

Glenside Public Library District

Annual Financial Report

June 30, 2017

GLENSIDE PUBLIC LIBRARY DISTRICT

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GLENSIDE PUBLIC LIBRARY DISTRICT

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INTRODUCTORY SECTION

GLENSIDE PUBLIC LIBRARY DISTRICT

Principal Officials
June 30, 2017

BOARD OF TRUSTEES

Saverio “Sam” Lucente, President

Isabelle Baldwin, Vice President

Constance Barreras, Secretary

Altha Milnes, Treasurer

Chodri Khokhar, Trustee

Jessica Breede, Trustee

Mariann Evans, Trustee

ADMINISTRATION

Tom Bartenfelder, Library Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

Members of the Board of Trustees
Glenside Public Library District
Glendale Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Glenside Public Library District as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Glenside Public Library District as of June 30, 2017, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 combining and individual fund financial statements and schedules have 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.

Board of Trustees
Glenside Public Library District
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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Oakbrook Terrace, Illinois
November 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLENSIDE PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Glenside Public Library District, this narrative overview and analysis is provided of the Library District's financial performance for the fiscal year ended June 30, 2017. We recommend readers consider this information in conjunction with the financial statements as a whole.

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

The major components of the financial statements are the Statement of Net Position and the Statement of Activities. The Statement of Net Position shows the total assets, liabilities and deferred outflows/inflows of resources of the Library District. Assets and deferred outflows that exceed liabilities and deferred inflows would be considered the net worth of the Library District. The Statement of Activities reflects the total operations of the Library District for the past year, shown first net of revenues from taxes, interest and miscellaneous items, and then in total.

Basic Financial Statements

Government-wide and fund financial statements are presented on pages 10 through 16.

The government-wide financial statements are designed to provide readers with a broad overview of the Library District's finances in a manner similar to a private-sector business. They are prepared using the full accrual basis of accounting.

The Statement of Net Position presents information on all the Library District's assets, liabilities and deferred outflows/inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Library District is improving or deteriorating.

The Statement of Activities presents information showing how the Library District's net position changed during the current fiscal year.

Fund financial statements tell how Library services were paid for as well as what remains for future spending. Fund financial statements report the Library's operations in more detail than the government-wide statements by providing information about the Library District's major fund, the General Fund.

Notes to the Financial Statements provide additional information that is essential to develop a full understanding of the information provided in the financial statements. The Required Supplementary Information consists of retirement fund Schedules of Changes in Net Pension Liability and Contributions.

GLENSIDE PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis (Cont.)

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Glenside Public Library District, assets and deferred outflows exceeded liabilities and deferred inflows by \$5,388,471 at the close of this fiscal year. A large portion of the Library District's assets reflects its net investment in capital assets. The Library District uses these capital assets to provide services and, consequently, these assets are not available to liquidate liabilities or for other spending.

Summary of Net Position

The following table summarizes the Statement of Net Position using the full accrual basis of accounting.

	June 30, 2017		June 30, 2016	
	Balances	Percent of Total Assets	Balances	Percent of Total Assets
Assets				
Current Assets	\$ 4,477,239	48 %	\$ 4,173,697	47 %
Capital Assets	4,772,801	52	4,799,718	53
Total Assets	9,250,040	100	8,973,415	100
Deferred Outflows of Resources				
Outflows Related to Pensions (IMRF)	491,418	5	438,590	5
Liabilities				
Current Liabilities	490,491	5	687,686	8
Noncurrent Liabilities	3,812,838	41	3,889,126	43
Total Liabilities	4,303,329	47	4,576,812	51
Deferred Inflows of Resources				
Inflows Related to Pensions (IMRF)	49,658	1	83,320	1
Net Position				
Net Investment in Capital Assets	1,577,801	18	1,079,718	13
Restricted	226,766	2	194,181	2
Unrestricted	3,583,904	39	3,477,974	39
	\$ 5,388,471	59 %	\$ 4,751,873	54 %

GLENSIDE PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis (Cont.)

The following table summarizes the Statement of Activities using the full accrual basis of accounting. All costs incurred by the District are presented; however, the purchase of library materials of \$183,516 and building improvements of \$192,631 are not included because these costs are capitalized and depreciated over the expected life of the assets. For the year ended June 30, 2017, the Library District's Net Position increased by \$636,598. As shown in the following table, the net increase was primarily due to an effort by the Library District to hold costs at prior year levels and lower, while property taxes increased by \$45,847.

Overview of the Statement of Activities

	Fiscal Year 2017		Fiscal Year 2016	
	Balances	Percent of Total Revenues	Balances	Percent of Total Revenues
Revenues				
Taxes	\$ 3,823,711	96 %	\$ 3,777,864	98 %
Fines	43,324	1	49,814	1
State Grant	87,846	2	-	-
Interest	10,071	-	3,362	-
Miscellaneous	10,225	1	20,755	1
Total Revenues	3,975,177	100	3,851,795	100
Expenses				
General Government	287,364	7	293,406	8
Culture	2,184,274	55	1,932,332	50
Building and Site Maintenance	557,239	14	833,602	22
Interest	142,821	4	158,475	4
Depreciation	166,881	4	192,840	5
Total Expenses	3,338,579	84	3,410,655	89
Change in Net Position	636,598	17 %	441,140	12 %
Net Position, Beginning of Year	4,751,873		4,310,733	
Net Position, End of Year	\$ 5,388,471		\$ 4,751,873	

Revenue

The Library District receives 96% of its operating revenue from property taxes, while the remaining amount is comprised of overdue fines and miscellaneous fees revenue, state per capita grant, interest income and other miscellaneous items.

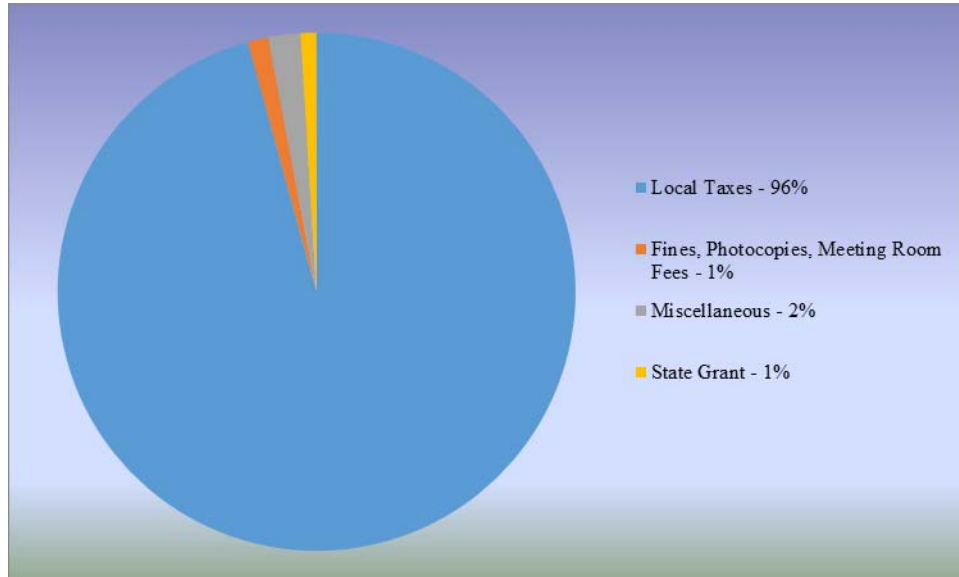
The increase in property tax revenue of \$45,847 from the prior year is due to a 6.5% increase in District valuation.

