

Sycamore Public Library

Sycamore, Illinois

Annual Financial Report

April 30, 2017

Sycamore Public Library

Year Ended April 30, 2017

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Independent Auditor's Report

To the Board of Trustees
Sycamore Public Library
Sycamore, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Sycamore Public Library, a component unit of the City of Sycamore, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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. 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 and the major fund of Sycamore Public Library, Illinois as of April 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, IMRF multiyear schedule of contributions, schedule of changes in net pension liability for IMRF, and budgetary comparison information on pages 3 through 6 and pages 33 through 38 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sycamore Public Library's financial statements as a whole. The schedule of assessed valuations, rates, extensions, and collections is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of assessed valuations, rates, extensions, and collections is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of assessed valuation, rates, extensions, and collections is fairly stated in all material respects in relation to the financial statements as a whole.



Wipfli LLP

September 7, 2017
Rockford, Illinois

Management Discussion and Analysis

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Sycamore Public Library

Management Discussion and Analysis

Our discussion and analysis of Sycamore Public Library's (the "Library") financial performance provides an overview of the Library's activities for the fiscal year ended April 30, 2017. Please read it in conjunction with the Library's financial statements.

Financial Highlights

- Sycamore Public Library's General Fund beginning balance as of May 1, 2016, was \$423,447. The revenue during the fiscal year May 1, 2016 thru April 30, 2017 was \$1,221,604 and the expenditures were \$1,077,823 which leaves a fund balance of \$567,228.

Using this Annual Report

This annual report consists of four parts – Independent Auditor's Report, required supplementary information (RSI) which includes Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Library.

The Statement of Net Position and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's only fund, the General Fund.

MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Government-wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long-term information about the Library's overall financial status, similar to a private sector business. In the government-wide financial statements the Library's activities are shown in one category - governmental activities. The Library's basic services include a place to encourage curiosity and foster imagination by providing access to books, periodicals, and other forms of media. Current operations of these activities are largely financed with property taxes and state money, certain fees charged and interest.

The statement of net position presents information on all of the Library's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. To assess the overall health of the Library you need to consider additional non-financial factors such as the condition of the Library's buildings and facilities.

The statement of activities presents information showing how the Library's net position changed during the most recent fiscal year compared to the prior year. The government-wide financial statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenses and liabilities are recognized when incurred.

Sycamore Public Library

Management Discussion and Analysis

Condensed Statement of Net Position – Governmental Activities

	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Current assets	\$1,540,966	\$1,344,252
Noncurrent assets	3,569,242	3,704,162
Deferred outflows	<u>117,828</u>	<u>142,191</u>
Total assets and deferred outflows	<u>5,228,036</u>	<u>5,190,605</u>
Current liabilities	87,068	68,055
Noncurrent liabilities	531,188	646,080
Deferred inflows	<u>1,124,869</u>	<u>1,020,309</u>
Total liabilities and deferred inflows	<u>1,743,125</u>	<u>1,734,444</u>
Net position:		
Net investment in capital assets	3,075,825	3,192,744
Restricted	135,450	136,484
Unrestricted	<u>273,636</u>	<u>126,933</u>
Total net position	<u>\$3,484,911</u>	<u>\$3,456,161</u>

Condensed Statement of Activities – Governmental Activities

	<u>May 1, 2016 - April 30, 2017</u>	<u>May 1, 2015 - April 30, 2016</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 47,908	\$ 46,311
Operating grants and contributions	35,405	51,722
General revenues:		
Property taxes	1,020,430	972,396
Personal property replacement taxes	104,777	51,735
Unrestricted investment earnings (losses)	<u>13,084</u>	<u>(3,102)</u>
Total revenues	<u>1,221,604</u>	<u>1,021,029</u>
<u>Expenses</u>		
Program expenses:		
Culture and recreation	<u>1,192,854</u>	<u>1,243,984</u>
Change in net position	<u>\$ 28,750</u>	<u>\$ (124,922)</u>

Sycamore Public Library

Management Discussion and Analysis

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's general fund - not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs. State law requires some funds, while others are established to control and manage money for particular purposes or to show that the Library is properly using certain revenues.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Library has one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and the changes in fund balances for the only major fund.

