

**MATTESON AREA PUBLIC LIBRARY DISTRICT**

**MATTESON, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
**MATTESON AREA PUBLIC LIBRARY DISTRICT**

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **MATTESON AREA PUBLIC LIBRARY DISTRICT** (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities.

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

Except for the matter described in the "Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities", we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Members American Institute and Illinois Society of Certified Public Accountants*

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## **Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities**

Eligible District employees participated in the defined benefit pension plan of the Village of Matteson (the "Village"), which is the Illinois Municipal Retirement Fund (IMRF), through February 28, 2016. Effective March 1, 2016, the District opened their own plan with IMRF. Due to the previous participation in the Village's IMRF Pension plan, the District did not determine the amount of the deferred inflows/outflows of resources and net pension asset/obligation, if any, that should be recorded at June 30, 2017 and 2016, and the related pension expense, if any, for the year ended June 30, 2017 for this plan.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities. Accordingly, we do not express an opinion on the financial statements of the governmental activities.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position for the year ended June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



O'NEILL & GASPARDO, LLC  
Mokena, Illinois  
September 29, 2017

## **Matteson Area Public Library District Management's Discussion and Analysis**

As management of the Matteson Area Public Library District, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year that covered July 1, 2016 through June 30, 2017. We encourage readers to read this information in conjunction with the library's financial statements.

### **Financial Highlights**

The Library District's total net position at June 30, 2017 was \$9,579,107, an increase of \$1,550,456 from June 30, 2016. The majority of this increase was due to all of the 2015 tax levy for the new Library District, which was the first levy of the District, not being paid until the fiscal year ended June 30, 2017. Therefore, property tax revenue for the year ended June 30, 2017 includes collections for the 2015 tax levy and first installment of the 2016 tax levy. The Library became a separate Library District, rather than a component unit of the Village of Matteson, effective January 1, 2016.

### **Overview of the Financial Statements**

Management's discussion and analysis serves as an introduction to the District's financial statements. The statements presented include a Governmental Funds Balance Sheet/Statement of Net Position, a Statement of Governmental Funds Revenues, Expenditure and Changes in Fund Balances/Statement of Activities, and notes to the financial statements. The District qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column on the face of the statements, which reconciles the fund-based statements to the government-wide statements.

### **Financial Statements**

The financial statements of the District are intended to provide the reader with an understanding of the financial position of the District as of the close of the fiscal year and the results of activities for the year then ended. The fund financial statements focus on current financial resources while government-wide financial statements are similar to a commercial business.

The Governmental Funds Balance Sheet/Statement of Net Position provides information on the District's assets and liabilities. The difference between assets and liabilities is reflected in fund balances on the Governmental Funds Balance sheet and net position on the Statement of Net Position. Increase in fund balances and net position occur when revenues exceed expenses and assets increase without a corresponding increase in liabilities. Information is presented separately for each major fund, while non-major funds are combined. Any restrictions on the fund balances or net position are shown.

The Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities reflects the results of the government's revenues, expenditures and activities during the year and the corresponding effect on fund and net position balances. This statement shows the source of District revenues and how those revenues were used to provide Library services.

In addition to the basic financial statements, notes to the financial statements provide further information to the reader and should be considered an integral part of the financial statements. A budgetary comparison schedule is also provided as required supplementary information, which is useful in comparing how District expenditures were made in comparison to budgeted amounts.

### **Financial Analysis of Government Wide Financial Statements**

Due to the transition of fiscal years when the Library converted from a Village Library to a District Library all comparison charts that follow will be comparing the previous six month audit to the 12 month audit for the new fiscal period.

## Condensed Statement of Net Position

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Current and Other Assets	\$ 5,181,248	\$ 5,415,871
Capital Assets	5,694,284	5,504,236
Deferred Outflows of Resources	-	405,251
Total Assets and Deferred		
Outflows of Resources	<u>\$ 10,875,532</u>	<u>\$ 11,325,358</u>
Liabilities		
Current	\$ 101,370	\$ 185,776
Non-Current		392,742
Total Liabilities	101,370	578,518
Unearned Grants	16,623	8,169
Unavailable Property Taxes	2,728,888	1,159,564
Total Deferred Inflows of Resources	2,745,511	1,167,733
Invested in Capital Assets	5,694,284	5,504,236
Restricted	74,797	246,637
Unrestricted	2,259,570	3,828,234
Total Net Position	<u>8,028,651</u>	<u>9,579,107</u>
Total Liabilities, Deferred Inflows		
of Resources, and Net Position	<u>\$ 10,875,532</u>	<u>\$ 11,325,358</u>

Fifty percent of the District's assets at June 30, 2017 were current and consist primarily of cash and receivables. Net position may serve, over time, as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$9,579,107 at June 30, 2017. Of the net position balance, \$3,828,234 is unrestricted, \$5,504,236 is invested in capital assets and \$246,637 is restricted.

