



**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

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**ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2017**

**SIKICH.COM**

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
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**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
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## **INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees  
Wilmette Public Library District  
Wilmette, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilmette Public Library District (the District) as of and for the year ended June 30, 2017, and the related notes to 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 for government-wide financial statements and cash basis of accounting for the governmental fund financial statements, as described in Note 1d; this includes determining that the modified cash basis and 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 District'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 District'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 the cash basis financial position of each major fund, and the aggregate remaining fund information of the Wilmette 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 modified cash basis of accounting described in Note 1d.

## **Basis of Accounting**

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

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management discussion and analysis and combining and individual nonmajor fund financial statements and schedules and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management discussion and analysis and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2016 (not presented herein) and have issued our report thereon dated November 4, 2016, which contained unmodified opinions on the respective modified cash basis financial position of the governmental activities, and the cash basis financial position of each major fund, and the

aggregate remaining fund information. The comparative data for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

*Sikich LLP*

Naperville, Illinois  
November 3, 2017

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**



# Wilmette Public Library District

## Management's Discussion and Analysis

### For Fiscal Year Ended June 30, 2017

The discussion and analysis of the Wilmette Public Library District provides a general review of the financial activities for the year ended June 30, 2017. The information presented should be considered in conjunction with the financial statements as a whole.

#### **Required Financial Statements**

The basic financial statements are prepared using the modified-cash basis of accounting which more closely conforms to our monthly reports. These consist of three components:

- Government-wide financial statements;
- Fund financial statements;
- Notes to the basic financial statements.

#### *Government-wide financial statements*

The government-wide financial statements are designed to provide a synopsis of the District's finances.

The Statement of Net Positions presents information on all of the District's assets and liabilities arising from cash transactions adjusted for long term capital assets and depreciation expenses, with the difference reported as net positions. Over time, increases or decreases in net positions may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net positions changed during the reported fiscal year.

#### *Fund financial statements*

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements show amounts expended to provide Library services. Funds remaining are also shown. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's two major funds and the total of all other funds.

#### *Notes to the basic financial statements*

Notes to the financial statements provide additional information that is essential for a full understanding of the data in the basic financial statements. Required supplementary information consists of the Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Appropriation and Actual of the General Fund and the Special Reserve Funds and more detailed data concerning the District's contributions and funding progress of the Illinois Municipal Retirement Fund.

## Government-Wide Financial Analysis

### Statement of Net Positions

<b>Condensed Statement of Net Positions</b>		
June 30, 2017	<i>Governmental Activities</i>	
	<i>2017</i>	<i>2016</i>
<b>Current Assets</b>		
Cash and Investments	\$14,351,358	\$13,029,771
Capital Assets, not depreciated	\$51,384	\$51,384
Capital Assets, net of depreciation	\$8,603,598	\$8,932,517
<b>Total Assets</b>	<b>\$23,006,340</b>	<b>\$22,013,672</b>
<b>Liabilities</b>		
None	\$0	\$0
<b>Net positions:</b>		
Net investment in capital assets	\$8,654,982	\$8,983,901
Restricted (Special Reserve and other funds)	\$6,239,258	\$5,289,930
Unrestricted	\$8,112,100	\$7,739,841
<b>Total Net Positions</b>	<b>\$23,006,340</b>	<b>\$22,013,672</b>

### Changes in Net Positions

<b>Change in Net Positions</b>		
June 30, 2017	<i>Governmental Activities</i>	
	<i>2017</i>	<i>2016</i>
<b>Revenues Collected:</b>		
Charges for Services	\$79,440	\$88,658
Operating Grants	\$0	\$20,880
Property and Replacement Taxes	\$6,099,928	\$6,081,381
Investment Income	\$86,991	\$69,212
Donations	\$160,785	\$484,512
Miscellaneous	\$249,865	\$209,473
<b>Total Revenues</b>	<b>\$6,677,009</b>	<b>\$6,954,116</b>
<b>Expenses Paid:</b>		
Culture and Recreation	\$5,684,341	\$5,929,674*
<b>Total Expenses</b>	<b>\$5,684,341</b>	<b>\$5,929,674*</b>
<b>Increase (decrease) in Net Positions</b>	<b>\$992,668</b>	<b>\$1,024,442</b>

\*corrected

### Financial Analysis

Both Revenues and Culture and Recreation expenses in governmental activities had slight decreases in the fiscal year ending June 30, 2017 resulting in an increase in net positions of \$992,668.

The Wilmette Public Library District's assets exceeded liabilities by \$23,006,340 for the year ended June 30, 2017 and \$22,013,672 for the year ended June 30, 2016.

A large portion (37.6 %) of the District's net positions reflects its investment in capital assets used in governmental activities. These assets cannot be liquidated for use in operations and therefore are unavailable.

A portion of the net positions is restricted for special projects. The District maintains sufficient unrestricted net positions to provide for normal Library operations in the near future. In addition, funds are available for expenses associated with periodic activities such as computer network upgrades and landscape and parking lots improvements.

### General Fund Appropriation and Actual Comparison

The original appropriation was not amended during the year.

<b>Condensed General Fund Revenues and Expenditures</b>			
June 30, 2017			
	<i>2017</i>		<i>2016</i>
	<i>Appropriation</i>	<i>Actual</i>	<i>Actual</i>
<b>Revenues</b>			
Property and Replacement Taxes	\$5,489,304	\$5,621,008	\$5,574,975
Grant Income	\$20,880	\$0	\$20,880
Investment Income	\$32,314	\$50,420	\$36,528
Kenilworth Library Services Contract	\$181,717	\$181,775	\$186,264
Fines and Fees	\$92,773	\$79,440	\$88,658
Friends Donations	\$48,000	\$35,991	\$39,712
Miscellaneous	\$32,488	\$192,884	\$468,009
Total Revenues	<u>\$5,897,476</u>	<u>\$6,161,518</u>	<u>\$6,415,026</u>
<b>Expenditures</b>			
Personnel Services	\$3,606,074	\$3,027,918	\$3,024,991
Patron Materials/Services	\$1,232,430	\$1,064,910	\$917,184
Operation	\$1,264,061	\$696,431	\$509,854
Contingency	-	-	-
Total Expenditures	<u>\$6,102,565</u>	<u>\$4,789,259</u>	<u>\$4,452,029</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	(\$205,089)	\$1,372,259	\$1,962,997

Actual revenues in governmental activities exceeded budgeted revenues by \$264,042 primarily due to an unrestricted gift of \$95,000, a slight increase in property and replacement taxes and increased investment income. The District spent \$1,313,306 less than the appropriated amount due to savings in every category.