The Library adopts annual budget for the major governmental fund. Budgetary comparison information has been provided for the budgeted major governmental fund later in this report.

Management's Analysis of the Library's Overall Financial Position and Results of Operations

The Statement of Activities reflects an overall increase in the Library's net position totaling \$28,750.

General Fund Budgetary Comparison

The Library adopted the budget in April 2016. The budget is prepared on the modified accrual basis of accounting. This is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. The actual results for the year show revenues to be \$143,781 over expenditures. Expenditures were \$99,470 under budget.

Capital assets and debt

The Library purchased \$7,098 of equipment the year. See Note 5 for information on Capital Assets.

As of April 30, 2017, \$344,033 of principal is outstanding on a note payable. See Note 6 to financial statements for additional information on Long Term Debt.

Sycamore Public Library

Management Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

The Library receives most of its revenue from property taxes. The property tax base of the Library continues to remain stable, allowing the Library to budget consistently for fiscal year 2017-2018. With the exception of interest, revenues are generally not affected by economic factors.

Financial Contact

Sycamore Public Library's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Library's finances and to demonstrate the Library's accountability. If you have any questions about the report or need additional financial information, please contact:

Sycamore Public Library
103 East State Street
Sycamore, IL 60178

Basic Financial Statements

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Sycamore Public Library

Statement of Net Position

April 30, 2017

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 461,866
Property tax receivables (net of allowances)	1,066,320
Other tax receivables (net of allowances)	12,780
Total current assets	1,540,966
Noncurrent assets:	
Marketable securities, restricted for endowment	149,384
Land	114,391
Capital assets (net accumulated depreciation)	3,305,467
Total noncurrent assets	3,569,242
Total assets	5,110,208
Deferred Outflow of Resources	
Deferred outflows of pension resources	117,828
Total assets and deferred outflows of resources	5,228,036
Liabilities	
Current liabilities:	
Accounts payable	46,924
Accrued payroll and related expenses	9,878
Notes payable, current	30,266
Total current liabilities	87,068
Noncurrent liabilities:	
Compensated absences	31,494
Net pension liability	185,927
Notes payable, long-term	313,767
Total noncurrent liabilities	531,188
Total liabilities	618,256
Deferred Inflows of Resources	
Deferred inflows of property tax resources	1,066,320
Deferred inflows of pension resources	58,549
Total deferred inflows of resources	1,124,869
Net Position	
Net investment in capital assets	3,075,825
Restricted:	
Endowment, non-expendable	128,000
Restricted, donor requirements	7,450
Unrestricted	273,636
Total net position	\$ 3,484,911

See accompanying notes to financial statements.

Sycamore Public Library

Statement of Activities

Year Ended April 30, 2017

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Culture and recreation	\$ 1,192,854	\$ 47,908	\$ 35,405	\$ (1,109,541)
Total governmental activities	\$ 1,192,854	\$ 47,908	\$ 35,405	(1,109,541)
General revenues:				
Taxes:				
Property taxes				1,020,430
Personal property replacement taxes				104,777
Unrestricted investment gains				13,084
Total general revenues				1,138,291
Change in net position				28,750
Net position - beginning				3,456,161
Net position - ending				\$ 3,484,911

Sycamore Public Library

Balance Sheet - Governmental Fund

April 30, 2017

	General Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 461,866
Property tax receivables (net of allowances)	1,066,320
Other tax receivables (net of allowances)	12,780
Total current assets	1,540,966
Noncurrent assets:	
Marketable securities, restricted for endowment	149,384
Total assets	\$ 1,690,350
Liabilities	
Current liabilities:	
Accounts payable	\$ 46,924
Accrued payroll and related expenses	9,878
Total liabilities	56,802
Deferred Inflows of Resources	
Deferred inflows of property tax resources	1,066,320
Total deferred inflows of resources	1,066,320
Fund Balances	
Fund balances:	
Restricted	135,450
Assigned	21,384
Unassigned	410,394
Total fund balances	567,228
Total liabilities, deferred inflows, and fund balances	\$ 1,690,350

