

**NORTHLAKE PUBLIC LIBRARY DISTRICT
NORTHLAKE, ILLINOIS**

ANNUAL FINANCIAL REPORT

**For the Year Ended
June 30, 2017**

**NORTHLAKE PUBLIC LIBRARY DISTRICT
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Northlake Public Library District
Northlake, Illinois

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Northlake 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

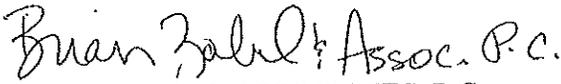
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northlake Public Library District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


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

Morris, Illinois
October 27, 2017

NORTHLAKE PUBLIC LIBRARY DISTRICT
Management Discussion and Analysis
June 30, 2017

As management of the Northlake Public Library District (District), we offer readers of the District's statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to financial statements

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2017 by \$4,109,613 (net position). Of this amount, \$397,937 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$381,107.
- At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$1,758,160, an increase of \$248,076 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

NORTHLAKE PUBLIC LIBRARY DISTRICT
Management Discussion and Analysis
June 30, 2017

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be allocated into a single category: governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District'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 District maintains one individual major governmental fund. The General Fund (Corporate Fund) is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general Library purposes

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

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

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

The notes to financial statements can be found on pages 9 through 25 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in meeting its obligation to provide library services to all of its residents.

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

The budgetary comparison statement and related notes can be found on pages 26 through 31 of this report.

NORTHLAKE PUBLIC LIBRARY DISTRICT
Management Discussion and Analysis
June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,109,613 at June 30, 2017.

A significant portion of the District's net position (68%) reflects investment in capital assets (e.g., land, buildings, and vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Northlake Public Library District's Net Position at Year End

	Governmental Activities	
	FY 2017	FY 2016
Current and Other Assets	\$ 3,097,363	\$ 2,875,119
Capital Assets	7,882,598	8,246,362
Total Assets	10,979,961	11,121,481
Deferred Outflows of Resources	203,275	251,360
Total Assets and Deferred Outflows of Resources	\$ 11,183,236	\$ 11,372,841
Current Liabilities	\$ 135,559	\$ 152,613
Long-term Liabilities	5,666,488	6,201,544
Total Liabilities	5,802,047	6,354,157
Deferred Inflows of Resources	1,271,576	1,290,178
Total Liabilities and Deferred Inflows of Resources	7,073,623	7,644,335
Net Position		
Invested in Capital Assets, Net of Related Debt	2,796,097	2,620,899
Restricted	915,579	869,547
Unrestricted	397,937	238,060
Total Net Position	\$ 4,109,613	\$ 3,728,506

The majority portion of the District's net position (90%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$397,937) may be used to meet the District's ongoing obligations to citizens and creditors.

At June 30, 2017, the District is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The District's net position increased by \$381,107 during the year ended June 30, 2017.

NORTHLAKE PUBLIC LIBRARY DISTRICT
Management Discussion and Analysis
June 30, 2017

Governmental Activities - Governmental activities decreased the District's net position by \$381,107. The key elements of this decrease are as follows:

Northlake Public Library District's Change in Net Position

	Governmental Activities	
	FY 2017	FY 2016
Revenues		
Program Revenues		
Charges for Services	\$ 25,471	\$ 24,945
Grants and Contributions	2,539	20,827
General Revenues		
Property Taxes	2,393,671	2,256,569
Replacement Taxes	63,865	57,494
Interest	5,012	1,383
Miscellaneous	4,086	39,567
Total Revenues	2,494,644	2,400,785
Expenses		
General Government	2,113,537	2,335,970
Total Expenses	2,113,537	2,335,970
Increase in Net Position	381,107	64,815
Net Position-Beginning	3,728,506	3,663,691
Net Position-Ending	\$ 4,109,613	\$ 3,728,506

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2017 the District's governmental funds reported combined ending unrestricted fund balances of \$842,581.

The General Fund is the chief operating fund of the District. At June 30, 2017, unrestricted, unassigned fund balance of the General Fund was \$842,581. The fund balance of the General Fund increased by \$202,044 during the year ended June 30, 2017.