During the year ended June 30, 2017, the Library District received the Illinois Library Per Capita Grant in the amount of \$27,950. Per Capita Grant funds are spent on library materials. The District also received \$59,896 in fiscal year 2017 for a lighting project.

GLENSIDE PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis (Cont.)

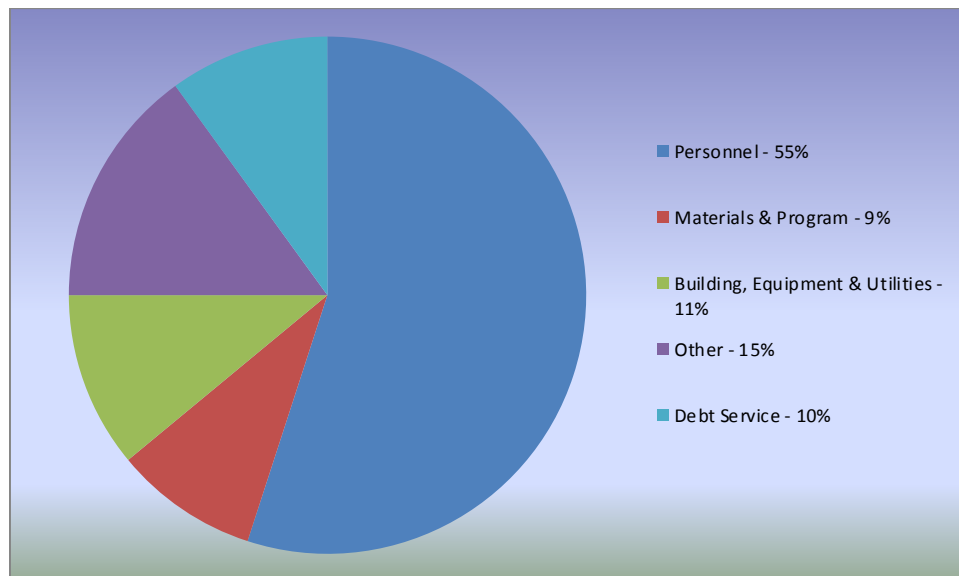
Revenue by Source – Governmental Activities



Expenditures

Expenditures for all library materials and programming were \$320,674. Continuing to provide excellent library services to our residents of all ages requires a dedicated, professional, and trained staff. Staff-related expenditures are 55% of the District's total expenditures and include salaries and wages, health insurance benefits, training and development, unemployment and worker's compensation insurance, and employee retirement benefits.

Expenditures – General Fund



GLENSIDE PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis (Cont.)

General Fund Budgetary Highlights

The General Fund had revenues of \$3,944,454, which was \$4,212 under budget, and expenditures of \$3,761,377, which was \$167,814 under budget. The result was a net income budget variance of \$163,602.

Expenses were under budget mainly due to the following:

- 1) Salaries under budget by \$20,675 and employee benefits under budget by \$29,547. Both of these were the result of a reduction of administrative salaries and positions partially offset by an increase in custodial and other support positions.
- 2) The following three categories are difficult to predict and were over-estimated intentionally to avoid shortfalls: nonprint materials under budget by \$10,260, automated system expenditures under budget by \$14,017, and maintenance and renovation under budget by \$19,792.

Amendments increasing the expense budget by \$36,949 were approved in fiscal year 2017. The amendments increased the budgeted expenditures for maintenance and renovation and equipment. The increase allowed the library to take advantage of a combination of grants totaling close to \$60,000 to retrofit the building with LED bulbs and fixtures.

Capital Assets

At the end of fiscal 2017, the Library District had total capital assets (net of accumulated depreciation) of \$4,772,801 invested in computers, a large collection of books and other library materials, building improvements, and the land and building which houses the library operations.

	June 30,	
	2017	2016
Land	\$ 175,000	\$ 175,000
Construction in Progress	-	-
Building and Improvements	6,598,761	6,406,130
Furniture and Equipment	570,143	570,143
Books and Library Materials	1,241,125	1,219,318
Cost of Capital Assets	8,585,029	8,370,591
Less Accumulated Depreciation	(3,812,228)	(3,570,873)
Net Capital Assets	<u>\$ 4,772,801</u>	<u>\$ 4,799,718</u>

Additional information about capital assets can be found in Note 3.

Long-Term Debt

The Library District maintains \$3,195,000 in long-term debt. In the current year, the Library District reduced its outstanding bonds by \$225,000. In fiscal year 2016, the District entered into an agreement for \$300,000 for roof repairs. This loan was paid back in full in July of 2016.

Additional information about long-term debt can be found in Note 6.

GLENSIDE PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis (Cont.)

CONTACTING THE GLENSIDE PUBLIC LIBRARY DISTRICT'S ADMINISTRATION

This financial report is designed to provide a general overview of the Glenside Public Library District's finances for those with an interest in the District's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Tom Bartenfelder
Library Director
25 East Fullerton Avenue
Glendale Heights, Illinois 60139

BASIC FINANCIAL STATEMENTS

GLENSIDE PUBLIC LIBRARY DISTRICT

Statement of Net Position

June 30, 2017

Assets	
Current Assets	
Cash and Investments	\$ 2,572,298
Receivables	
Property Taxes	1,879,946
Prepays	24,995
Total Current Assets	<u>4,477,239</u>
Noncurrent Assets	
Capital Assets	
Capital Assets Not Being Depreciated	175,000
Other Capital Assets, Net of Depreciation	4,597,801
Total Noncurrent Assets	<u>4,772,801</u>
Total Assets	<u>9,250,040</u>
Deferred Outflows of Resources	
Outflows Related to Pensions (IMRF)	<u>491,418</u>
Liabilities	
Current Liabilities	
Accounts Payable	126,350
Accrued Liabilities	67,483
Current Portion of Accrued Vacation and Sick Pay	61,658
Current Portion of Bonds Payable	235,000
Total Current Liabilities	<u>490,491</u>
Noncurrent Liabilities	
Accrued Vacation and Sick Pay	6,851
Bonds Payable, Less Current Portion	2,960,000
Net Pension Liability	845,987
Total Noncurrent Liabilities	<u>3,812,838</u>
Total Liabilities	<u>4,303,329</u>
Deferred Inflows of Resources	
Inflows Related to Pensions (IMRF)	<u>49,658</u>
Net Position	
Net Investment in Capital Assets	1,577,801
Restricted for	
IMRF	21,906
Liability Insurance	5,305
Audit	493
Workers' Compensation Insurance	4,942
Unemployment	2,567
Building and Equipment Maintenance	40,165
FICA	59,414
Working Cash - Permanent (Nonexpendable)	91,974
Unrestricted	<u>3,583,904</u>
Total Net Position	<u>\$ 5,388,471</u>

