

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

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## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules
- Supplemental Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Library's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

October 3, 2018

Members of the Board of Trustees  
Lake Villa Public Library District  
Lake Villa, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Villa Public Library District, Illinois, as of and for the year ended June 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library'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 Library'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 Lake Villa Public Library District, Illinois, as of June 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 as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Villa Public Library District, Illinois' basic financial statements. The combining and individual fund financial statements, budgetary comparison schedules and supplemental schedule 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 budgetary comparison schedules and supplemental schedule 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Management's Discussion and Analysis June 30, 2018**

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Our discussion and analysis of the Lake Villa Public Library District's financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Library's financial statements, which begin on page 3.

### **FINANCIAL HIGHLIGHTS**

- The Library's net position increased from \$28,324,991 to \$29,803,675, an increase of \$1,478,684 or 5.2 percent.
- During the year, government-wide revenues totaled \$5,399,588, while government-wide expenses totaled \$3,920,904, resulting in an increase to net position of \$1,478,684.
- Total fund balances for the governmental funds were \$21,708,985 at June 30, 2018 compared to \$18,997,889 in the prior year, an increase of \$2,711,096 or 14.3 percent.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 5) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.

Fund financial statements begin on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operation in more detail than the government-wide statements by providing information about the Library's most significant funds.

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

The government-wide financial statements provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 3 - 5 of this report.

The Statement of Net Position reports information on all of the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Library's property tax base, is needed to assess the overall health of the Library.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2018

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government'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).

Both of the government-wide financial statements report functions of the Library that are principally supported by taxes and charges for services revenues (governmental activities). The governmental activities of the Library include the cultural function.

#### 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 Library, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library only maintains governmental and fiduciary 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, 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

# **LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Management's Discussion and Analysis June 30, 2018**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

##### **Governmental Funds – Continued**

The Library maintains seven 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, Bond and Interest Fund, and Special Reserve Fund, all of which are considered major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Library adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6 - 9 of this report.

##### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Library's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 10 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 - 32 of this report.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2018

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Library, assets/deferred outflows exceeded liabilities/deferred inflows by \$29,803,675.

	Net Position	
	2018	2017
Current Assets	\$ 27,730,544	24,168,112
Capital Assets	14,512,265	9,602,703
Other Assets	312,772	-
Total Assets	42,555,581	33,770,815
Deferred Outflows	347,375	558,261
Total Assets/Deferred Outflows	42,902,956	34,329,076
Long-Term Debt Outstanding	6,066,953	723,894
Other Liabilities	1,071,965	202,808
Total Liabilities	7,138,918	926,702
Deferred Inflows	5,960,363	5,077,383
Total Liabilities/Deferred Inflows	13,099,281	6,004,085
Net Position		
Investment in Capital Assets	10,422,082	9,602,703
Restricted	548,712	866,209
Unrestricted	18,832,881	17,856,079
Total Net Position	29,803,675	28,324,991

A large portion of the Library's net position, \$10,422,082, or 35.0 percent, reflects its investment in capital assets (for example, land, buildings, equipment and furniture), less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion, \$548,712, or 1.8 percent, of the Library's net position represents resources that are subject to external restrictions on how they may be used, including \$19,155 restricted for public liability insurance, \$157,472 restricted for IMRF, \$198,792 restricted for social security, \$23,943 restricted for audit, and \$149,350 restricted for site and building. The remaining \$18,832,881 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2018

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position	
	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 20,794	16,541
Operating Grants/Contributions	156,272	-
General Revenues		
Property and Replacement Taxes	4,998,873	4,959,051
Interest	199,834	(786)
Miscellaneous	23,815	47,868
Total Revenues	<u>5,399,588</u>	<u>5,022,674</u>
Expenses		
Culture and Recreation	3,800,470	3,923,529
Interest on Long-Term Debt	120,434	-
	<u>3,920,904</u>	<u>3,923,529</u>
Change in Net Position	1,478,684	1,099,145
Net Position-Beginning	<u>28,324,991</u>	<u>27,225,846</u>
Net Position-Ending	<u>29,803,675</u>	<u>28,324,991</u>

Net position of the Library's governmental activities increased from \$28,324,991 to \$29,803,675.

Revenues of \$5,399,588 exceeded expenses of \$3,920,904, resulting in the increase to net position in the current year of \$1,478,684.

#### Governmental Activities

In the current year, governmental net position increased \$1,478,684, an increase of 5.2 percent. Property and Replacement taxes increased \$39,822 over the prior year (\$4,959,051 in 2017 compared to \$4,998,872 in 2018). The Library received a grant of \$156,272 to help with the new library building.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Management’s Discussion and Analysis  
June 30, 2018**

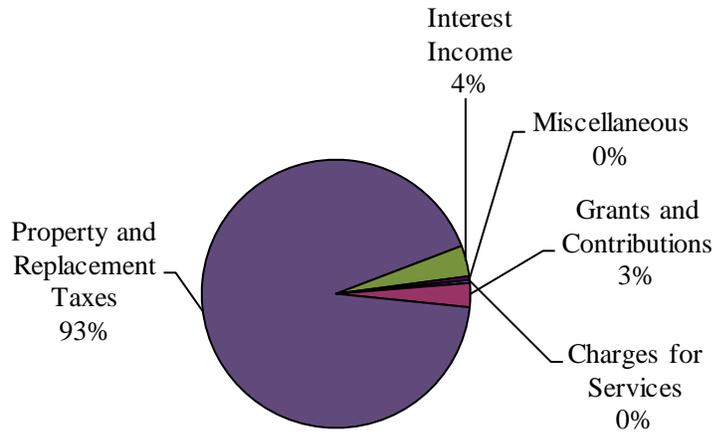
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

**Governmental Activities – Continued**

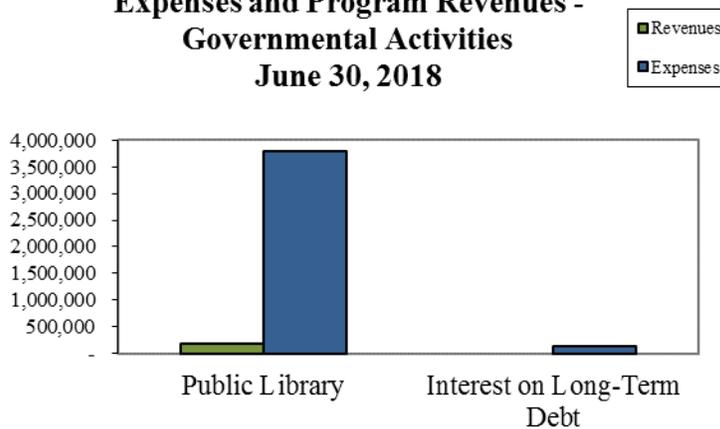
The following table graphically depicts the major revenue sources of the Library. It depicts very clearly the reliance of property taxes to fund governmental activities.