NORTHLAKE PUBLIC LIBRARY DISTRICT
 Management Discussion and Analysis
 June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The difference between the estimated revenues and the actual revenues was \$77,586 (unfavorable).
- The difference between the estimated expenditures and the actual expenditures was \$215,860 (favorable).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The District’s investment in capital assets for its governmental activities as of June 30, 2017 amount to \$7,882,598 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture, fixtures, and equipment. The total decrease in the District’s investment in capital assets for the year ended June 30, 2017 was \$363,764 and was due to the depreciation expense being higher than the additions.

Northlake Public Library District's Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	6/30/2017	6/30/2016
Land	\$ 349,077	\$ 349,077
Building and improvements	7,103,145	7,384,188
Library materials	185,030	236,784
Furniture, fixtures, equipment	245,346	276,313
Total	\$ 7,882,598	\$ 8,246,362

Additional information on the District’s capital assets can be found in Note 6 on page 18 of this report.

Long-Term Debt – At June 30, 2017, the District had \$4,905,000 long-term debt outstanding.

Northlake Public Library District's Long-Term Debt

	Bal 7/1/16	Additions	Deletions	Bal 6/30/17
GO Bond Series 2014	\$ 5,430,000	\$ -	\$ 525,000	\$ 4,905,000
Totals	\$ 5,430,000	\$ -	\$ 525,000	\$ 4,905,000

Additional information on the District’s long-term debt can be found in Note 7 on page 18 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The equalized assessed valuation (EAV) for the District for 2016 is \$501,517,471. That represents an increase in EAV of \$70,417,086 over the prior year’s EAV.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Trustees, Northlake Public Library District, 231 N. Wolf Rd., Northlake, IL 60164.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

NORTHLAKE PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

ASSETS	
Cash and Investments	\$ 1,825,787
Accounts Receivable	-
Property Taxes Receivable	1,271,576
Capital Assets (net of accumulated depreciation)	7,882,598
Total Assets	10,979,961
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows, IMRF	203,275
Total Deferred Outflows of Resources	203,275
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 11,183,236
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 35,088
Accrued Payroll	32,539
Accrued Interest	16,082
Compensated Absences	51,850
Noncurrent Liabilities	
Net Pension Liability	579,987
Due Within One Year	545,000
Due In More Than One Year	4,541,501
Total Liabilities	5,802,047
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Taxes	1,271,576
Total Deferred Inflows of Resources	1,271,576
Total Liabilities and Deferred Inflows of Resources	7,073,623
NET POSITION	
Net Investment in Capital Assets	2,796,097
Restricted for	
Future Projects	207,541
Debt Service	416,359
Special Revenues	291,679
Unrestricted	397,937
Total Net Position	4,109,613
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 11,183,236

See accompanying notes to financial statements.

NORTHLAKE PUBLIC LIBRARY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Debt Service Fund	Special Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 943,385	\$ 416,359	\$ 207,541	\$ 258,502	\$ 1,825,787
Accounts Receivable	-	-	-	-	-
Interfund Receivable	883	-	-	34,060	34,943
Property Taxes Receivable	774,841	367,682	-	129,053	1,271,576
TOTAL ASSETS	\$ 1,719,109	\$ 784,041	\$ 207,541	\$ 421,615	\$ 3,132,306
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 35,088	-	-	-	\$ 35,088
Accrued Payroll	32,539	-	-	-	32,539
Interfund Payable	34,060	-	-	883	34,943
Total Liabilities	101,687	-	-	883	102,570
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes	774,841	367,682	-	129,053	1,271,576
Other Unavailable Revenues	-	-	-	-	-
Total Deferred Inflows of Resources	774,841	367,682	-	129,053	1,271,576
Total Liabilities and Deferred Inflows of Resources	876,528	367,682	-	129,936	1,374,146
FUND BALANCES					
Restricted	-	-	207,541	-	207,541
Future Projects	-	416,359	-	-	416,359
Debt Service	-	-	-	291,679	291,679
Special Revenues	-	-	-	-	-
Unrestricted	842,581	-	-	-	842,581
Unassigned	842,581	416,359	207,541	291,679	1,758,160
Total Fund Balances	1,719,109	784,041	207,541	421,615	3,132,306

See accompanying notes to financial statements.