At the end of fiscal year 2017, the District's governmental funds reported a balance of \$14,351,358, an increase of \$1,321,587 over fiscal 2016.

## **Capital Assets**

At the end of fiscal year 2017, Wilmette Public Library had total capital assets, net of depreciation, of \$8,654,982, invested in a large collection of library materials, computers and other electronics and the building which houses the Library operations.

## **Economic Factors on the District's Future**

The Wilmette Public Library District is subject to the property tax caps in accordance with the state statutes. With the tax caps in place, the District is limited to the amount of increase they are able to obtain with the tax levy. In addition, the District is subject to tax rate objections and property tax assessment objections. These objections can erode the amount collected by the District with no recourse for collections. A potential decrease in the assessed valuation of property in the District may create a further decline in income.

## **Contact Information**

This financial report is designed to provide the Wilmette Public Library District's citizens and taxpayers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you need additional information, contact the District:

Heather McCammond Watts, Director  
Wilmette Public Library District  
1242 Wilmette Avenue  
Wilmette, IL 60091-2558

## **BASIC FINANCIAL STATEMENTS**

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

June 30, 2017

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	<b>Governmental Activities</b>
<hr/>	
<b>ASSETS</b>	
Cash and investments	\$ 14,351,358
Capital assets not being depreciated	51,384
Capital assets (net of accumulated depreciation)	<u>8,603,598</u>
 Total assets	 <u>23,006,340</u>
 <b>LIABILITIES</b>	
None	 <u>-</u>
 <b>NET POSITION</b>	
Invested in capital assets	8,654,982
Restricted for	
Audit	7,512
Liability insurance	40,278
Endowment	37,240
Capital improvements	5,497,897
Retirement	473,183
Specific programs	183,148
Unrestricted	<u>8,112,100</u>
 <b>TOTAL NET POSITION</b>	 <u><u>\$ 23,006,340</u></u>

See accompanying notes to financial statements.

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For the Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation	\$ 5,684,341	\$ 79,440	\$ -	\$ -	\$ (5,604,901)
Total governmental activities	5,684,341	79,440	-	-	(5,604,901)
TOTAL PRIMARY GOVERNMENT	\$ 5,684,341	\$ 79,440	\$ -	\$ -	(5,604,901)
	General Revenues				
	Property taxes				6,044,036
	Replacement taxes				55,892
	Investment income				86,991
	Miscellaneous				249,865
	Donations				160,785
	Total				6,597,569
CHANGE IN NET POSITION					992,668
NET POSITION, JULY 1					22,013,672
NET POSITION, JUNE 30					\$ 23,006,340

See accompanying notes to financial statements.

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS**

June 30, 2017

	<b>General</b>	<b>Special Reserve</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 8,295,248	\$ 5,497,897	\$ 558,213	\$ 14,351,358
<b>TOTAL ASSETS</b>	<b>\$ 8,295,248</b>	<b>\$ 5,497,897</b>	<b>\$ 558,213</b>	<b>\$ 14,351,358</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
None	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>				
Nonspendable - endowment	-	-	37,240	37,240
Restricted				
Audit	-	-	7,512	7,512
Liability insurance	-	-	40,278	40,278
Retirement	-	-	473,183	473,183
Specific programs	183,148	-	-	183,148
Capital improvements	-	5,497,897	-	5,497,897
Unassigned				
General Fund	8,112,100	-	-	8,112,100
<b>Total fund balances</b>	<b>8,295,248</b>	<b>5,497,897</b>	<b>558,213</b>	<b>14,351,358</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,295,248</b>	<b>\$ 5,497,897</b>	<b>\$ 558,213</b>	<b>\$ 14,351,358</b>

See accompanying notes to financial statements.



**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**RECONCILIATION OF STATEMENT OF ASSETS, LIABILITIES, AND FUND  
BALANCES - CASH BASIS - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

June 30, 2017

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 14,351,358
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Amounts reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>8,654,982</u>
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<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 23,006,340</u></u>
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See accompanying notes to financial statements.

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2017

	<b>General</b>	<b>Special Reserve</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES COLLECTED</b>				
Property taxes	\$ 5,565,116	\$ -	\$ 478,920	\$ 6,044,036
Replacement taxes	55,892	-	-	55,892
Investment income	50,420	36,278	293	86,991
Kenilworth Library services contract	181,775	-	-	181,775
Fines and fees	79,440	-	-	79,440
Friends donations	35,991	-	-	35,991
Miscellaneous	192,884	-	-	192,884
 Total revenues collected	 6,161,518	 36,278	 479,213	 6,677,009
<b>EXPENDITURES PAID</b>				
Current				
Culture and recreation	4,789,259	-	472,217	5,261,476
Capital outlay	-	93,946	-	93,946
 Total expenditures paid	 4,789,259	 93,946	 472,217	 5,355,422
 <b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	 1,372,259	 (57,668)	 6,996	 1,321,587
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,000,000	-	1,000,000
Transfers (out)	(1,000,000)	-	-	(1,000,000)
 Total other financing sources (uses)	 (1,000,000)	 1,000,000	 -	 -
 <b>NET CHANGE IN FUND BALANCES</b>	 372,259	 942,332	 6,996	 1,321,587
 <b>FUND BALANCES, JULY 1</b>	 7,922,989	 4,555,565	 551,217	 13,029,771
 <b>FUND BALANCES, JUNE 30</b>	 \$ 8,295,248	 \$ 5,497,897	 \$ 558,213	 \$ 14,351,358

See accompanying notes to financial statements.

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For the Year Ended June 30, 2017

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,321,587</b>
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Amounts reported for governmental activities in the statement of  
activities are different because:

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	297,686
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Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>(626,605)</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 992,668</u></u></b>
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See accompanying notes to financial statements.

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Wilmette Public Library District (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)) except for the basis of accounting described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The more significant of the accounting policies are described below.

**a. Reporting Entity**

The District is a body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected Board of Trustees. These financial statements present the District's reporting entity as required by generally accepted accounting principles. The District is considered to be a primary government since its board is separately elected and the District is fiscally independent. Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the District does not have any component units. The Friends of the Library, while a potential component unit, is not significant to the District and, therefore, has been excluded from its reporting entity.

**b. Fund Accounting**

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

Funds are classified into the following category: governmental.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of restricted, committed or assigned funds (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds) and management of funds held in trust that can be used for library services (permanent fund). The General Fund is used to account for all activities of the District not accounted for in some other fund. The District has no fiduciary funds.

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

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

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The Special Reserve Fund is used to account for resources committed for capital improvements at the District.