	<u>January 1, 2016 to June 30, 2016</u>	<u>July 1, 2016 to June 30, 2017</u>
Revenues:		
Property Taxes	\$ 310,221	\$ 3,811,307
State Replacement Taxes	20,431	25,385
Investment Income	1,010	4,363
Illinois Per Capita Grant	-	14,653
Fines and Fees	23,799	59,631
Grants and Donations	6,927	17,886
Total Other	7,993	7,658
Total Revenues	370,381	3,940,883
Expenditures:		
Cultural	1,046,065	2,379,252
Capital Outlay	2,271	11,175
Total Expenditures	1,048,336	2,390,427
Change in Net Position	(677,955)	1,550,456
Net Position, Beginning of Year	8,706,606	8,028,651
Net Position, End of Year	<u>\$ 8,028,651</u>	<u>\$ 9,579,107</u>

The Statement of Activities shows the nature and source of the changes in net position. The increase in revenue was due to the increase in property tax revenue as explained above and twelve months of revenue compared to six. This year's expenses are quite similar to the previous six months with a major portion of revenues used to fund cultural expenses.

### **Financial Analysis of Funds**

	<b>General</b>	<b>Special Reserve</b>	<b>Other Funds</b>	<b>Total</b>
Total Revenues	\$ 3,466,889	\$ 646	\$ 473,348	\$ 3,940,883
Total Expenditures	<u>1,914,422</u>	<u>28,539</u>	<u>264,233</u>	<u>2,207,194</u>
Net Change in Fund Balance	1,552,467	(27,893)	209,115	1,733,689
Fund Balance at June 30, 2016	<u>954,870</u>	<u>1,108,092</u>	<u>308,512</u>	<u>2,371,474</u>
Fund Balance at June 30, 2017	<u><u>\$ 2,507,337</u></u>	<u><u>\$ 1,080,199</u></u>	<u><u>\$ 517,627</u></u>	<u><u>\$ 4,105,163</u></u>

The General Fund balance of \$2,507,337 is unrestricted and can be used for any purpose within the District. The Special Reserve Fund Balance of \$1,080,199 is committed for building maintenance and expenses. \$227,941 of the Other Funds is committed for loans to other funds within the District and \$43,049 is committed for equipment purchases. \$246,637 of the Other Funds is restricted for specific purposes of those funds.

### **Budget**

The actual funds received for the general fund \$3,466,889, exceed what was budgeted by \$619,564 due to the additional property taxes received for the new District Library, as explained above. Actual expenditures for the general fund of \$1,914,422 were \$1,793,768 under budget as many projects were delayed until taxes owed and received through Cook County were adjusted.

### **Capital Assets**

	<b>June 30, 2016</b>	<b>June 30, 2017</b>
Land (Not being depreciated)	\$ 629,396	\$ 629,396
Building	6,883,050	6,898,690
Furniture and Fixtures	596,530	602,783
Site Improvements	303,860	303,860
Equipment	236,672	254,652
Library Collection	<u>640,643</u>	<u>634,857</u>
Total Cost of Depreciable Capital Assets	8,660,755	8,694,842
Less Accumulated Depreciation for:		
Building	(2,563,828)	(2,742,291)
Furniture and Fixtures	(431,339)	(448,997)
Site Improvements	(158,850)	(169,125)
Equipment	(91,225)	(118,287)
Library Collection	<u>(389,897)</u>	<u>(341,302)</u>
Total Accumulated Depreciation	<u>(3,635,139)</u>	<u>(3,820,002)</u>
Capital Assets, Net	<u><u>\$ 5,655,012</u></u>	<u><u>\$ 5,504,236</u></u>

The Library Collection includes adult and children's printed, non-printed and electronic materials, software, and the reference collection in print and database formats. Additional information regarding capital assets can be found in the accompanying notes to the financial statements.



### **Economic Factors and Next Years' Budgets**

Due to the current economic conditions in this state, Matteson Area public Library District will continue to operate under a very conservative budget. Illinois' Per Capita Grant funds continue to run a year behind schedule, and are projected to be underfunded in the coming year.

Also, the current budget estimates tax refunds (for previous tax levies) up to \$250,000 as previous refund totals fluctuate between \$150,000 and \$200,000. Interest dollars are mostly secured accounts at Chase Bank. These interest dollars continue to supplement our equipment purchasing capabilities.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all of those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, Matteson Area Public Library District, 801 South School Avenue, Matteson, IL 60443.

End of Management's Discussion and Analysis

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	GENERAL	SPECIAL RESERVE	OTHER FUNDS	TOTAL	ADJUSTMENTS	STATEMENT OF NET POSITION
<b><u>ASSETS</u></b>						
Cash	\$ 2,625,612	\$ 1,080,199	\$ 529,760	\$ 4,235,571	\$ -	\$ 4,235,571
Property Taxes Receivable	1,014,857	-	144,707	1,159,564	-	1,159,564
Replacement Taxes Receivable	105	-	-	105	-	105
Prepaid Expenses	20,631	-	-	20,631	-	20,631
Land	-	-	-	-	629,396	629,396
Other Capital Assets, Net	-	-	-	-	<u>4,874,840</u>	<u>4,874,840</u>
Total Assets	<u>3,661,205</u>	<u>1,080,199</u>	<u>674,467</u>	<u>5,415,871</u>	<u>5,504,236</u>	<u>10,920,107</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
IMRF Pension	-	-	-	-	<u>405,251</u>	<u>405,251</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,661,205</u>	<u>\$ 1,080,199</u>	<u>\$ 674,467</u>	<u>\$ 5,415,871</u>	<u>\$ 5,909,487</u>	<u>\$ 11,325,358</u>

Continued...

