

Arlington Heights Memorial  
**LIBRARY** ▶

**ARLINGTON HEIGHTS, ILLINOIS**  
A component unit of the Village of Arlington Heights, Illinois

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**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2017**

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

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## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Library's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

April 25, 2018

The Honorable Library President  
Members of the Board of Trustees  
Arlington Heights Memorial Library, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arlington Heights Memorial Library, Illinois' basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Introduction**

This is a narrative overview and analysis of the financial activities of the Arlington Heights Memorial Library (the Library) for the most recent fiscal year ended December 31, 2017. Readers are encouraged to consider the information presented here in conjunction with the information provided in the Library's financial statements.

**Financial Highlights**

- According to the Statement of Net Position, the assets/deferred outflows of the Library exceeded its liabilities/deferred inflows at the close of the year ended December 31, 2017, by \$16,962,696. Of this amount, the net position of \$8,195,988 may be used to meet the Library's ongoing services for Culture, Recreation and Education for citizens and obligations to creditors.
- According to the Balance Sheet of Governmental Funds, at the close of the year ended December 31, 2017, the Library's governmental funds reported a total fund balance of \$13,306,985 which will be spent in the following manner; \$374,045 in prepaid items, \$354,098 restricted to Social Security expenditures, \$6,423,543 for capital improvements, \$200,000 for insurance reserves, \$650,000 for IMRF Unfunded Actuarial Accrued Liability reserves and the remaining \$5,305,299 may be used at the Library's discretion.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances. The Statement of Net Position presents information about the Library's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities presents information showing how the Library's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement from some items that will only result in cash flows in future fiscal periods (e.g. unused compensated absences, other post-employment benefits payable, grant receivables and accrued interest expense.)

The government-wide financial statements distinguish functions of the Library that are principally supported by taxes and intergovernmental revenue (governmental activities.) The governmental activities of the Library reflect the Library's services, including materials collections, audio/visual labs, computer training, reference and readers' services, programming and outreach services.

(See independent auditor's report)



## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives in accordance with GASB Statement No. 54. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Library adopts an annual budget for the General Fund and Capital Projects Fund. Budgetary comparison schedules are provided to demonstrate compliance with the budget. See Table 5 and Table 6 in the MD&A and pages 34-39 in the Financial Report.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Fund Balance** – the difference between assets/deferred outflows and liabilities/deferred inflows in a governmental fund.

***Nonspendable Fund Balance*** - the portion of a Governmental Fund's fund balance that is not available to be spent, either short-term or long-term, in either form or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments.)

***Restricted Fund Balance*** - the portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions (e.g. grantor, contributors and property tax levies.)

***Unrestricted Fund Balance*** is made up of three sub-categories:

1. ***Committed Fund Balance*** - the portion of a Governmental Fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. The same action is required to remove the commitment of fund balance.
2. ***Assigned Fund Balance*** - the portion of a Governmental Fund's fund balance to denote an intended use of resources, but with no formal Board action required.
3. ***Unassigned Fund Balance*** - available expendable financial resources in a Governmental Fund that are not the object of any tentative management plan (i.e. assignments.)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial 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 this comparison between governmental funds and governmental activities.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 9-29 of the financial report.

(See independent auditor's report)

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning IMRF employee pension obligations and budgetary comparison schedules for the Library's two major funds, which can be found on pages 30-39 of the financial report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. For the Library, as Table 1 demonstrates, assets/deferred outflows exceeded liabilities/deferred inflows by \$16,962,696 at the close of the most recent fiscal year. Please see page 3 of the financial report for more information.

**Table 1**  
**Summary of the Statement of Net Position**

	As of	
	12/31/2017	12/31/2016
Current and Other Assets	\$ 28,101,371	\$ 28,672,532
Capital Assets, net of accumulated depreciation	8,412,610	7,705,759
<b>Total Assets</b>	<b>\$ 36,513,981</b>	<b>\$ 36,378,291</b>
Deferred Outflows of Resources - IMRF	1,369,239	2,011,258
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 37,883,220</b>	<b>\$ 38,389,549</b>
Current and Other Liabilities	\$ 743,253	\$ 581,969
Noncurrent Liabilities	1,636,318	6,224,556
<b>Total Liabilities</b>	<b>\$ 2,379,571</b>	<b>\$ 6,806,525</b>
Unearned Property Tax	\$ 14,108,076	\$ 13,968,392
Deferred Items - IMRF	4,432,877	185,225
<b>Total Deferred Inflows of Resources</b>	<b>\$ 18,540,953</b>	<b>\$ 14,153,617</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 20,920,524</b>	<b>\$ 20,960,142</b>
<u>Net Position</u>		
Invested in Capital Assets	\$ 8,412,610	\$ 7,705,759
Restricted - Social Security	354,098	326,359
Unrestricted for Culture, Recreation and Education	8,195,988	9,397,289
<b>Total Net Position, End of Year</b>	<b>\$ 16,962,696</b>	<b>\$ 17,429,407</b>

(See independent auditor's report)

A portion of the Library’s net position, \$8,412,610, reflects its investment in capital assets (e.g. land; building and improvements; equipment, furniture and fixtures.) The Library uses these capital assets to provide services to citizens. \$354,098 is restricted for the Library’s portion of Social Security expenses. The remaining balance of the net position, \$8,195,988, may be used to meet ongoing obligations to citizens and creditors.

**Governmental Activities**

Table 2 summarizes the revenue and expenses of the Library’s governmental activities for the year ended December 31, 2017 compared the year ended December 31, 2016. The Library’s net position decreased by \$466,711.