Sycamore Public Library

Reconciliation of the Governmental Fund Balance to the Statement of Net Position

Year Ended April 30, 2017

Total fund balances - governmental funds	\$	567,228
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 as assets in governmental funds. The net book value of capital assets as reported.		
		3,419,858
Noncurrent liabilities and deferred outflows are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(31,494)
Net pension liability		(185,927)
Deferred outflows of pension resources		117,828
Notes payable		(344,033)
Deferred inflows of pension resources		(58,549)
<hr/>		
Total net position - governmental activities	\$	3,484,911

Sycamore Public Library

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund

Year Ended April 30, 2017

	General Fund
Revenues	
Property taxes	\$ 1,020,430
Personal property replacement taxes	104,777
Impact fee	5,271
Per capita grant	13,505
Fine income	21,281
Book and other sales	2,373
Copies and printing income	7,295
Non-resident library card income	11,688
Unrestricted investment losses	13,084
DeKalb County Community Foundation grants	5,894
Miscellaneous income	16,006
Total revenues	1,221,604
Expenditures	
<i>Current:</i>	
Personnel	688,297
Administration	57,653
Contractual services	35,777
Materials	129,446
Equipment	15,455
Maintenance	26,346
Programs	9,427
Supplies	13,077
Technology	40,326
Utilities	9,658
Miscellaneous expense	7,487
<i>Debt Service:</i>	
Interest expense	8,360
Principal debt payment	29,416
Capital outlay	7,098
Total expenditures	1,077,823
Net change in fund balance	143,781
Fund balance, April 30, 2016	423,447
Fund balance, April 30, 2017	\$ 567,228

Sycamore Public Library

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

Year Ended April 30, 2017

Net change in fund balances - total governmental funds	\$ 143,781
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capitalized fixed assets in the period.	(146,335)
Accrued compensated absences are recorded as a liability in the governmental activities. However, these amounts are expensed when paid in the governmental funds. This is the amount that was expensed in the governmental activities in the period.	7,162
Net pension liabilities are recorded as a liability and pension contributions are recorded as deferred outflow of resources in the governmental activities. However, these amounts are expensed when paid in the governmental funds. This is the amount that was expensed in the governmental activities in the period.	(5,274)
Debt payments are reported in governmental funds as expenditures. However, only the interest on debt is recorded in the statement of activities. This is the amount of debt payments in the period.	29,416
<hr/>	
Change in net position of governmental activities	<hr/> <hr/> \$ 28,750

Sycamore Public Library

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity

The Sycamore Public Library (the "Library") was incorporated under the provisions of the State of Illinois. The Library is considered a component unit of the City of Sycamore, Illinois (the "City"). The Library serves all citizens of the City and is governed by the Library Board of Trustees, who is appointed by the Mayor of the City with the consent of the City Council of the City. The budget and appropriate ordinance is approved by the Library Board and City Council, and the legal liability for any Library debt remains with the City. The Library may not issue bonded debt and its annual property tax levy requests are subject to the City Council's approval.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Library's basic financial statements included the accounts of all Library operations that are controlled or dependent on the Library. Control or dependence is determined by financial interdependency, selection of governing board, designation of management, accountability for fiscal matters and ability to significantly influence operations.

The accompanying financial statements include only the Sycamore Public Library and are not intended to be a complete presentation of the financial statements of the City of Sycamore as a whole.

Government Wide, Fund Financial Statements and Basis of Accounting

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Library.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expense are those that are clearly identifiable with a specific function. Program revenue includes 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Earnings on investments are not included among program revenues, but are reported instead as general revenue.

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

Sycamore Public Library

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

The financial transactions of the Library are reported in general fund within the fund financial statements as the general fund is the only fund of the Library. The fund is accounted for by providing a set of self-balancing accounts that comprise its assets, reserves, fund equity, revenues and expenditures/expense.

The following fund type is used by the Library:

Governmental Fund

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Governmental fund financial statements are reported using the modified accrual basis method of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The following is a description of the governmental fund of the Library:

General Fund is the general operating fund of the Library. It is used to account for all financial resources.