See Notes to Financial Statements

GLENSIDE PUBLIC LIBRARY DISTRICT

Statement of Activities
 For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Library Services	\$ 3,195,758	43,324	87,846	(3,064,588)
Interest on Long-Term Debt	142,821	-	-	(142,821)
Total Governmental Activities	\$ 3,338,579	43,324	87,846	(3,207,409)
General Revenues				
Taxes				
				3,816,527
				7,184
				10,071
				10,225
				<u>3,844,007</u>
				636,598
				<u>4,751,873</u>
				<u>5,388,471</u>

GLENSIDE PUBLIC LIBRARY DISTRICT

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and Investments	\$ 2,480,228	92,070	2,572,298
Receivables			
Property Taxes	1,879,946	-	1,879,946
Prepays	24,995	-	24,995
	<hr/>		
Total Assets	\$ 4,385,169	92,070	4,477,239
<hr/>			
Liabilities			
Accounts Payable	\$ 126,350	-	126,350
Accrued Payroll and Related Taxes	67,483	-	67,483
Total Liabilities	193,833	-	193,833
<hr/>			
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	3,824,558	-	3,824,558
<hr/>			
Fund Balances			
Nonspendable			
Prepaid Items	24,995	-	24,995
Working Cash - Permanent	-	91,974	91,974
Restricted			
Audit	493	-	493
IMRF	21,906	-	21,906
Liability Insurance	5,305	-	5,305
Workers' Compensation Insurance	4,942	-	4,942
Unemployment	2,567	-	2,567
Building and Equipment Maintenance	40,165	-	40,165
FICA	59,414	-	59,414
Assigned			
Special Reserve	-	96	96
Unassigned			
	206,991	-	206,991
Total Fund Balances	366,778	92,070	458,848
<hr/>			
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,385,169	92,070	4,477,239
<hr/>			

GLENSIDE PUBLIC LIBRARY DISTRICT

Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2017

Total Fund Balances - Governmental Funds	\$ 458,848
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,772,801
Property tax revenue from current levies is reported in the Statement of Net Position, but is deferred in the governmental funds.	3,824,558
Bonds payable do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.	(3,195,000)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(845,987)
The IMRF deferred outflows of resources do not require the use of current financial resources and, therefore, are not reported as asset in governmental funds.	491,418
The IMRF deferred inflows of resources do not require the use of current financial resources and, therefore, are not reported as liability in governmental funds.	(49,658)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(68,509)</u>
Net Position of Governmental Activities	<u>\$ 5,388,471</u>

GLENSIDE PUBLIC LIBRARY DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

Year Ended June 30, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 3,787,642	-	3,787,642
Replacement Taxes	7,184	-	7,184
Grants	87,846	-	87,846
Interest	8,233	1,838	10,071
Fines and Other	43,324	-	43,324
Miscellaneous	10,225	-	10,225
Total Revenues	<u>3,944,454</u>	<u>1,838</u>	<u>3,946,292</u>
Expenditures			
Current			
General Government	287,364	-	287,364
Culture	2,478,416	-	2,478,416
Building and Site Maintenance	321,416	-	321,416
Debt Service			
Principal	525,000	-	525,000
Interest	149,181	-	149,181
Total Expenditures	<u>3,761,377</u>	<u>-</u>	<u>3,761,377</u>
Net Change in Fund Balances	183,077	1,838	184,915
Fund Balances			
Beginning	<u>183,701</u>	<u>90,232</u>	<u>273,933</u>
Ending	<u>\$ 366,778</u>	<u>92,070</u>	<u>458,848</u>

GLENSIDE PUBLIC LIBRARY DISTRICT

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

Year Ended June 30, 2017

Net Change in Fund Balances - Governmental Funds	\$ 184,915
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the difference between capital outlays of \$375,787 and depreciation of \$402,704.	(26,917)
Property tax revenues in the Statement of Activities that do not provide current financial resources are reported as deferred property tax revenue in the fund financial statements.	28,885
Debt service principal payments are reported as a reduction of a liability in governmental activities but are reported as an expenditure in the fund financial statements.	525,000
Interest on loans payable is shown as fund expenditure when paid, but it accrued in the governmental activities.	6,360
Changes in the net pension liability and the IMRF deferred outflow and inflow of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(71,175)
The change in compensated absences is not a source or use of a financial resource.	<u>(10,470)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 636,598</u></u>

GLENSIDE PUBLIC LIBRARY DISTRICT

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues				
Property Taxes				
Corporate	\$ 2,990,177	3,005,383	3,005,383	-
Property Taxes Special Levies				
Audit	7,650	8,150	8,143	(7)
Social Security	145,667	116,330	116,330	-
Illinois Municipal Retirement	146,400	146,000	145,994	(6)
Liability Insurance	9,120	6,980	6,980	-
Workers' Compensation Insurance	7,432	7,562	7,561	(1)
Unemployment Insurance	6,361	6,401	6,398	(3)
Building and Equipment Maintenance	115,667	116,330	116,330	-
Bond	367,823	369,933	369,929	(4)
Prior Levies	50	5	4,594	4,589
Replacement Taxes	6,900	4,900	7,184	2,284
Grants	27,950	97,950	87,846	(10,104)
Interest	1,125	6,142	8,233	2,091
Fines and Other	41,500	43,100	43,324	224
Miscellaneous	16,420	13,500	10,225	(3,275)
Total Revenues	<u>3,890,242</u>	<u>3,948,666</u>	<u>3,944,454</u>	<u>(4,212)</u>
Expenditures				
General Government	323,698	298,698	287,364	(11,334)
Culture	2,682,208	2,594,558	2,478,416	(116,142)
Building and Site Maintenance	299,647	361,646	321,416	(40,230)
Debt Service	674,289	674,289	674,181	(108)
Total Expenditures	<u>3,979,842</u>	<u>3,929,191</u>	<u>3,761,377</u>	<u>(167,814)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(89,600)</u>	<u>19,475</u>	<u>183,077</u>	<u>163,602</u>
Other Financing Sources (Uses)				
Transfer In	89,600	-	-	-
Transfer Out	-	(87,600)	-	87,600
Total Other Financing Sources (Uses)	<u>89,600</u>	<u>(87,600)</u>	<u>-</u>	<u>87,600</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(68,125)</u>	<u>183,077</u>	<u>251,202</u>
Fund Balance				
Beginning			<u>183,701</u>	
Ending			<u><u>366,778</u></u>	

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Glenside Public Library District (District) relating to the accompanying basic financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local 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 District's accounting policies are described below.

A. Reporting Entity

The District follows the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*. As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has concluded that no entities meet the criteria of Statement No. 61 for inclusion as a component unit. Likewise, the District is not required to be included as a component unit of any other entity.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The financial activities of the District consist entirely of governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District allocates indirect expenses to functions in the Statement of Activities in cases where a clear and direct connection exists. Program revenues include charges to residents who purchase, use or directly benefit from goods, services or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

B. Government-Wide and Fund Financial Statements (Cont.)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or nonmajor funds within the governmental statements.