**Table 2**  
**Changes in Net Position**

	For the year Ended <u>12/31/2017</u>	For the year Ended <u>12/31/2016</u>
<b>Revenue</b>		
Program Revenue		
Charges for Services	\$ 202,878	\$ 211,184
Operating Grants/Contributions	182,987	121,167
General Revenue		
Property Taxes	13,744,488	13,667,250
Interest	147,766	71,569
Miscellaneous	21,297	19,521
<b>Total Revenue</b>	<b>\$ 14,299,416</b>	<b>\$ 14,090,691</b>
<b>Expenses</b>		
Culture, Recreation and Education	\$ 14,766,127	\$ 14,777,865
<b>Total Expenses</b>	<b>\$ 14,766,127</b>	<b>\$ 14,777,865</b>
<b>Changes in Net Position</b>	<b>\$ (466,711)</b>	<b>\$ (687,174)</b>
<b>Total Net Position, Beginning of the Year</b>	<b>\$ 17,429,407</b>	<b>\$ 18,116,581</b>
<b>Total Net Position, End of the Year</b>	<b>\$ 16,962,696</b>	<b>\$ 17,429,407</b>

**Governmental Funds Analysis – Table 3**

All of the Library’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds, as well as the balances left at year-end that are available for spending. The General Fund (Fund 291) is the Library’s primary fund and is used for day-to-day services. The Capital Projects Fund (Fund 491) is funded by a transfer from the General Fund. Expenditures in the Capital Projects Fund involve projects or items with a unit cost in excess of \$10,000.

For the 2017 levy, the Board of Library Trustees approved a 0% increase on the 2016 extended levy. Compared to the prior fiscal year, Property Taxes were up \$77,238. Total Revenue for 2017 was up \$208,725 versus the prior fiscal year.

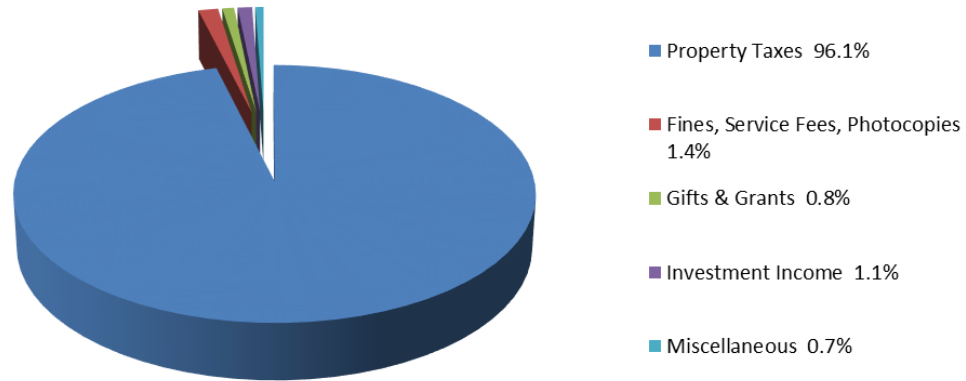
**Table 3**  
**Summary Statement of Revenues and Expenditures**

	For the year ended		For the year ended	
	12/31/2017	12/31/2017	12/31/2016	12/31/2016
	<u>Fund 291</u>	<u>Fund 491</u>	<u>Fund 291</u>	<u>Fund 491</u>
<b>Revenue</b>				
Property Taxes	\$ 13,744,488	\$ -	\$ 13,667,250	\$ -
Fines, Service Fees, Photocopies	202,878	-	211,184	-
Gifts & Grants	120,186	-	121,167	-
Investment Income	99,409	48,357	54,518	17,051
Miscellaneous	84,098	-	19,521	-
<b>Total Revenue</b>	<b>\$ 14,251,059</b>	<b>\$ 48,357</b>	<b>\$ 14,073,640</b>	<b>\$ 17,051</b>
<b>Expenditures</b>				
Salaries and Benefits	\$ 10,025,517	\$ -	\$ 9,349,998	\$ -
Equipment/Capital Outlay	239,018	1,308,095	430,543	578,420
Printed Materials (Books & Periodicals)	818,489	-	812,597	-
Nonprint Materials/Electronic Resources	761,204	-	733,275	-
Public Programs/Services	431,223	-	464,847	-
All other Operating Expenditures*	1,585,593	-	1,362,703	-
<b>Total Expenditures</b>	<b>\$ 13,861,044</b>	<b>\$ 1,308,095</b>	<b>\$ 13,153,963</b>	<b>\$ 578,420</b>
<b>Other Financing Sources/(Uses)</b>				
Transfer In		\$ 1,750,000		\$ 1,750,000
Transfer Out	\$ (1,750,000)		(1,750,000)	

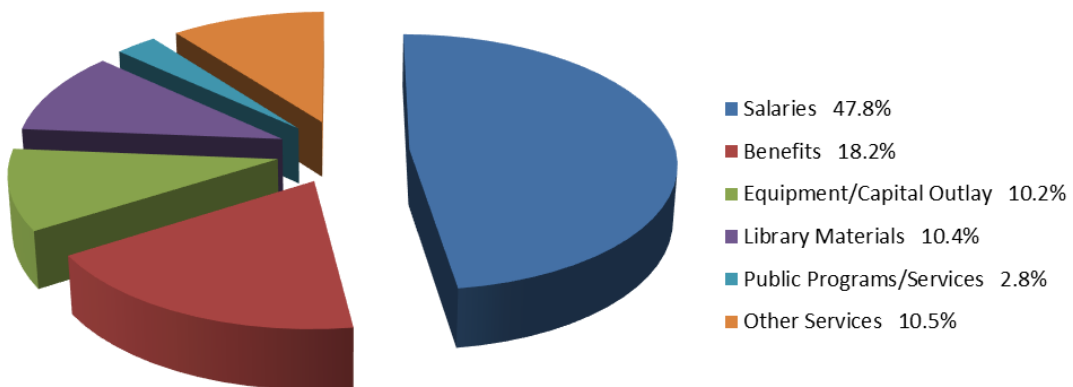
\*Building insurance, building and equipment maintenance, general office supplies, processing costs, audit, professional fees, contractual services, utilities, IMET expense, contingencies, etc.

