ELMWOOD PARK PUBLIC LIBRARY (A Component Unit of the Village of Elmwood Park) Elmwood Park, Illinois

FINANCIAL STATEMENTS Year Ended April 30, 2018

ELMWOOD PARK PUBLIC LIBRARY Elmwood Park, Illinois

FINANCIAL STATEMENTS YEAR ENDED APRIL 30, 2018

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Crowe LLP Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees Elmwood Park Public Library Elmwood Park, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Elmwood Park Public Library (the "Library"), a component unit of the Village of Elmwood Park, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We believe 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 each major fund of the Library, as of April 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison, and Pension Schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Crowe LLP

Oak Brook, Illinois September 20, 2018

ELMWOOD PARK PUBLIC LIBRARY Management's Discussion and Analysis Year Ended April 30, 2018

The discussion and analysis of Elmwood Park Public Library's (the "Library") financial performance provides an overall review of the Library's financial activities for the year ended April 30, 2018. 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 total Net Position of the Library at the close of the fiscal year was $6,063,236. Of this amount, $1,031,245 (unrestricted Net Position) may be used to meet the Library's ongoing obligations to citizens and creditors.

• General revenues were $1,600,190 or 96%, of all revenues. Program-specific revenues, in the form of charges for services and grants, were $65,944, or 4%, of total revenues of $1,666,134.

Operational Highlights

• The Elmwood Park Public Library strives to provide an environment where people can "explore, connect, create" and be a "place where life, work, and play unite." In staying true to our vision and goals in our 2016- 19 Strategic Plan, the Library continues to provide free access to materials and online resources, technology and space that provide a foundation for lifelong learning, personal enjoyment and entertainment.

• In FY18, the Library continued to reach goals in its 2016-19 Strategic Plan. Small scale improvement projects included updating technology in the public meeting room and repaving the staff parking lot behind the Library. We also replaced four Adult lounge chairs and added art to that department. The Library applied for, and was awarded, a Live & Learn Construction grant for a lobby remodel project. We began to make changes in staff areas to prepare for the project, which will be started and completed in FY18-19. New services, collections, and programs include Homework 911 after school help, the launch of an annual after-hours fundraiser, and community partnerships that brought job training and volunteer opportunities to our residents, as well as opportunities to connect with government officials.

• The Library also began a review of its investment income and discussed opportunities to invest in more short term, higher yield investments, which would bring a modest increase to revenue. The Board of Trustees will decide and make changes in investment income in FY18-19.

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:

• Library-wide financial statements,

• Fund financial statements,

• Notes to the financial statements, and

Each component is explained below.

Library-Wide Financial Statements

The Library-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 deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

(Continued)

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 revenue is earned and expenses are incurred. Additionally, activity related to the acquisition, depreciation and year-end balances of capital assets, as well as year-end balances and related changes in long-term debt in its government-wide financial statements, are reported.

The Library-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 Library Programs and Services, and non-programmed charges.

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. All of the Library funds are considered governmental funds (the Library maintains no proprietary or fiduciary funds).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Library-wide financial statements. However, unlike the Library-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 the Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Library-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Library-wide financial statements. By doing so, readers may better understand the long-term impact of the Library'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 two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Building Fund, both of which are considered to be major funds.

The Library adopts an annual budget for the General Fund. Actual general fund expenditures were $90,413 below budget for the current fiscal year because grant revenues and expenditures were included in the budget that were not awarded. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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 Library-wide and fund financial statements.

Required Supplementary Information

The required supplementary information includes this management discussion and analysis, the budgetary comparison schedule for the general fund, the schedule of Illinois Municipal Retirement Fund (IMRF) contributions, and the schedule of the Library's proportionate share of the IMRF net pension liability. These are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board.

(Continued)

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Library-Wide Financial Analysis

Net Position

Table 1 Condensed Statement of Net Position

	2018	2017	Change
Current and other assets	$ 1,775,627	$ 1,729,708	$ 45,919
Capital assets	5,039,030	5,163,436	(124,406)
Deferred pension outflows	75,034	306,614	(231,580)
Total assets and deferred outflows of resources	6,889,691	7,199,758	(310,067)
Long-term debt outstanding	239,723	971,931	(732,208)
Other liabilities	54,532	51,978	2,554
Deferred pension inflows	532,200	23,238	508,962
Total liabilities and deferred inflows of resources	826,455	1,047,147	(220,692)
Net investment in capital assets	5,031,991	5,152,332	(120,341)
Unrestricted net position	1,031,245	1,000,279	30,966
Total net position	$ 6,063,236	$ 6,152,611	$ (89,375)

Changes in Net Position

The decrease in Net Position of $89,375 consists of an excess of operating expenses over revenues as portrayed on the statement of activities for the year ended April 30, 2018.