Cash and Cash Equivalents

Cash consists of demand deposits and savings accounts, both being easily accessible and with short-term duration, and not held as marketable securities, to be cash and cash equivalents.

In accordance with the Library's investment policy, the Library's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

Sycamore Public Library

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

Marketable Securities

Marketable securities are measured at fair value, determined by quoted market price, in the statement of financial position. Investment income or loss (including unrealized gains and losses on securities) is included in the statement of activities as increased or decreases in unrestricted net assets unless the income or loss is restricted.

Property Taxes

Property taxes attach as an enforceable lien on January 1st on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the City and issued on or about May 1st. Such taxes are payable by taxpayers in two installments on approximately June 1 and September 1 subsequent to the year of levy. Distribution of tax receipts to the Library usually occurs within one month of the installment due dates.

Property tax revenue in the current year for the fund financial statements relates to the 2015 levy. Property taxes related to the 2016 levy collected in the subsequent year are not considered available and are accordingly recorded as revenues in the year following the levy.

Effective in December 2015, the City on behalf of the Library levied its 2016 taxes which will be recognized as revenue in 2018 in the fund financial statements.

For the government-wide statements, property tax revenue receivables represent taxes due on the 2016 levy to be collected in fiscal year 2018 and are shown as deferred inflows of resources.

Capital Assets

Capital assets, which include buildings, land improvements, construction in progress and equipment are reported in the government-wide financial statements. The Library defines capital assets as assets with an initial individual cost of more than \$5,000 for individual equipment, \$10,000 for buildings and improvements, and \$50,000 for infrastructure assets and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. For those assets for which historical cost is not available, the Library has estimated historical cost by using current costs and adjusting for inflation. Donated assets are stated at estimated or fair market value at the date of acquisition.

Sycamore Public Library

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight line method over the following useful lives:

Buildings & improvements	40 years
Other improvements	20 years
Furniture and Equipment	5 - 7 years

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Library has one item that qualifies for reporting in this category. Accordingly, the item, deferred outflows of pension resources is reported in the governmental wide statement of net position. This amount is deferred and recognized as an outflow of resources in the period that the amounts become expendable.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Library has two items that qualify for reporting in this category. Accordingly, the items, deferred inflows of property tax resources and deferred inflows of pension resources is reported in the governmental wide statement of net position and governmental fund balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

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 Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. 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.

Sycamore Public Library

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Library's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Library's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Library that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Sycamore Public Library

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Compensated Absences

Vacation

The Library's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from Library service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The Library's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the board of trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in budgeted fund lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Sycamore Public Library

Notes to Financial Statements

Note 2 Cash Deposits

At year-end, the carrying amount of the Library's deposits in checking, money market accounts and savings accounts was \$461,866 and the bank balance was \$487,817. Of the bank balances, the entire balance of \$487,817 was covered by the Federal Depository Insurance or by collateral held by pledging bank's trust department or by its agent in the Library's name.

Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits might not be recovered. As of April 30, 2017, \$0 of the Library's balance was exposed to custodial credit risk that was uninsured or uncollateralized. The Library has no foreign currency risk for deposits at year end.

Note 3 Marketable Securities

Presented below is a summary of the Library's fair market value of marketable securities as of April 30, 2017:

Mutual funds:	
Fixed income	\$ 82,688
Stocks	66,696
<hr/>	
Totals	\$149,384

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Library is exposed to interest rate risk as the fixed income mutual funds include bonds that are sensitive to interest rate changes. The marketable securities do not have a maturity date as they are mutual funds.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The Library is exposed to credit risk as the fixed income mutual funds include bonds that are sensitive to an issuer or counterparty if they were unable to make the required payments. The marketable securities do not have an assignment of a rating by a national recognized statistical rating organization.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of April 30, 2017, the entire marketable securities balance is exposed to custodial credit risk.