**Revenues by Source - Governmental Activities  
June 30, 2018**



The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues. The public library functions charge user fees for services provided. The user fees charged do not cover the expenses, which furthermore signifies the Library’s reliance on general revenues such as property taxes and personal property replacement taxes to fund operations.

**Expenses and Program Revenues -  
Governmental Activities  
June 30, 2018**



# **LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Management's Discussion and Analysis June 30, 2018**

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### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

#### **Governmental funds**

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$21,708,985 which is 14.3 percent higher than last year's ending fund balance of \$18,997,889.

In the current year, governmental fund balances increased by \$2,711,096. The General Fund reported an increase of \$82,306, due primarily to expenditures being less than anticipated in personnel, materials, and services and supplies. The Bond and Interest Fund had a decrease of \$36,436, due primarily to paying of debt service related expenditures. The Special Reserve Fund reported an increase of \$2,628,790, due primarily a \$2,000,000 transfer in from the General Fund and unexpended proceeds from debt issuance for ongoing planned capital spending on the construction of the new library.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, no supplemental amendments were made to the budget for the General Fund.

The General Fund actual revenues were lower than budgeted revenues. Actual revenues for the current year were \$4,942,068, compared to budgeted revenues of \$4,953,928. This resulted primarily from taxes received being \$6,391 less than expected and fines and fees being \$29,206 less than expected, but offset by unbudgeted miscellaneous revenues of \$23,467.

The General Fund actual expenditures were lower than budgeted expenditures. Actual expenditures totaled \$2,859,762, while budgeted expenditures totaled \$3,286,480. This was due primarily to substantial savings realized versus the budgeted expenditures in all culture and recreation areas.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Management's Discussion and Analysis June 30, 2018

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### CAPITAL ASSETS

The Library's investment in capital assets for its governmental activities as of June 30, 2018 was \$14,512,265 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, computers, furniture and equipment and, and library materials.

	Capital Assets - Net of Depreciation	
	2018	2017
Land	\$ 3,232,884	3,232,884
Construction in Progress	6,743,241	1,448,412
Land Improvements	51,515	57,021
Buildings	2,691,043	2,863,111
Computers, Furniture and Equipment	106,362	153,474
Library Materials	1,687,220	1,847,801
Total	14,512,265	9,602,703

This year's additions to capital assets included:

Construction in Progress	\$ 5,294,829
Library Materials	189,359
	<u>5,484,188</u>

Additional information on the Library's capital assets can be found in note 3 on page 20 of this report.

### LONG-TERM DEBT

At year-end, the Library had total outstanding general obligation bonds of \$6,085,000. The Library issued this debt in the current year to fund the shortfall in the Special Reserve – Capital Projects Fund to pay for the building of the new facility. Additional information on the Library's long-term debt can be found in note 3 on pages 21-23 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

On May 23, 2016 the Library presented information for a new facility on the property located at 38110 N. Munn Road to the Village of Lindenhurst Board. Construction of the facility began in September 2017 and is anticipated to be complete late Spring 2019. The building will be constructed with existing funds in the Special Reserve Fund and bond proceeds to be paid from the Library's operating tax rate.

# **LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

## **Management's Discussion and Analysis June 30, 2018**

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### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Library Director, Lake Villa Public Library District, 1001 East Grand Avenue, Lake Villa, Illinois 60046.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Net Position  
June 30, 2018**

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<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 25,324,055
Receivables - Net of Allowances	
Property Taxes	<u>2,406,489</u>
Total Current Assets	<u>27,730,544</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	9,976,125
Depreciable Capital Assets	11,479,477
Accumulated Depreciation	<u>(6,943,337)</u>
Total Capital Assets	<u>14,512,265</u>
Other Assets	
Net Pension Asset - IMRF	<u>312,772</u>
Total Noncurrent Assets	<u>14,825,037</u>
Total Assets	42,555,581
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>347,375</u>
Total Assets and Deferred Outflows of Resources	<u>42,902,956</u>

The notes to the financial statements are an integral part of this statement.

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**LIABILITIES**

Current Liabilities	
Accounts Payable	\$ 353,846
Retainage Payable	471,058
Accrued Payroll	83,534
Accrued Interest Payable	18,039
Current Portion of Long-Term Debt	145,488
Total Current Liabilities	<u>1,071,965</u>
Noncurrent Liabilities	
Compensated Absences Payable	101,953
General Obligation Bonds	5,965,000
Total Noncurrent Liabilities	<u>6,066,953</u>
Total Liabilities	<u>7,138,918</u>

**DEFERRED INFLOWS OF RESOURCES**

Property Taxes	5,113,121
Deferred Items - IMRF	847,242
Total Deferred Inflows of Resources	<u>5,960,363</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,099,281</u>

**NET POSITION**

Net Investment in Capital Assets	10,422,082
Restricted	
Property Tax Levies	
Public Liability Insurance	19,155
Illinois Municipal Retirement	157,472
Social Security	198,792
Audit	23,943
Site and Building	149,350
Unrestricted	<u>18,832,881</u>
Total Net Position	<u>29,803,675</u>

The notes to the financial statements are an integral part of this statement.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2018**

