

CHICAGO RIDGE PUBLIC LIBRARY

CHICAGO RIDGE, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2017

CHICAGO RIDGE PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Chicago Ridge Public Library
Chicago Ridge, Illinois

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **CHICAGO RIDGE PUBLIC LIBRARY** (the "Library"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 mistreatment, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

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Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities

Eligible Library employees participate in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund. The Village and the Library estimated the deferred outflows and inflows of resources and net pension liability at December 31, 2017 and 2016 and the related 2017 pension expense for this plan that was due to Library employees. The deferred outflows of resources were estimated to be \$133,504 and \$238,893 at December 31, 2017 and 2016, respectively. The deferred inflows of resources were estimated to be \$484,462 and \$30,179 at December 31, 2017 and 2016, respectively. The net pension liability was estimated to be \$163,668 and \$663,382 at December 31, 2017 and 2016, respectively. The pension expense was estimated to be \$123,478 for the year ended December 31, 2017. These amounts have not been audited by us, since we were not engaged to audit amounts related to the Village's defined benefit pension plan. Also, the accompanying financial statements do not include the note disclosures for this plan required by the Governmental Accounting Standards Board.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Financial Statements of the Governmental Activities" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities. Accordingly, we do not express an opinion on the financial statements of the governmental activities.

Basis for Qualified Opinion on Major Funds and Aggregate Remaining Fund Information (Other Funds)

As mentioned above, the accompanying financial statements do not include not disclosures for the defined benefit pension plan of the Library. Disclosure of this information is required by the Governmental Accounting Standards Board.

Qualified Opinions

In our opinion, except for the possible effects of the omission of the information described in the "Basis for Qualified Opinion on Major Funds and Aggregate Remaining Fund Information (Other Funds)" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Library as of December 31, 2017, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the required supplement information, as listed in the table of contents, be presented to the 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 supplemental information in accordance with auditing standards generally accepted by 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.

Management has omitted the management's discussion and analysis and required supplemental information for the Village's pension plan in which the Library participates, as described above. Accounting principles generally accepted in the United States of America require this information to be presented to the supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



O'NEILL & GASPARDO, LLC
Mokena, Illinois
July 31, 2018

CHICAGO RIDGE PUBLIC LIBRARY

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

December 31, 2017

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:						
Cash and investments	\$ 872,754	\$ 1,251,839	\$ 32,978	\$ 2,157,571	\$ -	\$ 2,157,571
Property tax receivables	1,222,356	-	133,957	1,356,313	-	1,356,313
Interfund balances	8,043	-	-	8,043	(8,043)	-
Land (not depreciated)	-	-	-	-	395,112	395,112
Other capital assets, net of depreciation	-	-	-	-	2,126,725	2,126,725
Total assets	<u>2,103,153</u>	<u>1,251,839</u>	<u>166,935</u>	<u>3,521,927</u>	<u>2,513,794</u>	<u>6,035,721</u>
Deferred outflows of resources:						
Deferred amount of IMRF pension	-	-	-	-	133,504	133,504
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,504</u>	<u>133,504</u>
Total assets and deferred outflows of resources	<u>\$ 2,103,153</u>	<u>\$ 1,251,839</u>	<u>\$ 166,935</u>	<u>\$ 3,521,927</u>	<u>\$ 2,647,298</u>	<u>\$ 6,169,225</u>