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

The government-wide financial statements are reported using the economic resources measurement focus and using the modified cash basis of accounting. The District reports capital assets and liabilities issued to acquire capital assets, not long-term operating liabilities. Revenues are recorded at the time of receipt by the District. Expenses are recorded when the funds are disbursed. Depreciation of capital assets has also been shown on the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recorded at the time of receipt by the District. Expenditures are recorded when the funds are disbursed.

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Cash and Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year except for library materials. The District capitalizes all of its library materials. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	10-40
Furniture and equipment	3-20
Books and library materials	7

g. Fund Balance/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the District. Committed fund balance is constrained by formal actions of the District's Board of Trustees, which is considered the District's highest level of decision-making authority. Formal actions include ordinances

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Fund Balance/Net Position (Continued)

approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Director by the District Board of Trustees. Any residual General Fund fund balance is reported as unassigned. Any deficit fund balances in any other governmental funds are also reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the District. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

**2. DEPOSITS AND INVESTMENTS**

The District categorizes the 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; and Level 3 inputs are significant unobservable inputs.

The District maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net position as cash and investments.

The District's investment policy allows the District to make deposits/invest in accordance with ILCS, namely in interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investment constituting direct obligations of any institution as defined by the Illinois Banking Act and is insured by the Federal Depository Insurance Corporation (FDIC) and Illinois Funds.

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio.

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the District's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral held by an independent third party in the name of the District.

b. Investments

Concentration of credit risk is the risk that the District has too high a percentage of their investments invested in one type of investment. The District's investment policy does not require diversification of investment to avoid unreasonable risk.

In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds based on the time line for the funds use. Unless matched to a specific cash flow, the District will not directly invest in certificates of deposit with a maturity of greater than three years from the date of purchase.

As of June 30, 2017, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
Negotiable certificates of deposit	\$ 5,598,000	\$ 2,750,000	\$ 2,848,000	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 5,598,000</b>	<b>\$ 2,750,000</b>	<b>\$ 2,848,000</b>	<b>\$ -</b>	<b>\$ -</b>

The District has the following recurring fair value measurements as of June 30, 2017: negotiable certificates of deposit of \$5.60 million are significant other observable outputs and are part of a limited secondary market (Level 2 inputs).

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 District limits its exposure to interest rate risk by structuring the portfolio to provide the highest investment return using authorized instruments, with maximum investment security, while meeting the District's daily cash flow demands and conforming to all state statutes government the investment of public funds.

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit.



**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

**b. Investments (Continued)**

The U.S. agency securities are not rated. The investment policy does not include any limitations on how much of any type of security can be held in the portfolio.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy does not define procedures to reducing custodial credit risk.

**3. CAPITAL ASSETS**

Capital asset activity resulting from modified cash transactions for the year ended June 30, 2017 was as follows:

	Balances July 1	Increases	Decreases	Balances June 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 51,384	\$ -	\$ -	\$ 51,384
Total capital assets not being depreciated	51,384	-	-	51,384
Capital assets being depreciated				
Buildings and improvements	13,189,157	88,489	-	13,277,646
Furniture and equipment	412,830	-	29,973	382,857
Library materials	4,907,456	209,197	177,737	4,938,916
Total capital assets being depreciated	18,509,443	297,686	207,710	18,599,419
Less accumulated depreciation for				
Buildings and building improvements	4,977,391	397,861	-	5,375,252
Furniture and equipment	384,836	6,977	29,973	361,840
Library materials	4,214,699	221,767	177,737	4,258,729
Total accumulated depreciation	9,576,926	626,605	207,710	9,995,821
Total capital assets being depreciated, net	8,932,517	(328,919)	-	8,603,598
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 8,983,901</b>	<b>\$ (328,919)</b>	<b>\$ -</b>	<b>\$ 8,654,982</b>

Depreciation expense was charged to functions of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Culture and recreation	<u>\$ 626,605</u>

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**4. PROPERTY TAX CALENDAR**

The following information gives significant dates on the property tax calendar of the government.

- The property tax lien date is January 1;
- The annual tax levy ordinance for 2016 was passed November 15, 2016;
- Property taxes are due to the County Collector in two installments, March 1 and September 1 or within 30 days of the County issuing the final property tax bills; and
- Property taxes for 2016 are normally received monthly beginning in March 2017 and generally ending by January 2018.

**5. INDIVIDUAL FUND DISCLOSURES**

During fiscal year 2017, the District made the following operating transfers:

Transferred To	Transferred From	Amount
Special Reserve Fund	General Fund	\$ 1,000,000
TOTAL		<u>\$ 1,000,000</u>

The interfund transaction between the General Fund and Special Reserve Fund was to fund current and future capital projects of the District.

**6. RISK MANAGEMENT**

The District is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers' compensation, illnesses of employees and public officials' liability. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year or prior two fiscal years.

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. RETIREMENT FUND COMMITMENTS**

Illinois Municipal Retirement Fund

The District's defined benefit pension plan (the Plan), Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the Plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the Plan as a whole but not by individual employer. That report may be obtained at [www.imrf.org](http://www.imrf.org) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*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.

*Plan Membership*

At December 31, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	18
Active employees	44
	<hr/>
TOTAL	104
	<hr/> <hr/>

*Benefits*

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

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. RETIREMENT FUND COMMITMENTS (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Benefits (Continued)*

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

*Contributions*

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rates for calendar year 2016 and 2017 were 12.42% and 11.86% of payroll, respectively. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

*Actuarial Assumptions*

The District's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Asset valuation method	Market value

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. RETIREMENT FUND COMMITMENTS (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability at December 31, 2016 was 7.50%. The discount rate used to measure the total pension liability at December 31, 2015 was 7.47%. 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 the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**7. RETIREMENT FUND COMMITMENTS (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 12,015,875	\$ 10,594,711	\$ 1,421,164
Changes for the period			
Service cost	224,722	-	224,722
Interest	881,555	-	881,555
Difference between expected and actual experience	96,893	-	96,893
Changes in assumptions	(37,758)	-	(37,758)
Employer contributions	-	254,528	(254,528)
Employee contributions	-	109,923	(109,923)
Net investment income	-	730,139	(730,139)
Benefit payments and refunds	(653,929)	(653,929)	-
Administrative expense	-	-	-
Other (net transfer)	-	112,377	(112,377)
Net changes	511,483	553,038	(41,555)
BALANCES AT DECEMBER 31, 2016	\$ 12,527,358	\$ 11,147,749	\$ 1,379,609

Changes in assumptions related to retirement age, mortality and the discount rate were made since the prior measurement date.

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**7. RETIREMENT FUND COMMITMENTS (Continued)**

Illinois Municipal Retirement Fund (Continued)

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

For the year ended, the Library would recognize pension expense of \$242,530, however, this is not reported on the District's financial statements due to their modified cash basis of accounting as discussed in Note 1d.

