

VILLA PARK PUBLIC LIBRARY, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

APRIL 30, 2016

VILLA PARK PUBLIC LIBRARY, ILLINOIS

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

September 20, 2016

Members of the Board of Trustees
Villa Park Public Library
Villa Park, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Villa Park Public Library, Illinois, as of and for the year ended April 30, 2016, 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 Villa Park Public Library, Illinois, as of April 30, 2016, 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 Villa Park Public Library, Illinois', basic financial statements. The individual fund budgetary comparison schedules and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 individual fund budgetary comparison schedules and supplemental schedules 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

VILLA PARK PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2016

As the management of the Villa Park Public Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended April 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's Financial Statements (beginning on page 3).

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year's challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The focus of the *Statement of Net Position* presents information on all of the Library's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *Statement of Activities* presents information showing how the Library's net position changed during the 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 the 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., earned but unused compensated absences).

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Fund Financial Statements

Fund financial statements will be more familiar to traditional users of governmental financial statements. The focus of the presentation is on major funds rather than fund types. 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two governmental funds. The General Fund is used to account for all of the Library's general activities not accounted for in another fund. The Special Reserve Fund is used to account for resources restricted to capital improvements at the Library.

The Library adopts an annual budget for each of its governmental funds, as well as adopting an annual appropriation.

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 9 through 25 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's I.M.R.F. employee pension obligations and budgetary comparison schedules for the General Fund. Required supplementary information can be found on pages 26 through 28 of this report.

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS

Net Position

The following table reflects the condensed Statement of Net Position as of April 30, 2016 compared to April 30, 2015.

**Table 1
Statement of Net Position – Comparative Summaries**

	<u>2015</u>	<u>2016</u>
<u>Governmental Activities</u>		
Assets and Deferred Outflows		
Current and Other Assets	\$ 3,282,459	\$ 3,380,939
Capital Assets	790,079	766,963
Deferred Outflows	-	394,227
	<u>4,072,538</u>	<u>4,542,129</u>
Liabilities and Deferred Inflows		
Long-Term Liabilities	179,868	115,550
Other Liabilities	108,843	952,464
Deferred Inflows	1,920,320	1,910,965
	<u>2,209,031</u>	<u>2,978,979</u>
Net Position		
Net Investment in Capital Assets	790,079	766,963
Restricted – IMRF	426,382	420,748
Unrestricted	647,046	375,439
Total Net Position	<u>\$ 1,863,507</u>	<u>\$ 1,563,150</u>

The Library's combined net position decreased by \$39,985 during the fiscal year without consideration of the change in accounting principle. There was also a prior period adjustment at the beginning of the year to implement GASB Statement No. 68 for public pensions. With this implementation, the Library was required to report the net pension liability for its participation in IMRF. This change in accounting principle decreased beginning net position by \$260,372.

For more detailed information, see the Statement of Net Position on page 3.

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS (Continued)

Activities

The following table summarizes the revenue and expenses of the Library's activities for FY 2015 compared to FY 2016.

**Table 2
Changes in Net Position**

Governmental Activities

	<u>2015</u>	<u>2016</u>
Revenues		
Program Revenues		
Charges for Services	\$ 66,188	\$ 57,803
Operating Grants	46,588	41,334
General Revenues		
Property Taxes	1,978,369	2,009,740
Replacement Taxes	71,357	71,048
Investment Income	3,126	2,226
Miscellaneous	33,467	32,817
Total Revenues	<u>2,199,095</u>	<u>2,214,968</u>
Expenses		
Public Library	<u>2,153,202</u>	<u>2,254,953</u>
Total Expenses	<u>2,153,202</u>	<u>2,131,893</u>
Change in Net Position	45,893	(39,985)
Total Net Position, Beginning of Year as Restated	<u>1,817,614</u>	<u>1,603,135</u>
Total Net Position, End of Year	<u>\$ 1,863,507</u>	<u>\$ 1,563,150</u>

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL OVERVIEW
VILLA PARK PUBLIC LIBRARY**

REVENUE SOURCES

	<u>2016</u>
Local Property and Other Taxes	93.94%
Fees and Charges	2.61%
Grants	1.87%
Gifts, Memorials, Other	1.48%
Interest Income	0.10%
Total Revenue: \$2,214,968	

EXPENSES BY CATEGORY

	<u>2016</u>
Personnel Services	66.17%
Commodities	12.34%
Contractual Services	14.32%
Capital	7.17%
Total Expenses: \$2,254,953	

IMPACTS

Normal Impacts

Revenues

Property Tax Rate. The Library, based on its organization under Illinois statutes, approves an annual tax levy request which is forwarded to the Village of Villa Park Board of Trustees for final adoption. The Library's 2014 tax rate (property taxes received in FY 2016) was .3868. The Library's 2015 tax rate (property taxes received in FY2017) was .3997.