Governmental fund types are those through which the governmental functions of the District are financed. The District's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

The District administers the following major governmental fund:

General Fund - This is the District's primary operating fund. It accounts for all financial resources of the general government except those required, legally or by sound financial management, to be accounted for in another fund.

The District reports the following nonmajor governmental funds:

Special Reserve Fund - This fund is used to account for the acquisition and construction of major capital facilities, equipment and capital asset replacements.

Working Cash Fund (Permanent Fund) - This fund is used to account for financial resources held by the District to be used for temporary interfund loans to certain other funds.

C. Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, *i.e.*, both measurable and available to finance the District's operations. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

C. Basis of Accounting (Cont.)

Property taxes, investment earnings and charges for services are the primary revenue sources susceptible to accrual. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

The District reports unearned/unavailable revenues on its Governmental Funds Balance Sheet. For governmental fund financial statements, unearned/unavailable revenues occur when potential revenue either does not meet both the “measurable” and “available” criteria for recognition in the current period, or when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned/unavailable revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

D. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position and the operating statements present increases and decreases in net total assets.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements, but are excluded from the governmental funds financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. 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 disclosure 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.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

F. Budgetary Data and Budgetary Accounting

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

- 1) The Board of Trustees passes a motion approving an operating budget.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to the fourth Tuesday of September, the budget is legally adopted.
- 4) The budget may be amended by the Board of Trustees.
- 5) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The District passed a budget for the General Fund. Within the annual financial report, the budgeted amounts represent the working budget figures of the District. The legally enacted appropriated amounts differ from these amounts.

Excess of Expenditures over Budget

No funds had an excess of actual expenditures over amended budget for the year ended June 30, 2017.

G. Accrued Vacation and Sick Pay

Vested or accumulated vacation pay and sick leave that is expected to be paid from expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay and sick leave that are not expected to be paid from expendable available financial resources are reported only on the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured as a result of employee resignations, terminations or retirements, and are payable with expendable resources.

H. Capital Assets

In the government-wide financial statements, the District has adopted a capitalization threshold of \$25,000 (except for Library materials) for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. This range of estimated useful lives by type of asset is as follows:

Building and Improvements	15 to 40 years
Furniture and Equipment	5 to 20 years
Library Materials	3 to 7 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not included as capital assets.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

I. Deferred Outflows/Inflows of Resources

The District reports deferred inflows of resources on its Statement of Net Position and Governmental Funds Balance Sheet. Deferred inflows of resources arise when resources are received by the District that represent an acquisition of an asset that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. In subsequent periods, when the District has a legal claim to the resources, the deferred inflow of resources is removed from the balance sheet and revenue is recognized. The District has only two items that qualifies for reporting in this category; it is the deferred inflows of resources related to the IMRF plan reported in the government-wide Statement of Net Position and the unavailable revenue relating to property taxes in the Governmental Funds Balance Sheet. The deferred inflows of resources result from the following transactions: the variance between expected and actual experience of the total pension liability and property tax revenues that do not provide for current financial resources.

The District reports deferred outflows of resources on its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has only one item that qualifies for reporting in this category; it is the deferred outflows of resources related to the IMRF plan report in the government-wide Statement of Net Position. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the District's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

J. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the outstanding bonds method. Issuance costs are expensed when paid.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year.

K. Property Taxes

Property taxes attach as an enforceable lien on January 1. They are levied the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, and are payable in two installments, on or about June 1 and on or about September 1. The Library receives significant distributions of tax receipts within one month after these due dates. It is the Library's policy to consider proceeds from a given tax levy as being available to finance operations of the fiscal year for which it is budgeted. Accordingly, the 2016 levy proceeds are not considered "available" as defined earlier in Note 1 and are, therefore, considered deferred inflows at June 30, 2017. In the entity-wide financial statements, property taxes are recognized when levied.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

K. Property Taxes (Cont.)

The following are the tax rates applicable to the various levies per \$100 of assessed valuations:

	Maximum 2016 Levy	Actual 2016 Levy	Actual 2015 Levy
Library	0.4891	0.4925	0.5167
Bond and Interest	0.5960	0.0596	0.0636
Illinois Municipal Retirement	0.0207	0.0208	0.0251
Audit	0.0015	0.0018	0.0014
Building and Equipment Maintenance	0.0165	0.0200	0.0200
Tort Judgments	0.0018	0.0016	0.0012
Social Security	0.0208	0.0144	0.0200
Unemployment Insurance	0.0010	0.0010	0.0011
Workers' Compensation Insurance	0.0015	0.0008	0.0013
	1.1489	0.6125	0.6504

L. Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and net of related debt.

Restricted Net Position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted Net Position - consists of all other net position that does not meet the definition of restricted or invested in capital assets.

Fund Financial Statements

The Library has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines how fund balances of governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable Fund Balance - amounts that are not in nonspendable form (such as prepaid items) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

L. Equity Classifications (Cont.)

Fund Financial Statements (Cont.)

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

Assigned Fund Balance - amounts the Library intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The following details the changes in restricted fund balances during the year ended June 30, 2017, within the General Fund:

	Balance June 30, 2016	Property Tax Revenues	Expenditures	Balance June 30, 2017
Audit	\$ -	8,143	7,650	493
Social Security	64,111	116,330	121,027	59,414
Illinois Municipal Retirement	11,729	145,994	135,817	21,906
Liability Insurance	5,265	6,980	6,940	5,305
Workers' Compensation Insurance	2,674	7,561	5,293	4,942
Unemployment Insurance	396	6,398	4,227	2,567
Building and Equipment Maintenance	20,189	116,330	96,354	40,165
Bond and Interest	-	369,929	367,715	-
	<u>\$ 104,364</u>	<u>777,665</u>	<u>745,023</u>	<u>134,792</u>

M. Defined Benefit Pension Plan

The District provides pension benefits to its employees through an agent multiple-employer defined benefit pension plan (agent pension plan), the Illinois Municipal Retirement Fund (Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

2. Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Investments." In addition, investments are separately held by several of the District's funds. Cash on hand of \$480 has been excluded from the amounts shown below.

Permitted Deposits and Investments - Statutes authorize the District to make deposits/investments 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 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, and the Illinois Funds Money Market Fund.

A. Deposits

At year-end, the carrying amount of the District's deposits totaled \$78,668 and the bank balances totaled \$89,127. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for credit risk. As of June 30, 2017, the entire bank balance of \$89,127 was insured, therefore, not subject to the aforementioned custodial credit risk.

B. Investments

The District's investments are maintained within the Illinois Funds Money Market Fund. This investment is not subject to risk categorization as the fund provides perfected collateral for the entire balance. The carrying amount and fair value of the Illinois Funds Money Market Fund at June 30, 2017, was \$2,493,150.