At June 30, 2017, the District reported deferred outflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 69,548	\$ 82,249
Changes in assumption	87,965	26,599
Net difference between projected and actual earnings on pension plan investments	551,054	-
Contributions made subsequent to the measurement date	114,827	-
<b>TOTAL</b>	<b>\$ 823,394</b>	<b>\$ 108,848</b>

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

\$114,827 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ 236,305
2020	184,366
2021	167,485
2022	11,563
2023	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 599,719</b>

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**7. RETIREMENT FUND COMMITMENTS (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.5% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 2,721,797	\$ 1,379,609	\$ 246,311

The net pension liability, deferred outflows of resources and deferred inflows of resources are not reported on the District's financial statements on the modified cash basis of accounting as discussed in Note 1d.

**8. OPERATING LEASES**

The District is committed under various leases for copiers and postage equipment. The leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2017 amounted to \$2,016. Future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	
2018	\$ 1,512
2019	1,512
2020	1,512
2021	1,512
TOTAL	<u>\$ 6,048</u>



**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. JOINTLY GOVERNED ORGANIZATION**

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental entity formed by library members of the North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2017 were \$65,357.

**10. KENILWORTH CONTRACT**

The Kenilworth Public Library District entered into a contract with the District and the Winnetka-Northfield Public Library District to pay for services provided to Kenilworth District residents. The amounts to be paid are based on an agreed-upon amount, adjusted for inflation, divided between the two libraries based on their proportion of circulation.

**11. OTHER POSTEMPLOYMENT BENEFITS**

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

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL -  
CASH BASIS - GENERAL FUND

For the Year Ended June 30, 2017  
(with comparative actual)

	<b>2017</b>		
	<b>Original and Final Appropriations</b>	<b>Actual</b>	<b>2016 Actual</b>
<b>REVENUES COLLECTED</b>			
Property taxes	\$ 5,446,465	\$ 5,565,116	\$ 5,524,658
Replacement taxes	42,839	55,892	50,317
Grant	20,880	-	20,880
Investment income	32,314	50,420	36,528
Kenilworth Library services contract	181,717	181,775	186,264
Fines and fees	92,773	79,440	88,658
Friends donations	48,000	35,991	39,712
Miscellaneous			
Gifts	27,000	124,794	444,800
Insurance dividend	-	46,100	-
Other	5,488	21,990	23,209
Total revenues collected	5,897,476	6,161,518	6,415,026
<b>EXPENDITURES PAID</b>			
Current			
Culture and recreation			
Personnel services	3,606,074	3,027,918	3,024,991
Patron materials/services	1,232,430	1,064,910	917,184
Operation	1,264,061	696,431	509,854
Total expenditures paid	6,102,565	4,789,259	4,452,029
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(205,089)	1,372,259	1,962,997
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(1,000,000)	(1,000,000)	(1,000,000)
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(1,000,000)
NET CHANGE IN FUND BALANCE	<u>\$ (1,205,089)</u>	372,259	962,997
FUND BALANCE, JULY 1		7,922,989	6,959,992
FUND BALANCE, JUNE 30		<u>\$ 8,295,248</u>	<u>\$ 7,922,989</u>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**NOTES TO SUPPLEMENTARY INFORMATION**

June 30, 2017

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**BUDGETS**

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

1. The Board of Trustees prepares a Combined Annual Budget and Appropriation Ordinance for all funds.
2. Budget hearings are conducted.
3. The budget is legally enacted through passage of an ordinance.
4. The budget may be amended by the Board of Trustees. No supplemental appropriations were adopted by the Board of Trustees in the current fiscal year.
5. Budgets are adopted on the modified cash basis.
6. The level of control (level at which expenditures/expenses may not exceed appropriations) is the fund level. All appropriations lapse at year end.

## **MAJOR GOVERNMENTAL FUNDS**

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**SCHEDULE OF EXPENDITURES PAID - APPROPRIATION AND ACTUAL -  
CASH BASIS - GENERAL FUND**

For the Year Ended June 30, 2017  
(with comparative actual)

	<b>2017</b>			<b>2016</b>
	<b>Original Appropriation</b>	<b>Final Appropriation</b>	<b>Actual</b>	<b>Actual</b>
<b>PERSONNEL SERVICES</b>				
Salaries				
Librarian	\$ 1,454,792	\$ 1,454,792	\$ 1,197,125	\$ 1,220,535
Nonlibrarian	1,378,106	1,378,106	1,149,773	1,169,625
Custodial	184,557	184,557	164,179	161,799
Professional memberships	7,000	7,000	6,449	5,792
Registrations	6,365	6,365	7,229	3,129
Travel - mileage	25,000	25,000	5,805	12,575
Staff development	40,000	40,000	29,747	17,427
Insurance - employee	510,254	510,254	467,611	434,109
Total personnel services	3,606,074	3,606,074	3,027,918	3,024,991
<b>PATRON MATERIALS/SERVICES</b>				
Books and continuations	367,193	367,193	332,046	303,894
Audio visual materials	159,612	159,612	116,441	114,589
Periodicals	75,980	75,980	56,043	47,163
Electronic resources	350,000	350,000	314,213	263,211
Computer software	35,000	35,000	24,833	3,804
Electronic service providers	101,000	101,000	92,323	96,154
Programming	17,393	17,393	22,976	8,867
Friends purchases	49,050	49,050	37,328	39,232
Web design	14,000	14,000	11,286	1,358
Newsletter	49,086	49,086	46,346	29,674
Promotion	9,000	9,000	11,075	9,238
Grant expenses	5,116	5,116	-	-
Total patron materials/services	1,232,430	1,232,430	1,064,910	917,184
<b>OPERATION</b>				
Accounting	9,500	9,500	6,166	6,604
Professional fees	21,000	21,000	9,916	10,020
Library supplies	42,000	42,000	27,953	34,540
Office supplies	30,000	30,000	27,221	28,244
Copiers	32,000	32,000	26,812	29,071
Printing	10,000	10,000	6,035	8,224
Postage and shipping	15,000	15,000	9,601	8,243
Telephone	20,000	20,000	11,126	8,703
Equipment/furniture/computers	200,000	200,000	199,576	113,562

(This schedule is continued on the following page.)