See accompanying notes and auditor's report.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Continued...

	GENERAL	SPECIAL RESERVE	OTHER FUNDS	TOTAL	ADJUSTMENTS	STATEMENT OF NET POSITION
<b>LIABILITIES</b>						
Accounts Payable	\$ 18,733	\$ -	\$ -	\$ 18,733	\$ -	\$ 18,733
Accrued Payroll	22,571	-	12,133	34,704	-	34,704
Accrued Compensated Absences	-	-	-	-	42,801	42,801
Due to Cook County	89,538	-	-	89,538	-	89,538
Net Pension Liability	-	-	-	-	392,742	392,742
Total Liabilities	<u>130,842</u>	-	<u>12,133</u>	<u>142,975</u>	<u>435,543</u>	<u>578,518</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Property Taxes	1,014,857	-	144,707	1,159,564	-	1,159,564
Unearned Grants	<u>8,169</u>	-	-	<u>8,169</u>	-	<u>8,169</u>
Total Deferred Inflows of Resources	<u>1,023,026</u>	-	<u>144,707</u>	<u>1,167,733</u>	-	<u>1,167,733</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Restricted	-	-	246,637	246,637	(246,637)	-
Committed	-	1,080,199	270,990	1,351,189	(1,351,189)	-
Unassigned	<u>2,507,337</u>	-	-	<u>2,507,337</u>	<u>(2,507,337)</u>	-
Total Fund Balances	<u>2,507,337</u>	<u>1,080,199</u>	<u>517,627</u>	<u>4,105,163</u>	<u>(4,105,163)</u>	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,661,205</u>	<u>\$ 1,080,199</u>	<u>\$ 674,467</u>	<u>\$ 5,415,871</u>	<u>\$ (3,669,620)</u>	<u>\$ 1,746,251</u>
Net Position:						
Invested in Capital Assets					5,504,236	5,504,236
Restricted					246,637	246,637
Unrestricted					<u>3,828,234</u>	<u>3,828,234</u>
Total Net Position					<u>\$ 9,579,107</u>	<u>\$ 9,579,107</u>

See accompanying notes and auditor's report.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

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Fund Balances - Governmental Funds	\$ 4,105,163
Capital assets are not current financial resources, so they are not reported on the Governmental Funds Balance Sheet.	5,504,236
Deferred Outflows of Resources (Pension Related) is not a current financial resource and therefore is not reported on the Governmental Funds Balance Sheet.	405,251
Long-term liabilities are not due and payable in the current period and therefore are not reported on the Governmental Funds Balance Sheet:	
Accrued Compensated Absences	(42,801)
Net Pension Liability	<u>(392,742)</u>
Net Position of Governmental Activities	<u>\$ 9,579,107</u>

See accompanying notes and auditor's report.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**GOVERNMENTAL FUNDS REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	GENERAL	SPECIAL RESERVE	OTHER FUNDS	TOTAL	ADJUSTMENTS	STATEMENT OF ACTIVITIES
<b><u>REVENUES</u></b>						
Property Taxes	\$ 3,345,864	\$ -	\$ 465,443	\$ 3,811,307	\$ -	\$ 3,811,307
State Replacement Taxes	25,385	-	-	25,385	-	25,385
Investment Income	3,470	646	247	4,363	-	4,363
State of Illinois - Per Capita Grant	14,653	-	-	14,653	-	14,653
Fines and Fees	59,631	-	-	59,631	-	59,631
Grants and Donations	17,886	-	-	17,886	-	17,886
Miscellaneous Income	-	-	7,658	7,658	-	7,658
Total Revenues	<u>3,466,889</u>	<u>646</u>	<u>473,348</u>	<u>3,940,883</u>	<u>-</u>	<u>3,940,883</u>
<b><u>EXPENDITURES/EXPENSES</u></b>						
Current:						
Cultural	1,914,422	-	253,058	2,167,480	211,772	2,379,252
Capital Outlay	-	28,539	11,175	39,714	(28,539)	11,175
Total Expenditures	<u>1,914,422</u>	<u>28,539</u>	<u>264,233</u>	<u>2,207,194</u>	<u>183,233</u>	<u>2,390,427</u>
Net Change in Fund Balance/Net Position	1,552,467	(27,893)	209,115	1,733,689	(183,233)	1,550,456
<b><u>FUND BALANCES/NET POSITION</u></b>						
Beginning of Year	<u>954,870</u>	<u>1,108,092</u>	<u>308,512</u>	<u>2,371,474</u>	<u>5,657,177</u>	<u>8,028,651</u>
End of Year	<u>\$ 2,507,337</u>	<u>\$ 1,080,199</u>	<u>\$ 517,627</u>	<u>\$ 4,105,163</u>	<u>\$ 5,473,944</u>	<u>\$ 9,579,107</u>

See accompanying notes and auditor's report.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