NORTHLAKE PUBLIC LIBRARY DISTRICT
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

June 30, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,758,160
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,882,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(5,086,501)
Accrued Interest is not due and payable in the current period and, therefore, not reported in the governmental funds	(16,082)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	(579,987)
Deferred outflows of resources related to pensions are not current financial resources and, therefore, are not reported in the governmental funds	203,275
Compensated absences are not due and payable in the current period and, therefore, are not reported in governmental funds	<u>(51,850)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,109,613</u>

See accompanying notes to financial statements.

NORTHLAKE PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General Fund	Debt Service Fund	Special Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 1,434,382	\$ 696,319	\$ -	\$ 262,970	\$ 2,393,671
Replacement Taxes	63,865	-	-	-	63,865
Service Fees and Fines	25,471	-	-	-	25,471
Interest	2,996	-	-	2,016	5,012
Per Capita Grant	-	-	-	-	-
Other Grants	-	-	-	-	-
Donations	2,539	-	-	-	2,539
Other Income	4,086	-	-	-	4,086
Total Revenues	1,533,339	696,319	-	264,986	2,494,644
EXPENDITURES					
Current					
Personnel	995,911	-	-	154,184	1,150,095
Library Materials	73,249	-	-	-	73,249
Operating Expenses	209,228	-	-	8,900	218,128
Insurance	-	-	-	17,994	17,994
Building and Sites	-	-	-	60,248	60,248
Capital Outlay and Maintenance	52,907	-	-	-	52,907
Debt Service					
Principal	-	525,000	-	-	525,000
Interest and Fees	-	148,947	-	-	148,947
Total Expenditures	1,331,295	673,947	-	241,326	2,246,568
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	202,044	22,372	-	23,660	248,076
OTHER FINANCING SOURCES (USES)					
Proceeds from loans	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in/(out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	202,044	22,372	-	23,660	248,076
FUND BALANCES, JULY 1	640,537	393,987	207,541	268,019	1,510,084
FUND BALANCES, JUNE 30	\$ 842,581	\$ 416,359	\$ 207,541	\$ 291,679	\$ 1,758,160

See accompanying notes to financial statements.

NORTHLAKE PUBLIC LIBRARY DISTRICT

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

For the Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES -			
TOTAL GOVERNMENTAL FUNDS	\$		248,076
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities			30,413
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities			-
The bond premium on the issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of noncurrent liability in the statement of activities			13,962
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities			525,000
The decrease in long-term liabilities for compensated absences is reported as an expenditure when due in governmental funds but as a increase of liabilities in the statement of activities			13,330
The change in the net pension liability is reported as an expense on the statement of activities			(3,906)
The change in the deferred outflow is reported as an expense on the statement of activities			(48,085)
The increase in accrued interest is reported as an expenditure when due in governmental funds but as a increase of liabilities in the statement of activities			(3,506)
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(394,177)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$		<u>381,107</u>

See accompanying notes to financial statements.

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northlake Public Library District, Illinois (District) primarily serves the Village of Northlake in Cook County, Illinois, with the library located in Northlake.

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

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

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

A. Reporting Entity

The Northlake Public Library District is governed by the Northlake Public Library District Board of Trustees. The Library District Board of Trustees selects management staff and directs the affairs of the District. As required by generally accepted accounting principles, the financial statements include all accounts of the District. Management has also considered all potential component units. Criteria for including a component unit in the District's reporting entity principally consist of the potential component unit's financial interdependency and accountability to the District. Based upon those criteria, there are no potential component units to be included in the reporting entity.

B. Fund Accounting

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

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

C. Government-Wide and Fund Financial Statements

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

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

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

The District reports the following major governmental funds:

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

Special Reserve Fund – This fund is used to report costs of capital or non-recurring nature as the Board designates. Funding is generally from excess fund transfers from the General Fund.

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Debt Service Fund – This fund is used to record property taxes received and principal and interest payments disbursed in relation to the District's bonds payable.

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

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

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

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

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special reserve, debt service, and all special revenue funds. All annual appropriations lapse at fiscal year-end.

F. Prepaid Item/Expenses

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

G. Investments

Investments are stated at fair value in accordance with GASB Statement No. 31.

H. Compensated Absences

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

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

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets which include land, land improvements, buildings, vehicles and furniture and equipment are reported in the government-wide statement of net assets. Capital assets are defined as assets with an estimated useful life of greater than one year. The District has established a minimum threshold of \$2,500 for capitalization purposes. 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 funds.

