

FONDULAC PUBLIC LIBRARY DISTRICT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**FONDULAC PUBLIC LIBRARY DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	9
STATEMENT OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11
REQUIRED SUPPLEMENTARY INFORMATION	
ILLINOIS MUNICIPAL RETIREMENT FUND – SCHEDULE OF CHANGES IN THE NET PENSION, LIABILITY, AND RELATED RATIOS (UNAUDITED)	24
ILLINOIS MUNICIPAL RETIREMENT FUND – SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)	25
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	26
OTHER SUPPLEMENTARY INFORMATION	
FUND BALANCE CLASSIFICATION	27
COMBINING BALANCE SHEET – ALL FUND TYPES	28
RECONCILIATION OF THE COMBINING BALANCE SHEET TO THE STATEMENT OF NET POSITION	29
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ALL FUND TYPES	30
RECONCILIATION OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	31
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (CASH BASIS) AND ACTUAL – GENERAL FUND	32
TAX INFORMATION	34

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fondulac Public Library District
East Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Fondulac 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 entity'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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management discussion and analysis on pages 3 through 7, the schedule of changes in the net pension liability and related ratios on page 24, and the schedule of employer contributions on page 25 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
October 16, 2018

**FONDULAC PUBLIC LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018**

This discussion and analysis of Fondulac Public Library District (the District) offers readers the following narrative overview and analysis of our financial activities for the year ended June 30, 2018. This narrative, the Management Discussion and Analysis (MD&A), should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

This annual financial report consists of the following information presented in this order: table of contents, independent auditors' report, MD&A, and financial statements. The MD&A summary should not be taken as a replacement for the audit report.

Financial Highlights

- The library's total net position is \$5,424,159.
- The library saw an increase in net position of \$60,237.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position (page 8) and the statement of revenues, expenses, and changes in net position (page 9) provide information about the activities of the library as a whole and present a long-term view of the District's finances. The statement of cash flows (page 10) reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period. This report also contains supplementary information in addition to the basic financial statements. In the government-wide financial statements, all of the library's activities are shown as business-type activities. The District's basic services are public library services. Current operations of these activities are largely financed with property and replacement taxes.

Reporting on the Library as a Whole

These basic financial statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources with the difference 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 District is improving or deteriorating. However, one needs also to consider other nonfinancial factors such as the condition of the District's building and changes in the library's property tax base.

The statement of revenues, expenses, and changes in net position presents information that shows how the District's net position changed during the most recent fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital and related financing activities, and investing activities.

**FONDULAC PUBLIC LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018**

Reporting on the Library as a Whole (Continued)

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the combined and individual fund statements and schedules and statistical information.

The library's basic functions are reported in the basic financial statements. Major source of revenues for the District's governmental funds include: property taxes, state/federal grants, and replacement taxes.

Overall Financial Position and Results of Operation

The District has presented the financial information in accordance with Governmental Accounting Standards Board Statement 34. Comparisons between this fiscal year have been made with the previous year.

Capital outlays are reported in governmental funds as expenditures. However, in the statement of revenues, expenses, and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. The statement of activities recognizes property taxes on an accrual basis or in the year for which they are budgeted.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial position. In the case of the District, the library had \$4,240,000 of long-term debt (including \$290,000 current portion) for the issuance of General Obligation Building Bonds at the close of the fiscal year.

Approximately 51% of the District's net position reflects its net investment in capital assets, such as the building. The District uses these assets to provide services to citizens. As a result, these assets are not available for future spending.

The Library as a Whole

Condensed financial information from the statement of net position and statement of revenues, expenses, and changes in net position as of and for the years ended June 30 is as follows:

Statement of Net Position	2018	2017
Current Assets	\$ 5,018,618	\$ 4,718,161
Capital Assets (Net of Depreciation)	7,004,350	7,413,412
Total Assets	12,022,968	12,131,573
Deferred Outflows of Resources	186,356	322,285
Current and Other Liabilities	378,230	361,917
Long-Term Debt	4,253,187	4,783,129
Total Liabilities	4,631,417	5,145,046
Deferred Inflows of Resources	2,153,748	1,944,890