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Net Change in Fund Balances - Governmental Funds \$ 1,733,689

Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

Expenditures for Capital Assets in the Current Year	\$ 169,078	
Current Year Depreciation	<u>(359,126)</u>	(190,048)

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

Change in Deferred Outflows of Resources for Defined Benefit Pension Plan from the Prior Year	405,251	
Change in Accrued Compensated Absences from the Prior Year	(5,694)	
Change in Net Pension Liability from the Prior Year	<u>(392,742)</u>	<u>6,815</u>

Change in Net Position of Governmental Activities \$ 1,550,456

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1. NATURE OF ORGANIZATION**

**MATTESON AREA PUBLIC LIBRARY DISTRICT** (the "District") is located in Matteson, Illinois. The District was organized to provide cultural and library services to local residents.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. REPORTING ENTITY AND ITS SERVICES**

Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no agencies or entities whose financial data should be combined with and included in the financial statements of the District. Also, the District is not considered a component unit of any other government entity.

**B. BASIS OF PRESENTATION**

The fund and government-wide financial statements are combined, with a reconciliation shown between them. Therefore, the Governmental Funds Balance Sheet and Statement of Net Position are combined and the Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities are combined. The government-wide statements are designed to report the District's financial position and results of operations as a whole. The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions by fund. Program revenues includes fines and fees, grants and donations.

Major individual governmental funds are reported as separate columns on the fund financial statements and all other funds are combined under a single column. The major funds are the General and Special Reserve Funds. Following is a brief description of the major funds used by the District.

**General Fund** - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. In addition, general operating expenditures and the capital improvement costs that are not paid through other funds are paid from this fund.

**Special Reserve Fund** - The Special Reserve Fund is to be used for the upkeep, maintenance and expansion of the District's buildings and grounds according to a resolution adopted by the District's Board of Trustees. The District does not prepare a budget and appropriation for this special revenue fund.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. BASIS OF ACCOUNTING**

The fund financial statements present governmental funds and are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund equity. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (defined as within 60 days of fiscal year-end) to be used to pay liabilities of the current period. Material revenues susceptible to accrual include real estate tax, replacement tax and grant revenue. Expenditures are recognized when the related fund liability is incurred.

The government-wide statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

**D. PREPAID EXPENSES**

Payments made to vendors for services that will benefit periods after the fiscal year are recorded as prepaid expenses.

**E. CAPITAL ASSETS**

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are reported on the government-wide or fund financial statements. On the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

Building	10 - 40 Years
Furniture and Fixtures	5 - 20 Years
Site Improvements	15 - 30 Years
Equipment	5 - 15 Years
Library Collection	5 Years

The minimum capitalization threshold is any item with a total cost greater than \$1,000, except for purchases for the library collection, which are always capitalized.

On the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.



**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave, since it is not paid upon termination. On the fund financial statements, accrued vacation is recorded in the general fund when payable (i.e. upon resignation or retirement). On the government-wide financial statements, accrued vacation is recorded when earned.

**G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The District reports deferred outflows / inflows of resources on its Statement of Net Position and Governmental Funds Balance Sheet.

Deferred outflows of resources represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The District's only deferred outflows of resources at June 30, 2017 was due to the District's defined benefit pension plan (Illinois Municipal Retirement Fund - IMRF). It consisted of amounts to be recognized as pension expense in future fiscal years for the differences between expected and actual experience and assumption changes.

Deferred inflows of resources arise when resources are received by the District that apply to future periods, so they will not be recognized as revenue until that time. The District's only deferred inflows of resources at June 30, 2017 were levied property taxes intended to finance the next fiscal year and unearned grant revenue.

**H. PROPERTY TAXES**

Annually, the District's Board adopts a property tax levy ordinance. Upon adoption by the Board, the District establishes a legal right to revenue from property tax assessments. Property taxes are recognized as receivable at the time they are levied. Property tax revenue is recognized during the fiscal year they are intended to finance. In addition, revenue under the modified accrual basis (fund financial statements) is not recognized unless it is also available (collected within 60 days after fiscal year end). Property taxes receivable not recognized as revenue are reported as deferred revenue. Property tax revenue on the fund financial statements is allocated to each fund in accordance with the applicable fund levy amounts.

The second installment of the 2015 levy and the first installment of the 2016 levy were intended to finance the fiscal year ended June 30, 2017. The second installment of the 2016 levy is intended to finance the fiscal year ending June 30, 2018, so this property tax receivable has been recorded as deferred inflows of resources.

The District has recorded an allowance for uncollectible property taxes of 6.86% of the 2016 levy (\$178,500). All uncollected taxes relating to prior years' levies have been written off.

Significant dates for the 2016 levy are as follows:

Lien Date	January 1, 2016
Levy Date	November 15, 2016
Tax Bills Mailed (at least 30 days prior to collection deadline)	
First Installment Due	March 1, 2017
Second Installment Due	August 1, 2017

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

H. PROPERTY TAXES - Continued

Property taxes are billed and collected by the County Treasurer of Cook County, Illinois. Substantially all of the collected taxes for the 2016 tax levy will be received by the District between March 2017 and December 2017.

