

# Byron Public Library District

Byron, Illinois

## Annual Financial Report

June 30, 2017

# Byron Public Library District

Year Ended June 30, 2017

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## **Independent Auditor's Report**

To the Board of Trustees  
Byron Public Library District  
Byron, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities and major fund of Byron Public Library District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **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 modified cash basis financial position of the governmental activities and major fund of Byron Public Library District, as of June 30, 2017, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Byron Public Library District's basic financial statements. The additional schedules listed in the table of contents as other information, pages 25 through 31, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

*Wipfli LLP*

Freeport, Illinois  
August 22, 2017

**Financial Statements**

# Byron Public Library District

## Statement of Net Position - Modified Cash Basis

June 30, 2017

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ -
Investments	2,153,002
Total current assets	2,153,002
Non-current assets:	
Capital Assets (Net of accumulated depreciation):	
Land (non-depreciable)	585,128
Buildings and improvements	7,096,357
Furniture and equipment	13,021
Library collections	135,197
Total non-current Assets	7,829,703
Total assets	9,982,705
<b>Liabilities</b>	
Current liabilities:	
Payroll liabilities	603
Cash overdraft	686
Current portion long term debt	250,000
Total current liabilities	251,289
Noncurrent liabilities:	
Bonds payable	1,735,000
Total liabilities	1,986,289
<b>Deferred Inflows of Resources</b>	
Property taxes	569,845
Total deferred inflows of resources	569,845
<b>Net Position</b>	
Net investment in capital assets	5,844,703
Restricted for IMRF	9,514
Restricted for Audit	3,925
Restricted for Social Security	19,582
Restricted for Tort Liability	26,945
Unrestricted	1,521,902
Total net position	\$ 7,426,571

# Byron Public Library District

## Statement of Activities - Modified Cash Basis

For the year ended June 30, 2017

Functions/Programs	Expenses	Program Services		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Culture and recreation	\$ 913,219	\$ 11,158	\$ -	\$ (902,061)
Interest on long-term debt	86,778	-	-	(86,778)
Total governmental activities	\$ 999,997	\$ 11,158	\$ -	(988,839)
General revenues:				
Taxes:				
Property taxes				1,065,132
Replacement tax				5,395
Interest and investment income				16,062
Miscellaneous income				1,923
Total general revenues				1,088,512
Change in net position				99,673
Net position - beginning				7,326,898
Net position- ending				\$ 7,426,571

# Byron Public Library District

## Balance Sheet - Modified Cash Basis Governmental Funds

June 30, 2017

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ -
Investments	2,153,002
<b>Total assets</b>	<b>\$ 2,153,002</b>
<b>Liabilities</b>	
Payroll liabilities	\$ 603
Cash overdraft	686
<b>Total liabilities</b>	<b>1,289</b>
<b>Deferred Inflows of Resources</b>	
Property taxes	569,845
<b>Total deferred inflows of resources</b>	<b>569,845</b>
<b>Fund Balance</b>	
Restricted for:	
IMRF	9,514
Audit	3,925
Social Security	19,582
Tort Liability	26,945
Committed for:	
Debt	1,341,582
Capital repairs and improvements	169,775
Unassigned, reported in:	
General funds	10,545
<b>Total fund balances</b>	<b>1,581,868</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 2,153,002</b>

# Byron Public Library District

## Reconciliation of the Governmental Funds Balance Sheet - Modified Cash Basis to the Statement of Net Position - Modified Cash Basis

June 30, 2017

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Total fund balances - governmental funds	\$ 1,581,868
Amounts reported for governmental activities in the statement of net position-modified cash basis are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,985,000)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$11,278,972 and the accumulated depreciation is \$3,449,269.	7,829,703
<hr/>	
Total net position - governmental activities	<u>\$ 7,426,571</u>