	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expenses)/ Revenues and Changes in Net Position
Governmental Activities				
Culture and Recreation	\$ 3,800,470	20,794	156,272	(3,623,404)
Interest on Long-Term Debt	120,434	-	-	(120,434)
Total Governmental Activities	3,920,904	20,794	156,272	(3,743,838)
		General Revenues		
		Taxes		
		Property Taxes		4,986,049
		Personal Property Replacement		12,824
		Interest		199,834
		Miscellaneous		23,815
				5,222,522
		Change in Net Position		1,478,684
		Net Position - Beginning		28,324,991
		Net Position - Ending		29,803,675

The notes to the financial statements are an integral part of this statement.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Balance Sheet - Governmental Funds  
June 30, 2018**

	General	Debt Service Bond and Interest	Capital Projects Special Reserve	Nonmajor	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 3,536,463	-	21,137,018	650,574	25,324,055
Receivables - Net of Allowances					
Property Taxes	2,324,631	-	-	81,858	2,406,489
Total Assets	5,861,094	-	21,137,018	732,432	27,730,544
<b>LIABILITIES</b>					
Accounts Payable	63,800	-	273,192	16,854	353,846
Retainage Payable	-	-	471,058	-	471,058
Accrued Payroll	71,438	-	-	12,096	83,534
Total Liabilities	135,238	-	744,250	28,950	908,438
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	4,939,196	-	-	173,925	5,113,121
Total Liabilities and Deferred Inflows of Resources	5,074,434	-	744,250	202,875	6,021,559
<b>FUND BALANCES</b>					
Restricted	19,155	-	1,994,817	529,557	2,543,529
Assigned	-	-	18,397,951	-	18,397,951
Unassigned	767,505	-	-	-	767,505
Total Fund Balances	786,660	-	20,392,768	529,557	21,708,985
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,861,094	-	21,137,018	732,432	27,730,544

The notes to the financial statements are an integral part of this statement.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Position - Governmental Activities**

**June 30, 2018**

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<b>Total Fund Balances</b>	\$ 21,708,985
Amounts reported in the Statement of Net Position are different because:	
Capital assets are not financial resources and therefore, are not reported in the funds.	14,512,265
Deferred (Inflows)/Outflows of Resources related to IMRF not reported in the funds. Deferred Items - IMRF	(499,867)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(127,441)
Net Pension Asset - IMRF	312,772
General Obligation Bonds Payable	(6,085,000)
Accrued Interest Payable	<u>(18,039)</u>
<b>Net Position</b>	<u><u>29,803,675</u></u>

The notes to the financial statements are an integral part of this statement.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended June 30, 2018**

	General	Debt Service Bond and Interest	Capital Projects Special Reserve	Nonmajor	Totals
<b>Revenues</b>					
Taxes	\$ 4,834,137	-	-	164,736	4,998,873
Intergovernmental	31,272	-	125,000	-	156,272
Fines and Forfeitures	20,794	-	-	-	20,794
Interest	32,398	206	165,241	1,989	199,834
Miscellaneous	23,467	-	348	-	23,815
<b>Total Revenues</b>	<b>4,942,068</b>	<b>206</b>	<b>290,589</b>	<b>166,725</b>	<b>5,399,588</b>
<b>Expenditures</b>					
<b>Current</b>					
Culture and Recreation	2,859,762	-	5,362,812	430,484	8,653,058
<b>Debt Service</b>					
Interest and Fiscal Charges	-	36,642	83,792	-	120,434
<b>Total Expenditures</b>	<b>2,859,762</b>	<b>36,642</b>	<b>5,446,604</b>	<b>430,484</b>	<b>8,773,492</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,082,306	(36,436)	(5,156,015)	(263,759)	(3,373,904)
<b>Other Financing Sources (Uses)</b>					
Debt Issuance	-	-	6,085,000	-	6,085,000
Transfers In	-	-	2,000,000	-	2,000,000
Transfers Out	(2,000,000)	-	-	-	(2,000,000)
	(2,000,000)	-	8,085,000	-	6,085,000
Net Change in Fund Balances	82,306	(36,436)	2,928,985	(263,759)	2,711,096
Fund Balances - Beginning	704,354	36,436	17,463,783	793,316	18,997,889
Fund Balances - Ending	786,660	-	20,392,768	529,557	21,708,985

The notes to the financial statements are an integral part of this statement.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities**

**For the Fiscal Year Ended June 30, 2018**

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**Net Change in Fund Balances** \$ 2,711,096

Amounts reported in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	5,484,188
Depreciation Expense	(574,626)
Disposal - Cost	(286,713)
Disposal - Accumulated Depreciation	286,713

The net effect of deferred outflows (inflows) of resources related to the pensions  
not reported in the funds.

Change in Deferred Items - IMRF	(976,009)
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The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Deductions to Compensated Absences Payable	11,806
Deductions to Net Pension Liability/Asset - IMRF	925,268
Debt Issuance	(6,085,000)
Change in Accrued Interest Payable	<u>(18,039)</u>

**Changes in Net Position** 1,478,684

The notes to the financial statements are in integral part of this statement.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Statement of Fiduciary Net Position  
June 30, 2018**

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 76,153</u>
<b>LIABILITIES</b>	
Deposits Payable	<u>76,153</u>

The notes to the financial statements are an integral part of this statement.

## **LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

### **Notes to the Financial Statements June 30, 2018**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lake Villa Public Library District (Library) of Illinois is located in Lake Villa, Illinois. The purpose of the Library is to provide and ensure access to materials and services to meet the lifelong learning needs of residents and organizations, as well as to create a welcoming place to gather, exchange ideas and participate in cultural events.

#### **REPORTING ENTITY**

In determining the financial reporting entity, the Library complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the Library. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **BASIS OF PRESENTATION**

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

The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds). The Library only reports governmental activities.

In the government-wide Statement of Net Position, the governmental activities is (a) presented on a consolidated basis, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Library’s net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library’s functions. The functions are supported by general government revenues (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function) are normally covered by general revenue (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library’s net position resulting from the current year’s activities.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Library electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a single column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Library:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

*General fund* is the general operating fund of the Library. It accounts for all revenues and expenditures of the Library which are not accounted for in other funds. The General Fund is a major fund and includes the Library Account, the Working Cash Account and the Public Library Insurance Account.

