$ 1,707,934</u>	<u>\$ 1,766,425</u>	<u>\$ 1,689,649</u>	<u>\$ 1,604,908</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 45,997	\$ 51,979	\$ 42,235	\$ 51,277
Contributions - member	21,143	22,362	19,736	19,705
Net investment income	273,663	98,915	6,916	79,748
Benefit payments, including refunds of member contributions	(95,141)	(85,950)	(89,630)	(57,343)
Other	(29,653)	2,877	45,110	3,204
Net change in plan fiduciary net position	216,009	90,183	24,367	96,591
PLAN FIDUCIARY NET POSITION - BEGINNING	1,511,668	1,421,485	1,397,118	1,300,527
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 1,727,677</u>	<u>\$ 1,511,668</u>	<u>\$ 1,421,485</u>	<u>\$ 1,397,118</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET)	<u>\$ (19,743)</u>	<u>\$ 254,757</u>	<u>\$ 268,164</u>	<u>\$ 207,790</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.16%	85.58%	84.13%	87.05%
Covered-employee payroll	\$ 469,832	\$ 496,938	\$ 438,582	\$ 437,893
Employer's net pension liability as a percentage of covered-employee payroll	-4.20%	51.27%	61.14%	47.45%

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

*IMRF's measurement date is December 31, 2017; therefore information above is presented for the calendar year ended December 31, 2017.

(See independent auditor's report.)

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted (at the fund level) for the General, IMRF, Audit, Insurance, Construction and Building Maintenance, Unemployment Insurance, and Working Cash Funds. All annual appropriations lapse at fiscal year end.

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

1. The Board prepares a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them. Annual budgets are adopted for the General Fund on a basis consistent with GAAP. The legal level of budgetary control is at the fund level.
2. The proposed operating budget is adopted by the Board at a public meeting.
3. Any amendments to the budget must be adopted by the Board at a public meeting.
4. Budgeted amounts presented in the financial statements are those as originally adopted by the Board. There were no amendments to the budget for the year ended June 30, 2018.

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue						Totals
	IMRF Fund	Audit Fund	Insurance Fund	Construction and Building Maintenance Fund	Unemployment Insurance Fund	Working Cash Fund	
ASSETS							
Cash	\$ 77,019	\$ 22,118	\$ 26,428	\$ 189,641	\$ -	\$ -	\$ 315,206
Property Taxes Receivable	27,843	7,649	2,447	6,732	3,365	-	48,036
TOTAL ASSETS	\$ 104,862	\$ 29,767	\$ 28,875	\$ 196,373	\$ 3,365	\$ -	\$ 363,242
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Cash Overdraft	\$ -	\$ -	\$ -	\$ -	\$ 5,164	\$ -	\$ 5,164
Payroll Liabilities	6,454	-	-	-	-	-	6,454
Accounts Payable	-	-	-	-	-	-	-
Total Liabilities	6,454	-	-	-	5,164	-	11,618
DEFERRED INFLOWS OF RESOURCES							
Unavailable property taxes	27,843	7,649	2,447	6,732	3,365	-	48,036
Total Deferred Inflows of Resources	27,843	7,649	2,447	6,732	3,365	-	48,036
Total Liabilities and Deferred Inflows of Resources	34,297	7,649	2,447	6,732	8,529	-	59,654
FUND BALANCES							
Restricted							
Special Revenues	70,565	22,118	26,428	-	-	-	119,111
Building Construction	-	-	-	189,641	-	-	189,641
Unrestricted							
Unassigned	-	-	-	-	(5,164)	-	(5,164)
Total Fund Balances	70,565	22,118	26,428	189,641	(5,164)	-	303,588
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 104,862	\$ 29,767	\$ 28,875	\$ 196,373	\$ 3,365	\$ -	\$ 363,242

(See independent auditor's report.)

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Special Revenues						Totals
	IMRF Fund	Audit Fund	Insurance Fund	Construction and Building Maintenance Fund	Unemployment Insurance Fund	Working Cash Fund	
REVENUES							
Property Taxes	\$ 60,732	\$ 16,279	\$ 4,993	\$ 14,605	\$ 7,303	\$ -	\$ 103,912
Interest	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	60,732	16,279	4,993	14,605	7,303	-	103,912
EXPENDITURES							
Audit expenses	-	10,290	-	-	-	-	10,290
Building expenses	-	-	-	15,637	-	-	15,637
IMRF expenses	45,068	-	-	-	-	-	45,068
Insurance expenses	-	-	7,185	-	2,422	-	9,607
Total Expenditures	45,068	10,290	7,185	15,637	2,422	-	80,602
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,664	5,989	(2,192)	(1,032)	4,881	-	23,310
Other financing sources (uses):							
Transfers from (to) general fund	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	15,664	5,989	(2,192)	(1,032)	4,881	-	23,310
FUND BALANCES, JULY 1	54,901	16,129	28,620	190,673	(10,045)	-	280,278
FUND BALANCES, JUNE 30	\$ 70,565	\$ 22,118	\$ 26,428	\$ 189,641	\$ (5,164)	\$ -	\$ 303,588

(See independent auditor's report.)

SHOREWOOD-TROY PUBLIC LIBRARY DISTRICT

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS

June 30, 2018

Tax Levy Year	2017		2016	
Assessed Valuation	Will County 651,296,232		Will County 617,567,099	
	Rate	Amount	Rate	Amount
Tax Extensions				
Corporate	0.1487	\$ 968,478	0.1513	\$ 934,379
Audit	0.0025	16,282	0.0024	14,822
Insurance	0.0008	5,210	0.0007	4,323
IMRF	0.0091	59,268	0.0092	56,816
Oper Bldg Maint	0.0022	14,329	0.0022	13,586
Workman's Comp	0.0011	7,164	0.0011	6,793
	0.1644	1,070,731	0.1669	1,030,719
Total Extension		\$ 1,070,731		\$ 1,030,719
Tax Collections:				
year ended June 30, 2018		\$ 567,722		\$ 531,670
Previous years		-		497,816
Total Collected		\$ 567,722		\$ 1,029,486
Percent Collected		53.0%		99.9%

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

(See independent auditor's report.)