The Library's tax rate is limited by tax cap legislation. This means that the Library's taxes from year to year cannot increase more than the lesser of the cost of living adjustments as identified by the State of Illinois or 5%. The tax rate is based on the Equalized Assessed Valuation (EAV) of real property within the district, value of new construction within the district, and the CPI (all urban consumers).

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring.) Certain recurring revenues (State per capita grant, State replacement taxes, etc.) may experience significant changes periodically while non-recurring or one-time grants are less predictable and often distort their impact on year-to-year comparisons.

Market impacts on investment income. The Library's investment portfolio is concentrated in local bank and money market funds similar to many other governments. Market conditions may cause investment income to fluctuate. Most funds are invested in the Illinois Funds and in local bank deposits and certificates of deposit accounts with PMA investments, which offer a competitive return, liquidity and safety, requisites of the Library's investment policy.

Expenses

Introduction of new programs. Within functional expense categories, individual programs may be added or deleted in order to meet the changing needs of the Library.

Changes in authorized personnel. Changes in service demand may cause the Library Board to increase or decrease staffing levels. Personnel costs are the Library's most significant operating cost.

Salary increases (annual adjustments). The ability to attract and retain quality personnel requires the Library to strive to have competitive salary ranges and pay practices.

Inflation. While overall inflation has increased slowly, some of the Library's functions and services may experience unusual commodity-specific increases.

Current Year Impacts

Revenues

For the fiscal year ended April 30, 2016, revenues totaled \$2,214,968. Property taxes, the Library's largest single revenue source, amounted to \$2,009,740 representing 90.7% of total revenues. Property taxes increased by \$31,371 or 1.59% compared to the prior fiscal year 2015. The increase in property tax revenue was used to fund both Library operations and long term capital repairs and replacements.

Expenses

The Library's expenses were \$2,254,953 in FY 2016. As required by GASB Statement No. 34, the expense totals include depreciation expense of \$23,116 for governmental activities.

The Library had \$138,617 in capital expenses this year. This was mainly for new hardware and other building projects during the year. However, none of these items met the Library's capitalization policy to record as a capital asset for financial reporting purposes.

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of April 30, 2016, the governmental funds (as presented on the balance sheet on page 5) had combined fund balances of \$1,379,382, all in the General Fund. This reflects an increase of \$100,095 from the prior year.

On an annual basis, the Library Board determines how much money to transfer to the Special Reserve based on projects that need to be funded.

**Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended April 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>
Revenues		
Property Taxes	\$ 2,009,739	\$ 2,009,740
Replacement Taxes	53,314	71,048
Charges for Services	56,759	57,803
Grants and Donations	41,193	41,334
Interest Income	(127)	2,226
Miscellaneous	32,000	32,817
	<u>2,192,878</u>	<u>2,214,968</u>
Total Revenues		
Expenditures		
Personnel Services	1,396,000	1,375,029
Commodities	286,139	278,338
Contractual Services	450,038	322,889
	<u>2,132,177</u>	<u>1,976,256</u>
Total Expenditures		
Excess (Deficiency of Revenues Over Expenditures)	60,701	238,712
Other Financing Sources (Uses)		
Transfer (Out)	-	(138,617)
	<u>-</u>	<u>(138,617)</u>
Net Changes in Fund Balance	<u>\$ 60,701</u>	<u>\$ 100,095</u>

(See independent auditor's report)

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS (Continued)

During the year, the budget was amended to reflect additional unbudgeted revenues and unexpected expenditures. General Fund revenues concluded the year over the budgeted amount by \$22,090. Expenditures were below the final budgeted amount by \$155,921.