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Library maintains three nonmajor special revenue funds, which include the Illinois Municipal Retirement Fund, the Social Security Fund, and the Audit Fund.

## LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

### Notes to the Financial Statements June 30, 2018

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds – Continued

*Debt service funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Bond and Interest Fund is treated as a major fund and is used to account for the proceeds of tax revenues to retire general obligation debt and make the required payments therefrom.

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Library maintains one major capital projects fund, the Special Reserve Fund, which is used to account for capital improvements at the Library. The Library also maintains one nonmajor capital projects fund, the Site and Building Fund.

##### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Library programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

*Agency funds* are used to account for assets held by the Library in a purely custodial capacity. The Lake Villa Public Library District Foundation Fund is used to account for funds held on behalf of fund raising initiatives and individual donations.

The Library's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Library, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental funds are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus is utilized.

## **LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

### **Notes to the Financial Statements June 30, 2018**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

###### **Measurement Focus – Continued**

The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Agency Funds are not involved in the measurement of results of operations; therefore, measurements focus is not applicable to them.

###### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

##### Capital Assets

Capital assets purchased or acquired with an original cost of more than \$500 are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Capital Assets – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	10 Years
Buildings	40 Years
Computers, Furniture and Equipment	5 - 7 Years
Library Materials	10 Years

##### Compensated Absences

The Library accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. 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 reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types 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 debt service expenditures.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

The Library establishes the budgetary data reflected in the financial statements by the passage of a combined budget and appropriation and levy ordinance prior to the statutory deadline. The amounts presented in the statements reflect the budgeted amounts. Expenditures for any fund should not exceed the amount appropriated for the fund.

**EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND**

The following fund had an excess of actual expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
Bond and Interest	\$ 36,642

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### DEPOSITS AND INVESTMENTS

The Library 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 investments." In addition, investments are separately held by several of the Library's funds.

Permitted Deposits and Investments – Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

#### Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk

*Deposits.* At year-end, the carrying amount of the Library's deposits totaled \$4,906,688 and the bank balances totaled \$4,910,390.

*Investments.* The Library has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Securities	\$ 17,560,116	16,961,109	599,007	-	-
U.S. Agency Securities	693,318	496,009	197,309	-	-
State and Local Obligations	2,163,933	513,761	1,650,172	-	-
	<u>20,417,367</u>	<u>17,970,879</u>	<u>2,446,488</u>	<u>-</u>	<u>-</u>

The Library has the following recurring fair value measurements as of June 30, 2018:

- U.S. Treasury Securities of \$17,560,116 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency Securities of \$693,318 are valued using a matrix pricing model (Level 2 inputs)
- State and Local Obligations of \$2,163,933 are valued using a matrix pricing model (Level 2 inputs)

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*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's investment policy does not specifically limit the maximum maturity length of investments.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk – Continued

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in securities authorized by State statute, the Library’s investment policy does not further mitigate credit risk. At year-end, the Library’s investments in the U.S. Agency securities were rated AA to Aa by Moody’s. The Library’s investments in state and local obligations were not rated.

*Concentration Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Library’s investment in a single issuer. The Library’s investment policy does not mitigate concentration risk. At year-end, the Library does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library’s investment policy requires that deposit with financial institutions in excess of FDIC be collateralized with collateral held by an independent third party in the name of the Library. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

#### PROPERTY TAXES

Property taxes for the 2017 levy attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are collected in two installments in June and September. The County collects such taxes and remits them periodically.

#### INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Special Reserve	General	<u>\$ 2,000,000</u>

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 3,232,884	-	-	3,232,884
Construction in Progress	1,448,412	5,294,829	-	6,743,241
	<u>4,681,296</u>	<u>5,294,829</u>	<u>-</u>	<u>9,976,125</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	303,872	-	-	303,872
Buildings	6,605,280	-	-	6,605,280
Computers, Furniture and Equipment	1,214,093	-	-	1,214,093
Library Materials	3,453,586	189,359	286,713	3,356,232
	<u>11,576,831</u>	<u>189,359</u>	<u>286,713</u>	<u>11,479,477</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	246,851	5,506	-	252,357
Buildings	3,742,169	172,068	-	3,914,237
Computers, Furniture and Equipment	1,060,619	47,112	-	1,107,731
Library Materials	1,605,785	349,940	286,713	1,669,012
	<u>6,655,424</u>	<u>574,626</u>	<u>286,713</u>	<u>6,943,337</u>
<b>Total Depreciable Capital Assets</b>	<u>4,921,407</u>	<u>(385,267)</u>	<u>-</u>	<u>4,536,140</u>
<b>Total Capital Assets</b>	<u>9,602,703</u>	<u>4,909,562</u>	<u>-</u>	<u>14,512,265</u>

Depreciation expense of \$574,626 was charged to the culture and recreation function.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**General Obligation Bonds**

The Library issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Library. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2017, due in annual installments of \$120,000 to \$330,000 plus interest at 3.00% to 4.00% through July 1, 2047.	Debt Service	\$ -	6,085,000	-	6,085,000

**LONG-TERM LIABILITY ACTIVITY**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 139,247	11,806	23,612	127,441	25,488
Net Pension Liability/(Asset) - IMRF	612,496	-	925,268	(312,772)	-
General Obligation Bonds	-	6,085,000	-	6,085,000	120,000
	<u>751,743</u>	<u>6,096,806</u>	<u>948,880</u>	<u>5,899,669</u>	<u>145,488</u>

Payments on the compensated absences and the net pension liability are generally made by the General Fund.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2019	\$ 120,000	214,062
2020	125,000	209,162
2021	130,000	204,062
2022	135,000	198,763
2023	140,000	193,262
2024	145,000	187,562
2025	150,000	181,662
2026	155,000	175,562
2027	165,000	169,162
2028	170,000	162,462
2029	180,000	156,362
2030	185,000	150,887
2031	190,000	145,262
2032	195,000	139,487
2033	200,000	133,312
2034	210,000	126,650
2035	215,000	119,744
2036	225,000	112,453
2037	235,000	104,691
2038	240,000	96,676
2039	245,000	88,338
2040	255,000	79,588
2041	265,000	70,488
2042	275,000	61,038
2043	285,000	51,238
2044	295,000	40,793
2045	305,000	29,693
2046	320,000	18,130
2047	330,000	6,105
Total	<u>6,085,000</u>	<u>3,626,656</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Legal Debt Margin**