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 Assets and is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 years
Buildings	20-40 years
Vehicles, Furniture & Equipment	4-10 years

J. Prepaid Item/Expenses

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

K. Long-Term Obligations

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

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

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

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

M. Interfund Transactions

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

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

N. Accounting Estimates

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

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances/Net Position

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

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

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

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

All departments of the District submit requests for appropriations to the Library Director so that a budget may be prepared.

The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

2. LEGAL COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The Library Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year no supplementary appropriations were necessary.

3. DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and equivalents." In addition, deposits and investments are separately held by several of the District's funds.

A. Deposits

At year-end the carrying amount of the District's deposits totaled \$1,825,787 and the bank balances totaled \$1,835,291. Of this amount, all of it is covered by federal deposit insurance or by collateral held in the District's name.

B. Investments

At June 30, 2017, the District had \$461,009 held in the Illinois funds and \$355,707 held in the Illinois Institutional Investors Trust (IIIT).

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC and has an affirmed AAA Standards & Poor's credit qualifying rating. The fair value of the positions of this pool is the same as the value of the pool shares. The Fund offers two separate investments vehicles to public entities. The Fund issues a publicly available financial report. That report may be obtained by writing to Office of the State treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702.

IIIT is a trust organized under the laws of the state of Illinois. IIIT invests all of its assets in a US Government Money Market Portfolio, a money market mutual fund. IIIT has a AAAM Standard & Poor's credit qualifying rating.

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk – The District has a formal investment policy. However, investment purchases mirror daily cash flow needs. Consequently, there is no limit attached to the maturity dates of the investments purchases as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Statues authorize the District to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least tow standard rating services, and the Illinois Funds Money Market Fund.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

4. RECEIVABLES - TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the Counties and issued on or about March 1, 2017, and are payable in two installments, on or about March 1, 2017 and August 1, 2017. The Counties collect such taxes and remit them periodically. The second installment of the 2016 property tax levy is recorded as receivable at June 30, 2017. The second installment will be used for Fiscal Year 2017 operations and is reflected as deferred inflow of resources at June 30, 2017.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As such, the District carries commercial insurance for all risks of loss with the exception of unemployment insurance which is covered by Library Insurance Management and Risk Control Combination (LIMRiCC). Settle claims resulting from these risks have historically not exceeded insurance coverage in the past three years and there have been no significant reductions in coverage. The District participates in a public entity risk pool for unemployment insurance coverage. The District is responsible for quarterly payments and the pool is responsible for administering the program. If funds in the program are insufficient in the judgment of the pool, then the pool may assess the member's additional equal payments.

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

6. CAPITAL ASSETS

A summary of changes in capital assets for governmental activities of the District is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 349,077	\$ -	\$ -	\$ 349,077
Total capital assets not being depreciated	<u>349,077</u>	<u>-</u>	<u>-</u>	<u>349,077</u>
Capital assets being depreciated				
Building and improvements	10,355,793	-	-	10,355,793
Library materials	2,110,859	30,413	(62,815)	2,078,457
Furniture, fixtures, and equipment	842,360	-	-	842,360
Total capital assets being depreciated	<u>13,309,012</u>	<u>30,413</u>	<u>(62,815)</u>	<u>13,276,610</u>
Less accumulated depreciation for				
Building and improvements	2,971,605	281,043	-	3,252,648
Library materials	1,874,075	82,167	(62,815)	1,893,427
Furniture, fixtures, and equipment	566,047	30,967	-	597,014
Total accumulated depreciation	<u>5,411,727</u>	<u>394,177</u>	<u>(62,815)</u>	<u>5,743,089</u>
Total capital assets being depreciated, net	<u>7,897,285</u>	<u>(363,764)</u>	<u>-</u>	<u>7,533,521</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 8,246,362</u>	<u>\$ (363,764)</u>	<u>\$ -</u>	<u>\$ 7,882,598</u>

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

GOVERNMENTAL ACTIVITIES	
Culture and Recreation	<u>\$ 394,177</u>

7. LONG-TERM DEBT

A. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in long-term liabilities:

