

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2017**

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

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INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Library's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

May 30, 2017

Members of the Public Library Board
Glencoe Public Library
Village of Glencoe, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Glencoe Public Library, Illinois, as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Glencoe Public Library, Illinois, as of February 28, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 Glencoe Public Library, Illinois' basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 and individual fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

Our discussion and analysis of the Glencoe Public Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended February 28, 2017. Please read it in conjunction with the Library's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Library's net position increased from \$2,610,295 to \$2,705,098, an increase of \$94,803 or 3.63 percent.
- During the year, government-wide revenues totaled \$2,301,513, while government-wide expenses totaled \$2,206,710, resulting in an increase to net position of \$94,803.
- Total fund balances for the governmental funds were \$1,846,481 at February 28, 2017 compared to \$1,705,663 in the prior year, an increase of \$140,818 or 8.26 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 5) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.

Fund financial statements begin on page 6. These statements tell how Library services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operation in more detail than the government-wide statements by providing information about the Library's funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 3 - 5 of this report.

The Statement of Net Position reports information on all of the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. Consideration of economic factors, such as changes in the Library's property tax base, is needed to assess the overall financial health of the Library.

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 with the exception of the receipt of tax revenue for the new fiscal year received during the last month of the current fiscal year. In this case the funds are held over as a deferred inflow until the start of the fiscal year for which the taxes were levied.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report functions of the Library that are principally supported by taxes and charges for services revenues (governmental activities). The governmental activities of the Library include the cultural function.

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library only maintains 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, 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 the Library'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 government'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 the comparison between governmental funds and governmental activities.

The Library maintains three individual governmental funds. 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 a major fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

The Library adopts an annual levy budget for all of the governmental funds with the exception of the Restricted Gift Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The basic governmental fund financial statements can be found on pages 6 - 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 - 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Library, assets/deferred outflows exceeded liabilities/deferred inflows by \$2,705,098.

	Net Position	
	2017	2016
Current Assets	\$ 4,178,181	3,983,913
Capital Assets	1,407,763	1,474,542
Deferred Outflows	289,819	296,400
Total Assets/Deferred Outflows	<u>5,875,763</u>	<u>5,754,855</u>
Long-Term Debt Outstanding	786,082	829,060
Other Liabilities	46,328	39,883
Deferred Inflows	2,338,255	2,275,617
Total Liabilities/ Deferred Inflows	<u>3,170,665</u>	<u>3,144,560</u>
Net Position		
Investment in Capital Assets	1,233,727	1,263,256
Restricted	93,410	92,347
Unrestricted	1,377,961	1,254,692
Total Net Position	<u>2,705,098</u>	<u>2,610,295</u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

A large portion of the Library's net position (45.61 percent) reflects its investment in capital assets (for example, land, buildings, equipment and furniture); 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.

An additional portion or 3.45 percent of the Library's net position represents resources that are subject to external restrictions on how they may be used, including \$55,319 restricted for employee retirement and \$38,091 restricted for donor specified purposes. The remaining \$1,377,961 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Change in Net Position	
	2017	2016
Revenues		
Program Revenues		
Charges for Services	\$ 23,700	27,907
Operating Grants/Contributions	49,360	39,835
General Revenues		
Property and Replacement Taxes	2,217,042	2,168,828
Miscellaneous	4,402	3,756
Interest	7,009	6,234
Total Revenues	2,301,513	2,246,560
Expenses		
General Government	2,206,710	2,439,157
Change in Net Position	94,803	(192,597)
Net Position-Beginning	2,610,295	2,802,892
Net Position-Ending	2,705,098	2,610,295

Net position of the Library's governmental activities increased from \$2,610,295 to \$2,705,098.

Revenues of \$2,301,513 were more than expenses of \$2,206,710, resulting in the increase to net position in the current year of \$94,803.

Governmental Activities

In the current year, governmental net position increased \$94,803, an increase of 3.63 percent. Property and Replacement taxes increased \$48,214 over the prior year (\$2,217,042 in 2017 compared to \$2,168,828 in 2015), while total expenses decreased \$232,447 over the prior year (\$2,206,710 in 2017 compared to \$2,439,157 in 2016).

