

**MIDLOTHIAN PUBLIC LIBRARY**

**ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended  
April 30, 2017

Prepared By:

**Hearne & Associates, P.C.**  
Certified Public Accountants &  
Business Consultants

## Midlothian Public Library

### Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Government -wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Fund	10
Reconciliation of the Governmental Fund	
Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Change in	
Fund Balance – Governmental Fund	12
Reconciliation of the Governmental Fund Statement of Revenues,	
Expenditures and Change in Fund Balance to the	
Statement of Activities	13
Notes to the Basic Financial Statements	14-26
<b>Required Supplementary Information</b>	
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios –	
Illinois Municipal Retirement Fund	27
Schedule of Employer Contributions – Illinois Municipal Retirement Fund	28
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – General Fund	29
Notes to the Required Supplementary Information	30-31
<b>Other Supplementary Information</b>	
Schedule of Expenditures – Budget and Actual – General Fund	32
Property Tax Assessed Valuations, Rates, Extensions and Collections –	
Last Five Levy Years	33



**HEARNE & ASSOCIATES, P.C.**

Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder  
Phillip M. Hearne, CPA  
Anthony M. Scott, CPA  
John C. Williams, CPA, MST

Matthew R. Truschka, Acct.  
Jessica L. Leonard, Acct.

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Midlothian Public Library  
Midlothian, IL

We have audited the accompanying financial statements of the governmental activities and the major fund of the Midlothian Public Library ("the Library"), a component unit of the Village of Midlothian, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Midlothian Public Library as of April 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

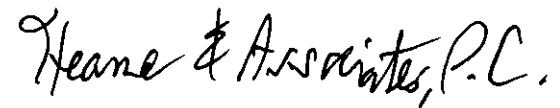
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions, and budgetary comparison information on pages 3-7 and 27-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

October 19, 2017  
Mokena, IL



Hearne & Associates, P.C.  
Certified Public Accountants

## **BASIC FINANCIAL STATEMENTS**

Midlothian Public Library  
Management Discussion and Analysis  
April 30, 2017

The management's discussion and analysis of Midlothian Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended April 30, 2017. The management of the Library encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the Library's financial performance.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,986,591. Of this amount, \$809,601 may be used to meet the Library's ongoing obligations to citizens and creditors.
- In total, net position increased by \$35,462. This represents a 1.8% increase from 2016. This increase is primarily a result of the Library spending less in general and in legal fees.
- General revenues were \$1,195,706 or 97% of all revenues. Program specific revenues, in the form of charges for services, grants, and contributions were \$39,693 or 3% of total revenues of \$1,235,399.

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

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

### **Government-Wide Financial Statements**

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

The statement of net position presents information on all Library assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net position changed during the fiscal year being reported. All changes in net position are reported when assets are earned and liabilities are incurred.

The government-wide financial statements present the Library functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Library's governmental activities include general library services and debt service.

Midlothian Public Library  
Management Discussion and Analysis  
April 30, 2017

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library's fund is considered a governmental fund. The Library maintains no proprietary funds or fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and change in fund balances of the General Fund.

The Library adopts an annual budget for the fund listed above. A budgetary comparison statement has been provided as supplementary information for the General Fund.

### **Notes to the Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in funding its obligation to provide pension benefits to its employees.

### **Government -Wide Financial Analysis**

**Net Position.** The Library's net position increased by 2% compared to the prior year. At year-end, total net position was \$1,986,591. (See Table 1).

Midlothian Public Library  
Management Discussion and Analysis  
April 30, 2017

**Table 1: Condensed Statement of Net Position**

	2017	2016
Current and Other Assets	\$ 2,349,022	\$ 2,253,594
Capital Assets	1,151,716	1,190,033
Total Assets	3,500,738	3,443,627
Deferred Outflows of Resources	156,682	174,360
Liabilities	486,687	482,715
Deferred Inflows of Resources	1,184,142	1,184,143
Net Position:		
Net Investment in Capital Assets	1,151,716	1,190,033
Restricted	25,274	36,098
Unrestricted	809,601	724,998
Total Net Position	\$ 1,986,591	\$ 1,951,129

**Table 2: Changes in Net Position**

	2017	2016
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 27,917	\$ 26,751
Grants and Contributions	11,776	1,755
General Revenues:		
Taxes	1,191,331	1,096,988
Other	4,375	57,586
Total Revenues	1,235,399	1,183,080
<b>Expenses:</b>		
General Library	1,199,937	1,093,564
<b>Change in Net Position</b>	35,462	89,516
Beginning	1,951,129	1,861,613
Ending	\$ 1,986,591	\$ 1,951,129

The Library's total revenues were \$1,235,399. Taxes were 96% of the total or \$1,191,331.