CHICAGO RIDGE PUBLIC LIBRARY

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

December 31, 2017

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Liabilities:						
Accounts payable	\$ 60,029	\$ -	\$ -	\$ 60,029	\$ -	\$ 60,029
Accrued payroll	12,886	-	1,548	14,434	-	14,434
Interfund balances	-	-	8,043	8,043	(8,043)	-
Accrued compensated absences	-	-	-	-	27,457	27,457
Long-term liabilities, due in more than one year:						
Net pension liability	-	-	-	-	163,668	163,668
Total liabilities	<u>72,915</u>	<u>-</u>	<u>9,591</u>	<u>82,506</u>	<u>183,082</u>	<u>265,588</u>
Deferred inflows of resources:						
Deferred amount of IMRF pension	-	-	-	-	484,462	484,462
Unearned property tax revenue	1,222,356	-	133,957	1,356,313	-	1,356,313
Total deferred inflows of resources	<u>1,222,356</u>	<u>-</u>	<u>133,957</u>	<u>1,356,313</u>	<u>484,462</u>	<u>1,840,775</u>
Fund balances/net position						
Fund balances:						
Restricted	-	-	32,409	32,409	(32,409)	-
Committed	-	1,251,839	-	1,251,839	(1,251,839)	-
Unassigned	807,882	-	(9,022)	798,860	(798,860)	-
Total fund balances	<u>807,882</u>	<u>1,251,839</u>	<u>23,387</u>	<u>2,083,108</u>	<u>(2,083,108)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,103,153</u>	<u>\$ 1,251,839</u>	<u>\$ 166,935</u>	<u>\$ 3,521,927</u>		<u>\$ 2,106,363</u>
Net position:						
Net investment in capital assets					2,521,837	2,521,837
Unrestricted					1,508,616	1,508,616
Restricted					32,409	32,409
Total net position					<u>\$ 4,062,862</u>	<u>\$ 4,062,862</u>

CHICAGO RIDGE PUBLIC LIBRARY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2017

Fund balances - governmental funds		\$ 2,083,108
Capital assets are not current financial resources and therefore are not reported on the governmental funds balance sheet.		2,521,837
Net deferred outflows/inflows of resources related to IMRF pension is not a current financial resource and therefore is not reported on the governmental funds balance sheet.		(350,958)
Long-term liabilities are not due and payable in the current period and therefore are not reported on the governmental funds balance sheet:		
Accrued compensated absences	\$ (27,457)	
Net pension liability	(163,668)	
Total adjustments		<u>(191,125)</u>
Net position of governmental activities		<u>\$ 4,062,862</u>

CHICAGO RIDGE PUBLIC LIBRARY

GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

	General	Special Reserve	Other Funds	Total	Adjustments	Statement of Activities
Revenues:						
Property taxes	\$ 1,075,347	\$ -	\$ 120,806	\$ 1,196,153	\$ -	\$ 1,196,153
Replacement taxes	20,368	-	-	20,368	-	20,368
Operating grants	3,000	-	-	3,000	-	3,000
Investment income	1,564	-	-	1,564	-	1,564
Fines and fees (charges for services)	23,344	-	-	23,344	-	23,344
Donations	853	-	-	853	-	853
Total revenues	1,124,476	-	120,806	1,245,282	-	1,245,282
Expenditures/expenses:						
Current:						
Cultural	1,078,005	-	103,563	1,181,568	152,492	1,334,060
Capital outlay	27,235	-	-	27,235	(13,916)	13,319
Total expenditures/expenses	1,105,240	-	103,563	1,208,803	138,576	1,347,379
Net change in fund balances/net position	19,236	-	17,243	36,479	(138,576)	(102,097)
Fund balances/net position:						
Beginning of year	788,646	1,251,839	6,144	2,046,629	2,118,330	4,164,959
End of year	\$ 807,882	\$ 1,251,839	\$ 23,387	\$ 2,083,108	\$ 1,979,754	\$ 4,062,862

CHICAGO RIDGE PUBLIC LIBRARY

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

Year Ended December 31, 2017

Net change in fund balances - governmental funds \$ 36,479

Governmental funds report capital outlays as expenditures.
However, on the Statement of Activities, the cost of these assets is
depreciated over their estimated useful lives.

Expenditures for capital assets in the current year	\$ 116,390	
Current year depreciation	<u>(182,976)</u>	
		(66,586)

Some expenses reported on the Statement of Activities do not
require the use of current financial resources and therefore are not
reported as expenditures in governmental funds.

