



**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018



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WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet	5
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	8
Notes to Financial Statements.....	9-22
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	23-24
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	25
Schedule of Library’s Changes in the Employer’s Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund	26
Notes to Required Supplementary Information	27
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Reserve Fund	28

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

Members of the Public Library Board
Westmont Public Library
Westmont, Illinois

We have audited the accompanying financial statements of the governmental activities and the major funds of the Westmont Public Library, Westmont, Illinois (the Library) as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the major funds of the Westmont Public Library, Westmont Illinois as of April 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Library has not presented a management's discussion and analysis as required supplementary information that accounting principles generally accepted in the United States of America require to be presented to 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 this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary 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 supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of 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.

Sikich LLP

Naperville, Illinois
December 20, 2018

BASIC FINANCIAL STATEMENTS

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,031,232
Investments	101,907
Receivables (net of allowance where applicable)	
Property taxes	1,868,610
Prepaid items	22,394
Capital assets not being depreciated	450,000
Capital assets being depreciated	<u>2,577,612</u>
 Total assets	 <u>6,051,755</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	<u>245,734</u>
 Total deferred outflows of resources	 <u>245,734</u>
 Total assets and deferred outflows of resources	 <u>6,297,489</u>
LIABILITIES	
Accounts payable	52,247
Accrued payroll	43,680
Noncurrent liabilities	
Due in one year	10,536
Due in more than one year	<u>493,074</u>
 Total liabilities	 <u>599,537</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned property taxes	1,866,543
Pension items - IMRF	<u>367,805</u>
 Total deferred inflows of resources	 <u>2,234,348</u>
 Total assets and deferred inflows of resources	 <u>2,833,885</u>
NET POSITION	
Net investment in capital assets	3,015,124
Restricted	
Capital improvements	457,532
Unrestricted (deficit)	<u>(9,052)</u>
 TOTAL NET POSITION	 <u><u>\$ 3,463,604</u></u>

See accompanying notes to financial statements.

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Assets
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 2,169,113	\$ 33,454	\$ 20,696	\$ -	\$ (2,114,963)
Interest	60	-	-	-	(60)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,169,173	\$ 33,454	\$ 20,696	\$ -	(2,115,023)
			General Revenues		
			Taxes		
			Property taxes		1,833,361
			Replacement taxes		9,656
			Investment income		14,493
			Miscellaneous		980
			Total		1,858,490
			CHANGE IN NET POSITION		(256,533)
			NET POSITION, MAY 1		3,720,137
			NET POSITION, APRIL 30		\$ 3,463,604

See accompanying notes to financial statements.

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

April 30, 2018

	General	Special Reserve	Total
ASSETS			
Cash and cash equivalents	\$ 704,087	\$ 327,145	\$ 1,031,232
Investments	50,979	50,928	101,907
Receivables (net of allowance where applicable)			
Property taxes	1,866,543	2,067	1,868,610
Due from other funds	-	78,392	78,392
Prepaid items	22,394	-	22,394
TOTAL ASSETS	\$ 2,644,003	\$ 458,532	\$ 3,102,535
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 51,247	\$ 1,000	\$ 52,247
Accrued payroll	43,680	-	43,680
Due to other funds	78,392	-	78,392
Total liabilities	173,319	1,000	174,319
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,866,543	-	1,866,543
Total deferred inflows of resources	1,866,543	-	1,866,543
Total liabilities and deferred inflows of resources	2,039,862	1,000	2,040,862
FUND BALANCES			
Nonspendable			
Prepaid items	22,394	-	22,394
Restricted			
Capital improvements	-	457,532	457,532
Unrestricted			
Unassigned	581,747	-	581,747
Total fund balances	604,141	457,532	1,061,673
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,644,003	\$ 458,532	\$ 3,102,535

See accompanying notes to financial statements.

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,061,673
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	3,027,612
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Capital leases	(12,488)
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(38,028)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(453,094)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources in the statement of net position	
IMRF	<u>(122,071)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,463,604</u></u>

See accompanying notes to financial statements.