# Byron Public Library District

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Modified Cash Basis

For the year ended June 30, 2017

	General Fund
<b>Revenues</b>	
Taxes	\$ 1,065,132
Replacement Taxes	5,395
Interest	16,062
Fines and fees	11,158
Miscellaneous	1,923
<hr/>	
Total revenues	1,099,670
<hr/>	
<b>Expenditures</b>	
Culture and recreation	635,974
Capital outlay	52,798
Debt service	326,778
<hr/>	
Total expenditures	1,015,550
<hr/>	
Net change in fund balances	84,120
<hr/>	
Fund balances - beginning	1,497,748
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Fund balances - ending	\$ 1,581,868

# Byron Public Library District

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - Modified Cash Basis to the Statement of Activities - Modified Cash Basis

For the year ended June 30, 2017

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Net change in fund balances - total governmental funds	\$	84,120
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Amounts reported for governmental activities in the statement  
of activities are different because:

Debt payments are reported in governmental funds as expenditures. However, only the interest on bonds is recorded in the statement of activities-modified cash basis. This is the amount of debt principal payments in the period.	240,000
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Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense to allocate  
those expenditures over the life of the assets:

Capital asset purchases capitalized	52,798
Depreciation expense	(277,245)
Net effect	15,553

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Change in net position of governmental activities	\$	99,673
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Net position, beginning of year	\$	7,326,898
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Net position, end of year	7,426,571
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Change in net position	\$	99,673
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# Byron Public Library District

## Notes to Financial Statements

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### **Note 1 Significant Accounting Policies**

The Byron Public Library District (District) was incorporated on May 8, 1979, under the provisions of the State of Illinois.

#### **Reporting Entity**

The Byron Public Library District is a primary unit of government and is not a component of any other entity, nor are there any potential component units which need to be considered for inclusion in the District's financial statements. This report includes all of the funds of the District.

The Byron Public Library District operates under a Board of Trustees form of government. The District's major operation is to provide culture and recreation to the public.

In evaluating how to define the government, for financial reporting purposes, the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District reports using the financial reporting model for local governmental units.

The financial statements include:

Government-wide financial statements capitalize long-lived assets of the District and record related debt. The government-wide financial statements are reported using the modified cash basis method of accounting.

Fund financial statements focus on the major funds using the modified cash basis of accounting.

#### **Government Wide and Fund Financial Statements**

The government wide financial statements (i.e., the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the activities of the District.

# Byron Public Library District

## Notes to Financial Statements

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### **Note 1 Significant Accounting Policies (Continued)**

#### **Government Wide and Fund Financial Statements (Continued)**

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 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.

Earnings on investments are reported as general revenue.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Governmental fund financial statements are reported using the modified cash basis method of accounting, which omit recognition of receivables and payables and other accrued and deferred items that do arise from previous cash transactions.

The District reports the following major governmental funds:

#### **Government Fund Types:**

General Fund - Established to account for the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

#### **Compensated Absences**

The District follows the policy of allowing unused sick days to accumulate to a maximum of 240 days per person. However, if the employee does not use the accumulated sick days, the benefit is lost upon termination of employment.

Unused vacation days are allowed to accumulate. Part time employees working at least 20 hours per week are allowed to have a maximum of 96 hours of paid time off accumulated. Full time employees are allowed to have a maximum of 192 hours of paid time off accumulated.

The accrued liability at June 30, 2017 for unused vacation time is \$14,867. Due to the District being on the modified-cash basis of accounting, this amount is not reflected on the Statement of Net Position – Modified Cash Basis.

#### **Estimates**

The preparation of financial statements in conformity with the modified cash basis may require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# Byron Public Library District

## Notes to Financial Statements

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### Note 1 Significant Accounting Policies (Continued)

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

##### **Cash and Investments**

Cash consists of demand deposits in financial institutions. Investments consist of money market and certificate of deposit accounts. Investments consist of money market and certificate of deposit accounts. The Districts invests in accordance with the Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act.

##### **Deferred Outflows/Inflows of Resources**

The 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 government has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred inflows of property taxes, is reported in the governmental wide and governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are budgeted for.

##### **Fund Balances**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources when they are needed.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) 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;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balances – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegate the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

# Byron Public Library District

## Notes to Financial Statements

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### **Note 1 Significant Accounting Policies (Continued)**

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

#### **Fund Balances (Continued)**

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Only the Board of Trustees may modify or rescind this commitment. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purpose).