	<u>Balances July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30</u>	<u>Current Portion</u>
GOVERNMENTAL ACTIVITIES					
GO Library Refunding Bonds, 2014	\$ 5,430,000	\$ -	\$ 525,000	\$ 4,905,000	\$ 545,000
Bond Premium	195,463	-	13,962	181,501	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 5,625,463</u>	<u>\$ -</u>	<u>\$ 538,962</u>	<u>\$ 5,086,501</u>	<u>\$ 545,000</u>

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

7. LONG-TERM DEBT (Continued)

B. Debt Service Requirements to Maturity

Annual debt service requirements to maturity on long-term debt are as follows:

Fiscal Year Ending June 30	GO Refunding Bonds, Series 2014	
	Principal	Interest
2018	545,000	98,100
2019	560,000	87,200
2020	575,000	114,000
2021	595,000	96,750
2022	610,000	75,900
2023-2024	2,020,000	135,525
TOTALS	\$ 4,905,000	\$ 607,475

C. Legal Debt Margin

Assessed Value – 2016	<u>\$501,517,471</u>
Legal Debt Limit - 2.875% of Assessed Valuation	\$14,418,627
Amount of Debt Applicable to Debt Limit	_____ -
Legal Debt Limit	<u>\$14,418,627</u>

Chapter 50, Section 405/1 of the Illinois Compiled Statutes provides: “no township, school district or other municipal corporation having a population of less than 300,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 2.875% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying such governmental unit’s 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979.”

The limitation prescribed shall not apply to any indebtedness of any library district incurred for acquiring or improving sites, constructing, extending or improving and equipping sites for public library purposes or for the establishment, support and maintenance of a public library, under the provisions of “The Illinois Public Library District Act.”

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

7. LONG-TERM DEBT (Continued)

The District issued general obligation refunding bonds to advance refund a portion of the outstanding GO Bonds, Series 2005. The bonds have a maturity date of December 1, 2024 and are payable December 1, 2016 through 2024. The interest rates on the outstanding bonds are variable from 2.0% to 3.5%.

8. DEFICIT FUND BALANCES

As of June 30, 2017, the Liability and Workers' Compensation Insurance Fund had a deficit fund balance of \$(10,796).

9. INDIVIDUAL FUND DISCLOSURES

Interfund loans are classified as Interfund Receivables/Payables. The following funds owe the General Fund the amounts noted: Audit Fund, \$883. This creates an Interfund Receivable of \$883 for the General Fund. The General Fund owes the following funds: Social Security Fund, \$11,480; IMRF Fund, \$13,589; Liability and Workers' Compensation Insurance fund, \$1,402; and Building and Sites Fund, \$7,589. This creates an Interfund Payable of \$34,060 for the General Fund. There were no transfers that occurred during the fiscal year.

10. DEFINED BENEFIT PENSION PLAN

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

Plan Administration

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

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund

Plan Membership

At December 31, 2016, IMRF membership consisted of:

Retirees and beneficiaries	19
Inactive, non-retired members	15
Active plan members	14
TOTAL	48

Benefits Provided

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

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

Contributions

The District employees participating in IMRF are required to contribute 4.5% of their annual eligible covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2016 was 11.61% of payroll. The District's contribution requirements are established and may be amended by the IMRF Board of Trustees.

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial cost method	Aggregate Entry Age Normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Investment rate of return	7.48%
Cost of living adjustments	4.00%
Asset valuation method	5-year smoothed market

Net Pension

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

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

NORTHLAKE PUBLIC LIBRARY DISTRICT

Notes to Financial Statements (Continued)

June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

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

Changes in Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balances at January 1, 2016	\$ 3,890,873	\$ 3,314,792	\$ 576,081
Changes for the period			
Service cost	77,838	-	77,838
Interest	287,850	-	287,850
Difference between expected and actual experience	7,986	-	-
Changes in assumptions	(9,786)	-	(9,786)
Employer contributions	-	87,734	(87,734)
Employee contributions	-	34,006	(34,006)
Net investment income	-	214,995	(214,995)
Benefit payments and refunds	(163,073)	(163,073)	-
Other	-	23,247	(23,247)
Net changes	200,815	196,909	3,906
Balances at December 31, 2016	\$ 4,091,688	\$ 3,511,701	\$ 579,987

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

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2017 The District recognized pension expense of \$139,091. At June 30, 2017, The District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,637	\$ 26,741
Changes in assumption	1,728	6,908
Net difference between projected and actual earnings on pension plan investments	187,513	-
Contributions after measurement date	42,046	-
TOTAL	\$ 236,924	\$ 33,649