**FONDULAC PUBLIC LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
Net Position:		
Net Investment in Capital Assets	\$ 2,764,044	\$ 2,888,412
Restricted	35,931	35,931
Unrestricted	2,624,184	2,439,579
Total Net Position	<u>\$ 5,424,159</u>	<u>\$ 5,363,922</u>
Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues:		
Fees, Fines, and Charges for Services	\$ 47,288	\$ 52,946
Operating Grants and Contributions	-	8,296
Total Operating Revenues	<u>47,288</u>	<u>61,242</u>
Operating Expenses:		
General and Administrative	1,117,861	1,205,010
Library Expenditures	132,992	124,752
Building Upkeep	144,638	152,140
Depreciation	508,402	491,413
Total Operating Expenses	<u>1,903,893</u>	<u>1,973,315</u>
Nonoperating Revenues (Expenses):		
Property Taxes	1,923,727	1,897,946
Other	153,110	154,422
Interest Expense	(159,995)	(166,710)
Total Nonoperating Revenues (Expenses)	<u>1,916,842</u>	<u>1,885,658</u>
Change in Net Position	<u>60,237</u>	<u>(26,415)</u>
Net Position - Beginning of Year, as Previously Reported	5,363,922	5,304,236
Prior Period Adjustment	<u>-</u>	<u>86,101</u>
Net Position - Beginning of Year, as Restated	<u>5,363,922</u>	<u>5,390,337</u>
Net Position - End of Year	<u>\$ 5,424,159</u>	<u>\$ 5,363,922</u>

Operating expenses decreased over 2017 levels by \$69,422 or 3.5%. The decrease is primarily due to a decrease in general and administrative expenses.

Nonoperating revenues (expenses) stayed consistent with 2017 levels and only increased by \$31,184 or 1.7%.

**FONDULAC PUBLIC LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018**

Capital Assets

At the end of the fiscal year 2018, the District had invested in a variety of capital assets, as reflected in the following schedule:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Not Depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Depreciated:				
Buildings and Improvements	6,766,281	-	-	6,766,281
Furniture and Equipment	1,074,272	7,377	-	1,081,649
Library Materials	855,044	91,963	95,546	851,461
Total Depreciated	<u>8,695,597</u>	<u>99,340</u>	<u>95,546</u>	<u>8,699,391</u>
Total Cost	<u>\$ 9,235,597</u>	<u>\$ 99,340</u>	<u>\$ 95,546</u>	<u>\$ 9,239,391</u>

Accumulated depreciation for the year ended June 30, 2018 was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Buildings and Improvements	\$ 613,143	\$ 173,718	\$ -	\$ 786,861
Furniture and Equipment	721,782	182,784	-	904,566
Library Materials	487,260	151,900	95,546	543,614
Total Accumulated Depreciation	<u>\$ 1,822,185</u>	<u>\$ 508,402</u>	<u>\$ 95,546</u>	<u>\$ 2,235,041</u>

Long-Term Debt

The District owed total bonded debt of \$4,240,000 at June 30, 2018, which consisted of General Obligation Building Bonds, Series 2012. Additional information on the District's long-term debt can be found in Note 4 on pages 16 and 17 of this report.

Factors or Conditions Impacting Future Periods

The fiscal year budget provides sufficient income to cover the library's current annual operating expenses. The library additionally applies for grants from the Illinois State Library and other organizations in order to provide additional resources and services to its patrons. With the library's expansion in 2013, equipment, technology, and other related costs were included in the original construction budget. As the lifecycle of much of this equipment is coming to an end, the Library will work to fund the cost of replacement as much as possible from its annual budget, but does expect to fund some from reserve.

**FONDULAC PUBLIC LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018**

Factors or Conditions Impacting Future Periods (Continued)

The library continues to work to plan current and future financial obligations in a conservative and responsible manner. The Board reviews long-term capital maintenance and replacements costs, as well as the local economic forecast, when determining and discussing fund balances. The Board strives to find balance between ensuring ample funds are available for future facility and service needs and reducing the library's long-term bonded debt at an advanced rate.

Contacting the Library's Financial Management

This financial report is designed to provide a general view of Fondulac Public Library District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Fondulac Public Library District
Attn: Director
400 Richland Street
East Peoria, IL 61611
309.699.3917
www.fondulaclibrary.org

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,978,706
Property Taxes Receivable	1,986,794
Replacement Taxes Receivable	17,581
Gifts Receivable	2,500
Prepaid Expenses	33,037
Total Current Assets	<u>5,018,618</u>

NONCURRENT ASSETS

Capital Assets Not Being Depreciated	540,000
Capital Assets Being Depreciated	8,699,391
Less: Accumulated Depreciation	<u>(2,235,041)</u>
Total Noncurrent Assets	<u>7,004,350</u>

Total Assets	12,022,968
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DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS

186,356

Total Assets and Deferred Outflows of Resources

\$ 12,209,324

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 23,989
Accrued and Withheld Payroll Taxes	7,010
Accrued Interest Payable	39,564
Unearned Grant Revenue	17,667
Long-Term Debt, Current Portion	290,000
Total Current Liabilities	<u>378,230</u>

LONG-TERM LIABILITIES

Long-Term Debt	3,950,000
Net Pension Liability	303,187
Total Long-Term Liabilities	<u>4,253,187</u>

Total Liabilities	4,631,417
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DEFERRED INFLOWS OF RESOURCES

Subsequent Year's Property Taxes	1,986,794
Deferred Inflows of Resources Related to Pensions	166,954
Total Deferred Inflows of Resources	<u>2,153,748</u>

NET POSITION

Net Investment in Capital Assets	2,764,044
Restricted for:	
Bahnfleth Memorial	35,931
Unrestricted	2,624,184
Total Net Position	<u>5,424,159</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 12,209,324</u></u>
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See accompanying Notes to Financial Statements.

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES

Fees, Fines, and Charges for Services	\$ 47,288
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OPERATING EXPENSES

General and Administrative	1,117,861
Library Expenses	132,992
Building Upkeep	144,638
Depreciation	508,402
Total Operating Expenses	1,903,893

OPERATING LOSS

(1,856,605)

NONOPERATING INCOME (EXPENSES)

Property Taxes	1,416,306
Property Taxes - Bonds and Interest	507,421
Replacement Taxes	109,046
Investment Earnings	37,608
Gifts	6,456
Interest Expense	(159,995)
Total Nonoperating Income (Expenses)	1,916,842

INCREASE IN NET POSITION

60,237

Net Position - Beginning of Year

5,363,922

NET POSITION - END OF YEAR

\$ 5,424,159

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 64,955
Payments to Suppliers	(639,699)
Payments to Employees	(746,551)
Net Cash Used by Operating Activities	<u>(1,321,295)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property Taxes	1,923,727
Other Nonoperating Revenue	117,727
Net Cash Provided by Noncapital Financing Activities	<u>2,041,454</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	(100,019)
Principal Paid on Bonds	(285,000)
Interest Paid on Bonds	(161,734)
Net Cash Used by Capital and Related Financing Activities	<u>(546,753)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	<u>37,608</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

211,014

Cash and Cash Equivalents - Beginning of Year

2,767,692

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,978,706

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (1,856,605)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	508,402
Effects of Changes in Operating Assets and Liabilities:	
Prepaid Expenses	(24,291)
Deferred Outflows of Resources Related to Pensions	135,929
Deferred Inflows of Resources Related to Pensions	141,481
Net Pension Liability	(239,942)
Unearned Revenue	17,667
Accounts Payable and Accrued Liabilities	(3,936)
Net Cash Used by Operating Activities	<u><u>\$ (1,321,295)</u></u>

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL ACTIVITIES

At June 30, 2018, \$306 of capital assets acquired were included in accounts payable.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The purpose of Fondulac Public Library District (the District) is to serve the informational, cultural, educational, and recreational needs of all residents within the District boundaries, regardless of age or educational background. Revenues are substantially generated as a result of taxes assessed and allocated to Fondulac Public Library District (an example would be property taxes). The District revenues are, therefore, primarily dependent on the economy within Tazewell County. The accounting policies of Fondulac Public Library District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Reporting Entity

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, Fondulac Public Library District is a primary government in that it is a library district with a separately elected governing body—one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The District has developed criteria to determine whether other entities are component units of the District. Component units are legally separate organizations for which the elected officials of Fondulac Public Library District are financially accountable. The District would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, Fondulac Public Library District (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on Fondulac Public Library District, the District is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

There are no component units of Fondulac Public Library District nor is Fondulac Public Library District dependent on any other entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. In the statement of net position and the statement of revenues, expenses, and changes in net position, the business-type activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

Use of Estimates

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

Annual Appropriations

The District adopts an annual appropriation ordinance on the cash basis of accounting in accordance with the Illinois Compiled Statutes. The appropriation ordinance is prepared on the cash basis. The appropriation covers the fiscal year ended June 30. The appropriations lapse at the end of each fiscal year.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. Due dates, by statute, are June 1 and September 1 of the following year. Generally, the District receives a significant amount of its real estate taxes from the County Clerk within 45 days following the due dates. Occasionally, tax bills are mailed late and due dates for payments are extended accordingly.