The following charts show the composition of total revenues and total expenditures for the year ended December 31, 2017, as identified in Table 3.

### Composition of Total Revenue for the year ended December 31, 2017



### Composition of Total Expenditures for the year ended December 31, 2017



(See independent auditor's report)  
MD&A 6

## Capital Outlay

The schedule below details the \$1,308,095 expended on capital outlay in the Capital Projects Fund for the year ended December 31, 2017, as identified in **Table 3**.

### **Capital Outlay 2017**

Wall Sculpture	\$ 10,000
Network Switch	25,288
Replace Boiler - 1968 Building	40,095
Computer Area HVAC Update	42,600
Parking Lot Renovation Project	1,190,112
<b>Total</b>	<b><u><u>\$ 1,308,095</u></u></b>

## Capital Assets

The Library's investment in capital assets for governmental activities at December 31, 2017, was \$8,412,610, up \$706,851 from total capital assets, net of depreciation at December 31, 2016. This investment in capital assets includes land; building and improvements; and equipment, furniture and fixtures. Refer to page 17 of the financial statements for more detail.

**Table 4**  
**Capital Assets**

	As of	
	<u>12/31/2017</u>	<u>12/31/2016</u>
<b>Capital Assets</b>		
Land	\$ 142,378	\$ 142,378
Works of Art	\$ 55,000	\$ 45,000
Construction in Progress	15,000	458,099
Buildings and Improvements	16,490,133	14,791,166
Equipment, Furniture and Fixtures	3,623,564	3,665,367
<b>Total Capital Assets, before depreciation</b>	<b>\$ 20,326,075</b>	<b>\$ 19,102,010</b>
Less - Accumulated Depreciation	<u>(11,913,465)</u>	<u>(11,396,251)</u>
<b>Total Capital Assets, net of depreciation</b>	<b><u><u>\$ 8,412,610</u></u></b>	<b><u><u>\$ 7,705,759</u></u></b>

(See independent auditor's report)

**General Fund**

For the year ended December 31, 2017, the ending fund balance of the General Fund was \$8,633,442, a decrease of \$1,359,985 from the fund balance as of December 31, 2016. The budgeted net change in fund balance for the General Fund was \$(2,438,101). As a comparison, the fund balance at December 31, 2016 was \$9,993,427. Total revenues were \$52,768 (0.4%) more than budgeted and total expenditures were \$1,025,348 (6.9%) less than budgeted. The Library transferred \$1,750,000 from the General Fund (Fund 291) to the Capital Projects Fund (Fund 491) in 2017 to fund upcoming capital projects.

**Table 5**  
**General Fund**

	<u>For the 12 months Ended December 31, 2017</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	
Total Revenues	\$ 14,198,291	\$ 14,198,291	\$ 14,251,059
Total Expenditures	\$ 14,586,392	\$ 14,886,392	\$ 13,861,044
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (388,101)</b>	<b>\$ (688,101)</b>	<b>\$ 390,015</b>
Other Financing Sources (Uses)			
Transfer Out	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>
<b>Net Change in Fund Balance</b>	<b>\$ (2,138,101)</b>	<b>\$ (2,438,101)</b>	<b>\$ (1,359,985)</b>
<b>Fund Balance - January 1, 2017</b>			<b><u>\$ 9,993,427</u></b>
<b>Fund Balance - December 31, 2017</b>			<b><u><u>\$ 8,633,442</u></u></b>

## **Capital Projects Fund**

For the year ended December 31, 2017, the ending fund balance of the Capital Projects Fund was \$4,673,543, an increase of \$490,265 from the fund balance at December 31, 2016. Total Expenditures were \$1,026,608 less than budgeted as two large projects were rescheduled to future years. The Capital Projects Fund (Fund 491) received a transfer in of \$1,750,000 in 2017 from the General Fund (Fund 291).

**Table 6**  
**Capital Projects Fund**

	<u>For the 12 months Ended December 31, 2017</u>		
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>
Total Revenues	\$ 6,000	\$ 6,000	\$ 48,357
Total Expenditures	2,334,700	2,334,700	1,308,092
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (2,328,700)</b>	<b>\$ (2,328,700)</b>	<b>\$ (1,259,735)</b>
Other Financing Sources (Uses) Transfer In	1,750,000	1,750,000	1,750,000
<b>Net Change in Fund Balance</b>	<b>\$ (578,700)</b>	<b>\$ (578,700)</b>	<b>\$ 490,265</b>
<b>Fund Balance - January 1, 2017</b>			<b><u>\$ 4,183,278</u></b>
<b>Fund Balance - December 31, 2017</b>			<b><u><u>\$ 4,673,543</u></u></b>



## **Budget Amendments**

During the fiscal year, the Board of Library Trustees approved six budget amendment items. The amendments are summarized below:

<b>Amendment # &amp; Date</b>	<b>Description</b>
1 – 12/20/2016	Several staff salary budget line items were re-allocated to create a Director of Administration position. This was a net zero budget impact budget amendment.
2 – 2/21/2017	\$80,000 of the operating contingency line item was re-allocated to create a Grants and Development Administrator position. This was a net zero budget impact budget amendment.
3& 4 – 5/16/2017	Re-allocation of \$38,000 of the operating contingency line item to create a Community Engagement Liaison position and to increase hours for a part-time Bi-lingual Special Information Services Advisor. The 4 <sup>th</sup> amendment corrects an error in the initial amendment. This was a net zero budget impact budget amendment.
5 – 7/18/2017	Re-allocation of tax revenue line items to agree with Truth in Taxation reporting. This was a net zero budget impact budget amendment.
6 – 1/3/2018	The budget was amended by \$300,000 increase for a required transfer to the Village of Arlington Heights Health Insurance fund to replenish working cash funds.