I. ELIMINATION AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund balances on the fund financial statements may be eliminated or reclassified.

J. FUND BALANCE

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory and deposits, or amounts required to be maintained intact legally or contractually.

Restricted - includes amounts constrained for a specific purpose by external parties.

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority (the Board of Trustees for the District). This formal action must occur prior to the end of the reporting period, but the amount of the committed balance may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Trustees that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated the authority to assign amounts. The Board of Trustees has not delegated this authority as of June 30, 2017. Additionally, all remaining positive spendable amounts in government funds other than the General Fund, that are neither restricted nor committed, are considered assigned. Assignments may take place after the end of the reporting period.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. An unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure relates to amounts available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and unassigned fund balance.

K. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

L. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District uses restricted resources when an expense is incurred before using unrestricted resources.

**NOTE 3. DEFINED BENEFIT PENSION PLAN**

**IMRF Plan Description**

The District became a member of the Illinois Municipal Retirement Fund (IMRF) on March 1, 2016. This defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the IMRF, the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 3. DEFINED BENEFIT PENSION PLAN - Continued**

**Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	20
<b>Total</b>	<b>21</b>

**Contributions**

As set by statute, the District's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 8.75% of members' wages. For the fiscal year ended June 30, 2017, the District contributed \$65,186 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

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

**Actuarial Assumptions**

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the 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.
- For **Mortality** of non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 3. DEFINED BENEFIT PENSION PLAN - 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:

<b><u>Asset Class</u></b>	<b><u>Portfolio Target Percentage</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65%-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

**Single Discount Rate**

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

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

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

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3. DEFINED BENEFIT PENSION PLAN - Continued**

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at December 31, 2015</b>	\$ -	\$ -	\$ -
<b>Changes for the year:</b>			
Service Cost	90,933	-	90,933
Interest on the Total Pension Liability	3,400	-	3,400
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	391,002	-	391,002
Changes of Assumptions	-	-	-
Contributions - Employer	-	65,186	(65,186)
Contributions - Employee	-	33,524	(33,524)
Net Investment Income	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(272)	(272)	-
Other (Net Transfers)	-	(6,117)	6,117
Net Changes	<u>485,063</u>	<u>92,321</u>	<u>392,742</u>
<b>Balances at December 31, 2016</b>	<u>\$ 485,063</u>	<u>\$ 92,321</u>	<u>\$ 392,742</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	\$ 545,573	\$ 485,063	\$ 427,252
Plan Fiduciary Net Position	<u>92,321</u>	<u>92,321</u>	<u>92,321</u>
<b>Net Pension Liability/(Asset)</b>	<u>\$ 453,252</u>	<u>\$ 392,742</u>	<u>\$ 334,931</u>

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3. DEFINED BENEFIT PENSION PLAN - Continued**

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

For the year ended June 30, 2017, the District recognized pension expense of \$80,699. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 351,224	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>2,770</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	353,994	-
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>51,257</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 405,251</u></b>	<b><u>\$ -</u></b>

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:

<b><u>Year Ending December 31</u></b>	<b><u>Net Deferred Outflows of Resources</u></b>
2017	\$ 40,470
2018	40,470
2019	40,470
2020	40,472
2021	39,778
Thereafter	<u>152,334</u>
Total	<b><u>\$ 353,994</u></b>

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 4. CASH AND INVESTMENTS**

Reconciled cash and investments were as follows at June 30, 2017:

Petty Cash	\$ 650
JP Morgan Chase Bank:	
Checking Account	81,593
Savings Account	4,148,979
First Midwest Bank	<u>4,349</u>
Total Cash and Investments	<u>\$ 4,235,571</u>

Authorized Investments

The District's investment policy authorizes the District to investment in investments authorized by the Illinois Public Funds Investment Act (Illinois Compiled Statutes Reference: 30 ILCS 235/).

Custodial Credit Risk

This is the risk that the District's deposits or investments may not be returned due to bank or investment failure.

The investment policy states the following to address this risk:

Collateral securities approved by the District with a market value equal to at least 110% of deposits in excess of uninsured amounts per institution shall be required. The collateral shall be marked to market and adjusted, if necessary, to the 110% level on at least a weekly basis. Insured certificates of deposit, share certificates, surety bonds and letters of credit with a value of at least 102% of deposits in excess of uninsured amounts per institution shall be required.

Repurchase Agreement Collateralization: Direct treasury securities with a market value equal to at least 102% of the value of the repurchase agreement shall be maintained at all times. Repurchase

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy only allows investments in investments authorized by the Illinois Public Funds Investment Act, which reduces the District's exposure to credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to the District's investments not being diversified. The District's investment policy states the investment portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific issuer or a specific class of securities.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states the investment portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity.



**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4. CASH AND INVESTMENTS - Continued**

The District's deposits with financial institutions were categorized as follows at June 30, 2017:

Insured by federal depository insurance	\$ 401,974
Collateralized by securities held by the pledging financial institution's trust department or agent in the Library's name	3,898,979
Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Library's name	-
Uncollateralized	-
Total Deposits with Financial Institutions	<u>\$ 4,300,953</u>

**NOTE 5. RISK OF LOSS**

The District is exposed to various risks of loss through property ownership, employee injury, liability of employees, elected officials' actions and other items. The District purchased commercial insurance policies to overcome these risks. Claims have not exceeded coverage in the last three years.