**GLENCOE PUBLIC LIBRARY
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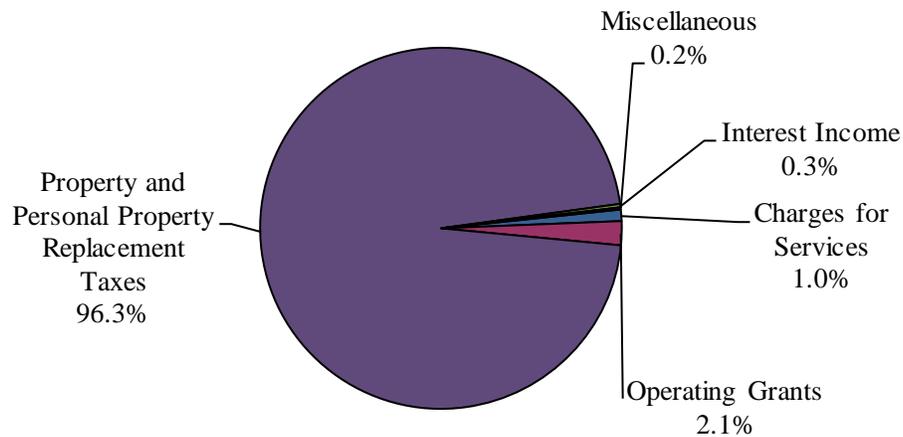
**Management's Discussion and Analysis
February 28, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The following table graphically depicts the major revenue sources of the Library. It depicts very clearly the reliance of property and personal property replacement taxes to fund governmental activities.

**Revenues by Source - Governmental Activities
February 28, 2017**



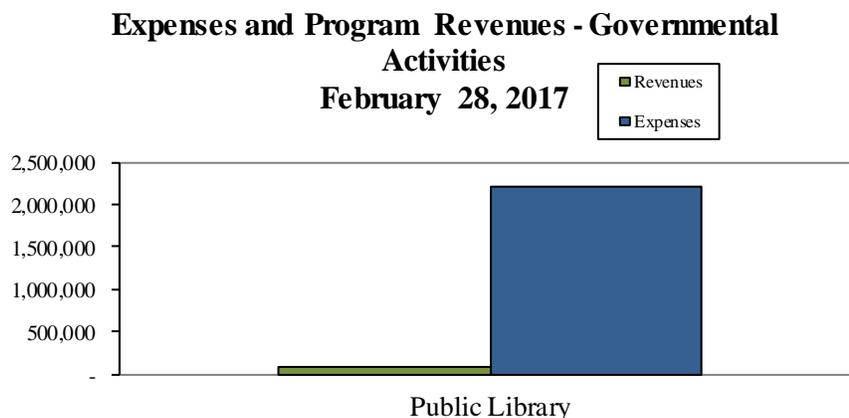
The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues. The Glencoe Public Library charges user fees for DVD checkouts. The user fees charged do not cover the cost of materials, which furthermore signifies the Library's reliance on general revenues such as property taxes and personal property replacement taxes to fund operations. In addition, the budget lines for materials and programs are supplemented directly through donations from the Friends of the Library and gifts to the Restricted Gift Fund.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued



FINANCIAL ANALYSIS OF THE GOVERNMENTAL 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$1,846,481 which is 8.26 percent higher than last year's ending fund balance of \$1,705,663. In the current year, governmental fund balances increased by \$140,818. The General Fund reported an increase of \$139,755, due to expenditures being less than anticipated in personnel, building repairs and improvements, materials and supplies. This detail is shown on pages 29-30 of the report.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, no supplemental amendments were made to the budget for the General Fund. The General Fund actual revenues were only slightly lower than budgeted revenues. Actual revenues for the current year were \$2,080,442, compared to budgeted revenues of \$2,080,937. This resulted primarily from fines and fees being budgeted at \$25,000 for the year and \$19,771 actually received and property taxes being budgeted at \$2,032,333 for the year and \$2,036,187 actually received.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

The General Fund actual expenditures were also lower than budgeted expenditures. Actual expenditures totaled \$1,940,687, while budgeted expenditures totaled \$2,080,937. This was due primarily to a decrease in actual expenditures in the areas of personnel services, building repairs, materials and supplies.