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% 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 the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2017	<u>\$ 875,930,408</u>
Legal Debt Limit - 8.625% of Assessed Value	25,182,999
Amount of Debt Applicable to Limit General Obligations Bonds of 2017	<u>6,085,000</u>
Legal Debt Margin	<u>19,097,999</u>

**NET POSITION/FUND BALANCES**

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of the year end:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 14,512,265
Plus:	
Unspent Bond Proceeds	1,994,817
Less Capital Related Debt:	
General Obligation Bonds	<u>(6,085,000)</u>
Net Investment in Capital Assets	<u>10,422,082</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCES – Continued**

**Fund Balance Classifications**

In the governmental funds financial statements, the Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Library first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Debt Service	Capital Projects Special Reserve	Nonmajor	Totals
<b>Restricted</b>					
Public Liability Insurance	\$ 19,155	-	-	-	19,155
Illinois Municipal Retirement	-	-	-	157,472	157,472
Social Security	-	-	-	198,792	198,792
Audit	-	-	-	23,943	23,943
Site and Building	-	-	-	149,350	149,350
Capital Projects	-	-	1,994,817	-	1,994,817
	<u>19,155</u>	<u>-</u>	<u>1,994,817</u>	<u>529,557</u>	<u>2,543,529</u>
<b>Assigned</b>					
Other Purposes	-	-	18,397,951	-	18,397,951
	<u>767,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767,505</u>
<b>Unassigned</b>					
	<u>767,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767,505</u>
<b>Total Fund Balances</b>	<u><u>786,660</u></u>	<u><u>-</u></u>	<u><u>20,392,768</u></u>	<u><u>529,557</u></u>	<u><u>21,708,985</u></u>

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

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

## LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

### Notes to the Financial Statements June 30, 2018

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCES – Continued

#### Fund Balance Classifications – Continued

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Library's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*Minimum Fund Balance Policy.* The Library's policy states that the General Fund should maintain a minimum fund balance equal to two to three months of budgeted operating expenditures, excluding transfers and capital expenditures. Fund balances in excess of said levels may be transferred to other funds at the discretion of the Board.

#### NOTE 4 – OTHER INFORMATION

#### CONTINGENT LIABILITIES

##### Litigation

The Library is currently not involved in any litigation.

##### Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Library expects such amounts, if any, to be immaterial.

## LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

### Notes to the Financial Statements June 30, 2018

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#### NOTE 4 – OTHER INFORMATION – Continued

##### **RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Library's employees. These risks are provided for through insurance from private insurance companies. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN**

The Library contributes to one defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF). IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

##### **Illinois Municipal Retirement System**

###### **Plan Description**

*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.

*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).

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.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

*Benefits Provided – Continued.* 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.

*Plan Membership.* As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	31
Inactive Plan Members Entitled to but not yet Receiving Benefits	21
Active Plan Members	<u>35</u>
Total	<u><u>87</u></u>

*Contributions.* As set by statute, the Library’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2018, the District’s contribution was 10.01% of covered payroll.

*Net Pension Liability.* The Library’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

## Notes to the Financial Statements June 30, 2018

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

##### Illinois Municipal Retirement System – Continued

##### Plan Description – Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

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.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%, the same as in the prior valuation. 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 Library contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – 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 pension liability of the District calculated using the discount rate as well as what the District’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$ 682,580	(312,772)	(1,146,194)

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 8,106,637	\$ 7,494,141	\$ 612,496
Changes for the year:			
Service Cost	173,730	-	173,730
Interest on the Total Pension Liability	602,930	-	602,930
Difference Between Expected and Actual Experience of the Total Pension Liability	(25,420)	-	(25,420)
Changes of Assumptions	(234,250)	-	(234,250)
Contributions - Employer	-	157,362	(157,362)
Contributions - Employees	-	69,561	(69,561)
Net Investment Income	-	1,327,878	(1,327,878)
Benefit Payments, including Refunds of Employee Contributions	(308,872)	(308,872)	-
Other (Net Transfer)	-	(112,543)	112,543
Net Changes	208,118	1,133,386	(925,268)
Balances at December 31, 2017	8,314,755	8,627,527	(312,772)

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Notes to the Financial Statements  
June 30, 2018**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

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

For the year ended June 30, 2018, the Library recognized pension expense of \$204,130. At June 30, 2018, the Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 7,707	(50,289)	(42,582)
Changes of Assumptions	22,165	(178,464)	(156,299)
Net difference Between Projected and Actual Earnings on Pension Plan Investments	243,790	(618,489)	(374,699)
Total Pension Expense to be Recognized in Future Periods	273,662	(847,242)	(573,580)
Pension Contributions Made Subsequent to the Measurement Date	73,713	-	73,713
Total Deferred Amounts Related to Pensions	347,375	(847,242)	(499,867)

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

Year Ending June 30,	Net Deferred Outflows/(Inflows) of Resources
2019	\$ (229,309)
2020	(189,648)
2021	(154,623)
2022	-
2023	-
Thereafter	-
	(573,580)

## LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS

### Notes to the Financial Statements June 30, 2018

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#### NOTE 4 – OTHER INFORMATION – Continued

##### POST-EMPLOYMENT BENEFITS

The Library has evaluated its potential other postemployment benefits liability. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, there is minimal participation. As the Library provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Therefore, the Library has not recorded a liability as of June 30, 2018.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule  
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Schedule of Employer Contributions**

**June 30, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 172,236	\$ 175,107	\$ 2,871	\$ 1,512,168	11.58%
2016	150,440	150,440	-	1,511,957	9.95%
2017	150,325	150,325	-	1,551,343	9.69%
2018	153,709	153,709	-	1,535,689	10.01%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market, 20% Corridor
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP 2014 (base year 2012)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
June 30, 2018**