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**SCHEDULE OF EXPENDITURES PAID - APPROPRIATION AND ACTUAL -  
CASH BASIS - GENERAL FUND (Continued)**

For the Year Ended June 30, 2017  
(with comparative actual)

	<b>2017</b>			<b>2016</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Actual</b>
	<b>Appropriation</b>	<b>Appropriation</b>		
<b>OPERATION (Continued)</b>				
Equipment/computer maintenance	\$ 91,139	\$ 91,139	\$ 72,869	\$ 71,684
Insurance - property/casualty	25,000	25,000	24,138	24,523
Building improvements	50,000	50,000	44,508	102
Building supplies	34,322	34,322	21,339	18,672
Building maintenance	55,000	55,000	52,158	32,834
Building maintenance contracts	110,000	110,000	98,754	61,471
Grounds maintenance	50,000	50,000	26,135	17,200
Parking lot rental	12,000	12,000	11,400	11,400
Miscellaneous	9,100	9,100	7,034	2,323
Contingency	400,000	400,000	-	-
Utilities	48,000	48,000	13,690	22,434
Total operation	1,264,061	1,264,061	696,431	509,854
<b>TOTAL EXPENDITURES PAID</b>	<b>\$ 6,102,565</b>	<b>\$ 6,102,565</b>	<b>\$ 4,789,259</b>	<b>\$ 4,452,029</b>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - CASH BASIS  
SPECIAL RESERVE FUND**

For the Year Ended June 30, 2017  
(with comparative actual)

	<b>2017</b>		
	<b>Original and Final Appropriations</b>	<b>Actual</b>	<b>2016 Actual</b>
<b>REVENUES COLLECTED</b>			
Investment income	\$ -	\$ 36,278	\$ 32,283
Total revenues collected	-	36,278	32,283
<b>EXPENDITURES PAID</b>			
Current			
Capital outlay	5,000,000	93,946	3,817,607
Total expenditures paid	5,000,000	93,946	3,817,607
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(5,000,000)	(57,668)	(3,785,324)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,000,000	1,000,000	1,000,000
Total other financing sources (uses)	1,000,000	1,000,000	1,000,000
NET CHANGE IN FUND BALANCE	<u>\$ (4,000,000)</u>	942,332	(2,785,324)
FUND BALANCE, JULY 1		4,555,565	7,340,889
<b>FUND BALANCE, JUNE 30</b>		<u>\$ 5,497,897</u>	<u>\$ 4,555,565</u>

(See independent auditor's report.)



**NONMAJOR GOVERNMENTAL FUNDS**

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue			Permanent Endowment	Total
	Retirement	Audit	Liability Insurance		
<b>ASSETS</b>					
Cash and investments	\$ 473,183	\$ 7,512	\$ 40,278	\$ 37,240	\$ 558,213
<b>TOTAL ASSETS</b>	<u>\$ 473,183</u>	<u>\$ 7,512</u>	<u>\$ 40,278</u>	<u>\$ 37,240</u>	<u>\$ 558,213</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable - endowment	-	-	-	37,240	37,240
Restricted					
Audit	-	7,512	-	-	7,512
Liability insurance	-	-	40,278	-	40,278
Retirement	473,183	-	-	-	473,183
Total fund balances	<u>473,183</u>	<u>7,512</u>	<u>40,278</u>	<u>37,240</u>	<u>558,213</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 473,183</u>	<u>\$ 7,512</u>	<u>\$ 40,278</u>	<u>\$ 37,240</u>	<u>\$ 558,213</u>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2017

	<u>Special Revenue</u>			<u>Permanent</u>	
	<u>Retirement</u>	<u>Audit</u>	<u>Liability Insurance</u>	<u>Endowment</u>	<u>Total</u>
<b>REVENUES COLLECTED</b>					
Property taxes	\$ 429,341	\$ 8,893	\$ 40,686	\$ -	\$ 478,920
Investment income	255	-	-	38	293
Total revenues collected	429,596	8,893	40,686	38	479,213
<b>EXPENDITURES PAID</b>					
Current					
Culture and recreation					
Fringe benefits					
IMRF	242,530	-	-	-	242,530
FICA	185,276	-	-	-	185,276
Liability insurance	-	-	19,325	-	19,325
Unemployment insurance	-	-	15,783	-	15,783
Audit	-	9,270	-	-	9,270
Miscellaneous	-	-	-	33	33
Total expenditures paid	427,806	9,270	35,108	33	472,217
NET CHANGE IN FUND BALANCES	1,790	(377)	5,578	5	6,996
FUND BALANCES, JULY 1	471,393	7,889	34,700	37,235	551,217
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 473,183</b>	<b>\$ 7,512</b>	<b>\$ 40,278</b>	<b>\$ 37,240</b>	<b>\$ 558,213</b>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL -  
CASH BASIS - RETIREMENT FUND**

For the Year Ended June 30, 2017  
(with comparative actual)

	<u>2017</u>		<u>2016</u>
	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES COLLECTED</b>			
Property taxes	\$ 400,000	\$ 429,341	\$ 451,690
Investment income	-	255	363
Total revenues collected	400,000	429,596	452,053
<b>EXPENDITURES PAID</b>			
Current			
Culture and recreation			
Personnel services			
Fringe benefits			
IMRF	288,000	242,530	248,140
FICA	192,000	185,276	190,449
Total expenditures paid	480,000	427,806	438,589
NET CHANGE IN FUND BALANCE	<u>\$ (80,000)</u>	1,790	13,464
FUND BALANCE, JULY 1		471,393	457,929
FUND BALANCE, JUNE 30		<u>\$ 473,183</u>	<u>\$ 471,393</u>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL -  
CASH BASIS - AUDIT FUND**

For the Year Ended June 30, 2017  
(with comparative actual)

	<u>2017</u>		
	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>2016 Actual</u>
<b>REVENUES COLLECTED</b>			
Property taxes	\$ 8,000	\$ 8,893	\$ 8,521
Total revenues collected	8,000	8,893	8,521
<b>EXPENDITURES PAID</b>			
Current			
Culture and recreation			
Miscellaneous			
Audit	9,500	9,270	9,000
Total expenditures paid	9,500	9,270	9,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,500)</u>	(377)	(479)
FUND BALANCE, JULY 1		7,889	8,368
FUND BALANCE, JUNE 30		<u>\$ 7,512</u>	<u>\$ 7,889</u>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL -  
CASH BASIS - LIABILITY INSURANCE FUND**

For the Year Ended June 30, 2017  
(with comparative actual)

	<u>2017</u>		<u>2016</u>
	<u>Original and Final Appropriation</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES COLLECTED</b>			
Property taxes	\$ 40,000	\$ 40,686	\$ 46,195
Total revenues collected	40,000	40,686	46,195
<b>EXPENDITURES PAID</b>			
Current			
Culture and recreation			
Fringe benefits			
Liability insurance	27,750	19,325	18,754
Unemployment insurance	27,750	15,783	15,557
Total expenditures paid	55,500	35,108	34,311
NET CHANGE IN FUND BALANCE	<u>\$ (15,500)</u>	5,578	11,884
FUND BALANCE, JULY 1		<u>34,700</u>	22,816
FUND BALANCE, JUNE 30		<u>\$ 40,278</u>	<u>\$ 34,700</u>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID**  
**AND CHANGES IN FUND BALANCE - CASH BASIS - ENDOWMENT FUND**