(Continued)

Table 2 Changes in Net Position

2018 2017 Change Revenues: Program revenues:

Charges for services $ 26,166 $ 28,392 $ (2,226) Operating grants and contributions 39,778 30,351 9,427 General revenues:

Taxes 1,583,849 1,532,855 50,994 Investment earnings 1,736 2,771 (1,035) Miscellaneous 14,605 13,099 1,506 Total revenues 1,666,134 1,607,468 58,666

Expenses: Library programs and services 1,754,440 1,776,035 (21,595) Interest on long-term debt 1,069 1,509 (440) Total expenses 1,755,509 1,777,544 (22,035)

Increase (decrease) in net position (89,375) (170,076) 80,701

Net position - Beginning 6,152,611 6,322,687 (170,076) Net position - Ending $ 6,063,236 $ 6,152,611 $ (89,375) Financial Analysis of the Library's Funds

The balances of cash and temporary investments in the General and the Building funds are as follows:

April 30, 2018 April 30, 2017 Change General fund $ 819,999 $ 776,871 $ 43,128 Building fund 143,505 180,583 (37,078)

Total $ 963,504 $ 957,454 $ 6,050 Capital Asset and Debt Administration

Capital Assets

By the end of 2018, the Library had invested $8,318,082 (before depreciation) in a broad range of capital assets, including buildings, fixtures and equipment (computer, audio-visual, books and furniture) and land (See Table 3 below). (More detailed information about capital assets can be found in Note 2 to the financial statements).

Depreciation expense for the year was $241,711.

(Continued)

Table 3 Capital Assets

2018 2017 Change Land $ 45,685 $ 45,685 $ - Land improvements 265,116 265,116 - Buildings 5,437,321 5,437,321 - Furniture and equipment 845,126 845,126 - Books 1,724,834 1,704,108 20,726

Total $ 8,318,082 $ 8,297,356 $ 20,726 At year-end, the Library had $244,280 in long-term obligations outstanding, as shown below. (More detailed information about the Library's long-term liabilities is presented in Note 4 to the financial statements).

2018 2017 Change Compensated absences $ 20,607 $ 33,606 $ (12,999) IMRF net pension liability 216,634 931,285 (714,651) Capital lease obligation 7,039 11,104 (4,065)

Total $ 244,280 $ 975,995 $ (731,715) Factors Bearing on the Library's Future

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

The Library continues to pursue grants and other fundraising efforts as it continues to update and improve spaces. This year the Library received a Live and Learn Construction Grant from the Illinois State Library/Secretary of State for our lobby, and the Board approved use of the Gift Fund for the Story Room. These changes will decrease savings in the Special Funds, but we do not have any other immediate needs other than furniture replacement. The Library will be looking toward saving for capital improvements over the next 10-20 years - carpet, roof, HVAC. The Library has continued e-Rate funding to offset telecommunications costs and savings have gone toward computer equipment and meeting room improvements, such as development of a smart board. The Library continues to evaluate large expenses, and will need to make difficult decisions regarding online databases, equipment leases, and streaming services in the near future.

As has been true for the past several years, the Library continues to work toward more competitive staff salaries while paying the early retirement obligations for IMRF, all while receiving less income in fines and fees. However, moving forward, the Library anticipates receiving the Illinois State Library Per Capita in full. The Library will also be replenishing the Gift Fund with our annual evening fundraiser. Furthermore, interest income will increase due to investment changes approved by the Board. Lastly, in the next 3-6 years, we expect there to be some retirements that will allow staffing reconfigurations and eventual cost savings.

(Continued)

7. Table 4 Outstanding Long-Term Obligations

Requests for Information

This financial report is designed to provide the Library's patrons, taxpayers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the funding received. If you have questions about this report or need additional financial information, contact the Elmwood Park Public Library Board of Trustees or the Library Director. The Board generally meets the third Thursday of every month.