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

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

For the Year Ended April 30, 2018

	General	Special Reserve	Total
REVENUES			
Taxes	\$ 1,833,361	\$ 9,656	\$ 1,843,017
Intergovernmental	19,166	-	19,166
Fines and forfeitures	20,972	-	20,972
Charges for services	14,012	-	14,012
Investment income	13,909	584	14,493
Miscellaneous	980	-	980
Total revenues	1,902,400	10,240	1,912,640
EXPENDITURES			
Current			
Culture and recreation	1,788,259	-	1,788,259
Capital outlay	26,534	26,526	53,060
Debt service			
Principal retirement	237	-	237
Interest charges and fees	60	-	60
Total expenditures	1,815,090	26,526	1,841,616
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	87,310	(16,286)	71,024
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	12,725	-	12,725
Transfers in	-	78,392	78,392
Transfers (out)	(78,392)	-	(78,392)
Total other financing sources (uses)	(65,667)	78,392	12,725
NET CHANGE IN FUND BALANCES	21,643	62,106	83,749
FUND BALANCES, MAY 1	582,498	395,426	977,924
FUND BALANCES, APRIL 30	\$ 604,141	\$ 457,532	\$ 1,061,673

See accompanying notes to financial statements.

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS

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

For the Year Ended April 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 83,749
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	86,016
The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to the governmental funds, while it is an increase in principal outstanding in the statement of activities	(12,725)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	237
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(214,060)
Loss on disposal of capital assets	(25,098)
Compensated absences payable	(7,606)
Net pension liability	383,656
Deferred outflows of resources related to pensions	(192,571)
Deferred inflows of resources related to pensions	<u>(358,131)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (256,533)</u>

See accompanying notes to financial statements.

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Westmont Public Library, Westmont, Illinois (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

a. Reporting Entity

The Library is a municipal corporation governed by an elected seven-member board of trustees (the Board). The Board selects management staff and directs the affairs of the Library.

As required by generally accepted accounting principles, these financial statements include all funds of the Library. Management has also considered all potential component units. The reporting entity for the Library includes all funds and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Library has not identified any organizations that meet this criteria.

b. Fund Accounting

The Library uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary, and fiduciary. The Library reports only governmental funds.

Governmental funds are used to account for all or most of the Library's general activities including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds), and the funds committed, restricted, or assigned for the servicing of long-term debt (debt service funds).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library. The effect of material interfund activity, if any, has been eliminated from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

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

The Library reports the following major governmental funds:

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

Special Reserve Fund, a capital projects fund, is used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

d. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable, available, and earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Preparation (Continued)

The Library recognizes property taxes when they become both measurable and available in the year intended to finance. The Library considers other revenue sources as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

e. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with a maturity date of three months or less from the date acquired by the Library.

f. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchase, if any, are stated at fair value. The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Library held no investments to measure at fair value at April 30, 2018.

g. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property Tax Revenues

Property taxes for levy year 2017 attaches as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December 31 by passage of a Tax Levy Ordinance. Tax bills are prepared by the county and issued on or about May 1, 2017, and are payable in two installments, on or about June 1, 2017 and September 1, 2017. The county collects such taxes and remits them periodically. The 2017 tax levy collections are intended to finance the 2019 fiscal year and are not considered available for the current operation and are, therefore, shown as deferred inflows of resources. The 2018 tax levy, which attached as an enforceable lien on the property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018, as the tax has not yet been levied by the Village of Westmont (the Village) and will not be levied until December 31, 2018 and, therefore, the levy is not measurable at April 30, 2018.

The allowance for uncollectible taxes has been stated at 1% of the tax levy or \$18,854 to reflect the actual collection experience.

i. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Buildings improvements	20 - 40
Furniture and equipment	5 - 12

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

Vested or accumulated vacation leave, including related social security and medicare, that is owed retirees or terminated employees is reported as expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees. The General Fund has been used in prior years to liquidate the liability for compensated absences.

k. Interfund Transactions

Interfund services transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

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

l. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Balances/Net Position

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Library classifies governmental fund balance as follows:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g., inventory or prepaid items).