Change in accrued compensated absences from the prior year	(12,032)	
Change in net deferred outflows/inflows of resources for IMRF pension plan from the prior year	(559,672)	
Change in net pension liability from the prior year	<u>499,714</u>	

Total adjustments		<u>(71,990)</u>
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Change in net position of governmental activities		<u>\$ (102,097)</u>
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CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CHICAGO RIDGE PUBLIC LIBRARY (the “Library”) is located in Chicago Ridge, Illinois. The Library was organized under state law to provide cultural and library services to local residents.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library’s accounting policies are described below.

A. Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon these criteria, there are no agencies or entities whose financial data should be combined with and included in the financial statements of the Library. Also, the Village of Chicago Ridge does not consider the Library to be a component unit.

B. Basis of Presentation

The fund and government-wide financial statements are combined, with a reconciliation shown between them. Therefore, the Governmental Funds Balance Sheet and Statement of Net Position are combined, and the Governmental Funds Revenues, Expenditures and Changes in Fund Balances and Statement of Activities are combined. The government-wide statements are designed to report the Library’s financial position and results of operations as a whole. The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions by fund. Program revenues include fines and fees (charges for service), operating grants and donations.

Major individual governmental funds are reported as separate columns on the fund financial statements and all other funds are combined under a single column. The major funds are the General and Special Reserve Fund. Following is a brief description of the major funds used by the Library.

General Fund – The General Fund is the general operating fund of the Library and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. In addition, general operating expenditures and the capital improvement costs that are not paid through other funds are paid from this fund.

Special Reserve Fund – The Special Reserve Fund is used for property, building, building renovations and equipment purchases.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Accounting

The government-wide statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund equity. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter (defined as within 60 days after the fiscal year-end) to be used to pay liabilities of the current period. Material revenues susceptible to accrual include real estate tax, replacement tax and grant revenue. Expenditures are recognized when the related fund liability is incurred.

D. Investments

Investments consist of amounts deposited with the Certificate of Deposit Account Registry Service (CDARS). CDARS places the Library’s deposits in certificate of deposits at various financial institutions with no deposits at any one financial institution above the Federal Deposit Insurance Corporation (FDIC) insurance limit.

All of the Library’s certificate of deposits through CDARS at December 31, 2017 had 26 week terms.

E. Capital Assets

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are reported on the government-wide or fund financial statements.

On the government-wide financial statements capital assets are valued at historical cost, or the estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at the estimated fair value at the date of donation. Depreciation of all exhaustible capital assets is recorded as a cultural expense on the Statement of Activities, with accumulated depreciation reflected on the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The range of estimated useful lives by type of asset is as follows:

Building	45 years
Furniture and fixtures	10 - 15 years
Equipment	3 – 20 years
Local history room	15 years
Library collection (books and audio-visual)	5 years

The minimum capitalization threshold is any item with a total cost greater than \$1,000, except for purchases of books and audio visual, which are always capitalized.

On the fund financial statements, capital assets are accounted for as expenditures of the governmental fund upon acquisition.

F. Compensated Absences

The Library's personnel policy permits employees to accumulate earned but unused vacation and sick days and compensatory hours (earned with overtime). No liability is recorded for unpaid accumulated sick leave, since it is the Library's policy to not pay unused sick leave when employees separate from the Library. On the fund financial statements, accrued vacation and compensatory hours are recorded in the General Fund when payable (i.e. upon resignation or retirement). On the government-wide financial statements, accrued vacation and compensatory time is recorded when earned.

G. Deferred Outflows/Inflows of Resources

The Library reports deferred outflows of resources on its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to future fiscal years, so will not be recognized as an outflow of resources (expenditure or expense) until then. The Library only has one amount that qualifies for reporting in this category, the outflows related to the pension, which represents pension amounts that will be recognized in future periods.