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC but does operate in a manner consistent with Rule 2a7 of the *Investment Company Act of 1940*, and has an affirmed rating of AAA from Standard and Poor's. The fair value of the position of this pool is the same as the value of the pool shares. The Fund offers two separate investment vehicles to public entities. The average yield on the Illinois Funds Money Market Fund for the year ending June 30, 2017, was 0.572%. The Fund issues a publicly available financial report. That report may be obtained by writing to Office of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

3. Capital Assets

A summary of changes in capital assets for governmental activities of the District is as follows:

	Balance July 1	Additions	Deletions	Balance June 30
Capital Assets Not Being Depreciated				
Land	\$ 175,000	-	-	175,000
Capital Assets Being Depreciated				
Building and Improvements	6,406,130	192,631	-	6,598,761
Furniture and Equipment	570,143	-	-	570,143
Library Materials	1,219,318	183,156	161,349	1,241,125
	<u>8,195,591</u>	<u>375,787</u>	<u>161,349</u>	<u>8,410,029</u>
Less Accumulated Depreciation for				
Building and Improvements	2,839,602	189,586	-	3,029,188
Furniture and Equipment	65,719	28,507	-	94,226
Library Materials	665,552	184,611	161,349	688,814
	<u>3,570,873</u>	<u>402,704</u>	<u>161,349</u>	<u>3,812,228</u>
Total Capital Assets Being Depreciated, Net	<u>4,624,718</u>	<u>(26,917)</u>	-	<u>4,597,801</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,799,718</u>	<u>(26,917)</u>	-	<u>4,772,801</u>

Total depreciation expense for the year charged to Library Services was \$402,704.

4. Common Bank Account

Separate bank accounts are not maintained for all Library funds; instead, certain funds maintain their uninvested cash and investment balances in common checking and money market accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

5. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. The Library has purchased commercial insurance from private insurance companies to cover these risks. Risks covered include general liability, workers' compensation, medical and other. Premiums have been recorded as expenditures in appropriate funds. The amount of coverage has not been decreased nor have the amount of settlements exceeded coverage in any of the past three fiscal years. A detailed listing of insurance coverage is included in the statistical section.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

6. Long-Term Debt

The following is a summary of the changes in long-term debt:

	Balance July 1	Issuances	Retirements	Balance June 30	Due Within One Year
Series 2006 - \$4,580,000 General Obligation Refunding Library Bonds, due in annual installments beginning December 30, 2010 through June 30, 2028; interest payable semi-annually on June 30 and December 30 from 4.0% to 4.375%. Proceeds were used to refund a portion of the 1999 General Obligation Bonds and all of the 2001 General Obligation Bonds outstanding.	\$ 3,420,000	-	225,000	3,195,000	235,000
Accrued vacation and sick pay	58,039	62,705	52,235	68,509	61,658
Loan payable - \$300,000, interest rate of 2.12%; principal and interest payable July 21, 2016; proceeds were used for roof repairs.	300,000	-	300,000	-	-
	<u>\$ 3,778,039</u>	<u>62,705</u>	<u>577,235</u>	<u>3,263,509</u>	<u>296,658</u>

The annual requirements on all general obligation debt to maturity as of June 30, 2017, are as follows:

Year Ended June 30	Principal	Interest	Total
2018	\$ 235,000	133,443	368,443
2019	245,000	123,705	368,705
2020	255,000	113,495	368,495
2021	265,000	102,680	367,680
2022	275,000	91,340	366,340
2023-2027	1,565,000	269,258	1,834,258
2028	355,000	11,706	366,706
	<u>\$ 3,195,000</u>	<u>845,627</u>	<u>4,040,627</u>

7. Litigation

The District is not involved in any litigation nor is it aware of any contemplated litigation for which the potential liability would be expected to exceed insurance coverage.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

8. Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The District's deferred compensation plan has been placed in a trust through its administrators. Since amounts held in trust are for the exclusive benefit of all participants, the District does not report the assets in its financial statements.

9. Employee Retirement System - Illinois Municipal Retirement Fund

Plan Description

The District's agent pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiemployer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" described below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least 8 years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

9. Employee Retirement System - Illinois Municipal Retirement Fund (Cont.)

Employees Covered by Benefit Terms

As of December 31, 2016, the measurement date for the net pension liability, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	24
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	33
Active Plan Members	<u>26</u>
Total	<u><u>83</u></u>

Contributions

As set by statute, the District's plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar years 2016 and 2017 was 10.90% and 10.47%, respectively. For the fiscal year ended June 30, 2017, the District contributed \$135,818 to the plan. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2016, for the year ended June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine the net pension liability as of December 31, 2016:

- The actuarial cost method was entry age normal.
- The asset valuation method was market value of assets.
- The inflation rate was assumed to be 2.75%.
- Salary increases were expected to be 3.75% to 14.50%, average, including inflation.
- The investment rate of return was assumed to be 7.50%, net of pension plan expense, including inflation.
- Projected retirement age was from the Experienced-Based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

9. Employee Retirement System - Illinois Municipal Retirement Fund (Cont.)

Actuarial Assumptions (Cont.)

- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65 - 7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Discount Rate

A single discount rate (SDR) of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine the SDR assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and (2) the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of the recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting SDR is 7.50%.

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

9. Employee Retirement System - Illinois Municipal Retirement Fund (Cont.)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, Beginning of Year	\$ 5,040,949	4,352,627	688,322
Changes for the Year			
Service Cost	137,645	-	137,645
Interest	375,454	-	375,454
Differences Between Expected and Actual Experience	203,378	-	203,378
Changes in Assumptions	(14,647)	-	(14,647)
Contributions - Employer	-	141,954	(141,954)
Contributions - Employee	-	58,605	(58,605)
Net Investment Income	-	282,184	(282,184)
Benefit Payments, Including Refunds of Employees Contributions	(180,663)	(180,663)	-
Other (Net Transfer)	-	61,422	(61,422)
Net Changes	521,167	363,502	157,665
Balance, End of Year	\$ 5,562,116	4,716,129	845,987

Change in assumption related to investment rate of return was made since the prior measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability, calculated using a single discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 1,642,744	845,987	203,506

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

9. Employee Retirement System - Illinois Municipal Retirement Fund (Cont.)

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

For the year ended June 30, 2017, the District recognized pension expense of \$213,129. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 144,248	39,269
Changes in Assumptions	39,931	10,389
Net Differences Between Projected and Actual Earnings on Plan Investments	242,285	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	426,464	49,658
Pension Contributions Made Subsequent to the Measurement Date	64,954	-
Total	\$ 491,418	49,658

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

Year Ending December 31,	
2017	\$ 140,120
2018	132,900
2019	94,322
2020	9,464
	<u>\$ 376,806</u>

10. Recent Accounting Pronouncements

GASB Statement No. 82, *Pension Issues* (GASB 82) provides amendments to pension guidance in GASB 67 and 68 based on three issues raised during implementation of those standards. It changes the payroll amount presented in required supplementary information back to covered payroll, being the amount on which contributions to the pension plan are based. It specifies that an actuarial valuation is not in conformity with the pension standards if it includes a deviation from the Actuarial Standards of Practice in the selection of assumptions. GASB 82 also specifies that payments made by employers to satisfy employee