Property taxes are accrued as a receivable in the period in which the District has an enforceable lien on property and recognized as revenue in the year for which it is budgeted. Property tax revenue recorded by the District for the year ended June 30, 2018 represents installments of the 2016 property taxes which were received during the fiscal year.

The amount of the property tax receivable included in deferred inflows of resources at year-end represents the tax levied in the latter part of 2017, for which an enforceable lien exists at year-end, but is levied for the fiscal year 2019 budget.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The investment and deposit of District monies is governed by the provisions of the Illinois Compiled Statutes. In accordance with these provisions, all District monies must be invested in one or more of the following:

- A. Interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the statutes and as shall have complied with the requirements thereof;
- B. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Deposit Insurance Corporation;
- C. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest; and
- D. Short-term discount obligations of the Federal National Mortgage Association.

Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and all library materials purchased, and an estimated useful life in excess of two years. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	5-40 Years
Furniture and Equipment	5-10 Years
Library Materials	5 Years

Grants

The District recognizes revenue from grants as soon as all eligibility requirements imposed by the provider have been met.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2018, there were no unspent bond proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statement of net position or combining fund balance sheet. The District has one type of item which occurs related to its net pension liability. Part of this balance is due to the District recognizing its net pension liability as of December 31, 2017, the end of the plan's fiscal year. The District made contributions to the pension plan during the period January 1, 2018 through June 30, 2018.

Deferred Inflows of Resources

The District's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has two types of items that are deferred inflows of resources. One type of item occurs related to revenue recognition, because property tax receivables are recorded in the current year, but a portion of the revenue will be recorded in the subsequent year, as it is not received before use is permitted as of fiscal year end. A second type of item occurs related to its net pension liability, because the actuary noted a difference between the expected and actual experience of the pension activity.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Classification of Revenues and Expenses

The District has classified its revenues as either operating or nonoperating revenues accordingly. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, none of the District's bank balance of \$3,043,208 was exposed to custodial credit risk. This bank balance is made up as follows:

	Carrying Amount	Bank Balance
Savings/Money Market Deposits	\$ 2,947,437	\$ 3,043,208
Petty Cash	50	N/A
Total	<u>\$ 2,947,487</u>	<u>\$ 3,043,208</u>

Illinois Funds

At June 30, 2018, the District had amounts in the Illinois Funds as follows:

Investment	Maturities	Fair Value*
Illinois Funds	60-Month Average	<u>\$ 31,219</u>

The 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 Funds' share price, the price for which the investment could be sold. It acts as a money market fund that maintains a \$1 per share value. There are no limitations or restrictions on participant withdrawals.

* Equivalent to deposit balance

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as described in the *Summary of Significant Accounting Policies*. The District has no investment policy that would further limit its investment choices. As of June 30, 2018, the District's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District deposits are in local banks or in Illinois Funds.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CAPITAL ASSETS

Changes in the various capital asset categories during the year ended June 30, 2018 were as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Not Depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Depreciated:				
Buildings and Improvements	6,766,281	-	-	6,766,281
Furniture and Equipment	1,074,272	7,377	-	1,081,649
Library Materials	855,044	91,963	95,546	851,461
Total Depreciated	<u>8,695,597</u>	<u>99,340</u>	<u>95,546</u>	<u>8,699,391</u>
Total Cost	<u>\$ 9,235,597</u>	<u>\$ 99,340</u>	<u>\$ 95,546</u>	<u>\$ 9,239,391</u>

Accumulated depreciation for the year ended June 30, 2018 was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Buildings and Improvements	\$ 613,143	\$ 173,718	\$ -	\$ 786,861
Furniture and Equipment	721,782	182,784	-	904,566
Library Materials	487,260	151,900	95,546	543,614
Total Accumulated Depreciation	<u>\$ 1,822,185</u>	<u>\$ 508,402</u>	<u>\$ 95,546</u>	<u>\$ 2,235,041</u>

NOTE 4 LONG-TERM BONDED DEBT

The following is a summary of changes in long-term bonded debt of the District for the year ended June 30, 2018:

	General Obligation Building Bonds Series 2012
Balance - July 1, 2017	\$ 4,525,000
Bonds Paid	285,000
Bonds Issued	-
Balance - June 30, 2018	4,240,000
Less: Current Portion	290,000
Long-Term Debt, Net of Current Portion	<u>\$ 3,950,000</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 LONG-TERM BONDED DEBT (CONTINUED)

The General Obligation Building Bonds, Series 2012, are dated October 8, 2012, with principal due annually on October 1, commencing on October 1, 2013. Interest is due semiannually on April 1 and October 1, commencing on October 1, 2013, with a variable interest rate on the remaining outstanding bonds ranging from 1.28% to 4.15%. Original issue was \$7,000,000. Final payment is due on October 1, 2029.

Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 290,000	\$ 154,240	\$ 444,240
2020	300,000	145,574	445,574
2021	310,000	135,731	445,731
2022	320,000	124,859	444,859
2023	330,000	113,156	443,156
2024-2028	1,845,000	363,124	2,208,124
2029-2030	845,000	35,275	880,275
Total	<u>\$ 4,240,000</u>	<u>\$ 1,071,959</u>	<u>\$ 5,311,959</u>

Legal Debt Margin

The legal debt margin of the District at June 30, 2018 is as follows:

Assessed Valuation 2017	<u>\$ 417,314,105</u>
Statutory Debt Limitation (2.875% of Assessed Valuation)	\$ 11,997,781
Less: Total Debt	<u>4,240,000</u>
Legal Debt Margin	<u>\$ 7,757,781</u>

NOTE 5 RESTRICTED NET POSITION

Restricted for Bahnfleth Memorial - In accordance with donor request, this funding is restricted for the Bahnfleth Memorial.

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

The District's defined benefit pension plan, a multi-employer agent plan, for employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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). The District only participates in the Regular Plan.

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 1⅓% 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1⅓% 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
- one-half of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	7
Active Plan Members	18
Total	<u><u>37</u></u>

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

As set by statute, the District's Regular Plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar years 2018 and 2017 was 12.70% and 12.31%, respectively. For the fiscal year ended 2018, the District contributed \$85,739 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's board of trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The actuarial cost method used was entry age normal.
- The asset valuation method used was market value of assets.
- The inflation rate was assumed to be 2.50%.
- Salary increases were expected to be 3.39% to 14.25%, including inflation.
- The investment rate of return was assumed to be 7.50%.
- Projected retirement age was from the Experience-Based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives.
- For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.0 %	6.85 %
International Equity	18.0	6.75
Fixed Income	28.0	3.00
Real Estate	9.0	5.75
Alternative Investments	7.0	2.65 to 7.35
Cash Equivalents	1.0	2.25
Total	<u>100.0 %</u>	

Single Discount Rate

A single discount rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balance - December 31, 2016	\$ 3,271,624	\$ 2,728,495	\$ 543,129
Changes for the Year:			
Service Cost	67,247	-	67,247
Interest on the Total Pension Liability	243,088	-	243,088
Differences Between Expected and Actual Experience of the Total Pension Liability	102,004	-	102,004
Changes of Assumptions	(100,997)	-	(100,997)
Contributions - Employer	-	78,692	(78,692)
Contributions - Employees	-	33,317	(33,317)
Net Investment Income	-	203,394	(203,394)
Differences Between Projected and Actual Investment Income	-	238,260	(238,260)
Benefit Payments, Including Refunds of Employee Contributions	(128,160)	(128,160)	-
Administrative Expenses	-	(2,380)	2,380
Other Changes	-	1	(1)
Net Changes	183,182	423,124	(239,942)
Balance - December 31, 2017	<u>\$ 3,454,806</u>	<u>\$ 3,151,619</u>	<u>\$ 303,187</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	<u>\$ 796,766</u>	<u>\$ 303,187</u>	<u>\$ (99,949)</u>

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

For the year ended June 30, 2018, the District recognized pension expense of \$123,209. At June 30, 2018, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
Related to Pensions (Continued)**

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources (A)</u>	<u>Deferred Inflows of Resources (B)</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences Between Expected and Actual Experience	\$ 108,649	\$ 9,717
Changes of Assumptions	28,244	88,373
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>68,864</u>
 Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	 136,893	 166,954
 Pension Contributions Made Subsequent to the Measurement Date	 <u>49,463</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u><u>\$ 186,356</u></u>	 <u><u>\$ 166,954</u></u>

\$49,463 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

<u>Year Ending December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 58,292	\$ 11,084
2019	35,857	22,820
2020	24,644	67,473
2021	18,100	65,577
2022	-	-
Thereafter	-	-
Total	<u><u>\$ 136,893</u></u>	<u><u>\$ 166,954</u></u>

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 POSTEMPLOYMENT BENEFITS

The District provides postemployment healthcare benefits in accordance with an agreement between the District and a former employee. The employee must pay 10% of the cost of premiums. Expenses for postemployment healthcare benefits are recognized as premiums are paid (pay-as-you-go-basis). During the fiscal year ended June 30, 2018, the cost for healthcare benefits for retirees was \$4,205. At June 30, 2018, an eligible spouse was covered under the plan. Management has determined that a net OPEB liability is not required to be reported as it would be considered immaterial to the financial statements as a whole.