Restricted - includes amounts constrained on for a specific purpose by external parties (e.g., Debt Service, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision-making authority, the Library Board. This formal action (an ordinance) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Library Board that originally created the commitment.

Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes determined by the Library Board or by an official that has been delegated authority to assign amounts that do not meet the criteria to be classified as restricted or committed. Then Library Board may also take official action to assign amounts. Assignments may take place after the end of the reporting period.

Unassigned - includes negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

The Library has a formal minimum fund balance policy. The policy has a goal to maintain an unassigned fund balance of 20% to 40%, with target goal of 30%, of the overall fund balance. The policy is also to maintain a fund balance in the Special Reserve Fund of at least \$150,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

The Library has adopted an investment policy. That policy the state statute for allowable investments. Illinois Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, The Illinois Funds, and Illinois Metropolitan Investment Fund.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Library Deposits with Financial Institutions

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits its exposure to credit risk by only allowing investments in securities guaranteed by the United States Government or by participating in The Illinois Funds. The Illinois Funds are rated AAA.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. As of April 30, 2018, all the Library deposits were covered under FDIC insurance. The Library's investment policy requires the Library to invest in FDIC insured institutions.

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Library Deposits with Financial Institutions (Continued)

The Library limits its exposure to interest rate risk by only investing in The Illinois Funds, which are highly liquid investments.

Concentration of credit risk - The Library invests exclusively in The Illinois Funds which are considered internally diversified and not subject to concentration of credit risk.

4. CAPITAL ASSETS

The Library's capital asset activity for the year ended April 30, 2018 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Construction in progress	34,416	-	34,416	-
Total capital assets not being depreciated	<u>484,416</u>	-	<u>34,416</u>	<u>450,000</u>
Capital assets being depreciated				
Buildings	5,562,891	96,349	-	5,659,240
Furniture and equipment	477,969	24,083	62,746	439,306
Total capital assets being depreciated	<u>6,040,860</u>	<u>120,432</u>	<u>62,746</u>	<u>6,098,546</u>
Less accumulated depreciation for				
Buildings	3,047,050	171,963	-	3,219,013
Furniture and equipment	297,472	42,097	37,648	301,921
Total accumulated depreciation	<u>3,344,522</u>	<u>214,060</u>	<u>37,648</u>	<u>3,520,934</u>
Total capital assets being depreciated, net	<u>2,696,338</u>	<u>(93,628)</u>	<u>25,098</u>	<u>2,577,612</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 3,180,754</u>	<u>\$ (93,628)</u>	<u>\$ 59,514</u>	<u>\$ 3,027,612</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 214,060</u>

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

a. Changes in Long-Term Debt

A summary of changes in the Library's long-term debt is as follows:

	Balances May 1	Issuances	Retired	Balances April 30	Current Portion
Capital lease	\$ -	\$ 12,725	\$ 237	\$ 12,488	\$ 2,930
Compensated absences	30,422	9,346	1,740	38,028	7,606
Net pension liability - IMRF	836,750	-	383,656	453,094	-
TOTAL	\$ 867,172	\$ 22,071	\$ 385,633	\$ 503,610	\$ 10,536

The capital lease, compensated absences, and net pension liability will be paid out of the General Fund.

In 2018, the Library entered into a capital lease agreement. The gross amounts of assets under capital lease is \$12,725, which are included in capital assets in the governmental activities. The future minimum lease obligations on the capital lease at April 30, 2018 is as follows:

Fiscal Year Ending April 30,	Principal	Interest
2019	\$ 2,930	\$ 634
2020	3,101	463
2021	3,281	283
2022	3,176	91
TOTAL	\$ 12,488	\$ 1,471

6. INDIVIDUAL FUND DISCLOSURES

At April 30, 2018, the Library had the following interfund receivables and payables:

Due To	Due From	Amount
Special Reserve Fund	General Fund	\$ 78,392
TOTAL INTERFUND RECEIVABLES AND PAYABLES		\$ 78,392

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. INDIVIDUAL FUND DISCLOSURES (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During year ended April 30, 2018, the Library made the following interfund transfers:

Transferred To	Transferred From	Amount
Special Reserve Fund	General Fund	\$ 78,392
TOTAL INTERFUND TRANSFERS		\$ 78,392

The \$78,392 transfer from the General Fund to the Special Reserve Fund was for future capital improvements. This transfer will not be repaid in the future.

7. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

8. DEFINED BENEFIT PENSION PLAN

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois, through the Village. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

The employees of the Library are pooled with the employees of the Village for purposes of the actuarial valuation. As the Library is participating under the Village's employer number, IMRF is considered to be a cost-sharing plan for the Library. All disclosures for an agent plan can be found in the separately issued Village Illinois Comprehensive Annual Financial Report as of and for the year ended April 30, 2018 at westmont.illinois.gov.

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund

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. Investments are reported at fair value.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for calendar year 2017 and 2018 was 13.80% and 14.37%, respectively of covered payroll. For the fiscal year ended April 30, 2018, salaries totaling \$645,998 were paid that required employer contributions of \$90,616, which was equal to the Library's actual contributions.

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

At April 30, 2018, the Library reported a net pension liability for its proportionate share of the net pension liability that reflected the Library's portion of the total net pension liability associated with the Village's employer number. The amount recognized by the Library as its proportionate share of the net pension liability, the Village's share of the net pension liability, and the total net pension liability associated with the Village's employer number were as follows:

Library's proportionate share of the collective net pension liability	\$ 453,094
Village's proportionate share of the collective net pension liability	<u>3,711,374</u>
TOTAL	<u>\$ 4,164,468</u>

The net pension liability was measured as of December 31, 2017. The Library's proportionate share of the net pension liability was based on the Library's contributions to IMRF for the fiscal year ended April 30, 2018, relative to the total contributions of the Library and Village during that period. At April 30, 2018, the Library's proportion was 10.88%. The Library's proportion at April 30, 2017 was 11.89%.

Actuarial Assumptions

The Village's net pension liability (asset) was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate or return	7.50%
Asset valuation method	Market value of assets

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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

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

For the fiscal year ended April 30, 2018, the Library recognized pension expense of \$292,229. At April 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 215,002	\$ -
Changes in assumptions	1,564	120,744
Net difference between projected and actual earnings on pension plan investments	-	247,061
Contributions subsequent to measurement date	29,168	-
	<u> </u>	<u> </u>
TOTAL	<u>\$ 245,734</u>	<u>\$ 367,805</u>

WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(Continued)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the table above will be recognized as a reduction in the net pension liability (asset) for the year ended April 30, 2018. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ 41,325
2020	(8,579)
2021	(91,185)
2022	<u>(92,800)</u>
TOTAL	<u>\$ (151,239)</u>

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Library's proportionate share of the collective net pension liability (asset)	\$ 1,086,557	\$ 453,094	\$ (67,803)

REQUIRED SUPPLEMENTARY INFORMATION

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property	\$ 1,837,150	\$ 1,833,361	\$ (3,789)
Intergovernmental	-	19,166	19,166
Fines and forfeitures	17,682	20,972	3,290
Charges for services	13,900	14,012	112
Investment income	4,520	13,909	9,389
Miscellaneous	3,000	980	(2,020)
	<hr/>		
Total revenues	1,876,252	1,902,400	26,148
<hr/>			
EXPENDITURES			
Culture and recreation			
Wages	908,600	901,815	(6,785)
Health insurance	90,690	84,774	(5,916)
FICA expenditures	69,500	68,212	(1,288)
IMRF expenditures	89,000	90,616	1,616
Unemployment insurance	1,200	1,200	-
Conferences and training	8,314	8,303	(11)
Professional memberships	3,166	2,259	(907)
Travel	5,875	3,798	(2,077)
Staff appreciation	1,800	1,782	(18)
Board expenses	1,200	887	(313)
Books	-	111,498	111,498
AV materials	-	53,392	53,392
Other library materials	277,650	1,022	(276,628)
Electronic resources	-	55,744	55,744
Periodicals	-	2,623	2,623
Professional publications	-	5,666	5,666
RBP IL replacement	-	436	436
Automation services	57,967	96,881	38,914
Supplies	27,000	24,320	(2,680)
Postage	6,500	5,647	(853)
Custodial supplies	2,500	2,776	276
Programs	36,850	33,313	(3,537)
Public communications	25,600	24,460	(1,140)

(This schedule is continued on the following page.)