CAPITAL ASSETS

The Library's investment in capital assets for its governmental activities as of February 28, 2017 was \$1,407,763 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, and equipment and furniture.

	Capital Assets - Net of Depreciation	
	2017	2016
Land	\$ 75,772	75,772
Construction in Progress	7,500	-
Buildings and Building Improvements	1,315,875	1,385,898
Equipment and Furniture	8,616	12,872
Total	<u>1,407,763</u>	<u>1,474,542</u>

There were no major additions to capital assets in the current fiscal year.

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

DEBT OUTSTANDING

The Library's total debt outstanding for its construction loan/line of credit as of February 28, 2017 was \$174,036, which was a decrease of \$37,250 from prior year debt outstanding balance of \$211,286.

Additional information on the Library's debt outstanding can be found in note 3 on pages 16 -17 of this report.

On May 24, 2017, the Library issued a promissory note in the principal amount of \$725,000 in connection with a financing transaction including the refinancing of the then remaining outstanding amount on the construction loan/line of credit. The note bears interest at a rate of 3.50% per annum and is due in monthly installments of \$4,417 beginning on July 1, 2017.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Management's Discussion and Analysis
February 28, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Library depends on property taxes collected by Cook County for the majority of its revenues. Collection of taxes is subject to the issuance of tax bills by the County. In prior years, the receipt of the second installment of tax funding has been delayed causing significant upheaval in the budgets of local government agencies. The flow of tax money has been stable the last few years. However, during the period when the payments to local governments were delayed, the Board of Trustees made the decision to set aside a cash reserve equal to 25% of the total budgeted expenditures for operations in case of unforeseen emergencies during the coming year. Although the State has approved a budget, the Board of Trustees will continue to take a conservative approach to its budget, expenditures and the use of reserves, due to the possible future consideration by the State Government of a property tax freeze.

Historically actual tax collection experience has shown the majority of taxes are received. However, in recent years, tax refunds for prior years have started to whittle away at the year-end net revenue. Coupled with lower interest rates, this is a trend that remains a concern because the Library remains so dependent on tax revenue for funding.

The results of the 2015 Facilities Study coupled with the Strategic Plan for 2015-2018 will guide future budget decisions for the next 8 years.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Library Director, Glencoe Public Library, 320 Park Avenue, Glencoe, Illinois 60022.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Statement of Net Position
February 28, 2017**

ASSETS

CURRENT ASSETS

Cash and investments	\$ 2,179,198
Receivables - net of allowances	
Property taxes	1,972,873
Accounts	3,666
Prepays	<u>22,444</u>
Total current assets	<u>4,178,181</u>

NONCURRENT ASSETS

Capital assets	
Nondepreciable	83,272
Depreciable	2,957,625
Accumulated depreciation	<u>(1,633,134)</u>
Total noncurrent assets	<u>1,407,763</u>
Total assets	5,585,944

DEFERRED OUTFLOWS OF RESOURCES

Deferred items - IMRF	<u>289,819</u>
Total assets and deferred outflows of resources	<u>5,875,763</u>

The notes to the financial statements are an integral part of this statement.

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 7,264
Construction loan/line of credit payable	<u>39,064</u>
Total current liabilities	<u>46,328</u>

NONCURRENT LIABILITIES

Net pension liability - IMRF	651,110
Construction loan/line of credit payable	<u>134,972</u>
Total noncurrent liabilities	<u>786,082</u>
Total liabilities	<u>832,410</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes	2,324,436
Deferred items - IMRF	<u>13,819</u>
Total deferred inflows of resources	<u>2,338,255</u>
Total liabilities and deferred inflows of resources	<u>3,170,665</u>

NET POSITION

Net investment in capital assets	1,233,727
Restricted for employee retirement	55,319
Restricted for donor specified purposes	38,091
Unrestricted	<u>1,377,961</u>
TOTAL NET POSITION	<u><u>2,705,098</u></u>

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Statement of Activities
For the Fiscal Year Ended February 28, 2017**