Sycamore Public Library

Notes to Financial Statements

Note 3 Marketable Securities (Continued)

Concentration of Credit Risk

Presented below is a summary of the Library's marketable securities that represent any one issuer 5% or more of Library's marketable securities:

Fidelity Growth Company Fund #25	\$18,956
MFS Value Fund I	14,428
Vanguard 500 Index Fund	10,963
Federated Ultrashort Bond Inst #108	13,606
TCW Core Fixed Income I	27,384

Foreign Currency Risk

The foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Library is not directly exposed to foreign currency risk.

Fair Value

Current accounting standards establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Library uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Library measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

Following is as description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2017.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The following table set forth by level, within the fair value hierarchy, the Library's investment assets at fair value as of April 30, 2017. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

Sycamore Public Library

Notes to Financial Statements

Note 3 Marketable Securities (Continued)

The following table sets forth by level, within the fair value hierarchy, the Library's assets at fair value as of April 30, 2017:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$149,384	\$ -	\$ -	\$149,384

Note 4 Endowment Fund

The Library's endowment consists of one fund established to assure the ongoing viability of the Sycamore Public Library as it carries out its mission to offer a safe, comfortable place to encourage curiosity, and foster imagination by providing exceptional customer service, dynamic programming, and a locally responsive collection. As of April 30, 2017, the Board of Trustees had designated \$21,384 of unrestricted net position as a general endowment fund. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as unrestricted net position. The balance of endowment funds are donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Library's management has interpreted the Illinois Prudent Management of Institutional Funds Act (IL UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Library classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Library in a manner consistent with the standard of prudence prescribed by IL UPMIFA.

Sycamore Public Library

Notes to Financial Statements

Note 4 Endowment Funds (Continued)

In accordance with IL UPMIFA, the Library considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Library, and (7) the Library's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Library has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in high quality mutual funds, exchange traded funds or individual securities and are to be broadly diversified at all times. The three basic asset classes in which the Library's assets may be invested are equities, fixed income, and money market mutual funds or securities. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Library currently has a policy of reinvesting earnings into the endowment fund.

Endowment net position composition by type of fund consists of the following as of April 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Position
Donor-restricted endowment funds	\$ -	\$ -	\$128,000	\$128,000
Board-designated endowment funds	21,384	-	-	21,384
Total endowment funds	\$21,384	\$ -	\$128,000	\$149,384

Sycamore Public Library

Notes to Financial Statements

Note 4 Endowment Funds (Continued)

Changes in endowment net position are as follows as of April 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Position
Endowment net position, beginning of year	\$ 9,969	\$ -	\$128,000	\$137,969
Interest, dividends and realized gains and losses, net	5,480	-	-	5,480
Unrealized gains and losses, net	5,935	-	-	5,935
Endowment net position, end of year	\$21,384	\$ -	\$128,000	\$149,384

Note 5 Capital Assets

The governmental activities capital asset activity for the year ended April 30, 2017, is as follows:

	Balance May 1, 2016	Additions and transfers	Deletions and transfers	Balance April 30, 2017
Capital assets not being depreciated:				
Land	\$ 114,391	\$ -	\$ -	\$ 114,391
Total capital assets not being depreciated	114,391	-	-	114,391
Capital assets being depreciated:				
Building and improvements	5,625,491	-	-	5,625,491
Equipment	1,612,236	7,098	12,866	1,606,468
Total capital assets being depreciated	7,237,727	7,098	12,866	7,231,959
Less accumulated depreciation for:				
Building and improvements	2,210,139	142,465	-	2,352,604
Equipment	1,575,786	10,968	12,866	1,573,888
Total accumulated depreciation	3,785,925	153,433	12,866	3,926,492
Governmental activities capital assets, net	\$3,566,193	\$(146,335)	\$ -	\$3,419,858

Sycamore Public Library

Notes to Financial Statements

Note 5 Capital Assets (Continued)

Depreciation expense was charged to governmental functions in the amount of \$153,433 for fiscal year ending April 30, 2017.

Note 6 Long-Term Liabilities

On August 28, 2012, the Library borrowed \$478,100 at an initial variable interest rate of 2.29% interest from the The National Bank & Trust Company for commercial real estate.