## **Financial Outlook**

For the 2018 tax levy, the Board of Library Trustees is considering a 0% increase on the 2017 extended levy. Should that be the decision, it would be the ninth consecutive year where the levy was a 0% increase over the prior year's extended levy. For the year ended December 31, 2017, the Library received 96.0% of its revenue from real estate taxes. The Library continues to annually apply for and receive per capita grants from the State of Illinois. At December 31, 2017, the Library's General Fund has a fund balance of \$8,633,442. This amount would sustain the Library's operations for just over seven months, based on budgeted operating expenditures for calendar year 2018. For additional information regarding the components of the Library's fund balance, please review page 19 in the financial report.

## **Requests for Information**

This financial report is designed to provide a general overview of Arlington Heights Memorial Library's finances. Questions and comments concerning any information provided in this report should be addressed to:

Director of Finance  
Arlington Heights Memorial Library  
500 N. Dunton Avenue  
Arlington Heights, IL 60004

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Net Position**  
**December 31, 2017**

<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 13,483,113
Receivables - Net of Allowances	
Property Taxes	14,108,076
Accounts	127,090
Accrued Interest	9,047
Prepays	374,045
Total Current Assets	<u>28,101,371</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	212,378
Depreciable	20,113,697
Accumulated Depreciation	(11,913,465)
Total Noncurrent Assets	<u>8,412,610</u>
Total Assets	<u>36,513,981</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>1,369,239</u>
Total Assets and Deferred Outflows of Resources	<u>37,883,220</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	430,149
Accrued Payroll	250,142
Other Payables	6,019
Compensated Absences Payable	56,943
Total Current Liabilities	<u>743,253</u>
Noncurrent Liabilities	
Compensated Absences Payable	227,771
Net Pension Liability - IMRF	1,298,322
Net Other Post-Employment Benefit Obligation Payable	110,225
Total Noncurrent Liabilities	<u>1,636,318</u>
Total Liabilities	<u>2,379,571</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	14,108,076
Deferred Items - IMRF	<u>4,432,877</u>
Total Deferred Inflows of Resources	<u>18,540,953</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,920,524</u>
<b>NET POSITION</b>	
Investment in Capital Assets	8,412,610
Restricted - Social Security	354,098
Unrestricted	8,195,988
Total Net Position	<u><u>16,962,696</u></u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues		Net
		Charges for Services	Operating Grants/ Contributions	(Expense) Revenue and Changes in Net Position
Governmental Activities				
Culture, Recreation and Education	\$ 14,766,127	202,878	182,987	(14,380,262)
		General Revenues		
		Property Taxes		13,744,488
		Interest		147,766
		Miscellaneous		21,297
				<u>13,913,551</u>
		Change in Net Position		(466,711)
		Net Position - Beginning		<u>17,429,407</u>
		Net Position - Ending		<u><u>16,962,696</u></u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Balance Sheet  
December 31, 2017**

	General	Capital Projects	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 8,669,111	4,814,002	13,483,113
Receivables - Net of Allowances			
Property Taxes	14,108,076	-	14,108,076
Accounts	124,285	2,805	127,090
Accrued Interest	9,047	-	9,047
Prepays	374,045	-	374,045
 Total Assets	 <u>23,284,564</u>	 <u>4,816,807</u>	 <u>28,101,371</u>
<b>LIABILITIES</b>			
Accounts Payable	286,885	143,264	430,149
Accrued Payroll	250,142	-	250,142
Other Payables	6,019	-	6,019
Total Liabilities	<u>543,046</u>	<u>143,264</u>	<u>686,310</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	14,108,076	-	14,108,076
Total Liabilities and Deferred Inflows of Resources	<u>14,651,122</u>	<u>143,264</u>	<u>14,794,386</u>
<b>FUND BALANCES</b>			
Nonspendable	374,045	-	374,045
Restricted	354,098	-	354,098
Assigned	2,600,000	4,673,543	7,273,543
Unassigned	5,305,299	-	5,305,299
Total Fund Balances	<u>8,633,442</u>	<u>4,673,543</u>	<u>13,306,985</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>23,284,564</u>	 <u>4,816,807</u>	 <u>28,101,371</u>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to Net Position - Governmental Activities  
December 31, 2017**

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<b>Total Governmental Fund Balances</b>	<b>\$ 13,306,985</b>
Amounts reported in the Statement of Net Position are different because:	
Capital assets are not financial resources and therefore, are not reported in the funds.	8,412,610
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(3,063,638)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated Absences Payable	(284,714)
Net Pension Liability - IMRF	(1,298,322)
Net Other Post-Employment Benefit Obligation Payable	<u>(110,225)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>16,962,696</u></u></b>

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2017**

	General	Capital Projects	Totals
<b>Revenues</b>			
Taxes	\$ 13,744,488	-	13,744,488
Intergovernmental	120,186	-	120,186
Charges for Services	42,580	-	42,580
Fines and Fees	160,298	-	160,298
Interest	99,409	48,357	147,766
Miscellaneous	84,098	-	84,098
<b>Total Revenues</b>	<b>14,251,059</b>	<b>48,357</b>	<b>14,299,416</b>
<b>Expenditures</b>			
Culture, Recreation and Education	13,861,044	-	13,861,044
Capital Outlay	-	1,308,092	1,308,092
<b>Total Expenditures</b>	<b>13,861,044</b>	<b>1,308,092</b>	<b>15,169,136</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	390,015	(1,259,735)	(869,720)
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	1,750,000	1,750,000
Transfers Out	(1,750,000)	-	(1,750,000)
	(1,750,000)	1,750,000	-
Changes in Fund Balances	(1,359,985)	490,265	(869,720)
Fund Balances - Beginning	9,993,427	4,183,278	14,176,705
Fund Balances - Ending	8,633,442	4,673,543	13,306,985

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities  
For the Fiscal Year Ended December 31, 2017**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (869,720)

Amounts reported in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	1,336,375
Depreciation Expense	(626,333)
Disposal - Cost	(112,310)
Disposal - Accumulated Depreciation	109,119

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(4,889,671)
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The increases to long-term liabilities provides current financial resources to  
governmental funds, while the reduction of the balances  
consumes the current financial resources of the governmental funds.