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	<u>12/31/14</u>
Total Pension Liability	
Service Cost	\$ 194,748
Interest	487,736
Differences Between Expected and Actual Experience	(91,045)
Change of Assumptions	292,153
Benefit Payments, Including Refunds of Member Contributions	<u>(214,652)</u>
Net Change in Total Pension Liability	668,940
Total Pension Liability - Beginning	<u>6,513,092</u>
Total Pension Liability - Ending	<u><u>7,182,032</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 175,107
Contributions - Members	69,182
Net Investment Income	411,033
Benefit Payments, Including Refunds of Member Contributions	(214,652)
Other (Net Transfer)	<u>33,903</u>
Net Change in Plan Fiduciary Net Position	474,573
Plan Net Position - Beginning	<u>6,723,435</u>
Plan Net Position - Ending	<u><u>7,198,008</u></u>
Employer's Net Pension Liability/(Asset)	<u><u>\$ (15,976)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.22%
Covered Payroll	\$ 1,512,168
Employer's Net Pension Liability as a Percentage of Covered Payroll	(1.06%)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/15	12/31/16	12/31/17
177,509	172,179	173,730
536,349	572,763	602,930
30,126	(55,725)	(25,420)
18,602	(19,225)	(234,250)
(238,932)	(269,041)	(308,872)
523,654	400,951	208,118
7,182,032	7,705,686	8,106,637
7,705,686	8,106,637	8,314,755
150,440	150,325	157,362
68,038	69,810	69,561
35,939	482,770	1,327,878
(238,932)	(269,041)	(308,872)
(186,353)	33,137	(112,543)
(170,868)	467,001	1,133,386
7,198,008	7,027,140	7,494,141
7,027,140	7,494,141	8,627,527
678,546	612,496	(312,772)
91.19%	92.44%	103.76%
1,511,957	1,551,343	1,545,791
44.88%	39.48%	(20.23%)

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	
	Original and Final	Actual
Revenues		
Taxes	\$ 4,840,528	4,834,137
Intergovernmental	30,000	31,272
Fines and Forfeitures	50,000	20,794
Interest	33,400	32,398
Miscellaneous	-	23,467
Total Revenues	<u>4,953,928</u>	<u>4,942,068</u>
Expenditures		
Culture and Recreation		
Contractual Services	376,030	304,399
Personnel	2,197,850	1,953,047
Library Materials	473,600	429,094
Operations	239,000	173,222
Total Expenditures	<u>3,286,480</u>	<u>2,859,762</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,667,448	2,082,306
Other Financing (Uses)		
Transfers Out	<u>(1,689,048)</u>	<u>(2,000,000)</u>
Net Change in Fund Balance	<u>(21,600)</u>	82,306
Fund Balance - Beginning		<u>704,354</u>
Fund Balance - Ending		<u><u>786,660</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements - General Fund - by Account
  - Combining Balance Sheet
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
- Budgetary Comparison Schedules - General Fund - by Account
  - Library Account
  - Working Cash Account
  - Public Library Insurance Account
- Budgetary Comparison Schedules - Major Governmental Funds
  - Bond and Interest - Debt Service Fund
  - Special Reserve - Capital Projects Fund
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
  - Illinois Municipal Retirement - Special Revenue Fund
  - Social Security - Special Revenue Fund
  - Audit - Special Revenue Fund
  - Site and Building - Capital Projects Fund
- Schedule of Changes in Assets and Liabilities - Agency Fund

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **GENERAL FUND**

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

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## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

### **Illinois Municipal Retirement Fund**

The Illinois Municipal Retirement Fund is used to account for the Library's participation in the Illinois Municipal Retirement Fund. Financing is provided by a specific annual property tax levy which produces a sufficient amount to pay the Library's contributions to the fund on behalf of its employees.

### **Social Security Fund**

The Social Security Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for payment of the employer's portion of Federal Social Security and Medicare taxes.

### **Audit Fund**

The Audit Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for the annual audit of the Library.

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## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for proceeds of tax revenues to retire general obligation debt and make the required payments therefrom.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

### **Special Reserve Fund**

The Special Reserve Fund is used to account for capital improvements at the library.

### **Site and Building Fund**

The Site and Building Fund is used to account for maintenance costs on the Library's facility.

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## **AGENCY FUND**

### **Lake Villa Public Library District Foundation**

The Lake Villa Public Library District Foundation Fund is used to account for funds held on behalf of fund raising initiatives and individual donations.

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**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Combining Balance Sheet - General Fund - by Account  
June 30, 2018**

	Library	Working Cash	Public Liability Insurance	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 3,308,196	209,112	19,155	3,536,463
Receivables - Net of Allowances				
Property Taxes	2,324,631	-	-	2,324,631
Total Assets	5,632,827	209,112	19,155	5,861,094
<b>LIABILITIES</b>				
Accounts Payable	63,800	-	-	63,800
Accrued Payroll	71,438	-	-	71,438
Total Liabilities	135,238	-	-	135,238
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	4,939,196	-	-	4,939,196
Total Liabilities and Deferred Inflows of Resources	5,074,434	-	-	5,074,434
<b>FUND BALANCES</b>				
Restricted	-	-	19,155	19,155
Unassigned	558,393	209,112	-	767,505
Total Fund Balances	558,393	209,112	19,155	786,660
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,632,827	209,112	19,155	5,861,094

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - by Account**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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**See Following Page**

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - by Account**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	Library Account	
	Budget	
	Original and Final	Actual
Revenues		
Taxes	\$ 4,840,528	4,834,137
Intergovernmental	30,000	31,272
Fines and Forfeitures	50,000	20,794
Interest	30,000	30,763
Miscellaneous	-	23,467
Total Revenues	<u>4,950,528</u>	<u>4,940,433</u>
Expenditures		
Culture and Recreation		
Contractual Services	351,030	286,940
Personnel	2,197,850	1,953,047
Library Materials	473,600	429,094
Operations	239,000	173,222
Total Expenditures	<u>3,261,480</u>	<u>2,842,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,689,048	2,098,130
Other Financing (Uses)		
Transfers Out	<u>(1,689,048)</u>	<u>(2,000,000)</u>
Net Change in Fund Balance	<u>-</u>	98,130
Fund Balance - Beginning		<u>460,263</u>
Fund Balance - Ending		<u><u>558,393</u></u>