**NOTE 6. CAPITAL ASSETS**

Following is a summary of changes in the capital assets for the year ended June 30, 2017:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
Capital Assets, Non Depreciable:				
Land	\$ 629,396	\$ -	\$ -	\$ 629,396
Capital Assets, Depreciable:				
Building	6,883,050	15,640	-	6,898,690
Furniture and Fixtures	596,530	6,253	-	602,783
Site Improvements	303,860	-	-	303,860
Equipment	236,672	17,980	-	254,652
Library Collection	<u>679,915</u>	<u>129,205</u>	<u>(174,263)</u>	<u>634,857</u>
Total Capital Assets, Depreciable	8,700,027	169,078	(174,263)	8,694,842
Less Accumulated Depreciation for:				
Building	(2,563,828)	(178,463)	-	(2,742,291)
Furniture and Fixtures	(431,339)	(17,658)	-	(448,997)
Site Improvements	(158,850)	(10,275)	-	(169,125)
Equipment	(91,225)	(27,062)	-	(118,287)
Library Collection	<u>(389,897)</u>	<u>(125,668)</u>	<u>174,263</u>	<u>(341,302)</u>
Total Accumulated Depreciation	<u>(3,635,139)</u>	<u>(359,126)</u>	<u>174,263</u>	<u>(3,820,002)</u>
Capital Assets, Net	<u>\$ 5,694,284</u>	<u>\$ (190,048)</u>	<u>\$ -</u>	<u>\$ 5,504,236</u>

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7. LONG-TERM LIABILITY**

The activity of long-term liabilities was as follows for the year ended June 30, 2017:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Accrued Comp. Absences	\$ 37,107	\$ 50,180	\$ (44,486)	\$ 42,801	\$ 42,801
Net Pension Liability	-	392,742	-	392,742	-
	<u>\$ 37,107</u>	<u>\$ 442,922</u>	<u>\$ (44,486)</u>	<u>\$ 435,543</u>	<u>\$ 42,801</u>

The General Fund has been used to liquidate accrued compensated absences and the Illinois Municipal Retirement Fund has been used to liquidate the net pension liability.

A computation of the legal debt margin of the District as of June 30, 2017 is as follows:

Equalized Assessed Valuation 2016	\$ 390,202,133
Legal Debt Limit - 2.875%	\$ 11,218,311
Amount of the Debt Applicable to Limit	-
Estimated Legal Debt Margin	<u>\$ 11,218,311</u>

**NOTE 8. FUND BALANCE CLASSIFICATIONS**

The following is a schedule of fund balance classifications for the governmental funds as of June 30, 2017:

	GENERAL	SPECIAL RESERVE	OTHER FUNDS	TOTAL
Fund Balances:				
Restricted by Tax Levies for:				
IMRF	\$ -	\$ -	\$ 50,872	\$ 50,872
Social Security	-	-	19,902	19,902
Audit	-	-	6,000	6,000
Liability Insurance	-	-	114,733	114,733
Building and Sites	-	-	55,130	55,130
Committed For:				
Building Maintenance and Expansion	-	1,080,199	-	1,080,199
Equipment Purchases	-	-	43,049	43,049
Stabilization	-	-	227,941	227,941
Unassigned	<u>2,507,337</u>	-	-	<u>2,507,337</u>
Total Fund Balances	<u>\$ 2,507,337</u>	<u>\$ 1,080,199</u>	<u>\$ 517,627</u>	<u>\$ 4,105,163</u>

The stabilization amount of \$227,941 is governed by an ordinance adopted by the District's Board of Trustees for an Emergency Cash Fund. This ordinance states that this amount can only be transferred to the District's General Fund in anticipation of property tax collections and then must be repaid to the Emergency Cash Fund when such taxes are collected.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 9. RESTRICTED NET POSITION**

The following is a schedule of Restricted Net Position on the Statement of Net Position as of June 30, 2017:

IMRF	\$ 50,872
Social Security	19,902
Audit	6,000
Liability Insurance	114,733
Building and Sites	55,130
Total	<u>\$ 246,637</u>

**NOTE 10. SUBSEQUENT EVENTS**

The District has evaluated events subsequent to June 30, 2017 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

*REQUIRED  
SUPPLEMENTAL INFORMATION*

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL**  
**YEAR ENDED JUNE 30, 2017**