Increase to Compensated Absences Payable	(12,043)
Decrease to Net Pension Liability - IMRF	4,619,109
Increases to Net Other Post-Employment Benefit Obligation Payable	<u>(21,237)</u>

**Changes in Net Position of Governmental Activities** (466,711)



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Arlington Heights Memorial Library (the Library) operates and maintains the public library within the Village of Arlington Heights (the Village). The government-wide financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP in the United States and used by the Library are described below.

**REPORTING ENTITY**

The Library is a legally separate entity whose Board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval, and its property tax levy is incorporated with the Village's levy. The Library is reported as a discretely presented component unit of the Village of Arlington Heights, Illinois. This report represents the financial activity of the Library for the fiscal year ended December 31, 2017.

The Library is a Public Library operating in accordance with the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq.

**BASIS OF PRESENTATION**

**Government-Wide and Fund Financial Statements**

The government-wide Statement of Activities reports both the gross and net cost of the Library's functions. The Library's activities are primarily supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

A fund is a separate accounting entity with a self-balancing set of accounts. Separate financial statements are provided for the general fund and capital projects fund. The Library only maintains governmental funds.

**Governmental Funds**

The focus of the governmental funds' 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. The following is a description of the governmental funds of the Library:

*General fund* is the general operating fund of the Library. It is used to account for all financial resources, except for those required or desired to be accounted for in another fund. The General Fund is a major fund.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**BASIS OF PRESENTATION – Continued**

**Governmental Funds – Continued**

*Capital Projects fund* accounts for financial resources that are restricted, committed or assigned to expenditure for capital outlays. Major projects include renovation of the Library and purchases of information technology. The Capital Projects Fund is treated as a major fund.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the Library utilizes a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

**Basis of Accounting – Continued**

The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Position, the Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

**Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables balances include property taxes.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Capital Asset	Years
Buildings and Improvements	40
Equipment, Furniture and Fixtures	3 - 10

**Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

**Compensated Absences**

The Library accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Long-Term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position.

**Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “investment in capital assets.”

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared for the General and Capital Projects funds by function and activity, and include information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Board of Library Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. Both the General Fund and the Capital Projects Fund were amended by the governing body in the current fiscal year. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**DEPOSITS AND INVESTMENTS**

Permitted Deposits and Investments – The Library’s investment policy authorizes the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated with the three highest classifications by at least two standard rating services.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

**Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk**

*Deposits.* At year-end, the carrying amount of the Library’s deposits totaled \$3,076,183 and the bank balances totaled \$3,112,644.

*Investments.* The Library has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Obligations	\$ 5,390,854	5,390,854	-	-	-
U.S. Agency Obligations	1,666,775	1,666,775	-	-	-
Commercial Paper	300,098	300,098	-	-	-
Illinois Funds	46,357	46,357	-	-	-
IMET	3,160,790	3,160,790	-	-	-
	<u>10,564,874</u>	<u>10,564,874</u>	<u>-</u>	<u>-</u>	<u>-</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued**

The Library has the following recurring fair value measurements as of December 31, 2017:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 6,671,109	6,671,109	-	-
Investments Measured at the Net Asset Value (NAV)				
Commercial Paper	400,267			
Illinois Funds	133,422			
IMET	3,202,132			
Total Investments Measured at NAV	<u>3,735,821</u>			
Total Investments Measured at Fair Value	<u>10,406,930</u>			

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter-term securities, money market funds or similar investment pools. The Library’s investments in the Illinois Funds and IMET have an average maturity of less than one year.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library’s policy limits its exposure to credit risk by limiting investments to the safest types of securities, prequalifying the financial institution, intermediaries and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. At year-end, the Library’s investment in Illinois Funds is rated Aaam by Moody’s, the IMET 1-3 Year Fund is rated Aaa/bf by Moody’s and the commercial paper is rated AAA by Moody’s. The investment in the IMET Convenience Fund is not rated.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued**

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Library’s investment in a single issuer. The Library’s investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pool (LGIPs) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations. At year-end, the Library does not have any investments over 5 percent of the cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the market value of the funds secured, with the collateral witnessed by a written collateral agreement and held by an independent third party. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

To limit its exposure, the Library’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts and a written custodial agreement. The Library’s investments in the Illinois Funds and IMET are not subject to custodial credit risk.

**PROPERTY TAXES**

Property taxes for 2016 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically to the Library. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect projected collection experience. The uncollected portion of the 2017 tax levy less the allowance has been recorded as a receivable; the entire 2017 tax levy has been recorded as unavailable revenue at year-end.