ELMWOOD PARK PUBLIC LIBRARY STATEMENT OF NET POSITION April 30, 2018

Governmental Activities Assets

Curent assets

Cash and investments 963,504 $ Property taxes receivable 763,338 Grants receivable 31,104 Prepaids 17,681 Total current assets 1,775,627 Capital assets

Capital assets not being depreciated 45,685 Capital assets, net of accumulated depreciation 4,993,345 Total assets 6,814,657

Deferred outflows of resources

Deferred pension outflows 75,034 Total deferred outflows of resources 75,034

Liabilities

Current liabilities

Accrued payroll 26,633 Accounts payable 14,249 Unearned grant revenues 9,093 Lease payable, current 4,557 Total current liabilities 54,532 Long term obligations, due in more than one year

Compensated absences 20,607 IMRF net pension liability 216,634 Lease payable 2,482 Total long term liabilities 239,723 Total liabilities 294,255

Deferred inflows of resources

Deferred pension inflows 532,200 Total deferred inflows of resources 532,200

Net position

Net investment in capital assets 5,031,991 Unrestricted 1,031,245 Total net position 6,063,236 $

See accompanying notes to financial statements. 9.

ELMWOOD PARK PUBLIC LIBRARY STATEMENT OF ACTIVITIES Year Ended April 30, 2018

Net (Expense) Operating Revenue and Charges for Grants and Changes in Functions/Programs Expenses Services Contributions Net Position Primary government

Governmental activities

Library programs and services 1,754,440 $ 26,166 $ 39,778 $ (1,688,496) $ Interest on long-term debt 1,069 - - (1,069) Total governmental activities 1,755,509 $ 26,166 $ 39,778 $ (1,689,565)

General revenues

Taxes

Property taxes, levied for general purposes 1,574,349 Replacement taxes 9,500 Unrestricted investment earnings 1,736 Miscellaneous 14,605 Total general revenues 1,600,190

Change in net position (89,375)

Net position - beginning 6,152,611

Net position - ending 6,063,236 $

See accompanying notes to financial statements.

ELMWOOD PARK PUBLIC LIBRARY GOVERNMENTAL FUNDS BALANCE SHEET April 30, 2018

	Major Funds General Fund	Building Fund	Total
Assets			
Cash and investments	$ 819,999	$ 143,505	$ 963,504
Property taxes receivable	763,338	-	763,338
Grants receivable	31,104	-	31,104
Prepaids	11,808	5,873	17,681
Total assets	$ 1,626,249	$ 149,378	$ 1,775,627
Liabilities			
Accrued payroll	$ 26,633	$ -	$ 26,633
Accounts payable	14,249	-	14,249
Unearned grant revenue	9,093	-	9,093
Total liabilities	49,975	-	49,975
Deferred inflows of resources			
Unavailable revenue-grants	31,104	-	31,104
Unavailable revenue-property taxes	749,959	-	749,959
Total deferred inflows of resources	781,063	-	781,063
Fund balance			
Nonspendable			
Prepaids	11,808	5,873	17,681
Assigned			
Building improvement/repairs	-	143,505	143,505
Unassigned	783,403	-	783,403
Total fund balances	795,211	149,378	944,589
Total liabilities, deferred inflows, and fund balance	$ 1,626,249	$ 149,378	$ 1,775,627

See accompanying notes to financial statements.

ELMWOOD PARK PUBLIC LIBRARY RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION April 30, 2018

Total fund balances - governmental funds 944,589 $

Amounts reported for governmental activities net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets 8,318,082 $ Accumulated depreciation (3,279,052)

Capital outlay in excess of depreciation 5,039,030

Property taxes receivable and to be collected in the next fiscal year are intended to be used to pay for the current period's expenditures, and therefore are recorded as revenue in the government-wide statements and unavailable in the fund statements. 749,959

Grants receivable and to be collected in the next fiscal year are intended to be used to pay for the current period's expenditures, and therefore are recorded as revenue in the government-wide statements and unavailable in the fund statements. 31,104

Deferred outflows of resources related to pensions do not involve available financial resources and accordingly are not reported on the fund financial statements. 75,034

Deferred inflows of resources related to pensions do not involve available financial resources and accordingly are not reported on the fund financial statements. (532,200)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in the governmental funds. These liabilities consist of:

Compensated absences 20,607 IMRF net pension liability 216,634 Lease payable 7,039

(244,280)

Net position of governmental activities 6,063,236 $

See accompanying notes to financial statements.