The Library also reports deferred inflows of resources on its Governmental Funds Balance Sheet and Statement of Net Position. Deferred inflows of resources represent an acquisition of net position that applies to future fiscal years, so will not be recognized as an inflow of resources (revenue or reduction of expenditure or expense) until then. The Library has two amounts that qualify for reporting in this category:

- Deferred inflows related to pensions, which represent pension amounts that will be recognized in future periods.
- Levied property taxes intended to finance the next fiscal year, which will be recognized as revenue in the next fiscal year.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. Property Taxes

Annually, the Library's Board adopts a budget and property tax levy ordinance, which is submitted to the Village of Chicago Ridge. The Village includes the Library's levy in their property tax levy ordinance. Upon adoption by the Village's Board, the Library establishes a legal right to revenue from property tax assessments. Property taxes are recognized as a receivable at the time they are levied. Property tax revenues are recognized in the fiscal year they are intended to finance. In addition, revenue under the modified accrual basis (fund financial statements) is not recognized unless it is also available (collected within 60 days after fiscal year end). Property tax collections and property taxes receivable not recognized as revenue are reported as deferred inflows of resources. Property tax revenues on the fund financial statements are allocated to each fund in accordance with the applicable fund levy amounts.

The 2016 levy was intended to finance the fiscal year ended December 31, 2017. Therefore, the property taxes collected within 60 days of December 31, 2017 for this levy have been recorded as revenue, along with collections of prior levies. The 2017 levy is intended to finance the fiscal year ending December 31, 2018. Therefore, the property taxes receivable of this levy as of December 31, 2017 has been recorded as deferred inflows of resources.

The Library recorded an allowance for uncollectible property taxes of 1.54% of the 2017 levy (\$21,266). All uncollected taxes relating to prior years' levies have been written off.

Significant dates for the 2017 levy are as follows:

Lien date	January 1, 2017
Levy date	November 13, 2017
First installment due	March 1, 2018
Second installment due	August 1, 2018

Property taxes are billed and collected by the Cook County, Illinois Treasurer. Property tax bills are typically mailed at least 30 days prior to due dates. Substantially all of the collected taxes for the 2017 tax levy will be received by the Library between March 2018 and December 2018.

I. Elimination and Reclassifications

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund receivables and payables on the fund financial statements may be eliminated or reclassified.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Fund Balance

Equity is classified as fund balance on the fund financial statements and displayed in five components:

- Nonspendable includes amounts not in spendable form, such as inventory, prepaid expenses or amounts required to be maintained intact legally or contractually.
- Restricted includes amounts constrained for a specific purpose by external parties.
- Committed includes amounts constrained for a specific purpose by a government using its highest level of decision making authority (the Board of Trustees for the Library). This formal action must occur prior to the end of the reporting period, but the amount of the committed balance may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Trustees that originally created the commitment.
- Assigned includes general fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated authority to assign amounts. The Board of Trustees has not delegated this authority as of December 31, 2017. Additionally, all remaining positive spendable amounts in government funds other than the General Fund, that are neither restricted nor committed, are considered assigned. Assignments may take place after the end of the reporting period.
- Unassigned includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

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

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library uses restricted resources when an expense is incurred before using unrestricted resources.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Estimates

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

NOTE 2. DEFINED BENEFIT PENSION PLAN (UNAUDITED)

Eligible Library employees participate in the defined benefit pension plan of the Village of Chicago Ridge (the "Village"), which is the Illinois Municipal Retirement Fund (IMRF). IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Village and the Library estimated the deferred outflows and inflows of resources and net pension liability at December 31, 2017 and 2016 and the related 2017 pension expense for the Library to be 22% of the totals of these amounts for the Village's IMRF account. This percentage was determined by taking the Library's total 2015 employer contributions divided by the total 2015 employer contributions (Village and Library). The Village and Library have decided to continue to use this percentage for 2016 and 2017, since the same calculation for these years does not vary significantly from the 2015 percentages.