Capital Assets

The following schedule reflects the Library's capital asset balances as of April 30, 2016:

**Table 4
Capital Assets
As of April 30, 2016**

Capital Assets Not Being Depreciated	
Land	\$ 595,150
Capital Assets Being Depreciated	
Buildings and Improvements	\$ 748,745
Equipment	<u>305,249</u>
Total Capital Assets Being Depreciated	<u>1,053,994</u>
Less accumulated depreciation for	
Buildings and Improvements	633,601
Equipment	<u>248,580</u>
Total Accumulated Depreciation	<u>882,181</u>
Total Capital Assets Being Depreciated, Net	<u>171,813</u>
Governmental Activity - Library Capital Assets, Net	<u><u>\$ 766,963</u></u>

At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$766,963. There were no capital asset additions during the year. See Note 3 for further information regarding capital assets.

Long-Term Debt

The Library has no long-term debt.

**VILLA PARK PUBLIC LIBRARY
VILLA PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Sandra Hill, Director, Villa Park Public Library, 305 S. Ardmore Ave., Villa Park, Illinois, 60181.

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

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.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Statement of Net Position
April 30, 2016**

ASSETS	
Current Assets	
Cash and Investments	\$ 1,440,979
Receivables - Net of Allowances	1,929,419
Prepays	10,541
Total Current Assets	<u>3,380,939</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	595,150
Depreciable Capital Assets	1,053,994
Accumulated Depreciation	(882,181)
Total Noncurrent Assets	<u>766,963</u>
Total Assets	<u>4,147,902</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>394,227</u>
Total Assets and Deferred Outflows of Resources	<u>4,542,129</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	59,046
Accrued Payroll	31,546
Compensated Absences	24,958
Total Current Liabilities	<u>115,550</u>
Noncurrent Liabilities	
Compensated Absences	99,832
Net Pension Liability - IMRF	852,632
Total Noncurrent Liabilities	<u>952,464</u>
Total Liabilities	1,068,014
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>1,910,965</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,978,979</u>
NET POSITION	
Investment in Capital Assets	766,963
Restricted	
IMRF	420,748
Unrestricted	<u>375,439</u>
Total Net Position	<u><u>1,563,150</u></u>

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2016

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants	Revenue and Changes in Net Position
Functions/Programs				
Public Library	\$ 2,254,953	57,803	41,334	(2,155,816)
General Revenues				
Taxes				
Property Taxes				2,009,740
Replacement Taxes				71,048
Miscellaneous				32,817
Investment Income				2,226
				<u>2,115,831</u>
Change in Net Position				(39,985)
Net Position - Beginning as Restated				<u>1,603,135</u>
Net Position - Ending				<u><u>1,563,150</u></u>

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Balance Sheet
April 30, 2016**

	General	<u>Capital Projects</u> Special Reserve	Totals
ASSETS			
Cash and Investments	\$ 1,440,979	-	1,440,979
Receivables - Net of Allowances			
Taxes	1,928,699	-	1,928,699
Accounts	720		720
Prepays	10,541	-	10,541
Total Assets	<u>3,380,939</u>	-	<u>3,380,939</u>
LIABILITIES			
Liabilities			
Accounts Payable	59,046	-	59,046
Accrued Payroll	31,546	-	31,546
Total Liabilities	<u>90,592</u>	-	<u>90,592</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,910,965	-	1,910,965
Total Liabilities and Deferred Inflows of Resources	<u>2,001,557</u>	-	<u>2,001,557</u>
FUND BALANCES			
Nonspendable	10,541	-	10,541
Restricted	420,748	-	420,748
Unassigned	948,093	-	948,093
Total Fund Balances	<u>1,379,382</u>	-	<u>1,379,382</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>3,380,939</u>	-	<u>3,380,939</u>

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Reconciliation of Total Fund Balances to the Statement of Net Position
April 30, 2016**

Total Fund Balances	\$ 1,379,382
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.	766,963
Deferred outflows of resources related to the pension not reported in the funds. Deferred Items - IMRF	394,227
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(124,790)
Net Pension Liability - IMRF	<u>(852,632)</u>
Net Position	<u><u>1,563,150</u></u>