	Expenses	Program Revenues		Net (Expenses)/ Revenues and Changes in Net Position
		Charges for Services	Operating Grants/ Contributions	
FUNCTIONS/PROGRAMS				
Governmental activities				
Culture and recreation	\$ 2,198,111	23,700	49,360	(2,125,051)
Interest on long-term debt	8,599	-	-	(8,599)
TOTAL	2,206,710	23,700	49,360	(2,133,650)
	General Revenues			
		Property and replacement taxes		2,217,042
		Miscellaneous		4,402
		Interest		7,009
				<u>2,228,453</u>
	CHANGE IN NET POSITION			94,803
	NET POSITION - BEGINNING			<u>2,610,295</u>
	NET POSITION - ENDING			<u><u>2,705,098</u></u>

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Balance Sheet
February 28, 2017**

	General	Nonmajor	Totals
ASSETS			
Cash and investments	\$ 2,055,406	123,792	2,179,198
Receivables - net of allowances			
Property taxes	1,805,875	166,998	1,972,873
Accounts	3,666	-	3,666
Prepays	22,444	-	22,444
TOTAL ASSETS	3,887,391	290,790	4,178,181
LIABILITIES			
Accounts payable	6,729	535	7,264
DEFERRED INFLOWS OF RESOURCES			
Property taxes	2,127,591	196,845	2,324,436
Total liabilities and deferred inflows of resources	2,134,320	197,380	2,331,700
FUND BALANCES			
Restricted	-	93,410	93,410
Unassigned	1,753,071	-	1,753,071
Total fund balances	1,753,071	93,410	1,846,481
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	3,887,391	290,790	4,178,181

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Reconciliation of Total Fund Balances to the Statement of Net Position
February 28, 2017**

TOTAL FUND BALANCES \$ 1,846,481

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

Capital assets are not financial resources and therefore,
are not reported in the funds. 1,407,763

Deferred outflows (inflows) of resources related to the pensions not reported
in the funds.
Deferred items - IMRF 276,000

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds.
Net pension liability - IMRF (651,110)
Construction loan/line of credit payable (174,036)

NET POSITION 2,705,098

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended February 28, 2017**

	General	Nonmajor	Totals
REVENUES			
Taxes	\$ 2,036,187	180,855	2,217,042
Intergovernmental	6,724	-	6,724
Charges for services	3,929	-	3,929
Fines and penalties	19,771	-	19,771
Interest	7,009	-	7,009
Miscellaneous			
Contributions	2,420	40,216	42,636
Miscellaneous	4,402	-	4,402
Total revenues	<u>2,080,442</u>	<u>221,071</u>	<u>2,301,513</u>
EXPENDITURES			
Current			
Culture and recreation			
Library operations	1,817,217	44,727	1,861,944
Building and grounds maintenance	77,621	-	77,621
Employer IMRF and FICA contributions	-	175,281	175,281
Debt service			
Principal retirement	37,250	-	37,250
Interest and fiscal charges	8,599	-	8,599
Total expenditures	<u>1,940,687</u>	<u>220,008</u>	<u>2,160,695</u>
NET CHANGE IN FUND BALANCES	139,755	1,063	140,818
FUND BALANCES - BEGINNING	<u>1,613,316</u>	<u>92,347</u>	<u>1,705,663</u>
FUND BALANCES - ENDING	<u><u>1,753,071</u></u>	<u><u>93,410</u></u>	<u><u>1,846,481</u></u>

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended February 28, 2017**

NET CHANGES IN FUND BALANCES \$ 140,818

Amounts reported in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	23,986
Depreciation expense	(90,765)

The net effect of deferred outflows (inflows) of resources related to
the pensions not reported in the funds.

Change in deferred items - IMRF	(20,400)
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The increases to long-term liabilities provides current financial resources to
governmental funds, while the reduction of the balances
consumes the current financial resources of the governmental funds.

Deductions to net pension liability - IMRF	3,914
Retirement of construction loan/line of credit payable	<u>37,250</u>

CHANGES IN NET POSITION 94,803

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glencoe Public Library (Library) operates and maintains the public library within the Village of Glencoe. The basic financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP in the United States and used by the Library are described below.