Governmental activities long-term liabilities currently outstanding are as follows:

	<u>Balances</u> <u>May 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>April 30, 2017</u>
The note is dated August 28, 2012 and matures August 28, 2027. The interest rate is 2.29%. Monthly principal and interest payments are \$3,148.	\$373,449	\$ -	\$ 29,416	\$344,033
Net pension liability	263,565	-	77,638	185,927
Compensated absences	<u>38,656</u>	<u>-</u>	<u>7,162</u>	<u>31,494</u>
	<u>\$675,670</u>	<u>\$ -</u>	<u>\$114,216</u>	<u>\$561,454</u>

Annual debt service requirement to maturity are as follows:

<u>Fiscal Year</u> <u>Ending April 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 30,266	\$ 7,509
2019	30,914	6,862
2020	31,629	6,147
2021	32,361	5,415
2022	33,110	4,666
2023 – 2027	177,402	11,475
2028	<u>8,351</u>	<u>28</u>
	<u>\$344,033</u>	<u>\$42,102</u>

Legal Debt Margin

The Library is a component unit of the City which is subject to a debt limitation of 8.625% of its assessed valuation of \$389,722,536. As of April 30, 2017, the combination of the City and the Library had approximately \$23,640,000 of remaining legal debt margin.

Sycamore Public Library

Notes to Financial Statements

Note 7 Fund Balances

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The Library has no balances that are nonspendable at year end.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has a restricted balance for endowment totaling \$128,000 and donations received but not yet expended totaling \$7,450 for the year ended April 30, 2017.

Committed Fund Balance

The Library commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The Library has no balances that are committed at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the Library’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The Library has an assigned balance for unrestricted earnings on endowment marketable securities totaling \$21,384 for the year ended April 30, 2017.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund totaling \$410,394.

Sycamore Public Library

Notes to Financial Statements

Note 8 Risk Management

The Library is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The deductible in effect through these policies as of April 30, 2017, was \$1,000 for “normal” claims. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Note 9 Pension Plan

Plan Description

Illinois Municipal Retirement Fund:

The City of Sycamore Regular Plan (Plan) is comingled with the City of Sycamore and the Sycamore Public Library.

The City of Sycamore and the component unit Sycamore Public Library’s (the “Library”) defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Library’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. 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

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

Sycamore Public Library

Notes to Financial Statements

Note 9 Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Regular Plan (RP):

Employees Covered by the Benefit Terms

At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	33
Active employees	60
<hr/>	
Total	150

Contributions

As set by statute, the Library's Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the Library to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual required contribution rate for calendar year 2016 was 10.38 percent. The Library 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Sycamore Public Library

Notes to Financial Statements

Note 9 Pension Plan (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used 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%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-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.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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 adjustments that were applied for non-disabled 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 as of December 31, 2016:

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%	

Sycamore Public Library

Notes to Financial Statements

Note 9 Pension Plan (Continued)

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in Net Pension Liability (Regular Plan)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2016	\$17,860,238	\$15,781,610	\$2,078,628
Service costs	393,793	-	393,793
Interest on total pension liability	1,325,149	-	1,325,149
Difference between expected and actual experience	(568,142)	-	(568,142)
Changes in assumptions	(45,106)	-	(45,106)
Employer contributions	-	362,307	(362,307)
Employee contributions	-	157,070	(157,070)
Net investment income	-	1,090,464	(1,090,464)
Benefit payments, net of refunds	(682,473)	(682,473)	-
Other changes, net transfer	-	95,346	(95,346)
Net changes	423,221	1,022,714	(599,493)
Balances as of December 31, 2016	\$18,283,459	\$16,804,324	\$1,479,135

Net pension liability was allocated based on the percentage of the calendar year 2016 contributions.