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

### **Note 2 Deposits and Investments**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year end, the District's carrying amount of deposits was \$2,152,316 and the bank balance was \$2,155,764. Of the bank balance, \$252,762 was covered by federal depository insurance and \$1,903,002 was collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

### **Note 3 Property Taxes**

The District is responsible for assessing taxes, whereas the County in which the District resides is responsible for collecting and distributing taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments, approximately in June and September. The 2015 levy was passed by the Board in October of 2015 and the 2016 levy was passed in October of 2016. The property tax revenue recorded is from the 2015 tax levy.

Delinquent accounts are charged interest at 1-1/2% per month for residential and 1% per month for farm.

The following is a schedule of assessed valuations, maximum tax rates, actual tax rates, extensions and collections:

# Byron Public Library District

## Notes to Financial Statements

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### Note 3 Property Taxes

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assessed Valuations	<u>\$709,850,806</u>	<u>\$638,943,793</u>	<u>\$637,787,418</u>
Tax rate (Maximum):			
Corporate	.1500	.1500	.1500
Tax rate (Actual):			
Corporate	<u>.14623</u>	<u>.15000</u>	<u>.15000</u>
Tax extension:			
All Funds	<u>\$ 1,117,021</u>	<u>\$ 1,065,439</u>	<u>\$ 1,035,240</u>
Collections:			
All Funds	<u>\$ 569,845</u>	<u>\$ 1,065,132</u>	<u>\$ 1,030,027</u>
Percentage of extensions	<u>51.01%</u>	<u>99.97%</u>	<u>99.50%</u>

### Note 4 Net Position

The District's net position is classified as follows:

**Net investment in capital assets** - This represents the District's total investment in capital assets, net of accumulated depreciation, and net of related debt.

**Restricted net position** - This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources when they are needed. The following restrictions of net position exist as of June 30, 2017:

IMRF	\$ 9,514
Audit	3,925
Social Security	19,582
Tort	<u>26,945</u>
	<u>\$59,966</u>

**Unrestricted net position** - This includes resources derived from general property taxes, state grants, and fines and fees. These resources are used for transactions relating to the general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

# Byron Public Library District

## Notes to Financial Statements

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### Note 5 Special Reserve

The District has created two special reserve accounts. The reserves are to pay for advanced, capital improvements and bond and interest repayments. The combined amounts of these reserves as of June 30, 2017 was \$1,511,357. The special reserve is accounted for in the General Fund under Committed for Debt and Capital Improvements.

### Note 6 Legal Debt Margin

As of June 30, 2017 the legal debt margin of the District is calculated as follows:

Assessed valuation – 2016 tax year	<u>\$709,850,806</u>
Statutory debt limitation:	
2.875% assessed limitation	\$ 20,408,211
District indebtedness	<u>1,985,000</u>
Legal debt margin	<u>\$ 18,423,211</u>

### Note 7 Pension Plan

#### *Plan Description*

The District's defined benefit 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 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](http://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

# Byron Public Library District

## Notes to Financial Statements

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### Note 7 Pension Plan (Continued)

#### ***Benefits provided (Continued)***

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 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.

#### ***Funded Status and Funding Progress***

#### **Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	7
Active employees	9
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Total	21
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# Byron Public Library District

## Notes to Financial Statements

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### **Note 7 Pension Plan (Continued)**

#### **Contributions**

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 15.17%. For the fiscal year ended June 30, 2017, the District contributed \$40,926 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. The total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

#### **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.

# Byron Public Library District

## Notes to Financial Statements

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### Note 7 Pension Plan (Continued)

- 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%	

### 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:

- 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
- 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%.