Midlothian Public Library  
Management Discussion and Analysis  
April 30, 2017

The Library received a grant in the amount of \$11,423 in the current year.

The remaining \$32,645 came from fees charged for services and miscellaneous sources. This is an increase of \$52,319 from the prior year. This was primarily due to the Library receiving additional tax revenue in the current fiscal year.

The total cost of all programs and services was \$1,199,937. The Library's expenses are predominantly related to providing library services to the residents of the Village of Midlothian (salary and benefit, administration, building maintenance and materials purchase costs, etc.). The increase in expenses can be attributed to additional expenditures in the area of contractual services and commodities.

### **Financial Analysis of the Library's Funds**

As the Library completed the year, its governmental fund reported a fund balance of \$1,126,506. Revenues for the Library's governmental fund were \$1,236,438 while total expenditures were \$1,134,646.

The General Fund experienced a current year operating surplus of \$101,792 as compared to a surplus of \$133,780 in the prior year. This surplus resulted in a year-end fund balance of \$1,126,506. Factors that attributed to an increase in the are:

- Expenditures increased slightly by \$85,346 over the prior year. Increases were primarily due to capital assets being added in the current year and increased contractual services.
- Revenues increased by \$53,358 from the prior year. The majority of the increase can be attributed to increased property taxes.

### **General Fund Budgetary Highlights**

While the Library's budget for the General Fund anticipated revenues would be equal expenditures, the actual result for the year was a \$101,792 surplus. The Library anticipated that property tax revenues would be \$15,903 less than what was actually recognized, the general library expenses came in lower than expected causing total expenditures to fall below budget by \$106,087.

### **Capital Assets**

By the end of fiscal year 2017, the Library had invested \$2.7 million (before accumulated depreciation of \$1.6 million) in a broad range of capital assets including buildings, machinery and equipment (computer, audio-visual, and furniture) and land. (See Table 3) (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Depreciation expense for the year was \$89,327; additions to equipment amounted to \$52,049.

Midlothian Public Library  
Management Discussion and Analysis  
April 30, 2017

**Table 3: Capital Assets (Net of Depreciation)**

	<u>2017</u>	<u>2016</u>
Land	\$ 126,124	\$ 126,124
Buildings	903,359	942,114
Machinery and Equipment	<u>122,233</u>	<u>121,795</u>
 TOTAL	 <u>\$ 1,151,716</u>	 <u>\$ 1,190,033</u>

**Factors Bearing on the Library's Future**

At the time these financial statements were prepared, the Library was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The Library's ability to generate tax receipts is directly linked to the value of the property within the Village of Midlothian. Any adverse effect on property values will limit the ability of the Library to increase revenue.

**Requests for Information**

This financial report is designed to provide the Library's citizens, taxpayers, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Midlothian Public Library, 14701 South Kenton Avenue, Midlothian, IL 60445.

Midlothian Public Library  
Statement of Net Position  
April 30, 2017

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,771,292
Property Taxes Receivable	577,730
Capital Assets not being Depreciated	126,124
Capital Assets being Depreciated, net	<u>1,025,592</u>
Total Assets	<u>3,500,738</u>
 <b>Deferred Outflows of Resources</b>	
Related to Pension	<u>156,682</u>
 <b>Liabilities</b>	
Accounts Payable	38,374
Long-term Obligations, due within one year:	
Compensated Absences	3,238
Long-term obligations, due in more than one year:	
Net Pension Liability	<u>445,075</u>
Total Liabilities	<u>486,687</u>
 <b>Deferred Inflows of Resources</b>	
Unearned Revenue	<u>1,184,142</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	1,151,716
Restricted for:	
Audit	4,323
Employee Benefits	10,732
Liability Insurance	5,610
Workers' Compensation	4,609
Unrestricted	<u>809,601</u>
Total Net Position	<u>\$ 1,986,591</u>

