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MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

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MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Morton Grove Public Library
Morton Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Morton Grove Public Library, Morton Grove, Illinois (the Library) as of and for the year ended December 31, 2017 and the related notes to financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

The Library has not presented a Management's Discussion and Analysis as required supplementary information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Matters

Required Supplementary Information

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

Sikich LLP

Naperville, Illinois
March 9, 2018

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2017

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	1,050,105
Property taxes receivable - net		3,406,687
Capital assets, not being depreciated		79,000
Capital assets, net of depreciation		2,842,069
Total assets		7,377,861
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF		224,971
Pension items - MERF		247,165
Total deferred outflows of resources		472,136
Total asssets and deferred outflows of resources	$	7,849,997
LIABILITIES		
Accounts payable	$	24,885
Wages payable		29,374
Noncurrent liabilities		
Due within one year		52,309
Due in more than one year		3,399,397
Total liabilities		3,505,965
DEFERRED INFLOWS OF RESOURCES		
Pension items - IMRF		37,768
Deferred property tax revenue		3,404,231
Total deferred inflows of resources		3,441,999
Total liabilities and deferred inflows of resources		6,947,964
NET POSITION		
Net investment in capital assets		2,870,202
Unrestricted		(1,968,169)
TOTAL NET POSITION	$	902,033

See accompanying notes to financial statements.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation	$ 3,445,300	$ 29,832	$ 8,739	$ -	$ (3,406,729)
Interest	4,140	-	-	-	(4,140)
Total governmental activities	3,449,440	29,832	8,739	-	(3,410,869)
TOTAL PRIMARY GOVERNMENT	$ 3,449,440	$ 29,832	$ 8,739	$ -	(3,410,869)
		General revenues			
		Taxes			
		Property			3,343,538
		Replacement			27,519
		Investment income			7,291
		Miscellaneous			11,354
		Total			3,389,702
		CHANGE IN NET POSITION			(21,167)
		NET POSITION, JANUARY 1			923,200
		NET POSITION, DECEMBER 31			$ 902,033

See accompanying notes to financial statements.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

BALANCE SHEET

December 31, 2017

	General Fund	Special Reserve Fund (Nonmajor)	Total
ASSETS			
Cash and cash equivalents	$ 971,579	$ 78,526	$ 1,050,105
Receivables			
Property taxes receivable - net	3,406,687	-	3,406,687
Due from other funds	3,842	-	3,842
TOTAL ASSETS	$ 4,382,108	$ 78,526	$ 4,460,634
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 24,885	$ -	$ 24,885
Wages payable	29,374	-	29,374
Due to other funds	-	3,842	3,842
Total liabilities	54,259	3,842	58,101
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	3,404,231	-	3,404,231
Total deferred inflows of resources	3,404,231	-	3,404,231
Total liabilities and deferred inflows of resources	3,458,490	3,842	3,462,332
FUND BALANCES			
Unrestricted			
Committed			
Special reserve	-	74,684	74,684
Unassigned	923,618	-	923,618
Total fund balances	923,618	74,684	998,302
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,382,108	$ 78,526	$ 4,460,634

See accompanying notes to financial statements.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS	$	998,302
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		2,921,069
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position		187,203
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Municipal Employers' Retirement Plan are recognized as deferred outflows and inflows of resources on the statement of net position		247,165
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Term loan payable		(50,867)
Net pension liability - IMRF		(387,146)
Net pension liability - MERF		(2,999,278)
Compensated absences		(14,415)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	902,033

See accompanying notes to financial statements.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2017