REPORTING ENTITY

The Library is administered by a publicly elected seven-member board of trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units required to be included in this report and has been determined to be a discretely presented component unit of the Village of Glencoe, Illinois.

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide Statement of Activities reports both the gross and net cost of the Library's functions. The Library's activities are supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

A fund is a separate accounting entity with a self-balancing set of accounts. The Library only maintains governmental funds. Separate financial statements are provided for the General Fund, the Library's only major fund, and two nonmajor special revenue funds, the Illinois Municipal Retirement and Social Security Fund and the Restricted Gift Fund. The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

The Library’s funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for construction loan/line of credit principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, the Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Library has no investments at year-end.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances include property taxes.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchases or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and building improvements	20 - 40 years
Furniture and equipment	10 years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General Fund and Illinois Municipal Retirement and Social Security Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level for all funds.

All annual appropriations lapse at fiscal year-end. The Library Board approves the budget for the Public Library; the Village Board approves the tax levy. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Library maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments."

Permitted Deposits and Investments - Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

A portion of the Library's funds are held in a Max Safe Money Market account originated through North Shore Community Bank and Trust held through the WinTrust system. The funds in this account are distributed among as many as fourteen banks in order to secure full FDIC insurance.

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end the carrying amount of the Library's deposits totaled \$2,179,198 and the bank balances totaled \$2,242,099.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's investment policy attempts to match its investments with anticipated cash flow requirements. The Treasurer establishes a maximum maturity limit for securities.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Library's investment policy does not further limit credit risk.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent third party institution in the name of the Library. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's use of the WinTrust system limits custodial credit risk by distributing sums in excess of FDIC limits throughout as many as fourteen banks in order to secure full insurance in compliance with the changes in the 2009 law.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy places no limit on the amount that may be invested in any one issuer, stating only that the Library diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds. At year-end, the Library does not have any investments over 5 percent of cash and investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

PROPERTY TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 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 are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically to the Library. The allowance for uncollectible taxes has been stated at 0% of the tax levy, because uncollected taxes are treated as deferred inflows of resources.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity at year end was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
Nondepreciable capital assets				
Land	\$ 75,772	-	-	75,772
Construction in Progress	-	7,500	-	7,500
	<u>75,772</u>	<u>7,500</u>	<u>-</u>	<u>83,272</u>
Depreciable capital assets				
Buildings and building improvements	2,879,717	16,486	-	2,896,203
Furniture and equipment	61,422	-	-	61,422
	<u>2,941,139</u>	<u>16,486</u>	<u>-</u>	<u>2,957,625</u>
Less accumulated depreciation				
Buildings and building improvements	1,493,819	86,509	-	1,580,328
Furniture and equipment	48,550	4,256	-	52,806
	<u>1,542,369</u>	<u>90,765</u>	<u>-</u>	<u>1,633,134</u>
Total net depreciable capital assets	<u>1,398,770</u>	<u>(74,279)</u>	<u>-</u>	<u>1,324,491</u>
Total net capital assets	<u>1,474,542</u>	<u>(66,779)</u>	<u>-</u>	<u>1,407,763</u>

Depreciation expense of \$90,765 was charged to the Culture and Recreation function.

LONG-TERM DEBT

Construction Loan/Line of Credit

The Library has an unsecured tax exempt loan that, together with other funds, was used to finance the renovation and addition to the Library building.

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Construction loan/line of credit (\$600,000) dated June 25, 1999 due in monthly installments including interest at 4.40% through May 31, 2021.	\$ 211,286	-	37,250	174,036

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Net Pension Liability - IMRF	\$ 655,024	-	3,914	651,110	-
Construction loan/line of credit	211,286	-	37,250	174,036	39,064
	<u>866,310</u>	<u>-</u>	<u>41,164</u>	<u>825,146</u>	<u>39,064</u>

Payments on the net pension liability and the construction loan/line of credit are made by the General Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Construction loan/ line of credit	
	Principal	Interest
2018	\$ 39,064	7,539
2019	40,967	5,636
2020	42,955	3,648
2021	45,055	1,549
2022	5,995	81
Totals	<u>174,036</u>	<u>18,453</u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Nonmajor	Totals
Fund balances			
Restricted			
Employee retirement	\$ -	55,319	55,319
Donor specified purposes	-	38,091	38,091
	<u>-</u>	<u>93,410</u>	<u>93,410</u>
Unassigned*	<u>1,753,071</u>	-	<u>1,753,071</u>
Total fund balances	<u>1,753,071</u>	<u>93,410</u>	<u>1,846,481</u>

*Unassigned fund balance is used for anticipated future building needs, as well as for the 25% operating reserve.