See Notes to the Basic Financial Statements

Midlothian Public Library  
Statement of Activities  
Year Ended April 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue and Change in Net Position
		Charges for Service	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Library Services:				
General Library	\$ 1,199,937	\$ 27,917	\$ 11,776	\$ (1,160,244)
General Revenues:				
Taxes:				
Property Taxes				1,187,307
Replacement Taxes				4,024
Interest				4,295
Other General Revenues				80
Total General Revenues				1,195,706
Change in Net Position				35,462
Net Position, beginning of year				1,951,129
Net Position, end of year				\$ 1,986,591

See Notes to the Basic Financial Statements

Midlothian Public Library  
Balance Sheet  
Governmental Fund  
April 30, 2017

	<u>General Fund</u>
<b>Assets</b>	
Cash and Investments	\$ 1,771,292
Property Taxes Receivable	577,730
Total Assets	\$ 2,349,022
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>	
Liabilities	
Accounts Payable	\$ 38,374
Total Liabilities	38,374
Deferred Inflows of Resources	
Property Tax Revenue	1,184,142
Fund Balance	
Restricted for:	
Audit	4,323
Employee Benefits	10,732
Liability Insurance	5,610
Workers' Compensation	4,609
Committed for:	
Capital Projects	88,090
Unassigned	1,013,142
Total Fund Balance	1,126,506
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,349,022

See Notes to the Basic Financial Statements

Midlothian Public Library  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
April 30, 2017

Total Fund Balance - Governmental Fund	\$	1,126,506
--	----	-----------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		1,151,716
---	--	-----------

Some items reported in the statement of net position do not require or provide the use of current financial resources and, therefore, are not reported in the governmental fund.

These activities consist of:

Deferred Outflows Related to Pension		156,682
Net Pension Liability		(445,075)
Compensated Absences		(3,238)
		(3,238)

Net Position of Governmental Activities.	\$	1,986,591
--	----	-----------

See Notes to the Basic Financial Statements

Midlothian Public Library  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
Year Ended April 30, 2017

	<u>General Fund</u>
<b>Revenues</b>	
Property Taxes	\$ 1,187,307
Replacement Taxes	4,024
Intergovernmental	11,423
Fines and Forfeitures	8,868
Charges for Services	19,049
Gifts	353
Interest	4,295
Other	1,119
Total Revenues	1,236,438
 <b>Expenditures</b>	
Current:	
General Library	1,080,589
Capital Outlay	54,057
Total Expenditures	1,134,646
Net Change in Fund Balance	101,792
Fund Balance, Beginning of Year	1,024,714
Fund Balance, End of Year	\$ 1,126,506

See Notes to the Basic Financial Statements

Midlothian Public Library  
Reconciliation of the Governmental Fund Statement of Revenues,  
Expenditures, and Change in Fund Balance to the Statement of Activities  
Year Ended April 30, 2017

Net change in fund balance \$ 101,792

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital Outlay	\$	52,049	
Depreciation Expense		(89,327)	(37,278)

Governmental funds only report the disposal of assets to the extent proceeds are received. In the Statement of Activities, a gain or loss is reported for each disposal

This is the basis in the capital assets that were disposed. (1,039)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

These activities consist of:

Change in Net Pension Liability		(27,294)	
Change in Compensated Absences		(719)	

Change in Net Position of governmental activities. \$ 35,462

See Notes to the Basic Financial Statements



Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Midlothian Public Library provides library services to the residents of the Village of Midlothian, Illinois. The Library is governed by a seven-member board, which is elected by the public. The Library is dependent on the Village's overall ability to levy taxes and to issue bonds and is, therefore, considered to be a component unit of the Village of Midlothian, Illinois.

The accounting policies of the Midlothian Public Library 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 following is a summary of the more significant accounting policies:

***Financial Reporting Entity***

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

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

Based on the above criteria, no component units have been included within the reporting entity.

***Government-Wide and Fund Financial Statements***

***Government-Wide Financial Statements:*** The government-wide statement of net position and statement of activities report the overall financial activity of the Library. The financial activities of the Library consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., library services) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***Fund Financial Statements:*** Separate financial statements are provided for governmental funds, and if applicable, proprietary funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Library's fund. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Library administers the following major governmental fund:

*General Fund*— This is the Library’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Library and accounted for in the General Fund include general services.