For the Year Ended June 30, 2017  
(with comparative actual)

	<u>2017</u>	<u>2016</u>
	<u>Actual</u>	<u>Actual</u>
<b>REVENUES COLLECTED</b>		
Investment income	\$ 38	\$ 38
Total revenues collected	<u>38</u>	<u>38</u>
<b>EXPENDITURES PAID</b>		
Current		
Culture and recreation		
Miscellaneous	<u>33</u>	<u>15</u>
Total expenditures paid	<u>33</u>	<u>15</u>
NET CHANGE IN FUND BALANCE	5	23
FUND BALANCE, JULY 1	<u>37,235</u>	<u>37,212</u>
<b>FUND BALANCE, JUNE 30</b>	<u><u>\$ 37,240</u></u>	<u><u>\$ 37,235</u></u>

(See independent auditor's report.)

## **SUPPLEMENTAL DATA**



**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

**PROPERTY TAX ASSESSED VALUATIONS, RATES,  
EXTENSIONS AND COLLECTIONS**

Last Ten Levy Years

<b>TAX LEVY YEAR</b>	<b>2016</b>		<b>2015</b>		<b>2014</b>		<b>2013</b>		<b>2012</b>	
<b>ASSESSED VALUATION</b>	\$	1,922,332,036	\$	1,540,264,790	\$	1,583,111,678	\$	1,559,393,904	\$	1,733,948,674
	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>
<b>TAX EXTENSIONS</b>										
General	0.2920	\$ 5,613,979	0.3612	\$ 5,563,200	0.3487	\$ 5,519,541	0.3474	\$ 5,417,334	0.3068	\$ 5,139,550
IMRF	0.0129	247,200	0.0128	197,760	0.0172	271,920	0.0169	263,537	0.0138	239,259
FICA	0.0086	164,800	0.0166	255,440	0.0115	181,280	0.0122	190,246	0.0100	173,256
Liability insurance	0.0019	36,050	0.0030	46,350	0.0029	46,350	0.0037	57,697	0.0030	51,500
Audit	0.0005	9,270	0.0006	8,549	0.0005	8,549	0.0006	9,356	0.0005	8,858
<b>TOTAL TAX EXTENSIONS</b>	0.3159	\$ 6,071,299	0.3942	\$ 6,071,299	0.3808	\$ 6,027,640	0.3808	\$ 5,938,170	0.3341	\$ 5,612,423
<b>TOTAL TAX COLLECTIONS</b>		<u>\$ 3,218,991</u>		<u>\$ 6,091,734</u>		<u>\$ 5,948,702</u>		<u>\$ 5,771,752</u>		<u>\$ 5,610,642</u>
<b>PERCENT COLLECTED</b>		<u>53.02%</u>		<u>100.34%</u>		<u>98.69%</u>		<u>97.20%</u>		<u>99.97%</u>

\* Property tax rates are per \$100 of assessed valuation.

(This schedule is continued on the following page.)

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

PROPERTY TAX ASSESSED VALUATIONS, RATES,  
EXTENSIONS AND COLLECTIONS (Continued)

Last Ten Levy Years

<b>TAX LEVY YEAR</b>	<b>2011</b>		<b>2010</b>		<b>2009</b>		<b>2008</b>		<b>2007</b>	
<b>ASSESSED VALUATION</b>	\$	1,868,468,004	\$	2,078,041,264	\$	2,326,682,126	\$	2,192,828,423	\$	2,054,841,887
	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>
<b>TAX EXTENSIONS</b>										
General	0.2768	\$ 5,171,990	0.2430	\$ 5,049,730	0.2129	\$ 4,952,493	0.2226	\$ 4,880,175	0.2226	\$ 4,635,747
IMRF	0.0006	10,300	0.0124	258,273	0.0071	166,304	0.0078	170,980	0.0093	191,332
FICA	0.0215	402,215	0.0086	179,478	0.0072	168,446	0.0075	163,770	0.0095	194,918
Liability insurance	0.0025	46,350	0.0015	30,900	0.0018	41,200	0.0019	41,200	0.0030	61,800
Audit	0.0005	8,858	0.0002	5,150	0.0002	5,150	0.0005	10,300	0.0005	10,300
<b>TOTAL TAX EXTENSIONS</b>	0.3019	\$ 5,639,713	0.2657	\$ 5,523,531	0.2292	\$ 5,333,593	0.2403	\$ 5,266,425	0.2449	\$ 5,094,097
<b>TOTAL TAX COLLECTIONS</b>		<u>\$ 5,557,633</u>		<u>\$ 5,449,491</u>		<u>\$ 5,252,554</u>		<u>\$ 5,166,067</u>		<u>\$ 4,946,586</u>
<b>PERCENT COLLECTED</b>		<u>98.54%</u>		<u>98.66%</u>		<u>98.48%</u>		<u>98.09%</u>		<u>97.10%</u>

(See independent auditor's report.)

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

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

Last Three Fiscal Year

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 244,487	\$ 248,140	\$ 242,530
Contributions in relation to the actuarially determined contribution	244,487	248,140	242,530
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 1,980,561	\$ 1,997,222	\$ 2,044,912
Contributions as a percentage of covered-employee payroll	12.34%	12.42%	11.86%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

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

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

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

Last Three Calendar Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 221,975	\$ 223,722	\$ 224,722
Interest	789,283	864,059	881,555
Changes of benefit terms	-	-	-
Differences between expected and actual experience	10,152	(198,907)	96,893
Changes of assumptions	653,312	12,088	(37,758)
Benefit payments, including refunds of member contributions	(645,909)	(649,641)	(653,929)
Net change in total pension liability	1,028,813	251,321	511,483
Total pension liability - beginning	10,735,741	11,764,554	12,015,875
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 11,764,554</b>	<b>\$ 12,015,875</b>	<b>\$ 12,527,358</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 245,788	\$ 238,069	\$ 254,528
Contributions - member	100,484	90,708	109,923
Net investment income	630,484	53,037	730,139
Benefit payments, including refunds of member contributions	(645,909)	(649,641)	(653,929)
Other	(48,545)	94,307	112,377
Net change in plan fiduciary net position	282,302	(173,520)	553,038
Plan fiduciary net position - beginning	10,485,629	10,767,931	10,594,411
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 10,767,931</b>	<b>\$ 10,594,411</b>	<b>\$ 11,147,449</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 996,623</b>	<b>\$ 1,421,464</b>	<b>\$ 1,379,909</b>
Plan fiduciary net position as a percentage of the total pension liability	91.50%	88.20%	89.00%
Covered-employee payroll	\$ 1,958,000	\$ 1,997,222	\$ 2,076,076
Employer's net pension liability as a percentage of covered-employee payroll	50.90%	71.20%	66.50%

Changes in assumptions related to retirement age, mortality, and the discount rate were made since the prior measurement date.