In the governmental funds financial statements, the Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Library first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Minimum Fund Balance. The Library maintains a minimum unrestricted fund balance in the General Fund equal to 25% of budgeted operating expenditures as an operating reserve.

Net Position Classifications

Net investment in capital assets was comprised of the following as of February 28, 2017:

Governmental activities	
Capital assets - net of accumulated depreciation	\$ 1,407,763
Less capital related debt:	
Construction loan/line of credit of 1999	<u>(174,036)</u>
Net investment in capital assets	<u>1,233,727</u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION

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; natural disasters; and injuries to the Library's employees. These risks are provided for through insurance from private insurance companies. The Library currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for over 2,640 local governments and school districts in Illinois. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

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.

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

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. 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.

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members

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A detailed breakdown of IMRF membership for the Village and the Library combined is available in the Village of Glencoe’s comprehensive annual financial report.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Contributions. As set by statute, the Library’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 Library’s annual contribution rate for calendar year 2016 was 11.95% of covered payroll.

Net Pension Liability. The Library’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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

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 tables 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.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, and the discount rate in the prior year valuation was 7.47%. 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 Library contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 1,344,466	651,110	76,744

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 5,267,042	4,612,018	655,024
Changes for the Year:			
Service Cost	81,516	-	81,516
Interest on the Total Pension Liability	362,820	-	362,820
Difference Between Expected and Actual Experience of the Total Pension Liability	68,976	-	68,976
Changes of Assumptions	(19,318)	-	(19,318)
Contributions - Employer	-	91,706	(91,706)
Contributions - Employees	-	34,810	(34,810)
Net Investment Income	-	308,574	(308,574)
Benefit Payments, including Refunds of Employee Contributions	(252,574)	(252,574)	-
Other (Net Transfer)	-	62,818	(62,818)
Net Changes	241,420	245,334	(3,914)
Balances at December 31, 2016	5,508,462	4,857,352	651,110

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended February 28, 2017, the Library recognized pension expense of \$108,179. At February 28, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 56,814	-	56,814
Change in Assumptions	5,390	(13,819)	(8,429)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	212,487	-	212,487
	274,691	(13,819)	260,872
Pension Contributions Made Subsequent to the Measurement Date	15,128	-	15,128
Total Deferred Amounts Related to IMRF	289,819	(13,819)	276,000

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

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:

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 91,579
2019	87,615
2020	76,284
2021	5,394
2022	-
Thereafter	-
Total	<u>260,872</u>

OTHER POST-EMPLOYMENT BENEFITS

The Library has evaluated its potential other postemployment benefits liability. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, there is minimal participation. As the Library provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Therefore, the Library has not recorded a liability as of February 28, 2017.

SUBSEQUENT EVENT

On May 24, 2017, the Library issued \$725,000 of a promissory note. The note bears interest at a rate of 3.50% and are due monthly installments of \$4,417 on July 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**GLENCOE PUBLIC LIBRARY
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Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
February 28, 2017**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 89,845	\$ 89,845	\$ -	\$ 759,465	11.83%
2016	91,706	91,706	-	767,418	11.95%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

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Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
February 28, 2017**