GLENSIDE PUBLIC LIBRARY DISTRICT

Notes to the Financial Statements
June 30, 2017

10. Recent Accounting Pronouncements (Cont.)

contribution requirements should be considered employee contributions and recognized as expense or expenditure in the same manner as other compensation. GASB 82 is effective for financial statements for fiscal years beginning after June 15, 2016, with the exception of the provision related to a deviation from Actuarial Standards of Practice, which will be effective for fiscal years in which the measurement date is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 87, *Leases* (GASB 87) establishes a single approach to accounting for and reporting leases by state and local governments. The standard addresses the reporting for governments that are lessors or lessees. GASB 87 is effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The District will begin assessing the potential impacts on the financial statements of these statements and begin the process of communicating the impact with those charged with governance and other stakeholders.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

GLENSIDE PUBLIC LIBRARY DISTRICT

Required Supplementary Information
 Schedule of Changes in the District's Net Pension Liability and Related Ratios

June 30, 2017

Calendar Year Ended December 31,	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 137,645	139,931	155,288
Interest	375,454	353,699	326,705
Changes in Benefit Terms			
Differences Between Expected and Actual Experience	203,378	(26,488)	(137,562)
Change of Assumptions	(14,647)	6,618	184,906
Benefit Payments, Including Refunds of Member Contributions	(180,663)	(170,264)	(140,613)
Net Change in Total Pension Liability	521,167	303,496	388,724
Total Pension Liability - Beginning	5,040,949	4,737,453	4,348,729
Total Pension Liability - Ending	\$ 5,562,116	5,040,949	4,737,453
Plan Fiduciary Net Position			
Contributions - District	\$ 141,954	141,257	138,619
Contributions - Members	58,605	58,371	58,298
Net Investment Income	282,184	21,827	252,190
Benefit Payments, Including Refunds of Member Contributions	(180,663)	(170,264)	(140,613)
Other (Net Transfer)	61,422	(49,354)	(63,815)
Net Change in Plan Fiduciary Net Position	363,502	1,837	244,679
Plan Net Position - Beginning	4,352,627	4,350,790	4,106,111
Plan Net Position - Ending	\$ 4,716,129	4,352,627	4,350,790
District's Net Pension Liability	\$ 845,987	688,322	386,663
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.79%	86.3%	91.8%
Covered Employee Payroll	\$ 1,302,335	1,297,128	1,234,700
Net Pension Liability as a Percentage of Covered Employee Payroll	64.96%	53.1%	31.3%

Change in assumption related to investment rate of return was made since the prior measurement date.

GASB Statement No. 67 and No. 68 requires the presentation of 10 fiscal years of data, however, the fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule. The pronouncement was enacted in fiscal year 2015.

GLENSIDE PUBLIC LIBRARY DISTRICT

Required Supplementary Information
Schedule of District Contributions

June 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Excess/ (Deficiency)	Covered - Employee Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
6/30/2017	\$ 135,818	135,818	-	1,318,359	10.30%
6/30/2016	142,605	142,605	-	1,308,901	10.90%

Notes to the Required Supplementary Information:

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal.
Amortization Method	Level Percentage of Payroll, Closed.
Remaining Amortization Period	27-year Closed Period.
Asset Valuation Method	5-year Smoothed Market; 20% Corridor.
Wage Growth	3.50%
Price Inflation	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% Including Inflation.
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality	For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other	There were no benefit changes during the year.

Information above based on valuation assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data, however, the fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule. The pronouncement was enacted in fiscal year 2015.

**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

GOVERNMENTAL FUND TYPES

NONMAJOR GOVERNMENTAL FUND TYPES

GLENSIDE PUBLIC LIBRARY DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2017

	Capital Projects <u>Special</u> Reserve Fund	<u>Permanent</u> Working Cash	Total Nonmajor Governmental Funds
Assets			
Cash and Investments	\$ 96	91,974	92,070
Liabilities	\$ -	-	-
Fund Balance			
Nonspendable - Permanent Fund	-	91,974	91,974
Assigned - Special Reserve Fund	96	-	96
Total Liabilities and Fund Balances	\$ 96	91,974	92,070

GLENSIDE PUBLIC LIBRARY DISTRICT

Nonmajor Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2017

	<u>Capital Projects Special Reserve Fund</u>	<u>Permanent Working Cash</u>	Total Nonmajor Governmental Funds
Revenues			
Interest	\$ 77	1,761	1,838
Expenditures	-	-	-
Net Change in Fund Balance	77	1,761	1,838
Fund Balance			
Beginning of Year	<u>19</u>	<u>90,213</u>	<u>90,232</u>
End of Year	<u>\$ 96</u>	<u>91,974</u>	<u>92,070</u>

GENERAL FUND
(Major Fund)

GLENSIDE PUBLIC LIBRARY DISTRICT

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual
General Governmental			
Audit Services	\$ 10,650	10,650	10,650
Social Security Contribution	145,667	120,667	121,027
IMRF - Pension	146,400	146,400	135,818
Liability Insurance	9,120	9,120	9,094
Workers' Compensation Insurance	5,500	5,500	5,293
Unemployment Insurance	6,361	6,361	5,482
Total General Governmental	<u>323,698</u>	<u>298,698</u>	<u>287,364</u>
Culture			
Salaries	1,664,763	1,616,763	1,596,088
Employment Benefits			
Group Medical and Employee Recognition, Net of Staff Reimbursements	225,100	225,100	195,553
Training and Conference Expenditures	2,000	2,900	2,817
Travel Expenditure Reimbursement	12,750	12,250	9,572
Professional Dues	2,400	1,500	697
Utilities - Electric	80,000	67,500	58,155
Natural Gas	35,600	16,750	13,578
Trustee Expenditures	1,300	1,300	198
Legal Services	11,000	9,000	4,976
Legal Notice Publication	3,000	3,000	1,521
Accounting and Payroll Service	16,000	18,000	15,731
Collection Services	1,500	1,500	823
Insurance	13,000	13,000	12,237
Automated Systems Expenditures	206,700	196,700	182,683
Books	139,570	137,070	134,816
Periodicals	13,350	12,350	11,328
Nonprint Materials	106,225	117,725	107,465
Supplies	26,450	20,150	16,542
Postage	4,800	4,800	5,361
Programs and Outreach Materials	66,950	73,450	67,065
Telephone	7,500	8,500	8,779
Friends Expenditures	350	350	358
Gift Expenditures	100	100	-
Memorial Expenditures	5,500	10,500	8,200
Water	5,800	5,800	4,201
Maintenance and Renovation	30,500	18,500	19,672
Total Culture	<u>2,682,208</u>	<u>2,594,558</u>	<u>2,478,416</u>
Building and Site Maintenance			
Garbage Removal	3,060	3,060	2,225
Contract Custodial Services	34,960	36,710	33,216
Snow Removal Service	7,500	7,500	6,538
Maintenance and Renovation	173,880	227,929	208,137
Mechanical Maintenance	28,382	28,382	26,840
Grounds Maintenance	16,445	16,445	8,074

(Cont.)