ELMWOOD PARK PUBLIC LIBRARY GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Year Ended April 30, 2018

Major Funds General Fund Building Fund Total Revenues

Property taxes $ 1,545,396 $ - $ 1,545,396 Charges for services 26,166 - 26,166 Grants 27,995 - 27,995 Other taxes 9,500 - 9,500 Other revenue 14,605 - 14,605 Interest income 1,314 422 1,736 Total revenue 1,624,976 422 1,625,398

Expenditures

Current

Wages 903,839 - 903,839 Health insurance 96,079 - 96,079 Payroll taxes 206,701 - 206,701 Professional fees 23,374 - 23,374 General Insurance 10,997 - 10,997 Utilities 6,777 - 6,777 Telephone 7,992 - 7,992 Software 47,651 - 47,651 Building improvements and repairs 48,479 37,500 85,979 Supplies 9,732 - 9,732 Books 67,521 - 67,521 Periodicals 10,775 - 10,775 Grant expenditures 24,171 - 24,171 AV materials 34,459 - 34,459 Office and computer equipment 23,122 - 23,122 Postage 916 - 916 Marketing and advertising 10,911 - 10,911 Conferences and training 9,546 - 9,546 Fees 8,655 - 8,655 Programs 27,503 - 27,503 Miscellaneous 442 - 442 Debt service

Principal 4,065 - 4,065 Interest 1,069 - 1,069 Total expenditures 1,584,776 37,500 1,622,276

Net change in fund balance 40,200 (37,078) 3,122

Fund balance at beginning of year 755,011 186,456 941,467

Fund balance at end of year $ 795,211 $ 149,378 $ 944,589

See accompanying notes to financial statements.

ELMWOOD PARK PUBLIC LIBRARY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended April 30, 2018

Net change in fund balances - total governmental funds 3,122 $

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Depreciation (241,711) $ Capital outlay 125,755

Net capital assets (115,956)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property tax difference 28,953 Grant revenue difference 11,783

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) decreases net position. (8,450)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 4,065

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 funds.

Increase in pension liability and deferral items (25,891) Decrease in compensated absences 12,999

Change in net position of governmental activities (89,375) $

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Elmwood Park Public Library (Library) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The accepted standard setting body for establishing accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The following is a summary of the significant policies.

Reporting Entity and Its Services: The Library has adopted the provisions of GASB Statement No. 61. Based on these criteria, the Library has no component units. However, the Library is a component unit of the Village of Elmwood Park and is included in their Basic Financial Statements.

Basis of Presentation: The Library's basic financial statements consist of Library-wide statements, including a statement of net position, statement of activities and fund financial statements, which provide a more detailed level of financial information. The Library-wide focus is more on the sustainability of the Library as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Library-Wide Financial Statements – The statement of position and the statement of activities display information about the Library as a whole. In the Library-wide statement of net position, the governmental activities are presented on a consolidated basis. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library does not participate in any business-type activities. The Library-wide statement of activities reflects both the direct expenses and net cost of each function of the Library's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Library.

Fund Financial Statements – The financial transactions of the Library are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate.

Measurement Focus and Basis of Accounting:

Library-Wide Financial Statements – The Library-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Library has reported two categories of program revenues in the statement of activities: (1) charges for services, and (2) program-specific operating grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Library's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net position to remove the "grossing up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables and advances. Similarly, operating transfers between funds have been eliminated in the statement of activities.

Fund Financial Statements – Governmental fund 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the library. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Unearned revenue is reported on the governmental fund balance sheet. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria. Unearned revenues also arise when resources are received prior to the Library having a legal claim to them. In a subsequent period, when both recognition criteria are met or when the Library has a legal claim to the resources, the liability is removed, and the revenue recognized.

Differences occur from the manner in which the governmental activities and the Library-wide financial statements are prepared because of the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the Library-wide statements and the statements for governmental funds.

The Library reports the following major governmental funds:

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund – Building Funds are used to account for financial resources to be used for the acquisition of building equipment or maintenance of the building.

Capital Assets: Capital assets, which include property, equipment and infrastructure assets (e.g., buildings, furniture & equipment, and similar items), are reported in the governmental activities columns in the Library- wide financial statements. Capital assets are defined by the Library as assets with a useful life of more than one year and a historical cost of $5,000 or more. All books and library materials are capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property and equipment that are not above the $5,000 capitalization threshold are expensed in the year they are purchased.