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2016**

	General	Capital Projects Special Reserve	Totals
Revenues			
Property Taxes	\$ 2,009,740	-	2,009,740
Replacement Taxes	71,048	-	71,048
Charges for Services	57,803	-	57,803
Grants and Donations	41,334	-	41,334
Interest	2,226	-	2,226
Miscellaneous	32,817	-	32,817
Total Revenues	<u>2,214,968</u>	<u>-</u>	<u>2,214,968</u>
Expenditures			
Public Library			
Personnel Services	1,375,029	-	1,375,029
Commodities	278,338	-	278,338
Contractual Services	322,889	-	322,889
Capital Outlay	-	138,617	138,617
Total Expenditures	<u>1,976,256</u>	<u>138,617</u>	<u>2,114,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>238,712</u>	<u>(138,617)</u>	<u>100,095</u>
Other Financing Sources (Uses)			
Transfers In	-	138,617	138,617
Transfers Out	(138,617)	-	(138,617)
	<u>(138,617)</u>	<u>138,617</u>	<u>-</u>
Net Change in Fund Balance	100,095	-	100,095
Fund Balances - Beginning	<u>1,279,287</u>	<u>-</u>	<u>1,279,287</u>
Fund Balances - Ending	<u><u>1,379,382</u></u>	<u><u>-</u></u>	<u><u>1,379,382</u></u>

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

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

For the Fiscal Year Ended April 30, 2016

Net Change in Fund Balances \$ 100,095

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.

 Depreciation Expense (23,116)

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

 Change in Deferred Items - IMRF 151,957

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.

 Decrease to Compensated Absences Payable 3,163
 (Increase) to Net Pension Liability - IMRF (272,084)

Changes in Net Position (39,985)

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Villa Park Public Library (the Library), Illinois provides services primarily to citizens of the Village of Villa Park, Illinois, including lending or renting materials to adults and children to meet their informational, recreations, and educational needs. The government-wide financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP in the United States and used by the Library are described below.

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

Basic Financial 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 governmental funds). The Library's public library services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is: (a) presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt 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 the Library's functions. The Library's activities are supported by taxes and intergovernmental revenues. 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 discretely 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.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Library are reported in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, reserves, fund equity, revenues and expenditures/expenses. The Library's fund is reported in the: governmental category. The emphasis in fund financial statements is on the major fund and is summarized into a single column.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses) for the determination of major funds.

A fund is considered major if it is the primary operating fund of the Library or total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund type is 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 is used to account for all financial resources, except for those required to be accounted for in another fund.

Capital projects funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds. The Library maintains one major capital projects funds. The Special Reserve Fund is used to account for library capital projects.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

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.

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

The Library’s fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. This fund uses fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, 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 inflows 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, 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 fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability/deferred inflow 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.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

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, the Library’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances include property taxes.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000, or more, are reported at historical cost or estimated historical cost. Capital is estimated at historical cost. Contributed assets are reported at fair market 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 fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

Buildings and Improvements	35 Years
Equipment	2 - 30 Years

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

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 and proprietary fund 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.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position.

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 legislation.

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Library has established the fiscal year as the twelve-month period beginning May 1.

The Library annually submits a budget, levy and appropriation to the Village of Villa Park, Illinois using the following procedures:

- Library department heads present their budgeted expenditures to the Director.
- After their requests are approved, they are integrated into a tentative budget along with the budgeted revenues.
- The Library Director submits a tentative budget for the General Fund to the Finance Committee for their review.
- The Finance Committee submits the tentative budget to the Library Board for approval.
- Once approved, the Library Board submits the budget to the Village Board of Trustees of the Village of Villa Park, Illinois for the fiscal year.
- Public meetings are conducted to obtain taxpayer comments.

Unexpended budget amounts lapse at the end of the budget year. Spending controls for the fund is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line level items. All budget revisions at this level are subject to final review by the Village. Within these control levels, management may transfer appropriations without Village approval. During the fiscal year there was a budget amendment.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
Special Reserve	\$ 16,126

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements April 30, 2016

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 financial statements as "cash and investments."

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, and the Illinois Funds.