Sycamore Public Library

Notes to Financial Statements

Note 9 Pension Plan (Continued)

	City	Library	Total
Balance January 1, 2016	\$1,815,063	\$263,565	\$2,078,628
Net changes	(521,855)	(77,638)	(599,493)
Balances as of December 31, 2016	\$1,293,208	\$185,927	\$1,479,135

Sensitivity of the Changes in the Discount rate

The following presents the plan's net pension liability calculated using the discount rate of 7.50 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Net pension liability	\$3,915,946	\$1,479,135	\$(511,104)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

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

For the year ended December 31, 2016, the Library recognized pension expense of \$45,558. At April 30, 2017, the plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred amounts to be recognized in pension expense in future periods:</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,939	\$ 431,530
Changes in assumptions	23,402	34,260
Net difference between projected and actual earnings	741,932	-
Total deferred amounts to be recognized in pension expense in future	813,273	465,790
Employer contributions subsequent to the measurement date	111,742	-
Total	\$925,015	\$465,790

Sycamore Public Library

Notes to Financial Statements

Note 9 Pension Plan (Continued)

Deferred outflows and inflows were allocated based on the percentage of the calendar year 2016 contributions.

	City	Library	Total
Deferred outflows	\$ (807,187)	\$(117,828)	\$ (925,015)
Deferred inflows	407,241	58,549	465,790
Net Deferred (outflows)/inflows	\$(399,946)	\$(59,279)	\$ (459,225)

The Library reported \$15,599 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2018. Other amounts reported as plan deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Net Deferred Outflows
2017	\$127,418
2018	127,418
2019	97,939
2020	<u>(5,292)</u>
Total	<u>\$347,483</u>

Note 10 Post-Employment Benefits

The Library has evaluated its potential other postemployment benefits liability. The Library provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Library's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Additionally, the Library has no former employees for which the Library was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the Library has not recorded any postemployment benefit liability as of April 30, 2017.

Note 11 Pending Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Library is required to implement this standard for the fiscal year ending April 30, 2018.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The Library is required to implement this standard for the fiscal year ending April 30, 2018.

Sycamore Public Library

Notes to Financial Statements

Note 11 Pending Accounting Pronouncements (Continued)

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The Library is required to implement this standard for the fiscal year ending April 30, 2019.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of an entity's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The Library is required to implement this standard for the fiscal year ending April 30, 2019.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Library is required to implement this standard for the fiscal year ending April 30, 2019.

The Library has not yet determined the full impact that adoption of these GASB Statements will have on the financial statements.

Required Supplementary Information

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Sycamore Public Library

Schedule of Pension Benefits Funding Progress
Multiyear Schedule of Contributions (IMRF)
Last 10 Fiscal Years (Schedule to be Built Prospectively from 2016)
Required Supplementary Information

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$45,372	\$45,372	\$0	\$434,407	10.44%
2016	\$47,089	\$47,089	\$0	\$438,008	10.75%

* The Library implemented GASB Statement No. 68 in April 30, 2016.

Sycamore Public Library

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund (IMRF) Last 10 Calendar Years (Schedule to be Built Prospectively from 2015) Required Supplementary Information

	2016	2015
Calendar year ending December 31,		
Total pension liability:		
Service cost	\$393,793	\$355,441
Interest on the total pension liability	1,325,149	1,246,790
Benefit changes	0	0
Difference between expected and actual experience	(568,142)	93,103
Assumption changes	(45,106)	45,452
Benefit payments and refunds	(682,473)	(653,397)
Net change in total pension liability	423,221	1,087,389
Total pension liability - beginning	17,860,238	16,772,849
Total pension liability - ending (a)	\$18,283,459	\$17,860,238
Plan fiduciary net position:		
Employer contributions	\$362,307	\$371,340
Employee contributions	157,070	155,445
Pension plan net investment income	1,090,464	80,704
Benefit payments and refunds	(682,473)	(653,397)
Other	95,346	(376,521)
Net change in plan fiduciary net position	1,022,714	(422,429)
Plan fiduciary net position - beginning	15,781,610	16,204,039
Plan fiduciary net position - ending (b)	\$16,804,324	\$15,781,610
Net pension liability(asset) - Ending (a) - (b)	\$1,479,135	\$2,078,628
Plan fiduciary net position as a percentage		
of total pension liability	91.91%	88.36%
Covered valuation payroll	\$3,490,436	\$3,454,319
Net pension liability as a percentage of		
covered valuation payroll	42.38%	60.17%

The Library implemented GASB Statement No. 68 in April 2016.