	<u>12/31/2015</u>	<u>12/31/2016</u>
Total Pension Liability		
Service Cost	\$ 87,098	81,516
Interest	370,043	362,820
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	17,654	68,976
Change of Assumptions	12,735	(19,318)
Benefit Payments, Including Refunds of Member Contributions	(234,855)	(252,574)
Net Change in Total Pension Liability	252,675	241,420
Total Pension Liability - Beginning	<u>5,014,367</u>	<u>5,267,042</u>
Total Pension Liability - Ending	<u><u>5,267,042</u></u>	<u><u>5,508,462</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 89,845	91,706
Contributions - Members	34,176	34,810
Net Investment Income	23,319	308,574
Benefit Payments, Including Refunds of Member Contributions	(234,855)	(252,574)
Other (Net Transfer)	(19,729)	62,818
Net Change in Plan Fiduciary Net Position	(107,244)	245,334
Plan Net Position - Beginning	<u>4,719,262</u>	<u>4,612,018</u>
Plan Net Position - Ending	<u><u>4,612,018</u></u>	<u><u>4,857,352</u></u>
Employer's Net Pension Liability	<u><u>\$ 655,024</u></u>	<u><u>651,110</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.56%	88.18%
Covered-Employee Payroll	\$ 759,465	767,418
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	86.25%	84.84%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 28, 2017**

	Budget		Actual	Budget Variance Over (Under)
	Original	Final		
REVENUES				
Property and replacement taxes	\$ 2,032,333	2,032,333	2,036,187	3,854
Intergovernmental				
Per capita grant	10,904	10,904	6,724	(4,180)
Charges for services				
Copying machine income	1,200	1,200	1,202	2
Audiovisual	4,000	4,000	2,727	(1,273)
Fines and fees	25,000	25,000	19,771	(5,229)
Interest	6,500	6,500	7,009	509
Miscellaneous				
Contributions	1,000	1,000	2,420	1,420
Miscellaneous	-	-	4,402	4,402
Total revenues	<u>2,080,937</u>	<u>2,080,937</u>	<u>2,080,442</u>	<u>(495)</u>
EXPENDITURES				
Culture and recreation				
Library operations	1,926,937	1,926,937	1,817,217	(109,720)
Building and grounds maintenance	108,000	108,000	77,621	(30,379)
Debt service				
Principal retirement	37,401	37,401	37,250	(151)
Interest and fiscal charges	8,599	8,599	8,599	-
Total expenditures	<u>2,080,937</u>	<u>2,080,937</u>	<u>1,940,687</u>	<u>(140,250)</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	139,755	<u>139,755</u>
FUND BALANCE - BEGINNING			<u>1,613,316</u>	
FUND BALANCE - ENDING			<u>1,753,071</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule – Major Governmental Fund
General Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
Illinois Municipal Retirement and Social Security – Special Revenue Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Illinois Municipal Retirement and Social Security Fund

The Illinois Municipal Retirement and Social Security Fund is used to account for the proceeds of employer contributions to a pension plan for qualified employees.

Restricted Gift Fund

The Restricted Gift Fund is used to account for proceeds from donations made to the Library with specific criteria for expenditure.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended February 28, 2017**

	Budget		Actual	Budget
	Original	Final		Variance Over (Under)
CULTURE AND RECREATION				
Library operations				
Salaries	\$ 1,169,388	1,169,388	1,100,471	(68,917)
Medical insurance	147,060	147,060	140,113	(6,947)
Unemployment taxes	2,500	2,500	2,542	42
Books	135,000	135,000	124,730	(10,270)
Audio materials	19,500	19,500	18,278	(1,222)
Video materials	18,000	18,000	17,811	(189)
Periodicals	20,000	20,000	18,184	(1,816)
Web hosting	4,500	4,500	4,671	171
Internet access	6,789	6,789	6,945	156
O.C.L.C	6,000	6,000	6,091	91
Automated resources	58,500	58,500	56,851	(1,649)
Downloadable content and players	35,500	35,500	33,923	(1,577)
Staff continuing education	12,000	12,000	10,288	(1,712)
Programs and publicity	37,000	37,000	27,166	(9,834)
Supplies - LAN/computers	9,500	9,500	14,181	4,681
Supplies - general	10,000	10,000	9,729	(271)
Cooperative computer services	65,000	65,000	74,404	9,404
Telephone	4,000	4,000	4,234	234
Postage	4,500	4,500	5,117	617
Copier expenditures	4,000	4,000	3,664	(336)
Auditing	1,500	1,500	1,500	-
Bookkeeping	12,000	12,000	11,243	(757)
Trustee expenditures	1,000	1,000	1,182	182
Insurance	26,000	26,000	26,851	851
Legal fees	3,000	3,000	3,408	408
Recruitment	1,000	1,000	1,023	23
Library reimbursement	200	200	-	(200)
LAN IT - Consulting/Maintenance	15,000	15,000	15,000	-
LAN Hardware Software	49,500	49,500	32,559	(16,941)
Furniture expenditures	4,000	4,000	4,000	-
Capital replacement	10,000	10,000	16,486	6,486
Service and resource development	20,000	20,000	9,163	(10,837)