All reported capital assets except land, land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Books and library materials are depreciated using a composite depreciation rate of 4%. Depreciation on all remaining assets is provided on the straight-line basis over the following estimated useful lives:

Buildings 40 years Land improvements 20 years Furniture and equipment 5-10 years

Investments: Investments are stated at fair value in accordance with GASB Statement No. 31. Fair values for the Illinois Treasurer's Investment Pool are the same as the value of the pool shares. State statute requires these funds to comply with the Illinois Public Funds Investment Act.

Property Tax Revenues Recognition: Property taxes attach as an enforceable lien on January 1. They are levied in September (by passage of a Tax Levy Ordinance). Tax Bills are prepared by the County and issued on or about February 1, and are payable in two installments on or about March 1 and on or about October 1 the following year. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available, in accordance with National Council on Governmental Accounting (NCGA) Interpretation No. 3. Property taxes receivable is recorded net of an allowance and the unearned portion of the receivable is shown as a deferred inflow on the fund statements.

Accumulated Unpaid Vacation and Other Employee Benefit Amounts: The Library inventories its employee benefits at year end based on both a legal commitment and internal policy. Based on a review it applies the accrual basis of accounting to determine its liability. The Library had $20,607 in accumulated unpaid vacation and other employee benefits at year end recorded in the library-wide financial statements. None of this amount was determined to be funded out of current resources and the entire amount will be labeled as long term.

Claims and Judgments: Liabilities resulting from claims and judgments, if any, have been reflected in the financial statements in accordance with GASB Statement No. 62. As of April 30, 2018, management is not aware of any existing, threatened, or potential law suits, and accordingly there is no provision for loss recorded on the books.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Fund Balance/Net Position:

Government-wide Statements – Net position represent the difference between the total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds Statements – The components of the fund balance include the following line items:

a) Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact. b) Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation. As of April 30, 2018, the Library does not have any restricted fund balance. c) Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the Library, the Library's Board of Trustees is the highest level of decision making. As of April 30, 2018, the Library does not have any commitments of fund balance. d) Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Trustees designated for that purpose. The intended use is established by an official designated for that purpose. When it is appropriate for fund balance to be assigned in any fund, the Library delegates such authority to the Library Director. e) Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. In addition, if there is a deficit balance in another governmental fund, it will be reported as a negative amount in that fund's unassigned classification.

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

Interfund Receivables/Payables and Transfers: During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due To/From Other Funds" on the governmental balance sheet.

Risk Management: The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Health insurance coverage is provided by the Village of Elmwood Park. The amount of coverage has neither decreased nor have the amount of settlements exceeded coverage in at least the past three fiscal years.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net 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 Library reports change in pension assumptions, Library contributions subsequent to the measurement date but before the fiscal year end, differences between projected and actual experience, and change in proportionate share of the net pension liability. Changes in pension plan assumptions, differences between projected and actual experience, and change in proportionate share are deferred and amortized over the average of the expected remaining service lives of employees that are provided with benefits through the pension plan. Employer contributions subsequent to the measurement date but before the fiscal year end are deferred and recognized as a reduction of net pension liability in the subsequent year.

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. Certain amounts related to pensions must be deferred. Differences between expected and actual experience and changes in pension assumptions are deferred and amortized over the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan. The net difference between projected and actual earnings on pension plan investments is deferred and amortized over five years.

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

Estimates: Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements:

In June 2015, the GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the Library's fiscal year ended April 30, 2019. This statement will have no effect on the Library.

In November 2016, the GASB issued Statement 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement is effective for the Library's fiscal year ended April 30, 2020. This statement will have no effect on the Library.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2017, the GASB issued Statement 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for the Library’s fiscal year ended April 30, 2020. This statement will have no effect on the Library.

In March 2017, the GASB issued Statement 85, Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This Statement is effective for the Library’s fiscal year ended April 30, 2019. Management has not determined what impact, if any, this statement will have on its financial statements.

In March 2017, the GASB issued Statement 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for the Library’s fiscal year ended April 30, 2019. This Statement will have no effect on the Library.

In June 2017, the GASB issued Statement 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the Library’s fiscal year ended April 30, 2021. Management has not determined what impact, if any, this statement will have on its financial statements.