<u>Working Cash Account</u>		<u>Public Liability Insurance</u>		<u>Total</u>	
<u>Budget</u>		<u>Budget</u>		<u>Budget</u>	
<u>Original</u>		<u>Original</u>		<u>Original</u>	
<u>and Final</u>	<u>Actual</u>	<u>and Final</u>	<u>Actual</u>	<u>and Final</u>	<u>Actual</u>
-	-	-	-	4,840,528	4,834,137
-	-	-	-	30,000	31,272
-	-	-	-	50,000	20,794
3,000	1,478	400	157	33,400	32,398
-	-	-	-	-	23,467
<u>3,000</u>	<u>1,478</u>	<u>400</u>	<u>157</u>	<u>4,953,928</u>	<u>4,942,068</u>
-	-	25,000	17,459	376,030	304,399
-	-	-	-	2,197,850	1,953,047
-	-	-	-	473,600	429,094
-	-	-	-	239,000	173,222
-	-	<u>25,000</u>	<u>17,459</u>	<u>3,286,480</u>	<u>2,859,762</u>
3,000	1,478	(24,600)	(17,302)	1,667,448	2,082,306
-	-	-	-	(1,689,048)	(2,000,000)
<u>3,000</u>	1,478	<u>(24,600)</u>	(17,302)	<u>(21,600)</u>	82,306
	<u>207,634</u>		<u>36,457</u>		<u>704,354</u>
	<u>209,112</u>		<u>19,155</u>		<u>786,660</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - Library Account**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	
	Original and Final	Actual
Revenues		
Taxes	\$ 4,840,528	4,834,137
Intergovernmental	30,000	31,272
Fines and Forfeitures	50,000	20,794
Interest	30,000	30,763
Miscellaneous	-	23,467
Total Revenues	<u>4,950,528</u>	<u>4,940,433</u>
Expenditures		
Culture and Recreation		
Contractual Services	351,030	286,940
Personnel	2,197,850	1,953,047
Library Materials	473,600	429,094
Operations	239,000	173,222
Total Expenditures	<u>3,261,480</u>	<u>2,842,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,689,048	2,098,130
Other Financing (Uses)		
Transfers Out	<u>(1,689,048)</u>	<u>(2,000,000)</u>
Net Change in Fund Balance	<u>-</u>	98,130
Fund Balance - Beginning		<u>460,263</u>
Fund Balance - Ending		<u>558,393</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - Library Account**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u>	
	Original and Final	Actual
Taxes		
Property Taxes	\$ 4,830,528	4,821,313
Replacement Taxes	10,000	12,824
	<u>4,840,528</u>	<u>4,834,137</u>
Intergovernmental		
Per Capita Grant	<u>30,000</u>	31,272
Fines and Forfeitures	<u>50,000</u>	20,794
Interest	<u>30,000</u>	30,763
Miscellaneous		
Photocopies	-	12,555
Lost Materials	-	6,983
Miscellaneous	-	3,929
	<u>-</u>	<u>23,467</u>
Total Revenues	<u>4,950,528</u>	<u>4,940,433</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - Library Account**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	
	Original and Final	Actual
<b>Culture and Recreation</b>		
Contractual Services		
Equipment Maintenance	\$ 11,200	10,258
Information Technology	198,180	182,965
Legal	11,000	3,899
Other Consultants	20,000	1,110
Other Contractual	9,700	10,700
Printing	28,750	20,634
Programs and Promotions	72,200	57,374
	<u>351,030</u>	<u>286,940</u>
<b>Personnel</b>		
Continuing Education	38,850	21,338
Benefits	170,000	92,315
Salaries	1,972,000	1,833,437
Recruitment	2,000	100
Staff Development	15,000	5,857
	<u>2,197,850</u>	<u>1,953,047</u>
<b>Library Materials</b>		
Interlibrary Loan	500	406
Nonprint	115,000	94,736
Online	162,100	144,591
Print	196,000	189,361
	<u>473,600</u>	<u>429,094</u>
<b>Operations</b>		
Equipment and Furniture	40,000	3,549
Insurance	15,500	12,237
Postage	17,200	14,798
Supplies	58,800	34,658
Utilities	107,500	107,980
	<u>239,000</u>	<u>173,222</u>
<b>Total Expenditures</b>	<u><u>3,261,480</u></u>	<u><u>2,842,303</u></u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - Working Cash Account**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Interest	\$ 3,000	1,478
Expenditures		
Culture and Recreation	-	-
Net Change in Fund Balance	<u>3,000</u>	1,478
Fund Balance - Beginning		<u>207,634</u>
Fund Balance - Ending		<u>209,112</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**General Fund - Public Liability Insurance Account**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Interest	\$ 400	157
Expenditures		
Culture and Recreation		
Contractual Services		
Liability Insurance and Unemployment Premiums	<u>25,000</u>	<u>17,459</u>
Net Change in Fund Balance	<u>(24,600)</u>	(17,302)
Fund Balance - Beginning		<u>36,457</u>
Fund Balance - Ending		<u>19,155</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Bond and Interest - Debt Service Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Interest	\$ -	206
Expenditures		
Debt Service		
Interest and Fiscal Charges	-	36,642
Net Change in Fund Balance	<u>-</u>	(36,436)
Fund Balance - Beginning		<u>36,436</u>
Fund Balance - Ending		<u>-</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Special Reserve - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	
	Original and Final	Actual
Revenues		
Grant	\$ 125,000	125,000
Interest		
Interest Income	120,000	165,241
Miscellaneous	-	348
Total Revenue	<u>245,000</u>	<u>290,589</u>
Expenditures		
Culture and Recreation		
Operations		
Building Repair and Maintenance	15,000,000	5,362,812
Debt Service		
Interest and Fiscal Charges	-	83,792
Total Expenditures	<u>15,000,000</u>	<u>5,446,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,755,000)</u>	<u>(5,156,015)</u>
Other Financing Sources		
Debt Issuance	-	6,085,000
Transfers In	1,689,048	2,000,000
	<u>1,689,048</u>	<u>8,085,000</u>
Net Change in Fund Balance	<u>(13,065,952)</u>	2,928,985
Fund Balance - Beginning		<u>17,463,783</u>
Fund Balance - Ending		<u>20,392,768</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet**