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2017 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 142,378	-	-	142,378
Works of Art	45,000	10,000	-	55,000
Construction in Progress	458,099	15,000	458,099	15,000
	<u>645,477</u>	<u>25,000</u>	<u>458,099</u>	<u>212,378</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	14,791,166	1,698,967	-	16,490,133
Equipment, Furniture and Fixtures	3,665,367	70,507	112,310	3,623,564
	<u>18,456,533</u>	<u>1,769,474</u>	<u>112,310</u>	<u>20,113,697</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	9,141,604	515,484	-	9,657,088
Equipment, Furniture and Fixtures	2,254,647	110,849	109,119	2,256,377
	<u>11,396,251</u>	<u>626,333</u>	<u>109,119</u>	<u>11,913,465</u>
<b>Total Net Depreciable Capital Assets</b>	<u>7,060,282</u>	<u>1,143,141</u>	<u>3,191</u>	<u>8,200,232</u>
<b>Total Net Capital Assets</b>	<u>7,705,759</u>	<u>1,168,141</u>	<u>461,290</u>	<u>8,412,610</u>

Depreciation expense of \$626,333 was charged to the culture, recreation and education function.

**INTERFUND TRANSFERS**

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Capital Projects	General	<u>\$ 1,750,000</u>

Transfers are used to move unrestricted revenues collected in the General Fund to finance capital projects in accordance with budgetary authorizations.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM LIABILITY ACTIVITY**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 272,671	24,086	12,043	284,714	56,943
Net Pension Liability - IMRF	5,917,431	-	4,619,109	1,298,322	-
Net Other Post-Employment Benefit Obligation	88,988	21,237	-	110,225	-
	<u>6,279,090</u>	<u>45,323</u>	<u>4,631,152</u>	<u>1,693,261</u>	<u>56,943</u>

The compensated absences, the net pension liability, and the net other post-employment benefit obligation are generally liquidated by the General Fund.

**FUND BALANCE CLASSIFICATIONS**

In the governmental funds financial statements, the Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The Library first utilizes committed, then assigned and then unassigned fund balances when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; 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.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE CLASSIFICATIONS – Continued**

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees’ intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Library’s highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Capital Projects	Totals
Fund Balances			
Nonspendable			
Prepays	\$ 374,045	-	374,045
Restricted			
Social Security	354,098	-	354,098
Assigned			
Capital Projects	1,750,000	4,673,543	6,423,543
IMRF UAAL	650,000	-	650,000
Insurance Reserves	200,000	-	200,000
	<u>2,600,000</u>	<u>4,673,543</u>	<u>7,273,543</u>
Unassigned	<u>5,305,299</u>	-	<u>5,305,299</u>
Total Fund Balances	<u>8,633,442</u>	<u>4,673,543</u>	<u>13,306,985</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION**

**RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Library’s employees. These risks are provided for through insurance from private insurance companies. The Library currently reports all its risk management activities in the General Fund. Claims incurred have not exceeded purchased coverage during the current and three previous fiscal years. The Library participates in the Village insurance program with respect to employee health risks.

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN**

**Illinois Municipal Retirement Fund (IMRF)**

Library employees contribute to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. Participating employees are covered by IMRF through the Village. Contributions are paid by the Village and are reimbursed by the Library. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

**Plan Description**

*Plan Administration.* All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*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 of the Library’s employees participate in the Regular Plan.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Description – Continued**

*Benefits Provided – Continued.* 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.

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.

*Plan Membership.* As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members

159

A detailed breakdown of IMRF membership for the Village and the Library combined is available in the Village of Arlington Height’s comprehensive annual financial report.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Description – Continued**

*Contributions.* As set by statute, the Library’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. For the year-ended December 31, 2017, the Library’s contribution was 12.34% of covered payroll.

*Net Pension Liability.* The Library’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

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

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Description – Continued**

*Actuarial Assumptions – 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:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	27%	3.0%
Domestic Equities	38%	6.9%
International Equities	17%	6.8%
Real Estate	8%	5.8%
Blended	9%	2.65% - 7.35%
Cash and Cash Equivalents	1%	2.3%

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%, the same as the prior year valuation rate. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Library contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Library calculated using the discount rate as well as what the Library’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$ 6,639,891	1,298,322	(3,145,037)



**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 37,829,512	31,912,081	5,917,431
Changes for the Year:			
Service Cost	689,727	-	689,727
Interest on the Total Pension Liability	3,454,308	-	3,454,308
Difference Between Expected and Actual Experience of the Total Pension Liability	(23,512)	-	(23,512)
Changes of Assumptions	(1,471,302)	-	(1,471,302)
Contributions - Employer	-	809,701	(809,701)
Contributions - Employees	-	295,876	(295,876)
Net Investment Income	-	6,863,488	(6,863,488)
Benefit Payments, including Refunds of Employee Contributions	(2,341,045)	(2,341,045)	-
Other (Net Transfer)	-	(700,735)	700,735
Net Changes	308,176	4,927,285	(4,619,109)
Balances at December 31, 2017	38,137,688	36,839,366	1,298,322

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

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

For the fiscal year ended December 31, 2017, the Library recognized pension expense of \$1,080,263. At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 191,760	(49,267)	142,493
Change in Assumptions	19,543	(1,146,265)	(1,126,722)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,157,936</u>	<u>(3,237,345)</u>	<u>(2,079,409)</u>
Total Deferred Amounts Related to IMRF	<u><u>1,369,239</u></u>	<u><u>(4,432,877)</u></u>	<u><u>(3,063,638)</u></u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2018	\$ (594,416)
2019	(604,116)
2020	(1,055,768)
2021	(809,338)
2022	-
Thereafter	<u>-</u>
Total	<u><u>(3,063,638)</u></u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

**Plan Descriptions, Provisions and Funding Policies**

In addition to providing the pension benefits described, the Library offers pre and post-Medicare post-retirement health insurance to retirees, their spouses, and dependents (enrolled at the time of employee’s retirement). To be eligible for benefits, the employee must qualify for retirement under the Library’s retirement plan. If the retiree elects to participate, the retiree pays the current full blended premium. There is no explicit subsidy as defined by GASB Statement No. 45 as the retiree pays the same premium as an active employee. Upon a retiree becoming eligible for Medicare, the amount payable under the Library’s health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

The post-employment health care benefits (OPEB) for retired employees are offered through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee/retiree contributions, and employer contributions are governed by the Village/Library and can be amended by the Village/Library through their personnel manuals. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Library is not required to, and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. The Plan does not issue a separate report. The activity of the Plan is reported in the Library’s governmental activities.