	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<b><u>REVENUES</u></b>			
Property Taxes	\$ 2,756,880	\$ 3,345,864	\$ 588,984
Other Revenue:			
State Replacement Taxes		25,385	
Investment Income		3,470	
State of Illinois - Per Capita Grant		14,653	
Fines and Fees		59,631	
Grants and Donations		17,886	
Total Other Revenue	<u>151,605</u>	<u>121,025</u>	<u>30,580</u>
Total Revenues	2,908,485	3,466,889	619,564
<b><u>EXPENDITURES</u></b>			
<b><u>Personnel</u></b>			
Salaried	875,250	335,390	(539,860)
Hourly	971,000	828,258	(142,742)
Payroll Fee	-	116	116
Health Insurance	270,000	220,063	(49,937)
Temporary	-	5,901	5,901
Total Personnel	<u>2,116,250</u>	<u>1,389,728</u>	<u>(726,522)</u>
<b><u>Library Materials</u></b>			
Adult Fiction	29,250	18,324	(10,926)
Large Print	9,500	7,483	(2,017)
Adult Non-Fiction	29,500	12,468	(17,032)
Adult Reference	10,500	2,616	(7,884)
Professional Collection	3,750	77	(3,673)
Electronic Resources	150,000	62,104	(87,896)
Children's Books	68,750	30,086	(38,664)
Children's Reference	1,500	214	(1,286)
Young Adult	19,500	10,236	(9,264)
Adult Periodicals	18,250	9,973	(8,277)
Juvenile Periodicals	3,875	739	(3,136)
Juvenile Non-Print	21,250	9,871	(11,379)
Adult Non-Print	69,250	42,784	(26,466)
RB/ILL Expenses	<u>1,375</u>	<u>268</u>	<u>(1,107)</u>
Total Library Materials	436,250	207,243	(229,007)

Continued . . .

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL**  
**YEAR ENDED JUNE 30, 2017**

Continued . . .

	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<u>Operating Expenditures</u>			
Supplies	48,875	22,646	(26,229)
Postage	22,750	11,283	(11,467)
Board Supplies	8,100	4,879	(3,221)
Continuing Education	20,000	9,832	(10,168)
Travel	12,250	7,146	(5,104)
Hospitality	7,500	4,122	(3,378)
Computer Services	20,500	16,258	(4,242)
Equipment	50,500	4,764	(45,736)
Software	32,500	11,035	(21,465)
Telecommunications	37,250	11,990	(25,260)
Computer Related Supplies	20,250	8,275	(11,975)
Dues	10,500	5,293	(5,207)
Telephone	18,500	6,192	(12,308)
SWAN Support	46,500	24,594	(21,906)
Adult Programs	22,250	18,323	(3,927)
Children's Programs	22,250	15,979	(6,271)
Public Relations	45,250	22,971	(22,279)
Legal	33,500	10,469	(23,031)
Contractual Services	12,500	7,707	(4,793)
Utilities	80,725	14,753	(65,972)
Equipment Repair and Service	14,250	4,619	(9,631)
Equipment New	24,000	6,285	(17,715)
Equipment Rental	3,500	-	(3,500)
Building Supplies	30,000	12,243	(17,757)
Building Repair and Service	127,500	39,016	(88,484)
Building Maintenance Equipment	12,500	212	(12,288)
Total Operating Expenditures	784,200	300,886	(483,314)

Continued . . .

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**MAJOR FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL**  
**YEAR ENDED JUNE 30, 2017**

Continued . . .

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<u>Special Accounts</u>			
Grants and Donations	48,964	951	(48,013)
Contingency	<u>322,526</u>	<u>15,614</u>	<u>(306,912)</u>
Total Special Accounts	<u>371,490</u>	<u>16,565</u>	<u>(354,925)</u>
 Total Expenditures	 <u>3,708,190</u>	 <u>1,914,422</u>	 <u>(1,793,768)</u>
 Net Change in Fund Balance	 <u>\$ (799,705)</u>	 1,552,467	 <u>\$ 2,413,332</u>
<u>FUND BALANCE</u>			
Beginning of Year		<u>954,870</u>	
End of Year		<u>\$ 2,507,337</u>	

See accompanying notes and auditor's report.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**JUNE 30, 2017**

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Calendar Year Ended December 31,	<u>2016</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 90,933
Interest on the Total Pension Liability	3,400
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience of the Total Pension Liability	391,002
Changes of Assumptions	-
Benefit Payments, including Refunds of Employee Contributions	<u>(272)</u>
<b>Net Change in Total Pension Liability</b>	485,063
<b>Total Pension Liability - Beginning</b>	<u>-</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 485,063</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 65,186
Contributions - Employees	33,524
Net Investment Income	-
Benefit Payments, including Refunds of Employee Contributions	(272)
Other (Net Transfer)	<u>(6,117)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	92,321
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 92,321</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 392,742</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	19.03%
<b>Covered Valuation Payroll</b>	\$ 744,987
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	52.72%

**Notes to Schedule:**

The District became a member of IMRF on March 1, 2016.



**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**JUNE 30, 2017**

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CALENDAR YEAR ENDED DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION (a)	ACTUAL CONTRIBUTION (b)	CONTRIBUTION DEFICIENCY (EXCESS) (a-b)	COVERED VALUATION PAYROLL (c)	ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED VALUATION PAYROLL (b/c)
2016	\$ -	\$ 65,186	\$ (65,186)	\$ 744,987	8.75%

**Notes to Schedule:**

The District became a member of IMRF on March 1, 2016.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2017**

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**NOTE 1. BUDGETS**

Budgets for funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used to establish the budgets:

- (a) The District's Director submits a proposed operating budget to the Board of Trustees for approval.
- (b) The Board of Trustees makes any adjustments to the budget deemed necessary and approves the proposed budget and appropriation ordinance.
- (c) Public Hearings are conducted by the District to obtain taxpayer comments on the proposed budget and appropriation ordinance.
- (d) Subsequently, the Board of Trustees approves the final budget and appropriation ordinance.