In April 2018, the GASB issued Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for the Library’s fiscal year ended April 30, 2020. Management has not determined what impact, if any, this statement will have on its financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the GASB issued Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is effective for the Library's fiscal year ended April 30, 2021. This Statement will have no effect on the Library.

NOTE 2 - CAPITAL ASSETS

A summary of changes in the Library's capital assets for the period from May 1, 2017 through April 30, 2018 follows:

Depreciation expense for the Library was charged to the governmental function Library programs and services in the amount of $241,711.

(Continued)

	Balance at May 1, 2017	Additions	Deletions	Balance at April 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 45,685	$ -	$ -	$ 45,685
Subtotal	45,685	-	-	45,685
Capital assets being depreciated:				
Land improvements	265,116	-	-	265,116
Building	5,437,321	13,000	13,000	5,437,321
Furniture and equipment	845,126	-	-	845,126
Books	1,704,108	112,755	92,029	1,724,834
Subtotal	8,251,671	125,755	105,029	8,272,397
Accumulated depreciation:				
Land improvements	(205,468)	(13,256)	-	(218,724)
Buildings	(2,057,879)	(135,935)	(4,550)	(2,189,264)
Furniture and equipment	(734,331)	(23,527)	-	(757,858)
Books	(136,242)	(68,993)	(92,029)	(113,206)
Accumulated depreciation	(3,133,920)	(241,711)	(96,579)	(3,279,052)
Total capital assets being depreciated, net	5,117,751	(115,956)	8,450	4,993,345
Governmental activities capital assets, net	$ 5,163,436	$ (115,956)	$ 8,450	$ 5,039,030

NOTE 3 – CASH AND INVESTMENTS

The Library is authorized by state statute and their own local ordinances to invest in the following:

- Certificates of deposit
- Savings accounts
- Money markets
- Illinois Treasurer’s Investment Pool (Illinois Funds)

The carrying value of the Library’s deposits as of April 30, 2018 was $963,504. The bank balances were $969,396. All account balances, except for the Library’s checking account, at banks were insured by the Federal Deposit Insurance Corporation (FDIC). The checking account was uncollateralized by the amount of $38,586.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library adheres to the Village’s investment policy that limits investment maturities to two years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library adheres to the Village’s investment policy that requires all fixed income investments to be of investment grade quality or higher at purchase.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the investor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library adheres to the Village’s investment policy that requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AAA/Aaa by one or more standard rating service to include Standard & Poor’s, Moody’s, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

Concentration of Credit Risk: The Library adheres to the Village’s investment policy that places no limit on the amount it may invest in any one issuer.

NOTE 4 – LONG TERM OBLIGATIONS

A summary of changes in the Library’s long-term obligations is as follows:

	Balance at May 1, 2017	Issued	Retired	Balance at April 30, 2018	Due within One Year
Compensated absences	$ 33,606	$ 50,657	$ 63,656	$ 20,607	$ -
IMRF net pension liability	931,285	-	714,651	216,634	-
Capital lease obligation	11,104	-	4,065	7,039	4,557
Total	$ 975,995	$ 50,657	$ 782,372	$ 244,280	$ 4,557

Compensated absences will be paid as they come due. It is considered a long term liability with no current portion. The absences represent amounts owed to employees for earned but unused vacation pay, which will be paid from the General Fund.

(Continued)

NOTE 4 – LONG TERM OBLIGATIONS (Continued)

On November 13, 2014, the Library entered into a capital lease for two copier printers with an imputed interest rate of 11.51% to be paid monthly on the 15th with final payment due on October 15, 2019. The assets under the capital lease in the amount of $19,445 were capitalized at the inception of the lease. As of April 30, 2018, the accumulated depreciation balance relating to this asset is $13,612.

A summary of annual principal and interest requirements to maturity:

Fiscal Year	Principal	Interest
2019	$ 4,557	$ 575
2020	2,482	84
Total	$ 7,039	$ 659

Interest in the amount of $1,069 was paid on the lease in fiscal year 2018.

NOTE 5 - OPERATING LEASES

The Library has two operating leases with the Village of Elmwood Park (the Village). First, the land on which the Library was built is owned by the Village and leased to the Library for a 50-year period, whereas the Library makes payments to the Village of one dollar per year. At the end of the lease term, the rights to the land revert back to the Village. Secondly, land owned by the Library was leased to the Village for the purposes of constructing a recreational facility. The lease term is 99 years, whereas the Village pays the Library the sum of one dollar annually. At the conclusion of the 99-year period, rights to the land revert back to the Library.