At December 31, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	40
Active Employees	<u>74</u>
Total	<u>114</u>
Participating Employers	1

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual Required Contribution	\$ 36,366
Interest on the NOPEBO	3,560
Adjustment to the ARC	<u>(4,948)</u>
Annual OPEB Cost	34,978
Actual Contribution	<u>13,741</u>
Change in NOPEBO	21,237
NOPEBO - Beginning	<u>88,988</u>
NOPEBO - Ending	<u><u>110,225</u></u>

**Trend Information**

The Library's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 18,421	\$ 5,057	27.45%	\$ 75,468
12/31/2016	21,713	8,193	37.73%	88,988
12/31/2017	34,978	13,741	39.28%	110,225

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Funded Status and Funding Progress**

The funded status of the plan as of December 31, 2017, was as follows:

Actuarial Accrued Liability (AAL)	\$ 446,987
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 446,987
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 4,198,357
UAAL as a Percentage of Covered Payroll	10.65%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, projected salary increases of 3.0% and an initial healthcare cost trend rate of 8.0% reduced to an ultimate healthcare inflation rate of 4.5% after eight years. Both rates include a 2.5% inflation assumption. The actuarial value of assets was not determined as the Library has not advanced funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2017, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions  
Other Post-Employment Benefit Plan
- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule  
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Other Post-Employment Benefits Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2017**

<b>Funding Progress</b>						(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	
4/30/13	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
4/30/14	-	1,545,146	0.00%	1,545,146	6,505,722	23.75%
4/30/15	-	1,322,810	0.00%	1,322,810	6,498,209	20.36%
12/31/15	-	207,012	0.00%	207,012	3,972,722	5.21%
12/31/16	-	219,200	0.00%	219,200	4,091,904	5.36%
12/31/17	-	446,987	0.00%	446,987	4,198,357	10.65%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
4/30/13	\$ 73,894	\$ 93,064	79.40%
4/30/14	62,579	90,441	69.19%
4/30/15	47,580	80,529	59.08%
12/31/15	5,057	18,990	26.63%
12/31/16	8,193	22,751	36.01%
12/31/17	13,741	36,366	37.79%

N/A - Not Available

The Library is required to have an actuarial valuation biennially. The amounts above are allocated based on the Library's portion of the total Village net other post-employment benefit obligation.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2017**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 663,537	\$ 665,380	\$ 1,843	\$ 5,119,881	13.00%
12/31/2016	808,736	808,736	-	6,187,727	13.07%
12/31/2017	809,701	809,701	-	6,561,594	12.34%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2017**

	<u>12/31/2015</u>
Total Pension Liability	
Service Cost	\$ 554,539
Interest	2,492,496
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(136,273)
Change of Assumptions	82,983
Benefit Payments, Including Refunds of Member Contributions	<u>(1,655,072)</u>
Net Change in Total Pension Liability	1,338,672
Total Pension Liability - Beginning	<u>33,827,915</u>
Total Pension Liability - Ending	<u><u>35,166,587</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 665,380
Contributions - Members	248,358
Net Investment Income	151,997
Benefit Payments, Including Refunds of Member Contributions	(1,655,072)
Administrative Expense	<u>202,712</u>
Net Change in Plan Fiduciary Net Position	(386,625)
Plan Net Position - Beginning	<u>30,770,060</u>
Plan Net Position - Ending	<u><u>30,383,435</u></u>
Employer's Net Pension Liability	<u><u>\$ 4,783,152</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.40%
Covered Payroll	\$ 5,119,881
Employer's Net Pension Liability as a Percentage of Covered Payroll	93.42%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2016	12/31/2017
655,302	689,727
3,920,604	3,454,308
-	-
407,287	(23,512)
(151,925)	(1,471,302)
(2,168,343)	(2,341,045)
2,662,925	308,176
35,166,587	37,829,512
37,829,512	38,137,688
808,736	809,701
284,286	295,876
2,466,004	6,863,488
(2,168,343)	(2,341,045)
137,963	(700,735)
1,528,646	4,927,285
30,383,435	31,912,081
31,912,081	36,839,366
5,917,431	1,298,322
84.36%	96.60%
6,187,727	6,561,594
95.63%	19.79%

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes - General	\$ 12,613,091	12,462,091	12,385,894
Property Taxes - IMRF	801,000	802,000	796,042
Property Taxes - FICA	416,000	566,000	562,552
Intergovernmental			
State/Local Grants	63,000	63,000	120,186
Charges for Services			
Copier and Film Printer Fees	38,000	38,000	42,580
Fines and Fees	165,200	165,200	160,298
Interest	27,500	27,500	99,409
Miscellaneous			
Donations	65,000	65,000	62,801
Miscellaneous	9,500	9,500	21,297
Total Revenues	<u>14,198,291</u>	<u>14,198,291</u>	<u>14,251,059</u>
Expenditures			
Culture, Recreation and Education			
Executive Office	5,796,916	6,090,610	5,578,168
User Services	8,789,476	8,795,782	8,282,876
Total Expenditures	<u>14,586,392</u>	<u>14,886,392</u>	<u>13,861,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(388,101)	(688,101)	390,015
Other Financing (Uses)			
Transfers Out	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>
Changes in Fund Balance	<u>(2,138,101)</u>	<u>(2,438,101)</u>	(1,359,985)
Fund Balance - Beginning			<u>9,993,427</u>
Fund Balance - Ending			<u><u>8,633,442</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
  - General Fund
  - Capital Projects Fund