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

Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 41,055
2018	59,763
2019	53,823
2020	48,634
2021	-
Thereafter	-
TOTAL	\$ 203,275

NORTHLAKE PUBLIC LIBRARY DISTRICT
Notes to Financial Statements (Continued)
June 30, 2017

10. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 1,107,188	\$ 579,987	\$ 144,100

11. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees at their option, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in Trust for the exclusive benefits of all participants and beneficiaries. It is the opinion of the District's legal counsel that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Investments are managed by the plan's trustee under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. Since amounts held in Trust are the exclusive benefit of all participants, the District does not maintain the assets on its balance sheet.

12. OTHER POSTEMPLOYMENT BENEFITS

The District is required to offer employees, who are IMRF vested, continued health insurance participation upon termination of employment. The departing employee pays the entire health insurance premium and therefore there is no explicit subsidy. The District is a participant of Library Insurance Management and Risk Control Combination (LIMRiCC), a community-rated health insurance plan and as such, it is the District's opinion that there is no implicit subsidy as defined by Government Accounting Standards Board (GASB) Statement No. 45.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended June 30, 2017

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 1,450,000	\$ 1,434,382
Replacement Taxes	65,000	63,865
Service Fees and Fines	29,425	25,471
Interest	1,000	2,996
Per Capita Grant	60,000	-
Other Grants	-	-
Donations	2,500	2,539
Other Income	3,000	4,086
	<u>1,610,925</u>	<u>1,533,339</u>
EXPENDITURES		
Current		
Personnel		
Salaries	972,615	920,798
Medical Insurance	81,900	64,423
Staff and Board Training	4,935	3,476
Dues and Memberships	1,575	742
Other Personnel Expenses	3,150	6,472
	<u>1,064,175</u>	<u>995,911</u>
Library Materials		
Books	51,469	18,411
Periodicals and Databases	15,750	24,437
Audio/Visual	26,525	16,847
Supplies and Contingencies	-	13,554
	<u>93,744</u>	<u>73,249</u>
Operating Expenses		
Utilities	107,520	121,946
Legal	2,625	586
Professional Services	57,750	30,611
Bookkeeping Services/Banking Fees	21,263	10,552
Supplies	32,340	16,785
Postage and Delivery Service	3,675	3,705

(See independent auditor's report.)

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

For the Year Ended June 30, 2017

	Original and Final Budget	Actual
EXPENDITURES (continued)		
Current (continued)		
Operating Expenses (continued)		
MLS - Service Fees	11,000	10,923
Property and Officer Insurance	-	-
Printing and Publicity	4,463	4,148
Programs	8,505	8,817
Total Operating Expenses	249,141	208,073
Capital Outlay and Maintenance		
Equipment, Building and Grounds Maintenance	48,825	1,058
SWAN Maintenance	13,150	16,919
Automation Hardware	7,875	12,853
Capital Outlay	37,800	22,077
Total Capital Outlay and Maintenance	107,650	52,907
Contingencies		
Contingency	32,445	1,155
Total Contingencies	32,445	1,155
Total Expenditures	1,547,155	1,331,295
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	63,770	202,044
OTHER FINANCING SOURCES (USES)		
Proceeds from loans	-	-
Transfers	-	-
Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCE	63,770	202,044
FUND BALANCE, JULY 1		640,537
FUND BALANCE, JUNE 30		\$ 842,581

(See independent auditor's report.)

NORTHLAKE PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended June 30, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 700,000	\$ 696,319
Interest	-	-
Donations and other	-	-
	<u>700,000</u>	<u>696,319</u>
Total Revenues		
EXPENDITURES		
Current		
Debt Service		
Principal	525,000	525,000
Interest	140,805	148,175
Issuance costs	-	-
Fees	-	772
	<u>665,805</u>	<u>673,947</u>
Total Debt Service		
Total Expenditures	<u>665,805</u>	<u>673,947</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,195	22,372
OTHER FINANCING SOURCES (USES)		
Proceeds from loans	-	-
Bond premium	-	-
Transfers	-	-
	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCE	<u>34,195</u>	22,372
FUND BALANCE, JULY 1		<u>393,987</u>
FUND BALANCE, JUNE 30		<u>\$ 416,359</u>

(See independent auditor's report.)