NOTE 9 SUBSEQUENT EVENT

In October 2018, the District entered into an agreement with George H. Rump Construction in the amount of \$47,680 for the study room addition work that is expected to be completed by December 31, 2018.

**FONDULAC PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS (UNAUDITED)
YEAR ENDED JUNE 30, 2018**

<u>Calendar Year Ending December 31</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:				
Service Cost	\$ 67,247	\$ 68,766	\$ 70,545	\$ 69,734
Interest on Total Pension Liability	243,088	227,284	212,614	184,302
Difference Between Expected and Actual Experience	102,004	20,739	(23,931)	63,646
Assumption Changes	(100,997)	(13,892)	8,614	101,845
Benefit Payments and Refunds	<u>(128,160)</u>	<u>(79,026)</u>	<u>(46,901)</u>	<u>(30,413)</u>
Net Change in Total Pension Liability	183,182	223,871	220,941	389,114
Total Pension Liability - Beginning	<u>3,271,624</u>	<u>3,047,753</u>	<u>2,826,812</u>	<u>2,437,698</u>
Total Pension Liability - Ending (A)	3,454,806	3,271,624	3,047,753	2,826,812
Plan Fiduciary Net Position:				
Employer Contributions	78,692	71,740	\$ 67,141	\$ 75,154
Employee Contributions	33,317	27,803	35,152	28,112
Pension Plan Net Investment Income	203,394	190,392	190,066	144,801
Difference Between Projected and Actual Investment Income	238,260	(17,912)	(248,158)	(25,269)
Benefit Payments and Refunds	(128,160)	(79,026)	(46,901)	(30,413)
Administrative Expenses	(2,380)	(2,646)	8,308	(4,073)
Other	<u>1</u>	<u>1</u>	<u>(134)</u>	<u>1</u>
Net Change in Plan Fiduciary Net Position	423,124	190,352	5,474	188,313
Plan Fiduciary Net Position - Beginning	<u>2,728,495</u>	<u>2,538,143</u>	<u>2,532,669</u>	<u>2,344,356</u>
Plan Fiduciary Net Position - Ending (B)	3,151,619	2,728,495	2,538,143	2,532,669
Net Pension Liability - Ending (A) - (B)	<u>\$ 303,187</u>	<u>\$ 543,129</u>	<u>\$ 509,610</u>	<u>\$ 294,143</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.22%	83.40%	83.28%	89.59%
Covered Valuation Payroll	639,253	601,847	602,703	624,723
Net Pension Liability as a Percentage of Covered Valuation Payroll	47.43%	90.24%	84.55%	47.08%

Additional years will be added to this schedule annually until 10 years of data is presented.

See notes to this Schedule on page 26.

**FONDULAC PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
YEAR ENDED JUNE 30, 2018**

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2015	\$ 75,154	\$ 67,567	\$ 7,587	\$ 624,723	10.82 %
2016	67,141	69,751	(2,610)	602,703	11.57
2017	71,740	79,615	(7,875)	601,847	13.23
2018	78,692	85,739	(7,047)	639,253	13.41

Additional years will be added to this schedule until 10 years of data is presented.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION
OF THE 2017 CONTRIBUTION RATE***

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate Entry Age Normal
<i>Amortization Method:</i>	Level Percentage of Payroll, Closed
<i>Remaining Amortization Period:</i>	26-Year Closed Period
<i>Asset Valuation Method:</i>	5-Year Smoothed Market; 20% Corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%, Approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, Including Inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
<i>Mortality:</i>	For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2015 actuarial valuation.