**June 30, 2018**

	Special Revenue			Capital Projects	
	Illinois Municipal Retirement	Social Security	Audit	Site and Building	Total
<b>ASSETS</b>					
Cash and Investments	\$ 181,171	204,043	23,943	241,417	650,574
Receivables - Net of Allowances					
Property Taxes	-	-	-	81,858	81,858
Total Assets	<u>181,171</u>	<u>204,043</u>	<u>23,943</u>	<u>323,275</u>	<u>732,432</u>
<b>LIABILITIES</b>					
Accounts Payable	16,854	-	-	-	16,854
Accrued Payroll	6,845	5,251	-	-	12,096
Total Liabilities	<u>23,699</u>	<u>5,251</u>	<u>-</u>	<u>-</u>	<u>28,950</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	-	-	-	173,925	173,925
Total Liabilities and Deferred Inflows of Resources	<u>23,699</u>	<u>5,251</u>	<u>-</u>	<u>173,925</u>	<u>202,875</u>
<b>FUND BALANCES</b>					
Restricted	<u>157,472</u>	<u>198,792</u>	<u>23,943</u>	<u>149,350</u>	<u>529,557</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>181,171</u>	<u>204,043</u>	<u>23,943</u>	<u>323,275</u>	<u>732,432</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2018**

	Special Revenue			Capital Projects	Totals
	Illinois Municipal Retirement	Social Security	Audit	Site and Building	
Revenues					
Taxes	\$ -	-	-	164,736	164,736
Interest	1,597	1,728	169	(1,505)	1,989
Total Revenues	<u>1,597</u>	<u>1,728</u>	<u>169</u>	<u>163,231</u>	<u>166,725</u>
Expenditures					
Culture and Recreation					
Contractual Services	-	-	8,250	-	8,250
Personnel	153,389	138,047	-	-	291,436
Operations	-	-	-	130,798	130,798
Total Expenditures	<u>153,389</u>	<u>138,047</u>	<u>8,250</u>	<u>130,798</u>	<u>430,484</u>
Net Change in Fund Balances	(151,792)	(136,319)	(8,081)	32,433	(263,759)
Fund Balances - Beginning	<u>309,264</u>	<u>335,111</u>	<u>32,024</u>	<u>116,917</u>	<u>793,316</u>
Fund Balances - Ending	<u>157,472</u>	<u>198,792</u>	<u>23,943</u>	<u>149,350</u>	<u>529,557</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Illinois Municipal Retirement - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Interest	\$ 2,400	1,597
Expenditures		
Culture and Recreation		
Personnel		
Illinois Municipal Retirement	<u>175,000</u>	<u>153,389</u>
Net Change in Fund Balance	<u>(172,600)</u>	(151,792)
Fund Balance - Beginning		<u>309,264</u>
Fund Balance - Ending		<u><u>157,472</u></u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Social Security - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Interest	\$ 2,400	1,728
Expenditures		
Culture and Recreation		
Personnel		
Social Security	<u>175,000</u>	<u>138,047</u>
Net Change in Fund Balance	<u>(172,600)</u>	(136,319)
Fund Balance - Beginning		<u>335,111</u>
Fund Balance - Ending		<u><u>198,792</u></u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Audit - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Interest	\$ 350	169
Expenditures		
Culture and Recreation		
Contractual Services		
Audit	<u>8,250</u>	<u>8,250</u>
Net Change in Fund Balance	<u>(7,900)</u>	(8,081)
Fund Balance - Beginning		<u>32,024</u>
Fund Balance - Ending		<u>23,943</u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Site and Building - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

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	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>
Revenues		
Taxes		
Property Taxes	\$ 164,736	164,736
Interest	2,250	(1,505)
Total Revenues	<u>166,986</u>	<u>163,231</u>
Expenditures		
Culture and Recreation		
Operations		
Building and Grounds Improvement and Maintenance	<u>300,000</u>	<u>130,798</u>
Net Change in Fund Balance	<u>(133,014)</u>	32,433
Fund Balance - Beginning		<u>116,917</u>
Fund Balance - Ending		<u><u>149,350</u></u>

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Lake Villa Public Library Foundation - Agency Fund**

**Schedule of Changes in Assets and Liabilities  
For the Fiscal Year Ended June 30, 2018**

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	Balances July 1	Additions	Deductions	Balances June 30
<b>ASSETS</b>				
Cash and Investments	\$ 66,583	9,570	-	76,153
<b>LIABILITIES</b>				
Deposits Payable	66,583	9,570	-	76,153

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**SUPPLEMENTAL SCHEDULE**

**LAKE VILLA PUBLIC LIBRARY DISTRICT, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation Bonds of 2017  
June 30, 2018**

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Date of Issue	November 16, 2017
Date of Maturity	June 1, 2047
Authorized Issue	\$6,085,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	Mesirow Financial, Inc.

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2019	\$ 120,000	214,062	334,062
2020	125,000	209,162	334,162
2021	130,000	204,062	334,062
2022	135,000	198,763	333,763
2023	140,000	193,262	333,262
2024	145,000	187,562	332,562
2025	150,000	181,662	331,662
2026	155,000	175,562	330,562
2027	165,000	169,162	334,162
2028	170,000	162,462	332,462
2029	180,000	156,362	336,362
2030	185,000	150,887	335,887
2031	190,000	145,262	335,262
2032	195,000	139,487	334,487
2033	200,000	133,312	333,312
2034	210,000	126,650	336,650
2035	215,000	119,744	334,744
2036	225,000	112,453	337,453
2037	235,000	104,691	339,691
2038	240,000	96,676	336,676
2039	245,000	88,338	333,338
2040	255,000	79,588	334,588
2041	265,000	70,488	335,488
2042	275,000	61,038	336,038
2043	285,000	51,238	336,238
2044	295,000	40,793	335,793
2045	305,000	29,693	334,693
2046	320,000	18,130	338,130
2047	330,000	6,105	336,105
	6,085,000	3,626,656	9,711,656