GLENSIDE PUBLIC LIBRARY DISTRICT

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual
Building and Site Maintenance (Cont.)			
Equipment	32,000	39,000	32,987
Contingency	3,420	2,620	3,399
Total Building and Site Maintenance	<u>299,647</u>	<u>361,646</u>	<u>321,416</u>
Debt Service			
Principal	525,000	525,000	525,000
Interest	149,289	149,289	149,181
Total Debt Service	<u>674,289</u>	<u>674,289</u>	<u>674,181</u>
Total Expenditures	<u>\$ 3,979,842</u>	<u>3,929,191</u>	<u>3,761,377</u>

**STATISTICAL SECTION
(UNAUDITED)**

GLENSIDE PUBLIC LIBRARY DISTRICT

Schedule of Assessed Valuations, Rates, and Collections
Last Ten Levy Years

For the Year Ended June 30, 2017

Tax Levy Year	2016	2015	2014	2013	2012
Equalized Assessed Valuation	\$ 624,417,561	583,590,501	597,427,177	618,464,489	674,912,922
Tax Rates					
General Corporate	0.4925	0.5167	0.5033	0.4736	0.4229
Bond & Interest	0.0596	0.0636	0.0629	0.0604	-
Audit	0.0018	0.0014	0.0012	0.0012	0.0010
Social Security	0.0144	0.0200	0.0236	0.0241	0.0221
Illinois Municipal Retirement	0.0208	0.0251	0.0254	0.0248	0.0224
Liability Insurance	0.0016	0.0012	0.0012	0.0014	0.0013
Workers' Compensation Insurance	0.0008	0.0013	0.0012	0.0010	0.0009
Building and Equipment Maintenance	0.0200	0.0200	0.0200	0.0200	0.0200
Unemployment Insurance	0.0010	0.0011	0.0010	0.0005	0.0002
Total	0.6125	0.6504	0.6398	0.6070	0.4908
Tax Collections					
2005	\$ -	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	1,500,812
2013	-	-	-	1,813,909	1,663,716
2014	-	-	1,825,753	1,857,315	-
2015	-	1,913,675	1,908,355	-	-
2016	1,944,611	1,869,373	-	-	-
Total Collections	\$ 1,944,611	3,783,048	3,734,108	3,671,224	3,164,528
Percent Collected	50.37%	97.99%	97.69%	110.83%	100.26%

2011	2010	2009	2008	2007
763,584,348	866,893,528	931,785,187	947,138,971	899,139,377
0.3983	0.3141	0.2839	0.2792	0.2771
-	-	-	-	-
-	0.0008	0.0007	0.0007	0.0007
-	0.0128	0.0116	0.0111	0.0122
-	0.0166	0.0152	0.0146	0.0148
-	0.0009	0.0009	0.0010	0.0014
-	0.0005	0.0005	0.0005	0.0008
0.0200	0.0168	0.0152	0.0147	0.0149
0.0000	0.0001	0.0001	-	-
0.4183	0.3626	0.3281	0.3218	0.3219
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,318,484
-	-	-	1,377,575	1,545,305
-	-	1,446,868	1,622,678	-
-	1,523,834	1,566,358	-	-
1,526,850	1,573,940	-	-	-
1,587,336	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,114,186	3,097,774	3,013,226	3,000,253	2,863,789
98.66%	99.66%	99.64%	99.50%	99.97%

GLENSIDE PUBLIC LIBRARY DISTRICT

Schedule of Insurance in Force

June 30, 2017

Policy Type	Limit	Effective Date	Insurance Company	Policy Number
Package	Blanket Property - \$13,684,031 General Liability - \$1,000,000/\$2,000,000 Fire Damage - \$1,000,000 Medical Expense - \$10,000	7/1/16 - 7/1/2017	Hanover/Citizens	OBCA612696
Workers' Compensation	\$500,000/\$500,000/\$500,000 Employee Benefits - General Aggregate	7/1/16 - 7/1/2017	Hanover/All American	W2CA612689
Directors and Officers	\$4,000,000 D&O & \$1,000,000 EPL	7/1/16 - 7/1/2017	Philadelphia	NPHSD1150952
Crime	\$1,933,315	7/1/16 - 7/1/2017	Hanover	BDC1851994
Umbrella	\$6,000,000	7/1/16 - 7/1/2017	Hanover/Citizens	OBCA612696
Blanket Accident	\$100,000	7/1/16 - 7/1/2017	AIG	SRG0009137329A

Board of Trustees
Glenside Public Library District
Glendale Heights, Illinois

As part of our audit of the financial statements of Glenside Public Library District, Illinois (District) as of and for the year ended June 30, 2017, we wish to communicate the following to you.

Audit Scope and Results

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The District's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Management's calculations of depreciation expense are based on estimated useful lives for assets.
- Pension benefit costs and liabilities, as disclosed in Note 9, are based on actuarial assumptions and are subject to uncertainties of future events.
- Compensated absences is an estimate of employees' right to be paid for future absences that are attributable to services already performed.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Note 6 discloses the long-term debt obligations of the District, including future maturities.
- Note 9 discloses the activity and liability for pension benefits under the Illinois Municipal Retirement Fund.

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Recorded

- No matters are reportable.

Proposed Audit Adjustments Not Recorded

- In the current year, the District noted that the Net Investment Income as reported by IMRF in their CAFR was different from the Net Investment Income per the actuarial valuation. This difference would have an impact on the Net Pension Liability,

Deferred Outflows for Pensions and Pension Expense line items. The District chose to record the Net Pension Liability, Deferred Outflows for Pensions and Pension Expense based on the actuarial valuation since IMRF would not have agreed to update the actuarial valuation due to cost. The proposed entry, had the amounts been recorded based on IMRF's CAFR, has been attached to this letter.

Disagreements With Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable.

Consultation With Other Accountants

During our audit, we became aware that management had consulted with other accountants about various auditing and accounting matters. There were no disagreements with the external accountants as to any accounting, financial reporting or auditing issues.

Significant Issues Discussed With Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable.

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- No matters are reportable.

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable.

Other Material Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter (attached).

- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Glenside Public Library District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a material weakness.

Material Weakness

Interfund Borrowings

Comment: In November 2015, the General Fund temporarily borrowed \$89,630 from the Working Cash Fund. This was repaid in October of 2016. This interfund borrowing was not identified and not recorded. As of June 30, 2017, there is no effect on ending cash, interfund borrowings or on ending net position/fund balances.

Recommendation: We recommend that the District implement policies and procedures that ensure any interfund borrowings are appropriately recorded. Not having procedures that would require the recording of these interfund borrowings could result in material misstatements.

Management's Response: Library management will forward all board approved ordinances in which a transfer between funds has been initiated to accounting for recording.

Other Matters

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Fund Balance of the General Fund

Comment: The General Fund expenditures over the past three years have averaged \$3.86 million. Using this average, monthly expenditures for the District are estimated at \$322,000. For fiscal year ending June 30, 2017, the District had a positive change in fund balance of \$183,077, which resulted in the ending fund balance of \$366,778 to be higher than the average monthly expenditure amount.

Recommendation: We recommend that the District continue to monitor and improve the fund balance level in the General Fund until it reaches two to three months of average annual expenditures. This is consistent with the best practice recommendation of the Government Finance Officers Association of a minimum of two months. At the current average expenditure level of \$3.86 million, this would equate to a fund balance level between \$643,000 and \$965,000.