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

(See independent auditor's report.)



**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS**

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AUDITOR'S COMMUNICATION TO THE  
BOARD OF TRUSTEES  
REPORT TITLE 3<sup>RD</sup> LINE

For the Year Ended June 30, 2017

**SIKICH.COM**

**WILMETTE PUBLIC LIBRARY DISTRICT**  
**WILMETTE, ILLINOIS**  
AUDITOR'S COMMUNICATION TO  
THE BOARD OF TRUSTEES  
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1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

November 3, 2017

The Honorable President  
Members of the Board of Trustees  
Wilmette Public Library District  
1242 Wilmette Avenue  
Wilmette, Illinois 60091

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on July 27, 2017.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect Wilmette Public Library District, are enclosed within this document.

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

Sincerely,

*Sikich LLP*

Sikich LLP  
By: Daniel A. Berg, CPA  
Partner

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

**SIKICH.COM**

November 3, 2017

Members of the Board of Trustees  
Wilmette Public Library District  
Wilmette, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the of the governmental activities, each major fund, and the aggregate remaining fund information of Wilmette Public Library District (the District) for the year ended June 30, 2017 and have issued our report thereon dated November 3, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 17, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements except for the actuarial valuations and related estimates for the pension plan.

The disclosures in the financial statements are neutral, consistent and clear.



### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, except for AJE#01.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 3, 2017.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not required supplementary information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplementary information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

## **Restriction on Use**

This information is intended solely for the use of the Board of Trustees and management of the Wilmette Public Library District and is not intended nor should it be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the District and those associated with it during our audit for this year. If you have any questions regarding the purpose of this letter or the requirement mentioned, please give me a call.

Sincerely,

*Sikich LLP*

Sikich LLP

By: Daniel A. Berg, CPA  
Partner

**WILMETTE PUBLIC LIBRARY DISTRICT**

Year End: June 30, 2017

**Adjusting Journal Entries**

Date: 7/1/2016 To 6/30/2017

Number	Date	Name	Account No	Amount
AJE#01	6/30/2017	Land	30-1051 GF-30	51,384.00
AJE#01	6/30/2017	Building and Improvement	30-1502 GF-30	13,277,645.17
AJE#01	6/30/2017	Furniture and Fixtures	30-1503 GF-30	382,857.00
AJE#01	6/30/2017	Library Materials Collection	30-1506 GF-30	4,938,916.00
AJE#01	6/30/2017	Building and Improvements A/D	30-2052 GF-30	(5,375,516.99)
AJE#01	6/30/2017	Furniture and Fixtures A/D	30-2503 GF-30	(361,574.64)
AJE#01	6/30/2017	Library Materials Collection A/D	30-2506 GF-30	(4,258,728.00)
AJE#01	6/30/2017	Invested in capital assets	30-3001 GF-30	(8,983,901.94)
AJE#01	6/30/2017	Culture and Recreation Expense	30-5000 GF-30	(297,686.00)
AJE#01	6/30/2017	Depreciation Expense - Culture	30-6000 GF-30	626,605.40

To record capital asset activity for FY17

## PASSED ADJUSTMENTS

WILMETTE PUBLIC LIBRARY DISTRICT
GENERAL FUND, SPECIAL  
RESERVE FUND AND  
GOVERNMENTAL TYPE ACTIVITIES  
AND GENERAL FUND  
(FUND OR FUND TYPE)
6/30/2017

Description	Assets	(Liabilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
<b>GENERAL FUND</b>				
To record the market value of General Fund CD investments	\$ <u>(9,930)</u>	\$ <u>-</u>	\$ <u>(4,323)</u>	\$ <u>14,253</u>
<b>SPECIAL RESERVE FUND</b>				
To record the market value of Special Reserve CD investments	\$ <u>(5,344)</u>	\$ <u>-</u>	\$ <u>(4,382)</u>	\$ <u>9,726</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
To record the market value of General Fund CD investments	\$ <u>(9,930)</u>	\$ <u>-</u>	\$ <u>(4,323)</u>	\$ <u>14,253</u>
To record the market value of Special Reserve CD investments	<u>(5,344)</u>	<u>-</u>	<u>(4,382)</u>	<u>9,726</u>
Totals	\$ <u>(15,274)</u>	\$ <u>-</u>	\$ <u>(8,705)</u>	\$ <u>23,979</u>

**WILMETTE PUBLIC LIBRARY DISTRICT  
WILMETTE, ILLINOIS  
MANAGEMENT LETTER**

June 30, 2017



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

**SIKICH.COM**

Members of the Board of Trustees  
Wilmette Public Library District  
Wilmette, Illinois

In planning and performing our audit of the financial statements - modified cash basis and cash basis of the governmental activities, each major fund and the aggregate remaining fund information of the Wilmette Public Library District (the District) as of and for the year ended June 30, 2017, in accordance with the modified cash basis and cash basis of accounting, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the its internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weakness. We identified certain matters that are opportunities for strengthening internal controls and operating efficiency, of which management should be aware. In addition, we reviewed the status of the recommendations dated June 30, 2016. The status of these recommendations is included in Appendix A.

This report is intended solely for the information and use of the President, the Board of Trustees and Management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
November 3, 2017

## OTHER COMMENTS

### Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the District in the future.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 75 are effective for the fiscal year ending June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. The requirements of this statement are effective for the fiscal year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No 68 and No. 73*. This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement No. 67, Statement No. 68, or Statement No. 73 for the selection of assumptions used in determining the total pension liability and related measures. Additionally, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement No. 67 and as employee contributions for purposes of Statement No. 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this statement are effective for the fiscal year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this standard are effective for the fiscal year ending June 30, 2019.

## OTHER COMMENTS (Continued)

### Future Accounting Pronouncements (Continued)

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this standard are effective for the fiscal year ending June 30, 2020. Earlier application is encouraged.

GASB Statement No 85, *Omnibus 2017*, addresses a number of issues across a spectrum of topics including issues related to blending component units where the primary government is a business type activity that reports basic financial statements in a single column, accounting for goodwill, fair value measurement and application related to real estate held by insurance activities and measuring certain investments at cost or amortized cost and various issues related to accounting and reporting for postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement No 85 is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued to improve 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. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Statement No. 86 is effective for fiscal years ending June 30, 2018.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and aims to enhance comparability of financial statements among governments. This statement also requires additional notes to the financial statements related to the timing, significance and purpose of a government's leasing arrangements. The requirements of this statement are effective for the fiscal year ending June 30, 2021.