**FONDULAC PUBLIC LIBRARY DISTRICT
FUND BALANCE CLASSIFICATION
JUNE 30, 2018**

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid expenses as nonspendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the funding from the Bahnfleth Memorial as being restricted because its use is restricted by the donor.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's board. These amounts cannot be used for any other purpose unless the District's board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. The District has classified the reserve fund and working cash fund as being committed because their use is formally committed by the District board.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District's board or through the District's board delegating this responsibility to a board member or the treasurer through the budgetary process. The District did not have any assigned resources as of June 30, 2018.
- Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**FONDULAC PUBLIC LIBRARY DISTRICT
COMBINING BALANCE SHEET – ALL FUND TYPES
JUNE 30, 2018**

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Working Cash Fund</u>	<u>Total</u>
ASSETS				
Cash on Hand and in Bank	\$ 708,942	\$ 2,057,272	\$ 212,492	\$ 2,978,706
Property Taxes Receivable	1,986,794	-	-	1,986,794
Replacement Taxes Receivable	17,581	-	-	17,581
Gifts Receivable	2,500	-	-	2,500
Due from Other Funds	3,225	-	-	3,225
Prepaid Expenses	33,037	-	-	33,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,752,079</u>	<u>\$ 2,057,272</u>	<u>\$ 212,492</u>	<u>\$ 5,021,843</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 23,989	\$ -	\$ -	\$ 23,989
Accrued and Withheld Payroll Taxes	7,010	-	-	7,010
Unearned Grant Revenue	17,667	-	-	17,667
Due to Other Funds	-	3,225	-	3,225
Total Liabilities	<u>48,666</u>	<u>3,225</u>	<u>-</u>	<u>51,891</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent Year's Property Taxes	1,986,794	-	-	1,986,794
FUND BALANCE				
Nonspendable	33,037	-	-	33,037
Restricted	35,931	-	-	35,931
Committed	-	2,054,047	212,492	2,266,539
Unassigned	647,651	-	-	647,651
Total Fund Balance	<u>716,619</u>	<u>2,054,047</u>	<u>212,492</u>	<u>2,983,158</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,752,079</u>	<u>\$ 2,057,272</u>	<u>\$ 212,492</u>	<u>\$ 5,021,843</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE COMBINING BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balances - Governmental Funds	\$ 2,983,158
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Amounts reported for business-type activities in the statement of net position are different because:

Capital assets used in business-type activities are not financial resources and, therefore, are not reported in the governmental funds. The total cost of capital assets is \$9,239,391 and is reported net of accumulated depreciation of \$2,235,041.	7,004,350
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Deferred outflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds.	186,356
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Deferred inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds.	(166,954)
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Long-term liabilities arising from cash transactions are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(4,543,187)
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Interest payable on debt is not reported in the funds if payments are due subsequent to the year-end.	<div style="border-top: 1px solid black; display: inline-block;">(39,564)</div>
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Total Net Position - Business-Type Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 5,424,159</div>
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**FONDULAC PUBLIC LIBRARY DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – ALL FUND TYPES
YEAR ENDED JUNE 30, 2018**

	General Fund	Reserve Fund	Working Cash Fund	Total
REVENUES				
Property Taxes	\$ 1,416,306	\$ -	\$ -	\$ 1,416,306
Property Taxes - Bonds and Interest	507,421	-	-	507,421
Replacement Taxes	109,046	-	-	109,046
Fees, Fines, and Charges for Services	47,288	-	-	47,288
Interest	13,236	21,974	2,398	37,608
Gifts	6,456	-	-	6,456
Total Revenues	2,099,753	21,974	2,398	2,124,125
EXPENDITURES				
Current:				
General and Administration	1,080,393	-	-	1,080,393
Library Expenditures	224,955	-	-	224,955
Building Upkeep	144,638	-	-	144,638
Capital Expenditures	7,377	-	-	7,377
Debt Service:				
Principal	285,000	-	-	285,000
Interest	161,734	-	-	161,734
Total Expenditures	1,904,097	-	-	1,904,097
Excess of Revenues Over Expenditures	195,656	21,974	2,398	220,028
OTHER FINANCING SOURCES (USES)				
Transfers In	-	110,000	-	110,000
Transfers Out	(110,000)	-	-	(110,000)
Total Other Financing Sources (Uses)	(110,000)	110,000	-	-
Net Change in Fund Balance	85,656	131,974	2,398	220,028
Fund Balance - Beginning of Year	630,963	1,922,073	210,094	2,763,130
FUND BALANCE - END OF YEAR	<u>\$ 716,619</u>	<u>\$ 2,054,047</u>	<u>\$ 212,492</u>	<u>\$ 2,983,158</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT
OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Governmental Funds	\$ 220,028
<p>Governmental funds report capital outlays as expenditures. However, in the statement of revenues, expenses, and changes in net position, the cost of those assets are allocated over their estimated useful lives as depreciation expense.</p>	
Depreciation Expense	(508,402)
Capital Outlay:	
Book costs included in library expenditures	91,963
Equipment costs included in capital expenditures	7,377
<p>Expenses related to the net pension liability are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.</p>	
	239,942
<p>Amortization of deferred outflows of resources related to pensions are not recognized in the funds.</p>	
	(135,929)
<p>Amortization of deferred inflows of resources related to pensions are not recognized in the funds.</p>	
	(141,481)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.</p>	
	285,000
<p>Interest expense on long-term-debt is not recognized in the governmental funds until paid, but is recognized as incurred in the statement of revenues, expenses, and changes in net position. This is the amount by which interest expense in the governmental funds exceeded interest expense in the business-type activities.</p>	
	<u>1,739</u>
Total Change in Net Position - Business-Type Activities	<u>\$ 60,237</u>