# Byron Public Library District

## Notes to Financial Statements

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### Note 7 Pension Plan (Continued)

#### Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$1,402,470	\$969,696	\$432,774
Service costs	26,757	-	26,757
Interest on total pension liability	102,724	-	102,724
Difference between expected and actual experience	86,914	-	86,914
Changes in assumptions	(11,499)	-	(11,499)
Employer contributions	-	39,189	(39,189)
Employee contributions	-	11,625	(11,625)
Net investment income	-	61,681	(61,681)
Benefit payments – net of refunds	(70,287)	(70,287)	-
Administrative expense	-	-	-
Other changes	-	39,409	(39,409)
Net changes	134,609	81,617	52,992
Balances at December 31, 2016	\$1,537,079	\$1,051,313	\$485,766

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net pension liability	\$692,962	\$485,766	\$315,742

# Byron Public Library District

## Notes to Financial Statements

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### Note 7 Pension Plan (Continued)

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

For the year ended June 30, 2017, the District's pension expense was \$40,926. At June 30, 2017, the District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of resources</b>	<b>Deferred Inflows of resources</b>
<hr/>		
<i>Deferred amounts to be recognized in pension expense In future periods:</i>		
Differences between expected and actual experience	\$ 137,029	\$9,502
Changes in assumptions	21,616	9,148
Net difference between projected and actual earnings on pension plan investments	53,112	-
<hr/>		
Total deferred amounts to be recognized in pension expense in future periods	211,757	18,650
<hr/>		
Pension contributions made subsequent to the measurement date	21,308	
<hr/>		
Total deferred amounts related to pensions	\$233,065	\$18,650

#### ***Funded Status and Funding Progress (Continued)***

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

<b><u>Year Ending December 31</u></b>	<b><u>Net Deferred Outflows of Resources</u></b>
2017	\$ 61,431
2018	61,432
2019	54,143
2020	16,101
2021	-
Thereafter	-
<hr/>	
Total	\$193,107

# Byron Public Library District

## Notes to Financial Statements

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### **Note 7 Pension Plan (Continued)**

Due to the District following the modified cash basis method of accounting, deferred inflows/outflows, pension liabilities, and payables are not recorded on the Statement of Net Position.

The schedule of funding progress, presented as Other Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **Note 8 Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an outside agency. The plan is available to all District employees working over 1,000 hours per year, and 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 will make a 3.5% payment of the qualified employees' salary. The cash value of the annuity may be withdrawn by the employee but is subject to a withdrawal penalty for the first six years of the contract. All amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the governmental unit subject only to the claims of the governmental unit's general creditors. Participant's rights under the plan are equal to those of general creditor of the government in an amount equal to the fair market value of the deferred account of each participant.

It is the opinion of the District that the District has no liability for losses under the plan but does have the duty of due care that would be required of any ordinary prudent investor.

### **Note 9 Commitments and Contingencies**

#### **Construction Commitments**

There are no significant construction commitments as of June 30, 2017.

### **Note 10 Economic Dependency**

Because Exelon nuclear plant's assessed valuation represents approximately 70% of the District's total assessed valuation, it is economically dependent upon Exelon in order to maintain its current level of services to its public.

# Byron Public Library District

## Notes to Financial Statements

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### Note 11 Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to handle such risks of loss, the Byron Public Library District purchases commercial insurance coverage. The deductibles in effect through these policies as of June 30, 2017 vary with the type of coverage and risk involved. The amounts of settlements have not exceeded insurance for any of the past three years.

### Note 12 Capital Assets

Capital assets, which include land, building and improvements, furniture and equipment, and the library collection, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed.

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 are being depreciated using the straight line method over the following useful lives:

Buildings & Improvements	40 years
Furniture & Equipment	5 years
Library Collection	5 years

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

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

	<b>Balance</b> <b><u>July 1, 2016</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance</b> <b><u>June 30, 2017</u></b>
<b>Cost:</b>				
Land	\$ 585,128	\$ -	\$ -	\$ 585,128
Buildings and improvements	8,849,490	-	-	8,849,490
Furniture and equipment	209,793	5,463	-	215,256
Library collection	<u>1,581,763</u>	<u>47,335</u>	<u>-</u>	<u>1,629,098</u>
	<u>\$11,226,174</u>	<u>\$52,798</u>	<u>\$ -</u>	<u>\$11,278,972</u>