**APPENDIX A**  
**STATUS OF COMMENTS FROM JUNE 30, 2016**

**SIGNIFICANT DEFICIENCY**

**1. Segregation of Duties**

A system of internal control provides for a proper segregation of the accounting functions. This system would segregate recording of transactions, custody of assets and authorization of transactions. Proper segregation is not always possible in smaller entities, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. At the District, there is a lack of segregation of duties due to the number of personnel performing the accounting functions. The Business Manager and Accounting Assistant conduct the vast majority of data entry, processing and reconciliations of the various transaction cycles. The District does have significant compensating controls, such as Board approval of bills lists and Director review and approval of payroll transactions, accounts payable invoices and checks and monthly bank reconciliations. We recommend that management continuously review the current assignments of accounting functions and, when possible, segregate duties and/or implement compensating controls to reduce the risk of errors or fraud.

**Status:** Comment still applicable at June 30, 2017.

**OTHER COMMENTS**

**1. Reporting on the Modified Cash Basis**

The District currently records and reports their financial activity on the Modified Cash Basis of Accounting, which is another comprehensive basis of accounting that is not a generally accepted accounting principle (GAAP). GAAP requires that governmental agencies report their governmental funds on the modified accrual basis of accounting, which require the recognition of revenues when they are both measurable and available and expenditures when they are due and payable, rather than when the cash comes in or out of the District. The modified cash basis of accounting is frequently used by smaller governmental entities in the State of Illinois. The District has determined that the needs and requirements of the external report users (i.e. the Board of Trustee, citizens of the District and the various State agencies) are being met with the modified cash basis of accounting. The District's current reporting is acceptable and allows the financial records to be reported fairly in accordance with the modified cash basis of accounting. If the District were to seek to issue debt in order to finance a project, we would encourage the District to seek the advice of a bond consultant to determine if a change in accounting basis is warranted.

**Status:** Comment still applicable at June 30, 2017.

**APPENDIX A**  
**STATUS OF COMMENTS FROM JUNE 30, 2016**

**OTHER COMMENTS (Continued)**

**2. Market Value of Investments**

We noted during our procedures on investments that the Library did not adjust its negotiable certificate of deposit balances to market value at June 30, 2016. This is a requirement of GASB Statement No. 31 for any investments that have a maturity date greater than one year from the date of purchase. For the Library, multiple negotiable certificates of deposit had maturity dates greater than one year, however the total investment value difference was immaterial to the financial statements and thus no adjustment was posted. We recommend that the Library review it's year end investment statement and adjust the necessary investment balances to market value at year end.

**Status:** Comment still applicable at June 30, 2017.

# FIRM PROFILE



## ORGANIZATION

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has more than 800 employees throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top 10 of all enterprise resource planning solution partners in the country. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

## INDUSTRIES

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

AGRICULTURE

ENERGY

MANUFACTURING  
& DISTRIBUTION

CONSTRUCTION  
& REAL ESTATE

GOVERNMENT

NOT-FOR-PROFIT

## STATISTICS

2016 Revenues ..... \$146.4M  
Total Partners ..... 107  
Total Employees ..... 689  
Total Personnel ..... 796

Personnel count as of January 19, 2017

## SERVICES

### ACCOUNTING, TAX & ASSURANCE

### TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance

### ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Resources Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Wealth Management

## 2017 AWARDS

- Bob Scott's Value Added Reseller (VAR) Stars - #7
- *Accounting Today* Top 100 VARs - #6
- Vault Accounting Top Ranked
- *Accounting Today* Top 100 Firms: ranked 27th nationally

- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Best Places to Work in Indiana

- Chicago's 101 Best and Brightest Companies to Work For®
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #234

## 2016 AWARDS

- *Accounting Today* Regional Leaders - Top Firms: Great Lakes: ranked 4th
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally

- Milwaukee's 101 Best and Brightest Companies to Work For®
- WICPA Excellence Award - Public Service Award (Firm)
- *Accounting Today* Top 100 VAR: ranked 7th
- Bob Scott's Top 100 VAR: ranked 7th
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club

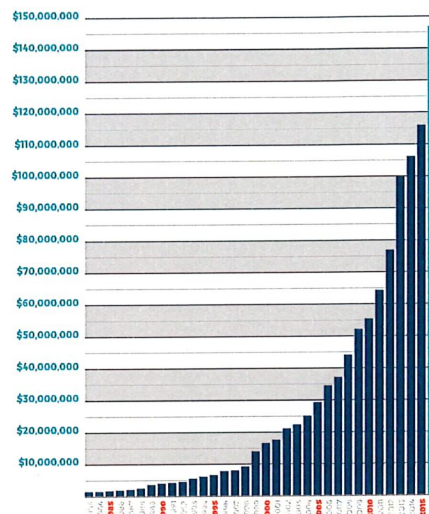
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club
- *Inc. 5000*: ranked #4613
- Boston's 101 Best and Brightest Companies to Work For®

## 2015 AWARDS

- National Best & Brightest Companies to Work For®

- National Best & Brightest in Wellness
- Edge Award - Community Service

## SIKICH TOTAL REVENUES





# FIRM PROFILE



## CERTIFICATIONS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

## MICROSOFT PARTNER

Sikich has earned a Microsoft ERP Gold competency; ranked among the top one percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

Gold

Microsoft Partner



2017/2018  
**INNER CIRCLE**  
for Microsoft Dynamics

- Microsoft Small Business Specialist
- MCP (Microsoft Certified Professional)
- MCSE (Microsoft Certified System Engineer)
- CCNA (Cisco Certified Network Associate)
- CCDA (Certified Cisco Design Associate)
- CCEA (Citrix Certified Enterprise Administrator)
- MRMS (Microsoft Retail Management Systems)
- CISA (Certified Information Systems Auditor)
- CNE (Certified Novell Engineer)
- MS CSM (Microsoft Customer Service Manager)
- MS CAE (Microsoft Certified Account Executive)
- MCDBA (Microsoft Certified Database Admin)
- Certified for Microsoft Dynamics (NAV)

## SIKICH IS PROUD TO BE PART OF :

### THE LEADING EDGE ALLIANCE

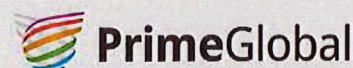
The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.\* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

*\*International Accounting Bulletin, 2011*



### PRIMEGLOBAL

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.



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