Illinois Funds is an investment pool managed by the Illinois public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$464,118 and the bank balances totaled \$535,440. Additionally, at year-end the Library has \$976,861 invested in the Illinois Funds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment portfolio shall be designed to obtain the highest available return, taking into account the Library's investment risk constraints and cash flow needs and the Library's desire to promote fiscal responsibility. The portfolio shall seek to obtain the highest investment return using authorized investments during budgetary and economic cycles as mandated in the investment policy. The Library's investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, it is the policy of the Library to invest all funds under the Library's control in a manner which will provide the highest investment return using authorized instruments, while meeting the Library's daily cash flow demands. At year-end, the Library's investment in the Illinois Funds is rated AAAM by Standard & Poor's.

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 states deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Custodial Credit Risk – Continued. failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library’s investment policy does not specifically address custodial credit risk for investments. At year-end, the Library’s investment in the Illinois Funds is not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Library’s investment in a single issuer. The Library’s investment policy states funds should be diversified appropriately to the nature and amount of the funds. At year-end, the Library’s investment in the Illinois Funds represents more than 5% of the total cash and investments portfolio.

PROPERTY TAXES

The Library submits its tax levy to the Village Board of the Village of Villa Park, Illinois for approval. Once approved, the Village submits the Library’s tax levy to the DuPage County Clerk’s office. The Library’s property taxes are levied each calendar year on all taxable real property located within the Library District and accrued as unearned revenue in the fiscal year of levy. Property taxes due within the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. The DuPage County Assessor is responsible for assessment of all taxable real property within DuPage County

The DuPage County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the DuPage County Collector as the basis for issuing tax bills to DuPage County taxpayers. The DuPage County Collector collects all property taxes and submits them to the County Treasurer, who remits them to the Library. Taxes must be levied by the last Tuesday in December and are payable in two installments, on March 1 and August 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the levy year.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

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. Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Special Reserve	General	<u>\$ 138,617</u>

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 595,150	-	-	595,150
Depreciable Capital Assets				
Buildings and Improvements	748,745	-	-	748,745
Equipment	305,249	-	-	305,249
	<u>1,053,994</u>	<u>-</u>	<u>-</u>	<u>1,053,994</u>
Less Accumulated Depreciation				
Buildings and Improvements	617,258	16,343	-	633,601
Equipment	241,807	6,773	-	248,580
	<u>859,065</u>	<u>23,116</u>	<u>-</u>	<u>882,181</u>
Total Net Depreciable Capital Assets	<u>194,929</u>	<u>(23,116)</u>	<u>-</u>	<u>171,813</u>
Total Net Capital Assets	<u>790,079</u>	<u>(23,116)</u>	<u>-</u>	<u>766,963</u>

Depreciation expense of \$23,116 was charged to the public library function.

LONG-TERM LIABILITY ACTIVITY

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

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 127,953	3,163	6,326	124,790	24,958
Net Pension Liability - IMRF	580,548	272,084	-	852,632	-
	<u>708,501</u>	<u>275,247</u>	<u>6,326</u>	<u>977,422</u>	<u>24,958</u>

The General Fund makes payments on the compensated absences and the net pension liability.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE

Fund Balance Classifications

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

	General	Capital Projects Special Reserve	Totals
Fund Balances			
Nonspendable			
Prepays	\$ 10,541	-	10,541
Restricted			
IMRF	420,748	-	420,748
Unassigned	948,093	-	948,093
Total Fund Balances	1,379,382	-	1,379,382

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.

Net Position Restatement

The government-wide financial statements were restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

Net Positon	As Reported	As Restated	(Decrease)
Governmental Activities	\$ 1,863,507	1,603,135	(260,372)

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION

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; injuries to employees; and natural disasters. The Library carries commercial insurance for all risks of loss including worker's compensation and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. 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. 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.

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Plan Membership. As of December 31, 2015, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Active Plan Members	<u><u>25</u></u>
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A detailed breakdown of IMRF membership for the Village and the Library combined is available in the Village of Villa Parks’s comprehensive annual financial report.

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. The Library’s annual contribution rate for calendar year 2015 was 13.78% of covered payroll.