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended February 28, 2017**

	Budget		Actual	Budget Variance Over (Under)
	Original	Final		
CULTURE AND RECREATION - CONTINUED				
Library operations - continued				
Facility management project	\$ 7,500	7,500	8,474	974
Contract services	7,500	7,500	6,935	(565)
Total library operations	<u>1,926,937</u>	<u>1,926,937</u>	<u>1,817,217</u>	<u>(109,720)</u>
Building grounds and maintenance				
Supplies - building maintenance and repairs	15,000	15,000	15,665	665
Equipment repairs	3,000	3,000	1,632	(1,368)
Building maintenance and repairs	90,000	90,000	60,324	(29,676)
Total building grounds and maintenance	<u>108,000</u>	<u>108,000</u>	<u>77,621</u>	<u>(30,379)</u>
Total culture and recreation	<u>2,034,937</u>	<u>2,034,937</u>	<u>1,894,838</u>	<u>(140,099)</u>
DEBT SERVICE				
Principal retirement	37,401	37,401	37,250	(151)
Interest and fiscal charges	8,599	8,599	8,599	-
Total debt service	<u>46,000</u>	<u>46,000</u>	<u>45,849</u>	<u>(151)</u>
TOTAL EXPENDITURES	<u><u>2,080,937</u></u>	<u><u>2,080,937</u></u>	<u><u>1,940,687</u></u>	<u><u>(140,250)</u></u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

Nonmajor Governmental Funds

**Combining Balance Sheet
February 28, 2017**

	<u>Special Revenue</u>		
	Illinois Municipal Retirement and Social Security	Restricted Gift	Totals
ASSETS			
Cash and investments	\$ 85,166	38,626	123,792
Receivables - net of allowances			
Property taxes	<u>166,998</u>	-	<u>166,998</u>
TOTAL ASSETS	<u><u>252,164</u></u>	<u><u>38,626</u></u>	<u><u>290,790</u></u>
LIABILITIES			
Accounts payable	-	535	535
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>196,845</u>	-	<u>196,845</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u><u>196,845</u></u>	<u><u>535</u></u>	<u><u>197,380</u></u>
FUND BALANCES			
Restricted	<u>55,319</u>	<u>38,091</u>	<u>93,410</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>252,164</u></u>	<u><u>38,626</u></u>	<u><u>290,790</u></u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended February 28, 2017**

	<u>Special Revenue</u>		
	Illinois Municipal Retirement and Social Security	Restricted Gift	Totals
REVENUES			
Property taxes	\$ 180,855	-	180,855
Miscellaneous	-	40,216	40,216
Total revenues	<u>180,855</u>	<u>40,216</u>	<u>221,071</u>
EXPENDITURES			
Culture and recreation			
Library operations	-	44,727	44,727
Employer IMRF and FICA contributions	175,281	-	175,281
Total expenditures	<u>175,281</u>	<u>44,727</u>	<u>220,008</u>
CHANGE IN FUND BALANCES	5,574	(4,511)	1,063
FUND BALANCES			
BEGINNING	<u>49,745</u>	<u>42,602</u>	<u>92,347</u>
ENDING	<u><u>55,319</u></u>	<u><u>38,091</u></u>	<u><u>93,410</u></u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

Illinois Municipal Retirement and Social Security - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended February 28, 2017**

	Budget		Actual	Budget Variance Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 184,732	184,732	180,855	(3,877)
EXPENDITURES				
Culture and recreation Employer IMRF and FICA contributions	184,732	184,732	175,281	(9,451)
CHANGE IN FUND BALANCE	-	-	5,574	5,574
FUND BALANCE - BEGINNING			49,745	
FUND BALANCE - ENDING			55,319	