*Measurement Focus and Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state-shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Library has a legal claim to the resources. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 90 days of the end of the current fiscal year (60 days for property taxes).

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

*Assets, Liabilities, and Net Position or Equity*

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all highly liquid investments (including restricted amounts) with original maturities of three months or less when purchased are considered to be cash and cash equivalents.

**Investments**

Investments are carried at fair value based on quoted market price for same or similar investments.

**Capital Assets**

Capital Assets, which include land, buildings and machinery and equipment are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,000, and an estimated useful life of greater than one year.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets (continued)**

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental fund.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their 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 the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Equipment	5-15 years

**Unearned/Deferred Revenue**

The Library defers revenue recognition in connection with resources that have been received, but not yet earned.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**Compensated Absences**

It is the Library's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when earned in the government-wide financial statements. A liability for these amounts is recorded in the governmental funds, or if they have matured, as a result of employee resignation or retirement the Library's General Fund will be used to liquidate this liability.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the statement of net position. Items such as premiums, discounts, bond issuance costs and gains or losses on bond sales are capitalized and amortized over the life of the related debt.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position**

The statement of net position presents the Library's non-fiduciary assets and liabilities with the difference reported in three categories:

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first to finance qualifying activities, then unrestricted resources as they are needed.

**Fund Balances**

The Library's fund balances are required to be reported using five separate classifications as listed below. The Library may not necessarily utilize each classification in a given fiscal year:

Nonspendable – includes amounts that cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Library removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Library's highest level of decision-making authority rests with the Library's Board of Trustees. The Library passes formal resolutions to commit their fund balances. At April 30, 2017, the Library has \$88,090 committed for capital projects.

Assigned – includes amounts that are constrained by the Library's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the Library's Board of Trustees itself; or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Library's Board of Trustees has not authorized any other body or official to assign amounts for specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At April 30, 2017, the Library has no assigned fund balances.

Unassigned – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

It is the Library's policy for the General Fund to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

For all other governmental funds, it is the Library's policy to consider unrestricted resources (i.e., committed, assigned) to have been spent first, followed by restricted resources. At April 30, 2017, the Library has no fund balance restrictions.

**Use of Estimates**

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

**2. PROPERTY TAXES**

The Library annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by the Village Board. Property taxes are recognized as a receivable at the time they are levied. Since the 2016 tax levy is intended to finance the expenditures for the year ending April 30, 2017, the entire 2016 tax levy has been reflected as deferred/unearned revenue as of April 30, 2017. The 2015 property tax levy, together with any prior levy year collections, has been recognized as revenue for the year ended April 30, 2017. A reduction for collection losses based on historical collection experience has been provided to reduce the taxes receivable to the estimated amounts to be collected.

The property tax calendar for the 2016 levy is as follows:

Levy Date	September 21, 2016
Lien Date	January 1, 2016
Tax Bills Mailed (at least 30 days prior to collection deadline)	
First Installment Date	March 1, 2017
Second Installment Date	September 1, 2017

Property taxes are billed and collected by the County Treasurer of Cook County, Illinois.

The Library's 2016 tax rates per \$100 of assessed valuation, together with the related maximum tax rates, where applicable, are as follows:

General (maximum tax rate .6000)	0.6301
Illinois Municipal; Retirement	0.0356
Social Security	0.0276
Auditing	0.0052
Liability Insurance	0.0014
Workers' Compensation	<u>0.0014</u>
	<u>0.7013</u>

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**3. CASH AND INVESTMENTS**

**Deposits**

State statutes authorize the Library to make deposits in interest bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations, and credit unions. As of April 30, 2017, the Library had deposits with federally insured financial institutions, excluding cash on hand of \$30 with book balances totaling \$991,472 and bank balances totaling \$1,007,701 .

*Custodial Credit Risk – Deposits* – In the case of deposits, this is the risk that in the event of bank failure, the Library’s deposits may not be returned to it. The Library does not have an investment policy for custodial credit risk for deposits. All balances are insured by the FDIC and excess deposits are collateralized by the Library’s financial institution.

**Investments**

As of April 30, 2017, the Library has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Illinois Funds	\$ 778,790

The Illinois Funds Investment Pool is not registered with the SEC. The pool is sponsored by the Treasurer of the State of Illinois, in accordance with State law. The fair value of the position in the Pool is the same as the value of the Pool shares.