## **INDIVIDUAL FUND SCHEDULES**

### **GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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### **CAPITAL PROJECTS FUND**

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

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**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
<b>Culture, Recreation and Education</b>			
Executive Office			
Administration			
Salaries	\$ 359,559	534,111	571,894
Benefits	195,495	470,887	469,190
Contractual Services	506,308	492,308	457,813
Commodities	38,183	38,183	22,466
Other Charges	205,000	81,516	-
Other Equipment	325,787	325,787	90,427
	<u>1,630,332</u>	<u>1,942,792</u>	<u>1,611,790</u>
Communication and Marketing			
Salaries	292,357	292,357	271,340
Benefits	107,630	107,630	101,721
Contractual Services	223,672	223,672	196,337
Commodities	32,159	32,159	31,171
	<u>655,818</u>	<u>655,818</u>	<u>600,569</u>
Human Resources			
Salaries	158,098	158,098	160,535
Benefits	69,902	69,902	68,442
Contractual Services	33,315	33,315	35,607
Other Charges	25,850	25,850	15,847
	<u>287,165</u>	<u>287,165</u>	<u>280,431</u>
Paid by Gifts and Grants			
Contractual Services	10,000	10,000	25,452
Commodities	40,000	40,000	31,620
Other Equipment	5,000	5,000	9,995
	<u>55,000</u>	<u>55,000</u>	<u>67,067</u>
Finance			
Salaries	262,498	254,045	208,696
Benefits	89,132	87,460	76,534
Contractual Services	43,050	43,050	105,703
	<u>394,680</u>	<u>384,555</u>	<u>390,933</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Culture, Recreation and Education - Continued			
Executive Office - Continued			
Information Technology			
Salaries	\$ 626,202	618,987	587,847
Benefits	260,479	259,053	248,933
Contractual Services	170,452	170,452	163,917
Commodities	257,333	257,333	218,600
Other Equipment	94,949	94,949	84,562
	<u>1,409,415</u>	<u>1,400,774</u>	<u>1,303,859</u>
Security			
Salaries	244,886	244,886	249,827
Benefits	99,627	99,627	98,500
Contractual Services	500	500	145
Commodities	225	225	114
	<u>345,238</u>	<u>345,238</u>	<u>348,586</u>
Facilities			
Salaries	395,523	395,523	382,496
Benefits	179,597	179,597	173,663
Contractual Services	319,654	319,654	289,422
Commodities	97,894	97,894	83,617
Other Equipment	26,600	26,600	45,735
	<u>1,019,268</u>	<u>1,019,268</u>	<u>974,933</u>
Total Executive Office	<u>5,796,916</u>	<u>6,090,610</u>	<u>5,578,168</u>
User Services			
Children's Services			
Salaries	-	-	(20)
Benefits	-	-	4,015
	<u>-</u>	<u>-</u>	<u>3,995</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
<b>Culture, Recreation and Education - Continued</b>			
<b>User Services - Continued</b>			
<b>Program Services</b>			
Salaries	\$ 845,696	880,337	793,986
Benefits	283,699	287,287	269,684
Contractual Services	16,377	16,377	19,439
Commodities	12,207	12,207	7,897
	<u>1,157,979</u>	<u>1,196,208</u>	<u>1,091,006</u>
<b>Customer Services</b>			
Salaries	2,522,776	2,498,023	2,385,957
Benefits	675,934	668,764	646,655
Contractual Services	13,233	13,233	8,526
Commodities	25,385	25,385	21,837
	<u>3,237,328</u>	<u>3,205,405</u>	<u>3,062,975</u>
<b>Programs and Exhibits</b>			
Salaries	395,847	395,847	361,803
Benefits	152,458	152,458	154,364
Contractual Services	166,582	166,582	90,143
Commodities	51,098	51,098	49,466
	<u>765,985</u>	<u>765,985</u>	<u>655,776</u>
<b>Digital Services</b>			
Salaries	496,374	496,374	511,143
Benefits	148,485	148,485	148,155
Contractual Services	4,825	4,825	4,547
Commodities	320,451	320,451	314,428
Other Equipment	11,410	11,410	8,299
	<u>981,545</u>	<u>981,545</u>	<u>986,572</u>



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Collection Services			
Salaries	\$ 794,273	794,273	759,411
Benefits	334,371	334,371	320,746
Contractual Services	95,554	95,554	98,615
Commodities	1,422,441	1,422,441	1,303,780
	<u>2,646,639</u>	<u>2,646,639</u>	<u>2,482,552</u>
 Total User Services	 <u>8,789,476</u>	 <u>8,795,782</u>	 <u>8,282,876</u>
 Total Expenditures	 <u>14,586,392</u>	 <u>14,886,392</u>	 <u>13,861,044</u>

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 6,000	6,000	48,357
Expenditures			
Capital Outlay			
Administration	600,000	600,000	-
Paid by Gifts and Grants	10,000	10,000	10,000
Information Technology	32,200	32,200	25,288
Facilities	1,692,500	1,692,500	1,272,804
Total Expenditures	2,334,700	2,334,700	1,308,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,328,700)	(2,328,700)	(1,259,735)
Other Financing Sources			
Transfers In	1,750,000	1,750,000	1,750,000
Changes in Fund Balance	<u>(578,700)</u>	<u>(578,700)</u>	490,265
Fund Balance - Beginning			<u>4,183,278</u>
Fund Balance - Ending			<u><u>4,673,543</u></u>