The Library's cash contributions to IMRF were \$63,518 for 2017, which is the expense reported on the accompanying Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances. Deferred outflows of resources of \$133,504, deferred inflows of resources of \$484,462 and net pension liability of \$163,668 are recognized at December 31, 2017 on the accompanying Statement of Net Position. Also, pension expense of \$123,478 is recognized for 2017 on the accompanying Statement of Activities.

Additional information for the defined benefit pension plan, including note disclosures and supplemental information required by the Government Accounting Standards Board, may be obtained from the Village's 2017 financial statements.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3. CASH AND INVESTMENTS

Reconciled cash and investments were as follows at December 31, 2017:

Canadian Imperial Bank of Commerce - checking account	\$ 555,595
Canadian Imperial Bank of Commerce - money market account	201,770
Petty cash	150
Canadian Imperial Bank of Commerce - certificate of deposit account registry service accounts (each have 26 week terms)	<u>1,400,056</u>
Total cash and investments	<u>\$ 2,157,571</u>

The Library's investment policy (the "policy") authorizes the Library to invest in securities authorized by the Illinois Public Funds Investment Act.

The Library's deposits and investments are subject to the following risks:

- Custodial credit risk is the risk that the Library will not be able to recover its deposits with financial institutions in the event of the failure of the financial institutions. The Library's policy limits this risk by only allowing deposits with financial institutions that do not exceed the Federal Deposit Insurance Corporation (FDIC) coverage.
- Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations, resulting in investment losses by the Library. The Library's policy limits this risk by only allowing investments in securities guaranteed by the United States government.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's policy limits the term of investments to no more than five years to reduce this risk.
- Concentration of credit risk is the risk of loss attributed to funds being concentrated in a limited number of investments. The Library's policy does not address this risk.

The Library's deposits with financial institutions were categorized as follows at December 31, 2017:

Insured by federal depository insurance	\$ 1,650,056
Collateralized by securities held by the pledging financial institution's trust department or agent in the Library's name	513,902
Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the Library's name	-
Uncollateralized	-
Total deposits with financial institutions	<u>\$ 2,163,958</u>

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 4. RISK OF LOSS

The Library is exposed to various risks of loss through property ownership, employee injury, liability of employees, actions of elected officials and other risks. The Library purchases commercial insurance policies to overcome these risks. There were no significant reductions in insurance coverage in the year ended December 31, 2017 compared to the previous fiscal year. Also, claims did not exceed insurance coverage in the year ended December 31, 2017 or the previous two fiscal years.

NOTE 5. CAPITAL ASSETS

Following is a summary of changes in the capital assets for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not depreciable:				
Land	\$ 395,112	\$ -	\$ -	\$ 395,112
Total capital assets, not depreciable	395,112	-	-	395,112
Capital assets, depreciable:				
Building	3,007,942	-	-	3,007,942
Furniture and fixtures	416,018	-	-	416,018
Equipment	171,650	13,916	-	185,566
Local history room	5,215	-	-	5,215
Library collection	428,194	102,474	(85,271)	445,397
Total capital assets, depreciable	4,029,019	116,390	(85,271)	4,060,138
Less accumulated depreciation for:				
Building	(1,132,340)	(66,843)	-	(1,199,183)
Furniture and fixtures	(383,115)	(3,348)	-	(386,463)
Equipment	(102,809)	(25,078)	-	(127,887)
Local history room	(4,769)	(348)	-	(5,117)
Library collection	(212,675)	(87,359)	85,271	(214,763)
Total accumulated depreciation	(1,835,708)	(182,976)	85,271	(1,933,413)
Capital assets, net	<u>\$ 2,588,423</u>	<u>\$ (66,586)</u>	<u>\$ -</u>	<u>\$ 2,521,837</u>

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Other liabilities:					
Accrued compensated absences	\$ 15,425	\$ 54,035	\$ (42,003)	\$ 27,457	\$ 27,457
Net pension liability	663,382	-	(499,714)	163,668	-
Total long term liabilities	<u>\$ 678,807</u>	<u>\$ 54,035</u>	<u>\$ (541,717)</u>	<u>\$ 191,125</u>	<u>\$ 27,457</u>

The General Fund is used to liquidate the above liabilities.