*Interest Rate Risk* – The Library’s investment policy does not limit the Library’s investment portfolio to specific maturities. None of the Library’s investments are subject to interest rate risk.

*Credit Risk* – State statutes allow the Library to invest in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000. The Library is also authorized to invest in the Illinois Funds. Investments in Illinois Funds were rated AAAM by Standard and Poor’s. The Library’s investment policy does not address credit risk.

*Concentration of Credit Risk* – The Library’s investment policy does not restrict the amount of investments in any one issuer. All of the Library’s investments are in the Illinois Funds.

*Custodial Credit Risk – Investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Illinois Funds held by the Library are not subject to custodial credit risk. The Library’s investment policy does not address custodial credit risk for investments.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**4. CAPITAL ASSETS**

The following is a summary of changes in capital assets for governmental activities during the fiscal year.

	Balance May 1, 2016	Additions	Retirements	Balance April 30, 2017
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 126,124	\$ -	\$ -	\$ 126,124
Capital Assets, being depreciated:				
Buildings	2,163,277	28,222	-	2,191,499
Machinery and Equipment	475,033	23,827	42,225	456,635
Total Capital Assets being depreciated	<u>2,638,310</u>	<u>52,049</u>	<u>42,225</u>	<u>2,648,134</u>
Less accumulated depreciation for:				
Buildings	1,221,163	66,977	-	1,288,140
Machinery and Equipment	353,238	20,273	39,109	334,402
Total accumulated depreciation	<u>1,574,401</u>	<u>87,250</u>	<u>39,109</u>	<u>1,622,542</u>
Total Capital Assets being depreciated, net	<u>1,063,909</u>	<u>(35,201)</u>	<u>3,116</u>	<u>1,025,592</u>
Governmental Activities				
Capital Assets, net	<u>\$ 1,190,033</u>	<u>\$ (35,201)</u>	<u>\$ 3,116</u>	<u>\$ 1,151,716</u>

The entire balance of depreciation expense was charged to general library.

**5. LONG-TERM DEBT**

The following is a summary of long-term obligation activity for the Library associated with governmental activities for the year ended April 30, 2017:

	Balance May 1, 2016, as restated	Additions	Reductions	Balance April 30, 2017	Due Within One Year
Net pension liability	\$ 435,459	\$ 9,616	\$ -	\$ 445,075	\$ -
Compensated absences	2,519	719	-	3,238	-
	<u>\$ 437,978</u>	<u>\$ 10,335</u>	<u>\$ -</u>	<u>\$ 448,313</u>	<u>\$ -</u>

**6. DEFINED BENEFIT PENSION PLAN**

The Library participates in the Illinois Municipal Retirement Fund through the Village of Midlothian, Illinois. Accordingly, information that follows relates to the Village as a whole, as separate information for the Library is not available.

*Plan Description*

The Village and Library's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village and Library plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-District public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**6. DEFINED BENEFIT PENSION PLAN (continued)**

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*

The Village and Library participate in the Regular Plan (RP).

Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48.

Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

*Employees Covered by Benefit Terms*

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

Retirees and Beneficiaries currently receiving benefits	36
Inactive Plan Members entitled to but not yet receiving benefits	30
Active Plan Members	<u>34</u>
Total	<u><u>100</u></u>



Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**6. DEFINED BENEFIT PENSION PLAN (continued)**

*Contributions*

As set by statute, the Village and Library's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires entities to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village and Library's annual contribution rate for calendar year 2016 was 15.00%.

For the calendar year 2016, the Village and Library contributed \$282,050 to the plan. The Village 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 Village'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 7.5%.
- Projected Retirement Age was from the experience based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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 2014). 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 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**6. 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
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 7.5% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that Village and Library's 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 7.5%.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**6. DEFINED BENEFIT PENSION PLAN (continued)**

*Changes in the Net Pension Liability*

Changes in the Net Pension Liability are derived from the changes in the total pension liability and changes in the plan net position. The Schedule of Changes in Net Pension Liability and Related Ratios, presented as required supplemental information (RSI) following the Notes to the Financial Statements, presents current period changes in the total pension liability and plan net position.