Net Pension Liability. The Library’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	4.40% - 16.00%
Cost of Living Adjustments	3.00%
Inflation	3.00%

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

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net Pension Liability			
Village	\$ 10,104,465	5,109,826	999,145
Library	1,686,043	852,632	166,719
Total	11,790,508	5,962,458	1,165,864

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 43,928,919	39,869,139	4,059,780
Changes for the Year:			
Service Cost	607,654	-	607,654
Interest on the Total Pension Liability	3,222,278	-	3,222,278
Difference Between Expected and Actual Experience of the Total Pension Liability	281,210	-	281,210
Changes of Assumptions	53,763	-	53,763
Contributions - Employer	-	833,642	(833,642)
Contributions - Employees	-	291,217	(291,217)
Net Investment Income	-	196,099	(196,099)
Benefit Payments, including Refunds of Employee Contributions	(2,423,344)	(2,423,344)	-
Other (Net Transfer)	-	941,269	(941,269)
Net Changes	1,741,561	(161,117)	1,902,678
Balances at December 31, 2015	45,670,480	39,708,022	5,962,458
Net Pension Liability			
Village	39,139,601	34,029,775	5,109,826
Library	6,530,879	5,678,247	852,632
Total	45,670,480	39,708,022	5,962,458

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the fiscal year ended April 30, 2016, the Library recognized pension expense of \$120,127. At April 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 199,669	-	199,669
Change in Assumptions	38,174	-	38,174
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,224,553	-	2,224,553
Pension Contributions Made Subsequent to the Measurement Date	287,835	-	287,835
Total Deferred Amounts Related to IMRF	<u>2,750,231</u>	-	<u>2,750,231</u>
Total Deferred Amounts Related to IMRF Village	2,356,004	-	2,356,004
Library	394,227	-	394,227
Total	<u>2,750,231</u>	-	<u>2,750,231</u>

VILLA PARK PUBLIC LIBRARY, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

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

Fiscal Year	Village Net Deferred Outflows of Resources	Library Net Deferred Outflows of Resources	Total Net Deferred Outflows of Resources
2016	\$ 805,581	135,522	941,103
2017	559,851	93,417	653,268
2018	513,961	85,760	599,721
2019	476,611	79,528	556,139
2020	-	-	-
Thereafter	-	-	-
Total	<u>2,356,004</u>	<u>394,227</u>	<u>2,750,231</u>

OTHER POST-EMPLOYMENT BENEFITS

The Library has evaluated its potential other post-employment 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, no former employees have chosen to stay in the Library’s health insurance plan. There has been 0% utilization; therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the Library had no former employees for which the Library was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Library has not recorded any post-employment benefit liability as of April 30, 2016.

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.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2016**

Calendar Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	Village Library	\$ 714,431	\$ 714,431	\$ -	\$ 5,184,554	13.78%
		119,211	119,211	-	865,101	13.78%
	Total	833,642	833,642	-	6,049,655	13.78%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2016**

	12/31/15		
	Village	Library	Total
Total Pension Liability			
Service Cost	\$ 520,759	86,895	607,654
Interest	2,761,492	460,786	3,222,278
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	240,997	40,213	281,210
Change of Assumptions	46,075	7,688	53,763
Benefit Payments, Including			
Refunds of Member Contributions	(2,076,806)	(346,538)	(2,423,344)
Net Change in Total Pension Liability	1,492,517	249,044	1,741,561
Total Pension Liability - Beginning	37,647,084	6,281,835	43,928,919
Total Pension Liability - Ending	39,139,601	6,530,879	45,670,480
Plan Fiduciary Net Position			
Contributions - Employer	\$ 714,431	119,211	833,642
Contributions - Members	249,573	41,644	291,217
Net Investment Income	168,057	28,042	196,099
Benefit Payments, Including	-	-	-
Refunds of Member Contributions	(2,076,806)	(346,538)	(2,423,344)
Administrative Expense	806,668	134,601	941,269
Net Change in Plan Fiduciary Net Position	(138,077)	(23,040)	(161,117)
Plan Net Position - Beginning	34,167,852	5,701,287	39,869,139
Plan Net Position - Ending	34,029,775	5,678,247	39,708,022
Employer's Net Pension Liability	\$ 5,109,826	852,632	5,962,458
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.94%	86.94%	86.94%
Covered-Employee Payroll	\$ 5,184,554	865,101	6,049,655
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	98.56%	98.56%	98.56%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 2,008,023	2,009,739	2,009,740
Replacement Taxes	50,000	53,314	71,048
Charges for Services			
Oakbrook Terrace Fees	22,000	18,759	18,760
Fines and Proceeds	42,000	38,000	39,043
Grants and Donations			
Grants	24,000	29,980	29,980
Book Donations	3,750	4,250	4,391
Gifts	5,000	6,963	6,963
Interest Income	1,500	(127)	2,226
Miscellaneous	30,000	32,000	32,817
Total Revenues	<u>2,186,273</u>	<u>2,192,878</u>	<u>2,214,968</u>
Expenditures			
Public Library			
Personnel Services	1,436,750	1,396,000	1,375,029
Commodities	301,000	286,139	278,338
Contractual Services	393,728	450,038	322,889
Total Expenditures	<u>2,131,478</u>	<u>2,132,177</u>	<u>1,976,256</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,795	60,701	238,712
Other Financing (Uses)			
Transfers Out	-	-	(138,617)
Net Change in Fund Balance	<u>54,795</u>	<u>60,701</u>	100,095
Fund Balance - Beginning			<u>1,279,287</u>
Fund Balance - Ending			<u><u>1,379,382</u></u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