NOTE 6 – PENSION AND RETIREMENT PLAN

Plan Description:

Eligible employees of the Elmwood Park Public Library are enrolled in the Illinois Municipal Retirement Fund (IMRF) through the Village of Elmwood Park. The Village acts as a single-employer cost sharing defined benefit pension plan to the Library. Therefore, all required disclosures are presented in the Village of Elmwood Park's annual financial statements. The Village includes Library employees in its reports to IMRF. The Library issues its checks in payment of the employees' and the Library's share monthly.

The Village'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's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. 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.

Benefits Provided:

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

(Continued)

NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)

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

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

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

Contributions:

As set by statute, the Library's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual required contribution rate for calendar year 2017 was 16.75%. For the fiscal year ended April 30, 2018, the Library contributed $137,717 to the plan. The Library 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

At April 30, 2018, the Library reported a liability of $216,634 for its proportionate share of the Village's net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's share of contributions to the pension plan relative to all contributions. At December 31, 2017, the Library's proportion was 17.99%, which was an increase of 0.09% from its proportion measured as of December 31, 2016.

For the year ended April 30, 2018, the Library recognized pension expense of $163,608. At April 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)

At April 30, 2018, there was $44,894 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended April 30, 2019. Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in future periods as follows:

Actuarial Assumptions:

The Village's net pension liability for IMRF was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method Entry Age Normal Asset Valuation Method Market Value of Assets Price Inflation 2.50% Salary Increases 3.39% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014-2016.

(Continued)

 Deferred Deferred Outflows Inflows of Resources of Resources Differences between projected and actual experience $ 24,438 $ 123,330 Change in employer proportionate share 5,027 - Changes of assumptions 675 136,475 Net difference between projected and actual earnings

on pension plan investments - 272,395 Library contributions subsequent to the measurement date 44,894 -

$ 75,034 $ 532,200 Year Ended April 30:

2019 $ (121,947) 2020 (132,442) 2021 (143,318) 2022 (104,353) Total $

(502,060)

NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality table with adjustments to match current IMRF experience.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2017 Illinois Municipal Retirement Fund annual actuarial valuation. There were no benefit changes during the year.

Expected Return on Pension Plan Investments:

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:

Long-Term Expected Asset Class Target Allocation Real Rate of Return Domestic Equity 37% 6.85% International Equity 18% 6.75% Fixed Income 28% 3.00% Real Estate 9% 5.75% Alternative Investments 7% 2.65 - 7.35% Cash Equivalents 1% 2.25%

100%

Discount Rate:

A single discount rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rates 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). Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

(Continued)

NOTE 6 – PENSION AND RETIREMENT PLAN (Continued)

Therefore, the long-term expected rate of return on pension plan investments was not blended with the AA rated general obligation bond index at December 31, 2017 to arrive at the discount rates used to determine the total pension liability. For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%. The discount rate was not adjusted from 7.50% in the prior year.

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Library's proportionate share of the net pension liability, calculated using the discount rate of 7.50%, as well as what the Library's proportionate share of the net pension liability for the IMRF plan 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:

Summary of the Library's Pension Plan Information:

Net pension liability $ 216,634 Deferred outflows of resources 75,034 Deferred inflows of resources 532,200 Pension expense 163,608

 Current 1% Decrease Discount Rate 1% Increase 6.50% 7.50% 8.50% Library's portion of the net pension liability $ 893,801 $ 216,634 $

(345,331)

ELMWOOD PARK PUBLIC LIBRARY REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND Year Ended April 30, 2018

Variance Original and Positive Final Budget Actual (Negative) Revenues

Property taxes $ 1,537,708 $ 1,545,396 $ 7,688 Charges for services 29,000 26,166 (2,834) Grants 84,481 27,995 (56,486) Other taxes 9,500 9,500 - Other revenue 12,500 14,605 2,105 Interest income 2,000 1,314 (686) Total Revenue 1,675,189 1,624,976 (50,213)