*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 7.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.5%	Current Single Discount Rate Assumption 7.5%	1% Increase 8.5%
Total Pension Liability	\$ 15,344,050	\$ 13,623,934	\$ 12,198,530
Plan Fiduciary Net Position	(11,390,745)	(11,390,745)	(11,390,745)
Net Pension Liability	\$ 3,953,305	\$ 2,233,189	\$ 807,785

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

For the year ended April 30, 2017, the Library recognized pension expense of \$27,294. At April 30, 2017, the Village and Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
<u>Deferred Amounts Related to Pensions</u>	
Differences between expected and actual experience	\$ 226,095
Changes of assumptions	(28,474)
Net difference between projected and actual earnings on pension plan investments	507,281
Total Deferred Amounts to be recognized in future periods	\$ 704,902
Library's Portion of Deferred Amounts	\$ 140,488
Pension Contributions made subsequent to the Measurement Date	16,194
Total Deferred Amounts Related to Pensions	\$ 156,682

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**6. DEFINED BENEFIT PENSION PLAN (continued)**

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

<u>Year Ending</u> <u>December 31</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2017	\$ 245,633
2018	245,633
2019	196,314
2020	17,322
2021	-
Thereafter	-
Total	<u>\$ 704,902</u>

**7. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees, and natural disasters. The Library is a member of the Joint Self-Insurance Pool (Joint Insurance Pool) which is a public entity risk pool. Joint Insurance Pool was formed for the purpose of reducing losses of liability claims and to reduce the cost of insuring against claims for any public libraries and library systems in the State of Illinois whose applications have been accepted by the pool. The Library pays annual premiums to Joint Insurance Pool for a portion of its general liability coverage.

The Library assumes the first \$1,000 of each occurrence, and Joint Insurance Pool has a mix of self-insurance and commercial insurance at various amounts above that level. The Library does not exercise any control over the activities of the Joint Insurance Pool.

The Library, along with Joint Insurance Pool's other members, has a contractual obligation to fund any deficit of Joint Insurance Pool attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits. There have been no supplemental contributions in any of the last three fiscal years.

Participation in the Joint Insurance Pool is voluntary and is established by the execution of an intergovernmental agreement between the Library and the Joint Insurance Pool. It is the purpose of the members to contract with the Joint Insurance Pool and to assume joint liability under a self-insurance program as a member.

The Library carries various commercial insurance policies for its employee health and accident claims, worker's compensation, a portion of its general liability and its property coverages. Settled claims have not exceeded insurance coverage during any of the past three years.

The Library has not had significant reductions in insurance coverage during the current year, nor did settlements exceed insurance coverage in any of the last three years.

Midlothian Public Library  
Notes to the Basic Financial Statements  
April 30, 2017

**8. DEFERRED COMPENSATION PLAN**

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Library employees, permits them to defer a portion of their salary until future years. Such accruals accumulate on a tax-deferred basis until the employee withdraws the funds. There were no contributions made to the plan by the Library for the year ended April 30, 2017.

**9. LEASE OBLIGATIONS**

The Library is under obligation to lease copiers and printers. The Library paid \$8,966 in lease expense in the current fiscal year. Remaining obligations are as follows:

Fiscal Year	
End	Amount
2018	\$ 13,130
2019	13,130
2020	13,130
2021	8,753
	<u>\$ 48,143</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

Midlothian Public Library  
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios  
Illinois Municipal Retirement Fund  
Calendar Year Ended December 31,  
(schedule to be built prospectively from 2015)

	<u>2015</u>	<u>2016</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 174,559	\$ 213,721
Interest	907,787	955,504
Differences Between Expected and Actual Experience	198,331	164,984
Changes of Assumptions	15,679	(47,946)
Benefit Payments, Including Refunds of Member Contributions	<u>(628,475)</u>	<u>(693,361)</u>
Net Change in Total Pension Liability	667,881	592,902
Total Pension Liability - Beginning	<u>12,363,151</u>	<u>13,031,032</u>
Total Pension Liability - Ending	<u>\$ 13,031,032</u>	<u>\$ 13,623,934</u>
<b>Plan Fiduciary Net Position</b>		
Contributions -Employer	221,226	282,050
Contributions - Employee	82,801	84,615
Net Investment Income	53,640	744,218
Benefit Payments, Including Refunds of Member Contributions	(628,475)	(693,361)
Net Transfer	<u>268,664</u>	<u>85,200</u>
Net Change in Plan Fiduciary Net Position	(2,144)	502,722
Plan Fiduciary Net Position - Beginning	<u>10,890,167</u>	<u>10,888,023</u>
Plan Fiduciary Net Position - Ending	<u>\$ 10,888,023</u>	<u>\$ 11,390,745</u>
<b>Library's Net Pension Liability</b>	<u>\$ 435,459</u>	<u>\$ 445,075</u>
<b>Village's Net Pension Liability</b>	<u>\$ 1,707,550</u>	<u>\$ 1,788,114</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.55 %	83.61 %
Covered-Valuation Payroll	\$ 1,790,261	\$ 1,880,343
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	119.70 %	118.76 %