	General Fund	Special Reserve Fund (Nonmajor)	Total
REVENUES			
Property taxes	$ 3,343,538	$ -	$ 3,343,538
Replacement taxes	27,519	-	27,519
Intergovernmental	-	8,739	8,739
Charges for services	10,185	-	10,185
Fines	19,647	-	19,647
Investment income	7,102	189	7,291
Miscellaneous	11,354	-	11,354
Total revenues	3,419,345	8,928	3,428,273
EXPENDITURES			
Current			
Culture and recreation	3,212,865	3,844	3,216,709
Debt service			
Principal	100,015	-	100,015
Interest	4,140	-	4,140
Total expenditures	3,317,020	3,844	3,320,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	102,325	5,084	107,409
OTHER FINANCING SOURCES (USES)			
Transfers in	-	68,600	68,600
Transfers (out)	(68,600)	-	(68,600)
Total other financing sources (uses)	(68,600)	68,600	-
NET CHANGE IN FUND BALANCE	33,725	73,684	107,409
FUND BALANCE, JANUARY 1	889,893	1,000	890,893
FUND BALANCE, DECEMBER 31	$ 923,618	$ 74,684	$ 998,302

See accompanying notes to financial statements.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	107,409
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 activites		73,777
Depreciation expense does not require the use of current financial statement resources and, therefore, is not reported as an expenditure in the governmental funds		(79,904)
Governmental funds do not report compensated absences; however, they are recognized as a change to expenses on the statement of activities		3,268
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities		100,015
The change in the Illinois Municipal Retirement Fund net pension liability and deferred outflows/inflows of resources is not a source or use of financial resources		(48,950)
The change in the Municipal Employers' Retirement Plan net pension liability and deferred outflows/inflows of resources is not a source or use of financial resources		(176,782)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(21,167)

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Morton Grove Public Library, Morton Grove, Illinois (the Library) 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)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

a. Reporting Entity

The Library is a library corporation governed by a separately elected seven-member Board of Trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the Library has been determined to be fiscally independent and not to be a component unit of the Village of Morton Grove, Illinois (the Village).

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds used by the Library are classified as governmental funds.

The General Fund is used to account for all of the Library's general activities.

The Special Reserve Fund is used to account for capital improvements to the Library, purchase of equipment for the Library facilities and for repairs to the Library buildings and equipment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted, committed or assigned monies (special revenue funds), funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds) and funds restricted, committed or assigned for the servicing of general long-term debt (debt service funds). The General Fund is the general operating fund of the Library and accounts for all of the Library's operating activities.

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 Library. 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, which rely to a significant extent on fees and charges for support. The Library has no business-type activities.

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 and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. 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 Library reports the following major governmental fund:

The General Fund is the Library's primary operating fund. It accounts for all operating activities of the Library.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred. Principal and interest on general long-term debt are recorded as expenditures become due.

The Library reports unearned/deferred revenue and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned/deferred revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned/deferred revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability and deferred inflows of resource for unearned/deferred and unavailable revenue are removed from the financial statements and revenue is recognized.

e. 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, equipment and infrastructure, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

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

Assets	Years
Buildings	5-50
Machinery and equipment	5-20
Artwork	10

g. Compensated Absences

Vested or accumulated vacation of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees. Vested or accumulated vacation and compensatory leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements.

h. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds. Bonds payable, if any, are reported net of the applicable bond premium or discount.

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

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or are 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 or from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include resolutions approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Library Director by the Fund Balance and Reserve Policy. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund are reported as unassigned.

The Library has not adopted a flow of funds policy; therefore, in accordance with GASB Statement No. 54, the default flow of funds has been applied which 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 Library considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. None of the Library's restricted net position resulted from enabling legislation adopted by the Library. Net investment in capital assets is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

k. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Library categorizes the fair value measurements within the fair value hierarchy established by GAAP. 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.

Permitted Deposits and Investments - The Library's investment policy authorizes the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances, commercial paper rated in the highest tier by a nationally recognized rating agency, investment-grade obligations of state, provincial and local governments and public authorities, repurchase agreements whose underlying securities adhere to the above securities, certain money market mutual funds and local government investment pools (such as Illinois Funds).