Sycamore Public Library

General Fund

Schedule of Revenues and Expenditures Compared with Budget

Required Supplementary Information

Year Ended April 30, 2017

	Original & Final Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ 1,020,287	\$ 1,020,430	\$ 143
Personal property replacement taxes	88,000	104,777	16,777
Impact fees	0	5,271	5,271
Per capita grant	13,505	13,505	0
Fine income	25,000	21,281	(3,719)
Book and other sales	2,000	2,373	373
Copies and printing income	7,200	7,295	95
Non-resident library card income	9,900	11,688	1,788
Unrestricted investment earnings	317	13,084	12,767
DeKalb County Community Foundation grants	5,894	5,894	0
Miscellaneous income	5,190	16,006	10,816
Total revenues	\$ 1,177,293	\$ 1,221,604	\$ 44,311

Sycamore Public Library

General Fund

Schedule of Revenues and Expenditures Compared with Budget (Continued)

Required Supplementary Information

Year Ended April 30, 2017

	Original & Final Budget	Actual	Over (Under) Budget
Expenditures			
Personnel	\$ 746,880	\$ 688,297	\$ (58,583)
Administration:			
Insurance	19,600	16,120	(3,480)
Professional fees	20,200	26,342	6,142
Professional development	5,000	1,454	(3,546)
Public relations	10,500	8,644	(1,856)
Other administration	6,510	5,093	(1,417)
Contractual services:			
Alarm service	3,570	2,797	(773)
Cleaning service	16,835	15,540	(1,295)
Elevator	3,000	2,883	(117)
HVAC maintenance	5,562	5,469	(93)
Photocopiers	5,600	2,026	(3,574)
Other contractual services	2,182	7,062	4,880
Materials:			
Children materials	39,630	28,642	(10,988)
Adult materials	67,700	62,936	(4,764)
Periodicals	5,500	5,631	131
E-Resources	13,000	12,319	(681)
Automated subscriptions	15,000	15,009	9
Other materials	4,909	4,909	0
Building and equipment	22,100	22,553	453
Maintenance	36,078	26,346	(9,732)
Programs	9,100	9,427	327
Supplies	17,030	13,077	(3,953)
Technology	44,028	40,326	(3,702)
Utilities	11,885	9,658	(2,227)
Miscellaneous expense	8,014	7,487	(527)
Interest expense	9,880	8,360	(1,520)
Principal debt payment	28,000	29,416	1,416
Total expenditures	\$ 1,177,293	\$ 1,077,823	\$ (99,470)

Sycamore Public Library

Notes to Required Supplementary Information

Note 1 Budgets

The term budget used throughout the financial statements represents the estimated revenues and appropriations set forth in the Library's annual appropriation ordinance adopted for the fiscal year ended April 30, 2017.

Budgetary comparisons presented in the accompanying financial statements are prepared on the modified accrual basis method of accounting which is consistent with the basis used for the actual figures.

Unexpended budgeted amounts lapse at the end of each year. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line item levels.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate for IMRF *

Valuation date:

Notes 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 Non-taxing bodies: 10-year rolling period.

 Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period).

 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).

Sycamore Public Library

Notes to Required Supplementary Information

Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate for IMRF * (Continued)

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 2011-2013.
Mortality	<p>For non-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 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 (based year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives.</p> <p>For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.</p>

Other Information:

Notes There were no benefit changes during the year.

* *Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation*

Other Supplementary Information

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Sycamore Public Library

Schedule of Assessed Valuations, Rates, Extensions, and Collections

April 30, 2017

Fund	2016 Levy		2015 Levy		2014 Levy	
	Taxes		Taxes		Taxes	
	Rate	Extended	Rate	Extended	Rate	Extended
Library	0.27361	\$ 1,066,320	0.28540	\$ 1,020,309	0.28778	\$ 971,722
	Year	Valuations	Collections			
	2016	\$ 389,722,536	\$ -			
	2015	\$ 357,501,358	\$ 1,020,430			
	2014	\$ 337,661,389	\$ 972,396			

Collections may exceed extensions on the tax rates because mobile home tax which is not based upon assessed valuation as computed above, was collected and is included in the "collections" amounts.