The Library participates in the Village of Midlothian's Illinois Municipal Retirement Fund membership as a cost sharing entity. The above data is Village information. The Library's portions of each item are not individually determinable.

See Notes to the Required Supplementary Information

Midlothian Public Library  
Schedule of Employer Contributions - Illinois Municipal Retirement Fund  
Last Ten Calendar Years  
(schedule to be built prospectively from 2015)

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 215,189	\$ 221,226	\$ (6,037)	\$ 1,790,261	12.36%
2016	282,051	282,050	1	1,880,343	15.00%

The Library participates in the Village of Midlothian's Illinois Municipal Retirement Fund membership as a cost sharing entity. The above data is Village information. The Library's portions of each item are not individually determinable.

See Notes to the Required Supplementary Information



Midlothian Public Library  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended April 30, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Property Taxes	\$ 1,203,210	\$ 1,187,307	\$ (15,903)
Replacement Taxes	3,000	4,024	1,024
Intergovernmental	1,923	11,423	9,500
Fines and Forfeitures	9,200	8,868	(332)
Charges for Services	20,200	19,049	(1,151)
Gifts	2,000	353	(1,647)
Interest	200	4,295	4,095
Other	1,000	1,119	119
Total Revenues	<u>1,240,733</u>	<u>1,236,438</u>	<u>(4,295)</u>
<b>Expenditures</b>			
Current:			
General Library	1,230,233	1,080,589	(149,644)
Capital Outlay	10,500	54,057	43,557
Total Expenditures	<u>1,240,733</u>	<u>1,134,646</u>	<u>(106,087)</u>
Net Change in Fund Balance	<u>\$ -</u>	101,792	<u>\$ 101,792</u>
Fund Balance, Beginning of Year		<u>1,024,714</u>	
Fund Balance, End of Year		<u>\$ 1,126,506</u>	

See Notes to the Required Supplementary Information

Midlothian Public Library  
Notes to the Required Supplementary Information  
April 30, 2017

**A. BUDGETARY BASIS OF ACCOUNTING**

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles.

**B. BUDGETS AND BUDGETARY INFORMATION**

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Board of Trustees develops a proposed operating budget for the fiscal year commencing the following May 1. The operating budget resolution includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted by the Village of Midlothian, Illinois, to obtain taxpayer comments.
- c) Subsequently, the budget is legally enacted through passage of an ordinance.
- d) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- e) Budgets for the General Fund and Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- f) Budgetary authority lapses at year-end.
- g) State law requires that “expenditures be made in conformity with appropriation/budget.” As under the Budget Act, transfers between line items and departments may be made by administrative action. Legal budgetary control is maintained at fund level.
- h) Budgeted amounts are as originally adopted.

**C. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 CONTRIBUTION RATE**

*Valuation Date*

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

*Methods and Assumptions Used to Determine 2016 Contribution Rates*

Actuarial Cost Method:	Aggregated entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor

Midlothian Public Library  
Notes to the Required Supplementary Information  
April 30, 2017

**C. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE  
CALCULATION OF THE 2016 CONTRIBUTION RATE (continued)**

Wage Growth:	3.5%
Price Inflation:	2.75% approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	3.75% to 14.5%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience -based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

*Other Information*

There were no benefit changes during the year.