Expenditures may not legally exceed the budgeted appropriations at the fund level. The budget may be amended by the Board of Trustees. There were no amendments to the budget for the year ended June 30, 2017.

**NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

Expenditures did not exceed budgeted appropriations for the year ended June 30, 2017 for the General Fund.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2017**

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**NOTE 3. SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

*Valuation Date:*

Notes

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

**Methods and Assumptions Used to Determine 2016 Contribution Rates:**

*Actuarial Cost Method:*

Aggregate entry age = normal

*Amortization Method:*

Level percentage of payroll, closed

*Remaining Amortization Period:*

27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI

*Asset Valuation Method:*

5-year smoothed market; 20% corridor

*Wage Growth:*

3.50%

*Price Inflation:*

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

*Salary Increases:*

3.75% to 14.50%, including inflation

*Investment Rate of Return:*

7.50%

*Retirement Age:*

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

*Mortality:*

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

*Other Information:*

Notes

There were no benefit changes during the year.

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

*OTHER  
SUPPLEMENTAL INFORMATION*

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**OTHER FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	CAPITAL PROJECTS FUND		SPECIAL REVENUE FUNDS					TOTAL
	EQUIPMENT	EMERGENCY CASH	IMRF	SOCIAL SECURITY	AUDIT	LIABILITY INSURANCE	BUILDING AND SITES	
<b>ASSETS</b>								
Cash and Investments	\$ 43,049	\$ 227,941	\$ 63,005	\$ 19,902	\$ 6,000	\$ 114,733	\$ 55,130	\$ 529,760
Property Taxes Receivable	-	-	41,345	41,345	6,891	27,563	27,563	144,707
Total Assets	<u>\$ 43,049</u>	<u>\$ 227,941</u>	<u>\$ 104,350</u>	<u>\$ 61,247</u>	<u>\$ 12,891</u>	<u>\$ 142,296</u>	<u>\$ 82,693</u>	<u>\$ 674,467</u>
<b>LIABILITIES</b>								
Accrued Payroll	\$ -	\$ -	\$ 12,133	\$ -	\$ -	\$ -	\$ -	\$ 12,133
Total Liabilities	-	-	12,133	-	-	-	-	12,133
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Property Taxes	-	-	41,345	41,345	6,891	27,563	27,563	144,707
<b>FUND BALANCES</b>								
Restricted	-	-	50,872	19,902	6,000	114,733	55,130	246,637
Committed	43,049	227,941	-	-	-	-	-	270,990
Total Fund Balances	<u>43,049</u>	<u>227,941</u>	<u>50,872</u>	<u>19,902</u>	<u>6,000</u>	<u>114,733</u>	<u>55,130</u>	<u>517,627</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 43,049</u>	<u>\$ 227,941</u>	<u>\$ 104,350</u>	<u>\$ 61,247</u>	<u>\$ 12,891</u>	<u>\$ 142,296</u>	<u>\$ 82,693</u>	<u>\$ 674,467</u>

See accompanying auditor's report.

**MATTESON AREA PUBLIC LIBRARY DISTRICT**  
**OTHER FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2017**

	CAPITAL PROJECT FUND	SPECIAL REVENUE FUNDS						TOTAL
	EQUIPMENT	EMERGENCY CASH	IMRF	SOCIAL SECURITY	AUDIT	LIABILITY INSURANCE	BUILDING AND SITES	
<b>REVENUES</b>								
Property Taxes	\$ -	\$ -	\$ 168,610	\$ 129,048	\$ 17,358	\$ 60,397	\$ 90,030	\$ 465,443
Investment Income	16	231	-	-	-	-	-	247
Miscellaneous Income	1,000	-	-	-	-	6,658	-	7,658
Total Revenues	1,016	231	168,610	129,048	17,358	67,055	90,030	473,348
<b>EXPENDITURES</b>								
Current:								
Capital Projects	11,175	-	-	-	-	-	-	11,175
IMRF	-	-	93,208	-	-	-	-	93,208
Social Security	-	-	-	89,681	-	-	-	89,681
Audit Fees	-	-	-	-	8,150	-	-	8,150
Property and Liability Insurance	-	-	-	-	-	27,119	-	27,119
Building Maintenance	-	-	-	-	-	-	34,900	34,900
Total Expenditures	11,175	-	93,208	89,681	8,150	27,119	34,900	264,233
Net Change in Fund Balances	(10,159)	231	75,402	39,367	9,208	39,936	55,130	209,115
<b>FUND BALANCES</b>								
Beginning of Year	53,208	227,710	(24,530)	(19,465)	(3,208)	74,797	-	308,512
End of Year	\$ 43,049	\$ 227,941	\$ 50,872	\$ 19,902	\$ 6,000	\$ 114,733	\$ 55,130	\$ 517,627

See accompanying auditor's report.