FONDULAC PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET (CASH BASIS) AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Property Taxes	\$ 1,498,235	\$ 1,923,727	\$ 425,492
Replacement Taxes	130,000	105,407	(24,593)
Fees, Fines, and Charges for Services	30,000	47,288	17,288
Interest	5,000	13,236	8,236
Grants	33,000	17,667	(15,333)
Gifts and Other	30,000	6,456	(23,544)
Total Revenues	1,726,235	2,113,781	387,546
EXPENDITURES			
Current:			
General and Administrative:			
Salaries and Wages	830,000	747,675	82,325
Retirement Expense, Payroll Taxes	151,000	135,027	15,973
Unemployment Taxes	5,500	1,785	3,715
Employee Benefits	170,000	101,898	68,102
Automated Circulation Control	30,000	21,840	8,160
OCLC Cataloging	7,000	5,568	1,432
Insurance	21,500	12,704	8,796
Professional Fees	31,000	14,329	16,671
Staff and Board Development	11,250	8,692	2,558
Postage	8,500	5,000	3,500
Telephone	10,640	11,619	(979)
Miscellaneous	7,000	9,718	(2,718)
Contingency	32,000	-	32,000
Total General and Administrative	1,315,390	1,075,855	239,535
Library:			
Books and Periodicals	111,000	124,381	(13,381)
Audio-Visual	21,000	17,369	3,631
Technical Supplies	23,500	21,367	2,133
Planning and Programming	22,000	12,430	9,570
Total Library	177,500	175,547	1,953
Building Upkeep:			
Utilities	65,360	73,292	(7,932)
Repairs and Maintenance	109,350	75,630	33,720
Improvements	-	17,667	(17,667)
Total Building Upkeep	174,710	166,589	8,121

FONDULAC PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET (CASH BASIS) AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (CONTINUED)			
Capital Outlay:			
Equipment Purchases	\$ 58,635	\$ 58,113	\$ 522
Building Project and Planning	-	4,221	(4,221)
Total Capital Outlay	<u>58,635</u>	<u>62,334</u>	<u>(3,699)</u>
Debt Service:			
Principal	500,000	285,000	215,000
Interest	-	161,734	(161,734)
Total Debt Service	<u>500,000</u>	<u>446,734</u>	<u>53,266</u>
Total Expenditures	<u>2,226,235</u>	<u>1,927,059</u>	<u>299,176</u>
Excess (Deficiency) of Revenues Over Expenditures	(500,000)	186,722	686,722
OTHER FINANCING SOURCES (USES)			
Transfers In	1,000,000	-	(1,000,000)
Transfers Out	(500,000)	(110,000)	390,000
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>(110,000)</u>	<u>(610,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	76,722	<u>\$ 76,722</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS			
Net Change Resulting From Recording of Accounts Receivable, Payable, and Other Accrued Items		<u>8,934</u>	
Excess of Revenues Over Expenditures - Modified Accrual Basis		85,656	
Fund Balance - Beginning of Year		<u>630,963</u>	
FUND BALANCE - END OF YEAR		<u>\$ 716,619</u>	

**FONDULAC PUBLIC LIBRARY DISTRICT
TAX INFORMATION
YEAR ENDED JUNE 30, 2018**

The following is a summary of the tax settlement made by the County Collector of the 2016 District corporate tax and a five-year comparison of tax rates and equalized assessed valuations.

Property Taxes Recognized as Revenue This Fiscal Year \$ 1,923,727

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Equalized Assessed Valuation</u>
2013	.4598	402,773,147
2014	.4631	406,728,256
2015	.4643	411,506,822
2016	.4684	413,947,423
2017	.4809	417,314,105