Management's Response: The Board and administration are committed to improving the fund balance level in the General Fund. Management will continue to monitor the activity and the fund balance level of the General Fund in order to reach the recommended two to three months of average annual expenditures.

Future Pronouncement and Considerations

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No.73

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, is effective for periods beginning after June 15, 2016, except for certain of its provisions which are effective on or after June 15, 2017. GASB 82 addresses three issues: presentation of payroll-related measures in required supplementary information, selection of assumptions and classification of employer-paid member contributions.

While not effective in the short term, we recommend the District begin assessing the potential impact on the financial statements of this statement and begin the process of communicating the impact with those charged with governance and other stakeholders.

GASB Statement No. 87, Leases

In June 2017, GASB published Statement No. 87, *Leases*. The standard was the result of a multiyear project to reexamine the accounting and financial reporting for leases. The new standard establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting - A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term, and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting - A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

The effective date is for periods beginning after December 15, 2019. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

IRS Activity

As outlined in their priority guidance plan for fiscal year 2016, the Internal Revenue Service (IRS) is increasing their oversight of Governmental entities tax compliance through a balanced approach of outreach, education and examination activities. The IRS plans to use and rely on data-driven analytics which will allow the IRS to improve their selections for examinations. The strategy behind this is to allow the IRS to invest their limited resources in areas that will provide the greatest impact for rising tax dollars and education. The IRS plans to focus 75% of their examinations on Governmental entities with \$10 million or more in gross wages which will allow them to maximize their wage base coverage while also allowing them to address material and significant compliance issues. In addition, the IRS will also conduct specific compliance initiative projects where the IRS believes there is a high risk of noncompliance.

Meeting the Increasing Challenges of Cybersecurity

The increasing value of electronic protected health information (ePHI), payment card data and intellectual property (e.g., trade secrets) is driving more organizations of all sizes to prepare for the potential of a cyberattack. Hackers and cyber-thieves have become adept at pilfering confidential information, using ransomware to extort money and leveraging social engineering techniques to trick employees into wiring funds.

As a first step to improving their cyber-readiness, companies need to perform a cybersecurity risk assessment to determine the current state of cybersecurity processes, controls and technology. This effort can determine how well the organization can prevent, detect and respond to cyber-attacks.

Key to the assessment process is choosing an appropriate framework against which the organization may be evaluated. In fact, two nationally recognized organizations have developed cybersecurity frameworks.

The National Institute of Standards and Technology (NIST) has developed a Cybersecurity Framework to assist organizations manage cybersecurity-related risk more effectively. The NIST Cybersecurity Framework provides a prioritized, flexible, repeatable and a cost-effective approach that can be used in any industry or organization.

For organizations that store, process or transmit ePHI, there is an additional industry-specific framework. The Health Information Trust (HITRUST) Alliance—in collaboration with health care and information security professionals—has developed the HITRUST Common Security Framework (CSF). The CSF rationalizes relevant health care regulations and standards into a single overarching security framework.

Once the framework has been chosen, we recommend that management consider performing a cybersecurity risk assessment to gauge the overall readiness and maturity of existing controls and perform appropriate testing of the IT infrastructure and employee awareness.

Vendor Fraud – Business Email Compromise

The latest wave of business fraud takes the form of email impersonation schemes, in which perpetrators attempt to fraudulently induce employees of a business entity to execute a wire transfer. In business email compromise (BEC) schemes fraudsters masquerade as an approved vendor or business partner. For example, a person with authority to initiate or execute a transaction (*e.g.*, a C-level executive) within the victim organization receives an email via their business account purportedly from a vendor requesting a wire transfer to a designated bank account. The innocent looking email fools the employee receiving it because it appears to be coming from a legitimate business relationship. The emails are “spoofed” by adding, removing or changing characters in the email address that make it difficult to distinguish the perpetrator’s email address from the legitimate email address. Unbeknownst to the victims, the wires are typically made to overseas bank accounts (typically in China, South Africa, Turkey and Japan).

The Internet Crime Compliant Center (IC3) reported receiving complaints of similar schemes from every U.S. State and 45 countries. The combined number of victims totaled 2,126 with a combined dollar loss of approximately \$214,970,000. The FBI estimates since January 2015, there has been a 1,300% increase in losses related to BEC scams which total \$3.1 billion during that period. Approximately 56% of all victims are located in the United States and vary in size. It’s unknown how victims are selected, but it appears that the fraudsters study their victims prior to initiating the BEC scam.

It’s important to note that this type of fraud could occur even when all standard internal controls and protocols are followed by victim organizations and their employees. Therefore, this type of fraud is particularly difficult to prevent. Spam filters and anti-virus software are not designed to protect against clever engineered impersonation. The human element is vitally important. We recommend conducting employee training on BEC for all employees with ability to issue payments. We further recommend, if possible, two person verification for all bank wires and ACH payments.

Management’s written responses to the deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Board of Trustees
Glenside Public Library District
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This communication is intended solely for the information and use of the Board of Trustees and management of the Glenside Public Library District and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Oakbrook Terrace, Illinois
November 17, 2017

November 17, 2017

BKD, LLP
Certified Public Accountants
1901 S. Meyers Road, Suite 500
Oakbrook Terrace, Illinois 60181

We are providing this letter in connection with your audit of Glenside Public Library District's (District) financial statements as of and for the year ended June 30, 2017. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated July 26, 2017, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by District procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to BKD any and all known reportable tax transactions.
10. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, customers, regulators, suppliers or others.

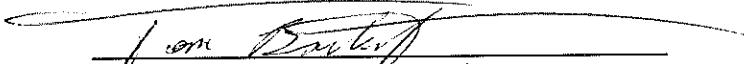
12. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the District may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
13. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the District is contingently liable.
14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
15. We have no reason to believe the District owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

17. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Purchase commitments in excess of normal requirements or above prevailing market prices.
18. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
19. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
20. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.
21. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
22. With respect to any nonattest services you have provided us during the year, including preparation of the draft of the financial statements and related notes and preparation of the illinois comptroller financial report:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

- (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
- (d) We have evaluated the adequacy of the services performed and any findings that resulted.

With regard to supplementary information:

- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
- (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
- (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
- (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
- (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.



Tom Bartenfelder, Library Director

Glenside Public Library District

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	4,477,239		4,477,239	
Non-Current Assets & Deferred Outflows	5,264,219	77,990	5,342,209	1.48%
Current Liabilities	(490,491)		(490,491)	
Non-Current Liabilities & Deferred Inflows	(3,862,496)	(28,899)	(3,891,395)	0.75%
Current Ratio	9.13		9.13	
Total Assets & Deferred Outflows	9,741,458	77,990	9,819,448	0.80%
Total Liabilities & Deferred Inflows	(4,352,987)	(28,899)	(4,381,886)	0.66%
Total Net Position	(5,388,471)	(49,091)	(5,437,562)	0.91%
General Revenues & Transfers	(3,844,007)		(3,844,007)	
Net Program Revenues/ Expenses	(3,207,409)	(39,166)	(3,246,575)	1.22%
Change in Net Position	(636,598)	(39,166)	(675,764)	6.15%