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)			
Culture and recreation (Continued)			
Maintenance services - building	\$ 54,000	\$ 52,339	\$ (1,661)
Maintenance services - equipment	34,360	29,318	(5,042)
Utilities	16,050	11,885	(4,165)
Copier and printer	7,800	3,889	(3,911)
Furniture and equipment	23,000	22,188	(812)
Professional services	84,880	74,577	(10,303)
Insurance	11,120	11,120	-
Contingency	1,000	-	(1,000)
Miscellaneous	900	1,519	619
Total culture and recreation	1,846,522	1,788,259	(58,263)
Capital outlay	29,730	26,534	(3,196)
Debt service			
Principal retirement	-	237	237
Interest charges and fees	-	60	60
Total debt service	-	297	297
Total expenditures	1,876,252	1,815,090	(61,162)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	87,310	87,310
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	-	12,725	12,725
Transfers (out)	-	(78,392)	(78,392)
Total other financing sources (uses)	-	(65,667)	(65,667)
NET CHANGE IN FUND BALANCE	\$ -	21,643	\$ 21,643
FUND BALANCE, MAY 1		582,498	
FUND BALANCE, APRIL 30		\$ 604,141	

(See independent auditor's report.)

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Contractually required contribution	\$ 49,999	\$ 90,176	\$ 90,616
Contributions in relation to the contractually required contribution	49,999	90,176	90,616
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 370,636	\$ 622,331	\$ 645,998
Contributions as a percentage of covered-employee payroll	13.49%	14.49%	14.03%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percentage of payroll, closed and the amortization period was 26-year closed period until the remaining period reaches 15 years (then a 15-year rolling period); the asset valuation method was five-year smoothed market with a 20% corridor; and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation of 2.75% annually; projected salary increases of 3.75% to 14.50%, annually, including inflation; and an investment rate of return of 7.50% annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

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

Last Three Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
Employer's proportion of net pension liability	6.95%	11.89%	10.88%
Employer's proportionate share of net pension liability	\$ 447,696	\$ 836,750	\$ 453,094
Employer's covered employee payroll	370,636	622,331	613,511
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	120.79%	134.45%	(7.75%)
Plan fiduciary net position as a percentage of the total pension liability	85.12%	84.46%	91.04%

Notes to Required Supplementary Information

There was a change in the actuarial assumptions used between 2016 and 2015. The investment rate of return used in the current year and 2016 is 7.50% while that used in 2015 was 7.49%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

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

(See independent auditor's report.)

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts were not amended during the year by the Board of Trustees. All annual appropriations lapse at fiscal year end.

The Library submits to the Board of Trustees a proposed budget for the fiscal year. The operating budget includes proposed expenditures and means of financing them. Budget hearings are conducted. The budget is legally enacted through the passage of an ordinance by the Board of Trustees after approval through a motion. The budget may be amended by the Board of Trustees. Expenditures may not legally exceed budgeted appropriations at the fund level.

The General Fund and Special Reserve Fund have legally adopted budgets.

SUPPLEMENTAL INFORMATION

**WESTMONT PUBLIC LIBRARY
WESTMONT, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL RESERVE FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ -	\$ 9,656	\$ 9,656
Investment income	-	584	584
Total revenues	-	10,240	10,240
EXPENDITURES			
Capital outlay	600,000	26,526	(573,474)
Total expenditures	600,000	26,526	(573,474)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(600,000)	(16,286)	583,714
OTHER FINANCING SOURCES (USES)			
Transfers in	-	78,392	78,392
Total other financing sources (uses)	-	78,392	78,392
NET CHANGE IN FUND BALANCE	<u>\$ (600,000)</u>	62,106	<u>\$ 662,106</u>
FUND BALANCE, MAY 1		<u>395,426</u>	
FUND BALANCE, APRIL 30		<u>\$ 457,532</u>	

(See independent auditor's report.)