NORTHLAKE PUBLIC LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL RESERVE FUND

For the Year Ended June 30, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ -	\$ -
Interest	-	-
Donations and other	-	-
	-	-
Total Revenues	-	-
EXPENDITURES		
Current		
Capital Outlay and Maintenance		
Equipment, Building and Grounds Maintenance	-	-
Capital Outlay	-	-
	-	-
Total Capital Outlay and Maintenance	-	-
Contingencies		
Contingency	-	-
	-	-
Total Contingencies	-	-
Total Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-
OTHER FINANCING SOURCES (USES)		
Proceeds form loans	-	-
Transfers	-	-
	-	-
Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCE	-	-
FUND BALANCE, JULY 1		207,541
FUND BALANCE, JUNE 30		\$ 207,541

(See independent auditor's report.)

NORTHLAKE PUBLIC LIBRARY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2016*

	2016	2015	2014
Actuarially determined contribution	\$ 87,734	\$ 80,380	\$ 89,238
Contributions in relation to the actuarially determined contribution	<u>87,734</u>	<u>80,379</u>	<u>89,237</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Covered-employee payroll	\$ 755,678	\$ 732,054	\$ 788,318
Contributions as a percentage of covered-employee payroll	11.61%	10.98%	11.32%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percentage of pay, closed and the amortization period was 27 years; the asset valuation method was 5-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 4.00% compounded annually.

*IMRF's measurement date is December 31, 2016; therefore information above is presented for the calendar year ended December 31, 2016.

(See independent auditor's report.)

NORTHLAKE PUBLIC LIBRARY DISTRICT

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

December 31, 2016*

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	\$ 77,838	\$ 75,200	\$ 92,246
Interest	287,850	278,115	254,774
Changes of benefit terms	-	-	-
Differences between expected and actual experience	7,986	(73,481)	(40,512)
Changes of assumptions	(9,786)	4,748	163,065
Benefit payments, including refunds of member contribution:	(163,073)	(138,514)	(151,269)
Net change in total pension liability	200,815	146,068	318,304
TOTAL PENSION LIABILITY - BEGINNING	<u>3,890,873</u>	<u>3,744,805</u>	<u>3,426,501</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 4,091,688</u>	<u>\$ 3,890,873</u>	<u>\$ 3,744,805</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 87,734	\$ 80,379	\$ 89,237
Contributions - member	34,006	32,942	35,475
Net investment income	214,995	17,404	199,797
Benefit payments, including refunds of member contribution:	(163,073)	(138,514)	(151,269)
Other	23,247	(170,789)	31,489
Net change in plan fiduciary net position	196,909	(178,578)	204,729
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>3,314,792</u>	<u>3,493,370</u>	<u>3,288,641</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 3,511,701</u>	<u>\$ 3,314,792</u>	<u>\$ 3,493,370</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET)	<u>\$ 579,987</u>	<u>\$ 576,081</u>	<u>\$ 251,435</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	85.83%	85.19%	93.29%
Covered-employee payroll	\$ 755,678	\$ 732,054	\$ 788,318
Employer's net pension liability as a percentage of covered-employee payroll	76.75%	78.69%	31.90%

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

*IMRF's measurement date is December 31, 2016; therefore information above is presented for the calendar year ended December 31, 2016.

(See independent auditor's report.)