# Byron Public Library District

## Notes to Financial Statements

### Note 12 Capital Assets (Continued)

#### Accumulated Depreciation:

Land	\$ -	\$ -	\$ -	\$ -
Buildings and improvements	1,531,896	221,237	-	1,753,133
Furniture and equipment	198,680	3,555	-	202,235
Library collection	<u>1,441,448</u>	<u>52,453</u>	<u>-</u>	<u>1,493,901</u>
	<u>\$ 3,172,024</u>	<u>\$ 277,245</u>	<u>\$ -</u>	<u>\$ 3,449,269</u>

#### Total Capital Assets, Net:

Land	\$ 585,128	\$ -	\$ -	\$ 585,128
Buildings and improvements	7,317,594	(221,237)	-	7,096,357
Furniture and equipment	11,113	1,908	-	13,021
Library collection	<u>140,315</u>	<u>(5,118)</u>	<u>-</u>	<u>135,197</u>
	<u>\$8,054,150</u>	<u>\$(224,447)</u>	<u>\$ -</u>	<u>\$ 7,829,703</u>

Depreciation expense was charged to the culture and recreation function in the amount of \$277,245 for fiscal year ending June 30, 2017.

### Note 13 Long-Term Debt

#### General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances July 1	Additions	Reductions	Balances June 30
\$3,600,000 General Obligation Bond (Alternate Revenue Source) Series 2009, dated February 1, 2009 due in annual installments of \$125,000 to \$325,000 plus interest semi-annually at 3.85% to 4.50% through December 1, 2023.	General	\$2,225,000	\$ -	\$240,000	\$1,985,000

# Byron Public Library District

## Notes to Financial Statements

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### Note 13 Long-Term Debt (Continued)

Annual debt service requirements to maturity for the District's long-term debt are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 250,000	\$ 76,603
2019	260,000	66,853
2020	270,000	56,780
2021	280,000	45,772
2022	295,000	33,841
2023 - 2025	<u>630,000</u>	<u>62,001</u>
Total	<u>\$1,985,000</u>	<u>\$341,850</u>

### Note 14 Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

No funds had an excess of actual expenditures/expenses (exclusive of depreciation) over budget for the fiscal year.

### Note 15 Pending Accounting Pronouncements

GASB Statement No. 81, Irrevocable Split-Interest Agreements improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The District has not determined the effect of this Statement. GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The District has not determined the effect of this Statement.

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 a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The District has not determined the effect of this Statement.

# Byron Public Library District

## Notes to Financial Statements

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### **Note 15 Pending Accounting Pronouncements (Continued)**

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District has not determined the effect of this Statement.

GASB Statement No. 85, Omnibus 2017, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District has not determined the effect of this Statement. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The District has not determined the effect of this statement.

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 requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District has not determined the effect of this Statement.

## **Other Information**

# Byron Public Library District

## Other Information

June 30, 2017

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**Illinois Municipal Retirement Fund (IMRF)  
Multiyear Schedule of Contributions  
Last 10 Fiscal Years (prospective from 2015)**

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<b>Fiscal Year Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2016	39,584	39,584	0	259,739	15.24%
2017	40,926	40,926	0	254,301	17.43%

The District implemented GASB Statement No. 68 in June 30, 2015.

# Byron Public Library District

## Multiyear Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Calendar Years (schedule to be built prospectively from 2015)

For the year ended June 30, 2017

Calendar year ending December 31,	2016	2015	2014
Total pension liability:			
Service cost	\$ 26,757	\$ 28,406	\$ 28,812
Interest on the total pension liability	102,724	89,133	80,374
Benefit changes	-	-	-
Difference between expected and actual experience	86,914	113,456	(23,263)
Assumption changes	(11,499)	3,488	47,811
Benefit payments and refunds	<u>(70,287)</u>	<u>(25,253)</u>	<u>(1,224)</u>
Net change in total pension liability	134,609	209,230	132,510
Total pension liability - beginning	<u>1,402,470</u>	<u>1,193,240</u>	<u>1,060,730</u>
Total pension liability - ending (a)	<u>\$ 1,537,079</u>	<u>\$ 1,402,470</u>	<u>\$ 1,193,240</u>
Plan fiduciary net position:			
Employer contributions	\$ 39,189	\$ 72,705	\$ 37,264
Employee contributions	11,625	13,140	12,134
Pension plan net investment income	61,681	4,624	49,966
Benefit payments and refunds	(70,287)	(25,253)	(1,224)
Other	<u>39,409</u>	<u>9,880</u>	<u>1,432</u>
Net change in plan fiduciary net position	81,617	75,096	99,572
Plan fiduciary net position - beginning	<u>969,696</u>	<u>894,600</u>	<u>795,028</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,051,313</u>	<u>\$ 969,696</u>	<u>\$ 894,600</u>
Net pension liability(asset) - Ending (a) - (b)	485,766	432,774	298,640
Plan fiduciary net position as a percentage of total pension liability	68.40%	69.14%	74.97%
Covered valuation payroll	\$ 258,331	\$ 292,005	\$ 272,127
Net pension liability as a percentage of covered valuation payroll	188.04%	148.21%	109.74%