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

CAPITAL PROJECTS FUNDS

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

Special Reserve Fund

The Special Reserve Fund is used to account for the Library's capital projects.

VILLA PARK PUBLIC LIBRARY, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Public Library			
Personnel Services			
Salaries	\$ 1,098,000	1,073,200	1,058,671
IMRF	129,000	125,400	123,060
FICA	68,500	66,700	64,439
Medicare	16,250	15,700	15,070
Employee Benefits	125,000	115,000	113,789
	<u>1,436,750</u>	<u>1,396,000</u>	<u>1,375,029</u>
Commodities			
Janitorial Supplies and Services	16,950	15,025	14,623
Office Supplies	17,500	20,000	18,904
Books			
Adult	76,750	70,503	69,057
Youth	52,700	53,160	51,649
Audio/Visual			
Adult	22,400	22,400	21,077
Youth	10,300	10,300	9,718
Periodicals			
Adult	12,400	10,018	9,537
Youth	1,300	1,028	1,028
Online Resources			
Adult	82,500	76,656	75,815
Youth	8,200	7,049	6,930
	<u>301,000</u>	<u>286,139</u>	<u>278,338</u>
Contractual Services			
Contingency			
Buildings and Grounds	64,000	142,070	31,720
219 Property	7,000	5,637	5,637
Annex	39,000	25,100	24,764
Miscellaneous	6,300	3,717	3,061
Postage	10,500	7,825	7,823
Staff Recognition	2,000	1,062	1,062
Heating and A/C Maintenance	9,200	6,554	6,553
Water and Sewer Service	3,000	2,021	1,752
Printing	10,000	9,361	9,361
Collection Agency	250	-	-

VILLA PARK PUBLIC LIBRARY, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Public Library - Continued			
Contractual Services - Continued			
Bank Service Fees	\$ 1,500	1,500	1,707
OCLC	4,200	4,785	4,414
Landscaping	403	325	325
Other Insurance	26,500	26,000	25,422
Office Equipment Maintenance	5,000	4,300	4,465
Rent/Lease Equipment	7,000	6,008	6,007
Other Contractual Services			
Automation Services	10,300	12,250	7,779
Accounting Services	22,000	27,000	20,416
Technology Services	15,500	10,035	10,034
Cleaning Services	26,800	29,643	29,643
Other	13,500	8,700	8,674
Automation Monthly Charge	53,625	53,625	53,624
Programs			
Adult	6,500	9,500	8,967
Youth	6,500	7,500	6,758
Professional Development	12,750	13,000	12,110
Board Development	1,150	1,200	1,186
Utilities	10,000	5,300	5,249
Telephone	4,500	4,520	4,183
Community Relations	7,750	11,500	11,256
Legal Services	7,000	10,000	8,937
	393,728	450,038	322,889
Total Expenditures	2,131,478	2,132,177	1,976,256

VILLA PARK PUBLIC LIBRARY, ILLINOIS

Special Reserve - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Capital Outlay	197,795	122,491	138,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	(197,795)	(122,491)	(138,617)
Other Financing Sources			
Transfers In	-	-	138,617
Net Change in Fund Balance	<u>(197,795)</u>	<u>(122,491)</u>	-
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u><u>-</u></u>