NON-MAJOR GOVERNMENTAL FUNDS

NORTHLAKE PUBLIC LIBRARY DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue							Totals
	Social Security Fund	IMRF Fund	Unemployment Compensation Fund	Audit Fund	Liability and Workers' Compensation Insurance Fund	Building and Sites Fund	Working Cash Fund	
ASSETS								
Cash	\$ -	\$ -	\$ 16,483	\$ 2,895	\$ -	\$ 42,912	\$ 219,711	\$ 282,001
Interfund Receivable	11,480	13,589	-	-	1,402	7,589	-	34,060
Property Taxes Receivable	36,695	46,581	-	3,205	493	42,079	-	129,053
TOTAL ASSETS	\$ 48,175	\$ 60,170	\$ 16,483	\$ 6,100	\$ 1,895	\$ 92,580	\$ 219,711	\$ 445,114
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Cash Overdraft	\$ 3,155	\$ 8,146	\$ -	\$ -	\$ 12,198	\$ -	\$ -	\$ 23,499
Accounts Payable	-	-	-	-	-	-	-	-
Interfund Payable	-	-	-	883	-	-	-	883
Total Liabilities	3,155	8,146	-	883	12,198	-	-	24,382
DEFERRED INFLOWS OF RESOURCES								
Unavailable property taxes	36,695	46,581	-	3,205	493	42,079	-	129,053
Total Deferred Inflows of Resources	36,695	46,581	-	3,205	493	42,079	-	129,053
Total Liabilities and Deferred Inflows of Resources	39,850	54,727	-	4,088	12,691	42,079	-	153,435
FUND BALANCES								
Restricted	8,325	5,443	16,483	2,012	(10,796)	50,501	219,711	291,679
Special Revenues	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
Unassigned	8,325	5,443	16,483	2,012	(10,796)	50,501	219,711	291,679
Total Fund Balances	16,650	10,886	32,966	4,024	(21,592)	101,002	439,422	583,358
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 48,175	\$ 60,170	\$ 16,483	\$ 6,100	\$ 1,895	\$ 92,580	\$ 219,711	\$ 445,114

(See independent auditor's report.)

NORTHLAKE PUBLIC LIBRARY DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	Special Revenues						Totals
	Social Security Fund	IMRF Fund	Unemployment Compensation Fund	Audit Fund	Liability and Workers' Compensation Insurance Fund	Building and Sites Fund	
REVENUES							
Property Taxes	\$ 72,894	\$ 92,486	\$ -	\$ 8,189	\$ 5,496	\$ 83,905	\$ 262,970
Interest	-	-	-	-	-	1,131	885
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	72,894	92,486	-	8,189	5,496	85,036	264,986
EXPENDITURES							
Audit expenses	-	-	-	8,900	-	-	8,900
Building expenses	-	-	-	-	-	60,248	60,248
FICA expenses	67,123	-	-	-	-	-	67,123
IMRF expenses	-	87,061	-	-	-	-	87,061
Insurance expenses	-	-	(303)	-	18,297	-	17,994
Debt Service expenses	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Total Expenditures	67,123	87,061	(303)	8,900	18,297	60,248	241,326
NET CHANGES IN FUND BALANCES	5,771	5,425	303	(711)	(12,801)	24,788	23,660
Other financing sources (uses):							
Transfers from (to) general fund	-	-	-	-	-	-	-
FUND BALANCES, JULY 1	2,554	18	16,180	2,723	2,005	25,713	268,019
FUND BALANCES, JUNE 30	\$ 8,325	\$ 5,443	\$ 16,483	\$ 2,012	\$ (10,796)	\$ 50,501	\$ 291,679

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

NORTHLAKE PUBLIC LIBRARY DISTRICT

Property Tax Assessed Valuations, Rates, Extensions, and Collections
June 30, 2017

Tax Levy Year	2016		2015	
	Rate	Amount	Rate	Amount
Assessed Valuation	Cook County 501,517,471		Cook County 431,100,385	
Tax Extensions				
Corporate	0.30360	\$ 1,522,539	0.34120	\$ 1,470,914
Bonds & Interest	0.14400	722,321	0.16520	712,346
I.M.R.F.	0.01820	91,403	0.02020	87,082
Social Security	0.01430	71,913	0.01570	67,682
Audit	0.00120	6,160	0.00230	9,915
Liability Insurance	0.00000	-	0.00000	-
Working Cash	0.00000	-	0.00000	-
Workmen's Compensation	0.00020	986	0.00020	862
Library Building and Sites	0.01640	82,469	0.01880	81,046
Unemployment Insurance	0.00000	-	0.00000	-
	<u>0.49790</u>	<u>2,497,791</u>	<u>0.56360</u>	<u>2,429,847</u>
Total Cook Extension		\$ <u>2,497,791</u>		\$ <u>2,429,847</u>
Tax Collections:				
year ended June 30, 2017		\$ 1,226,215		\$ 1,167,456
Previous years		-		1,139,669
Total Collected		\$ <u>1,226,215</u>		\$ <u>2,307,125</u>
Percent collected		<u>49.1%</u>		<u>94.9%</u>

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

(See independent auditor's report.)