# Byron Public Library District

## Other Information

### Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Modified Cash Basis All Governmental Funds with Legally Adopted Budgets

For the year ended June 30, 2017

	General Fund		
	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Property taxes	\$ 1,065,416	\$ 1,065,132	\$ (284)
Replacement Taxes	-	5,395	5,395
Interest	10,000	16,062	6,062
Fines and fees	28,000	11,158	(16,842)
Miscellaneous	27,000	1,923	(25,077)
<b>Total revenues</b>	<b>1,130,416</b>	<b>1,099,670</b>	<b>(30,746)</b>
<b>Expenditures</b>			
Salaries	310,000	263,528	(46,472)
Payroll taxes	30,000	21,331	(8,669)
Deferred compensation	10,000	8,409	(1,591)
Health insurance	50,000	37,674	(12,326)
Illinois Municipal Retirement Fund	51,000	41,454	(9,546)
Books and periodicals	60,000	47,335	(12,665)
Audio-Visual material	18,000	17,023	(977)
Digital Services	25,000	23,275	(1,725)
Utilities	45,000	43,669	(1,331)
Office supplies	15,000	14,809	(191)
Building and janitorial supplies	4,000	3,276	(724)
Computer equipment and maintenance	50,000	45,018	(4,982)
Furniture and equipment	3,000	1,702	(1,298)
Publicity	4,000	4,044	44
Special programs	11,000	9,984	(1,016)
Education and travel	8,000	9,352	1,352
Insurance and Treasurer's Bond	10,000	24,407	14,407

# Byron Public Library District

Other Information  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balances - Budget and Actual - Modified Cash Basis  
 All Governmental Fund Types with Legally Adopted Budgets

For the year ended June 30, 2017

	General Fund		Over (Under) Budget
	Original & Final Budget	Actual	
<b>Expenditures (Continued)</b>			
Contractual service	65,000	49,605	(15,395)
Repair and maintenance	8,000	9,750	1,750
Legal services	6,000	4,935	(1,065)
Audit	9,000	6,995	(2,005)
Miscellaneous	1,000	1,197	197
Debt service	326,300	326,778	478
Risk management expense	25,000	-	(25,000)
Capital expenditures	50,000	-	(50,000)
Property expansion	25,000	-	(25,000)
Emergency repairs	50,000	-	(50,000)
Expansion expense	-	-	-
<b>Total expenditures</b>	<b>1,269,300</b>	<b>1,015,550</b>	<b>(253,750)</b>
Excess (deficiency) of revenues over expenditures	(138,884)	84,120	223,004
<b>Net change in fund balance</b>	<b>\$ (138,884)</b>	<b>\$ 84,120</b>	<b>\$ 223,004</b>
Fund balance, beginning		1,497,748	
Fund balance, ending		<b>\$ 1,581,868</b>	

See notes to other information.

# Byron Public Library District

## Schedule of Tort Expenditures

For the year ended June 30, 2017

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Risk management related salaries and benefits	\$	6,920
Insurance		253
Legal services		-
Security and safety related		16,140
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Total tort expenditures	\$	23,313
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# Byron Public Library District

## Notes to Other Information

June 30, 2017

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### **Note 1 Budget**

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

Budgetary comparisons presented in the accompanying financial statements are prepared on the cash basis method of accounting.

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.

### **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).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%