**OTHER SUPPLEMENTARY INFORMATION**

Midlothian Public Library  
Schedule of Expenditures - Budget and Actual - General Fund  
Year Ended April 30, 2017  
With Comparative Amounts for 2016

	<u>2017</u>		<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Expenditures:</b>			
General Library:			
Personnel:			
Staff Salaries	\$ 650,000	\$ 557,613	\$ 568,915
Custodial Services	18,000	22,466	18,485
Total Personnel	<u>668,000</u>	<u>580,079</u>	<u>587,400</u>
Contractual Services:			
Copy Machine Maintenance and Supplies	14,000	15,408	15,200
Association Dues	3,000	3,523	1,249
Staff Development	7,000	7,423	5,198
Insurance	21,500	16,656	16,409
Health Insurance	75,000	75,183	45,526
Maintenance of Buildings and Grounds	26,000	19,653	24,865
Programming	16,000	11,627	11,272
Accounting Fees	2,500	2,900	2,400
Marketing Services	5,290	2,740	-
Professional Services	38,000	18,767	26,055
Auditing Fees	9,000	7,975	8,700
Illinois Municipal Retirement Contributions	60,000	62,958	48,499
Social Security Contributions	50,000	44,025	42,671
Total Contractual Services	<u>327,290</u>	<u>288,838</u>	<u>248,044</u>
Commodities:			
Library Materials	129,000	127,712	109,611
Internet/Computer Readable	34,000	23,692	28,456
Library and Office Supplies	15,000	14,915	16,136
Bank Fees	500	243	246
Postage	1,500	1,190	475
Janitorial Supplies	2,000	2,034	2,592
Computer Operations	37,000	29,478	25,658
Alarm System	1,000	820	1,740
Total Commodities	<u>220,000</u>	<u>200,084</u>	<u>184,914</u>
Other:			
Utilities	11,000	6,838	4,884
Telephone	2,500	3,501	2,376
Travel Reimbursement	500	110	164
Board Development & Hospitality	942	1,139	2,164
Total Other	<u>14,942</u>	<u>11,588</u>	<u>9,588</u>
Total General Library	<u>1,230,233</u>	<u>1,080,589</u>	<u>1,029,946</u>
Capital Outlay	<u>10,500</u>	<u>54,057</u>	<u>19,354</u>
Total Expenditures	<u>\$ 1,240,733</u>	<u>\$ 1,134,646</u>	<u>\$ 1,049,300</u>

Mildothian Public Library  
Property Tax Assessed Valuations, Rates, Extensions and Collections  
Last Five Levy Years  
April 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed Valuations					
Cook County	<u>\$ 179,392,639</u>	<u>\$ 172,028,914</u>	<u>\$ 180,333,200</u>	<u>\$ 191,699,375</u>	<u>\$ 204,885,426</u>
Tax Rates (per \$100 of assessed valuation):					
General	0.6301	0.6435	0.5726	0.5376	0.5041
IMRF	0.0356	0.0275	0.0263	0.0247	0.0226
Social Security	0.0276	0.0275	0.0263	0.0247	0.0226
Auditing	0.0052	0.0054	0.0046	0.0049	0.0045
Liability Insurance	0.0014	0.0039	0.0036	0.0033	0.0030
Workmen's Compensation	<u>0.0014</u>	<u>0.0018</u>	<u>0.0017</u>	<u>0.0021</u>	<u>0.0020</u>
Total Tax Rates	<u>0.7013</u>	<u>0.7096</u>	<u>0.6351</u>	<u>0.5973</u>	<u>0.5588</u>
Tax Extensions:					
General	\$ 1,130,327	\$ 1,106,951	\$ 1,032,575	\$ 1,030,670	\$ 1,032,884
IMRF	63,860	47,380	47,380	47,380	46,350
Social Security	49,440	47,380	47,380	47,380	46,350
Auditing	9,270	9,270	8,240	9,373	9,270
Liability Insurance	2,575	6,695	6,489	6,232	6,180
Workmen's Compensation	<u>2,575</u>	<u>3,090</u>	<u>3,090</u>	<u>4,120</u>	<u>4,120</u>
Total Tax Extensions	<u>\$ 1,258,047</u>	<u>\$ 1,220,766</u>	<u>\$ 1,145,154</u>	<u>\$ 1,145,155</u>	<u>\$ 1,145,154</u>
Tax Collections	<u>\$ 606,413</u>	<u>\$ 1,187,307</u>	<u>\$ 1,082,965</u>	<u>\$ 1,099,873</u>	<u>\$ 1,077,193</u>
Percent Collected	<u>48.20%</u>	<u>97.26%</u>	<u>94.57%</u>	<u>96.05%</u>	<u>94.07%</u>