NOTE 7. OTHER FUND DISCLOSURES

Accounting principles generally accepted in the United State of America require disclosure of certain information concerning individual funds including:

The following fund had a deficit balance at December 31, 2017:

Non-major fund: IMRF Fund \$ (9,022)

The following interfund balance existed as of December 31, 2017:

Due from IMRF fund to General Fund \$ 8,043

The Library's interfund balance was made to cover the expenditures of the IMRF Fund and is expected to be paid in full by December 31, 2018.

NOTE 8. RESTRICTED NET POSITION

Restricted net position on the Statement of Net Position at December 31, 2017 was due to amounts restricted by tax levies for Social Security and Medicare tax (FICA) expenditures.

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 9. FUND BALANCE CLASSIFICATIONS

The following is a schedule of fund balance classifications for the government funds at December 31, 2017:

	<u>General</u>	<u>Special Reserve</u>	<u>Other Funds</u>
Fund Balance:			
Restricted due to enabling legislation (tax levy):			
Social Security and Medicare taxes (FICA taxes)	\$ -	\$ -	\$ 32,409
Committed:			
Capital projects	-	1,251,839	-
Unassigned:			
General	807,882	-	-
IMRF	-	-	(9,022)
Total unassigned	<u>807,882</u>	<u>-</u>	<u>(9,022)</u>
Total fund balances	<u>\$ 807,882</u>	<u>\$ 1,251,839</u>	<u>\$ 23,387</u>

NOTE 10. SUBSEQUENT EVENTS

The Library has evaluated events subsequent to December 31, 2017 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

***REQUIRED
SUPPLEMENTAL INFORMATION***

CHICAGO RIDGE PUBLIC LIBRARY

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL Year Ended December 31, 2017

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	\$ 1,176,650	\$ 1,075,347	\$ 101,303
Replacement taxes	15,000	20,368	(5,368)
Operating grants	15,550	3,000	12,550
Investment income	-	1,564	(1,564)
Fines and fees (charges for services)	-	23,344	(23,344)
Donations	-	853	(853)
Miscellaneous	28,000	-	28,000
	<u>1,235,200</u>	<u>1,124,476</u>	<u>110,724</u>
Total revenues	1,235,200	1,124,476	110,724
Expenditures:			
Cultural:			
Wages	633,900	546,733	87,167
Materials and supplies	86,600	114,146	(27,546)
Offices supplies	9,000	2,956	6,044
Postage	1,500	461	1,039
Maintenance - equipment	118,000	139,149	(21,149)
Maintenance - grounds	2,500	1,505	995
Maintenance - buildings	47,500	53,423	(5,923)
Seminars	10,000	-	10,000
Public information	15,000	17,601	(2,601)
Professional fees	-	19,218	(19,218)
Programs	-	33,255	(33,255)
Subscriptions	35,000	32,896	2,104
Training and dues	-	7,736	(7,736)
Contingencies	91,000	720	90,280
Health insurance	80,000	74,056	5,944
State unemployment taxes	3,500	3,274	226
Liability insurance	15,200	12,031	3,169
Protective services	-	4,692	(4,692)
Grants	-	1,900	(1,900)
Utilities	15,000	12,253	2,747
	<u>1,163,700</u>	<u>1,078,005</u>	<u>85,695</u>
Total cultural expenses	1,163,700	1,078,005	85,695
Debt service:			
Vehicle equipment loan	45,000	-	45,000
	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total debt service	45,000	-	45,000