Expenditures

Current

Wages 906,250 903,839 2,411 Health insurance 94,000 96,079 (2,079) Payroll taxes 211,250 206,701 4,549 Professional fees 23,300 23,374 (74) General Insurance 15,500 10,997 4,503 Utilities 10,000 6,777 3,223 Telephone 10,700 7,992 2,708 Software 46,050 47,651 (1,601) Building improvements and repairs 49,358 48,479 879 Supplies 12,700 9,732 2,968 Books 75,900 67,521 8,379 Periodicals 13,500 10,775 2,725 Grant expenditures 81,681 24,171 57,510 AV materials 39,450 34,459 4,991 Office and computer equipment 18,500 23,122 (4,622) Capital lease 9,500 - 9,500 Postage 1,200 916 284 Marketing and advertising 11,000 10,911 89 Conferences and training 9,500 9,546 (46) Fees 6,600 8,655 (2,055) Programs 29,050 27,503 1,547 Miscellaneous 200 442 (242) Debt service

Principal - 4,065 (4,065) Interest - 1,069 (1,069) Total expenditures 1,675,189 1,584,776 90,413

Net change in fund balance $ - 40,200 $ 40,200 Fund balance at beginning of year 755,011

Fund balance at end of year $ 795,211

See accompanying note to budgetary comparison schedule.

ELMWOOD PARK PUBLIC LIBRARY NOTE TO BUDGETARY COMPARISON SCHEDULE Year Ended April 30, 2018

NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING

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

A. The Library Board of Trustees approves a levy and appropriations ordinance for inclusion in the annual levy and appropriations ordinance of the Village of Elmwood Park (Village). The operating budget includes proposed expenditures and the means of financing them. The Village has the ability under their home rule powers to increase or decrease the amount of the levy.

B. Budget hearings are conducted.

C. The budget is legally enacted through passage of an ordinance by the Village's Board of Trustees after approval through a motion.

D. The budget may be amended by the Library Board of Trustees with the approval of the Village Board. There were no amendments during the year.

E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. Budget/appropriations lapse at year end.

The General Fund and Building Fund have legally adopted budgets.

ELMWOOD PARK PUBLIC LIBRARY REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT FUND CONTRIBUTIONS Last Three Fiscal Years

2018 2017 2016 Actuarially determined contribution $ 137,717 $ 144,606 $ 141,099 Contributions in relation to the actuarially determined contribution 137,717 144,606 141,099 Contribution deficiency (excess) $ - $ - $ - Covered-employee payroll $ 822,191 $ 818,015 $ 794,556 Contributions as a percentage of covered-employee payroll 16.75% 17.68% 17.76%

Notes to Schedule Valuation date

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

Methods and assumptions used to determine 2017 contribution rates: Actuarial cost method Aggregate entry age normal Amortization method Level percentage of payroll, closed Remaining amortization period Non-Taxing bodies: 10-year closed period.

Taxing bodies (Regular, SLEP, and ECO groups): 26 year close period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employes (two employers were financed over 30 years) Asset valuation method 5-year smoothed market, 20% corridor Wage growth 3.50% Price inflation 2.75% - approximate; No explicit price inflation assumption is used in this valuation Salary increases 3.75% to 14.50% including inflation Investment rate of return 7.50% Retirement age

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

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP- 2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRFexperience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality table with adjustments to match current IMRF experience. Other information There were no benefit changes during the year.

The calculation of the 2017 contribution rate is based on valuation assumptions used in the December 31, 2015 actuarial valuation.

This is a ten year schedule. However, the information prior to fiscal year 2016 is not available. Years will be added in future periods until ten years of information is available.

ELMWOOD PARK PUBLIC LIBRARY REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Last Three Fiscal Years

2018 2017 2016 Library's proportion of the net pension liability 17.99% 17.90% 17.92%

Library's proportionate share of the net pension liability $ 216,634 $ 931,285 $ 913,100 Library's covered-employee payroll 826,243 817,460 780,338

Library's proportionate share of the net pension liability as a

percentage of its covered-employee payroll 26.22% 113.92% 117.01%

Plan fiduciary net position as a percentage of the total pension liability 96.20% 83.95% 83.59%

Notes to Schedule This is a ten year schedule. However, the information displayed in this schedule is not required to be presented retroactively. Years will be added in future periods until ten years of information is available. The amounts presented were determined as of December 31 each year, which is four months prior to the fiscal year end.

Methods and assumptions used to determine total pension liability: Actuarial cost method Entry age normal Asset valuation method Market value of assets Price inflation 2.50% Salary increases 3.39% to 14.25% 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 2017 valuation pursuant to an experience study of the period 2014-2016. Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality table with adjustments to match current IMRF experience. Other information There were no benefit changes during the year.