Continued on next page

CHICAGO RIDGE PUBLIC LIBRARY

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL Year Ended December 31, 2017

Continued from previous page

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Capital outlay:			
Machinery and equipment	<u>26,500</u>	<u>27,235</u>	<u>(735)</u>
Total capital outlay	<u>26,500</u>	<u>27,235</u>	<u>(735)</u>
Total expenditures	<u>1,235,200</u>	<u>1,105,240</u>	<u>129,960</u>
Net change in fund balances	<u>\$ -</u>	<u>19,236</u>	<u>\$ (19,236)</u>
Fund balance, beginning		<u>788,646</u>	
Fund balance, ending		<u>\$ 807,882</u>	

CHICAGO RIDGE PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2017

NOTE 1. BUDGETS

Budgets for funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used to establish the budgets:

- (a) The Library's Director submits a proposed operating budget to the Board of Trustees for approval.
- (b) The Board of Trustees makes any adjustments to the budget deemed necessary and submits this resolution to the Board of Trustees of the Village of Chicago Ridge (the "Village").
- (c) The Library's budget is included in the Village's annual budget and appropriation ordinance.
- (d) Notice is published in a newspaper that the tentative Annual Budget and Appropriation Ordinance of the Village is available for inspection and then is subsequently presented at a public hearing.
- (e) The Village's Board of Trustees adopts the Annual Budget and Appropriation Ordinance after the public hearing.

Expenditures may not legally exceed the budgeted appropriations at the fund level. The budget may be amended by the Library's Board of Trustees. There were no amendments to the budget for the year ended December 31, 2017.

NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed the appropriations for the year ended December 31, 2017 for the General Fund.

***OTHER
SUPPLEMENTAL INFORMATION***

CHICAGO RIDGE PUBLIC LIBRARY

OTHER FUNDS

COMBINING BALANCE SHEET

December 31, 2017

	<u>IMRF</u>	<u>FICA</u>	<u>Total</u>
Assets:			
Cash and investments	\$ -	\$ 32,978	\$ 32,978
Property tax receivables	<u>86,260</u>	<u>47,697</u>	<u>133,957</u>
Total assets	<u>\$ 86,260</u>	<u>\$ 80,675</u>	<u>\$ 166,935</u>
Liabilities:			
Accrued payroll	\$ 979	\$ 569	\$ 1,548
Interfund balances	<u>8,043</u>	<u>-</u>	<u>8,043</u>
Total liabilities	<u>9,022</u>	<u>569</u>	<u>9,591</u>
Deferred inflows of resources:			
Unearned property tax revenue	<u>86,260</u>	<u>47,697</u>	<u>133,957</u>
Total deferred inflows of resources	<u>86,260</u>	<u>47,697</u>	<u>133,957</u>
Fund balances:			
Restricted	-	32,409	32,409
Unassigned	<u>(9,022)</u>	<u>-</u>	<u>(9,022)</u>
Total fund balances	<u>(9,022)</u>	<u>32,409</u>	<u>23,387</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 86,260</u>	<u>\$ 80,675</u>	<u>\$ 166,935</u>

CHICAGO RIDGE PUBLIC LIBRARY

OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2017

	<u>IMRF</u>	<u>FICA</u>	<u>Total</u>
Revenues:			
Property taxes	\$ 77,597	\$ 43,209	\$ 120,806
Total revenues	77,597	43,209	120,806
Expenditures:			
Current:			
Contributions to IMRF	63,518	-	63,518
Social Security and Medicare taxes (FICA taxes)	-	40,045	40,045
Total expenditures	63,518	40,045	103,563
Net change in fund balances	14,079	3,164	17,243
Fund balances:			
Beginning of year	(23,101)	29,245	6,144
End of year	<u>\$ (9,022)</u>	<u>\$ 32,409</u>	<u>\$ 23,387</u>