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

It is the investment credit risk policy of the Library 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 Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is legality, safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance. As of December 31, 2017, $137,136 of the Library's deposits were uninsured, uncollateralized and exposed to custodial credit risk.

b. Investments

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio so that securities mature concurrent with cash needs. The investment policy limits the maximum maturity length of investments to five years from date of purchase, unless specific authority is given to exceed.

Investments in reserve funds may be purchased with maturities to match future projects or liability requirements. In addition, the policy requires the Library to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing in Illinois Funds or obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. Illinois Funds are rated AAA by Standard and Poor's.

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the Library's investment in the funds is the same as the value of the pool shares. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The pool had a Standard and Poor's AAAm rating as December 31, 2017. The relationship between the Library and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Library's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Library's name. Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy does not address concentration of credit risk.

3. PROPERTY TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December of the same fiscal year (by passage of a tax levy ordinance). Taxes levied in one year become due and payable in two installments, on or about March 1 or June 1 and September 1 of the following year.

Property taxes collected which are used to finance the current year's operations are recognized as revenue. Property taxes collected which are used to finance the subsequent year's operations, and net taxes receivable are reported as a deferred inflow of resources.

Based upon collection histories, the Library has provided an allowance for uncollectible property taxes equivalent to 1% of the current year's levy. All uncollected taxes related to prior years' levies have been written off.

4. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year:

	Beginning Balances	Additions	Retirements	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 79,000	$ -	$ -	$ 79,000
Total capital assets not being depreciated	79,000	-	-	79,000
Capital assets being depreciated				
Buildings and improvements	4,054,795	65,277	-	4,120,072
Equipment and vehicles	160,206	8,500	4,236	164,470
Total capital assets being depreciated	4,215,001	73,777	4,236	4,284,542
Less accumulated depreciation for				
Buildings and improvements	1,310,607	71,669	-	1,382,276
Equipment and vehicles	56,198	8,235	4,236	60,197
Total accumulated depreciation	1,366,805	79,904	4,234	1,442,473
Total capital assets being depreciated, net	2,848,196	(6,127)	-	2,842,069
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 2,927,196	$ (6,127)	$ -	$ 2,921,069

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Culture and recreation	$ 79,904

5. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

During the year ended December 31, 2017, the following changes occurred in long-term liabilities reported in the governmental activities:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Compensated absences payable	$ 17,683	$ -	$ 3,268	$ 14,415	$ 1,442
Net pension liability - MERF	3,094,201	-	94,923	2,999,278	-
Net pension liability - IMRF	345,465	41,681	-	387,146	-
Loan payable	150,882	-	100,015	50,867	50,867
TOTAL GOVERNMENTAL ACTIVITIES	$ 3,608,231	$ 41,681	$ 198,206	$ 3,451,706	$ 52,309

b. Loan Payable

The Library issued a $200,000 term loan payable in fiscal year 2016, dated June 10, 2016, principal and interest due monthly, with interest at 3.88%. The loan payable has a maturity date of June 10, 2018.

c. Debt Service to Maturity

The annual requirements to amortize all debt outstanding of the Library as of December 31, 2017 are as follows:

Fiscal Year	Term Loan Principal	Term Loan Interest	Term Loan Total
2018	$ 50,867	$ 579	$ 51,446
TOTAL	$ 50,867	$ 579	$ 51,446

6. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

7. EMPLOYEE RETIREMENT SYSTEMS

The Library contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employees retirement system and the Municipal Employees' Retirement Fund (MERF), an agent multiple-employer plan. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. All disclosures for an agent multiple-employer plan can be found in the Village's comprehensive annual financial report. The Library also participates with the Village in the MERF plan. However, a separate valuation is prepared for the Library's participation in MERF.

a. Plan Descriptions

Illinois Municipal Retirement Fund

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. Investments are reported at fair value.

Benefits Provided

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. 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.

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the year ended December 31, 2017 was 9.12% of covered payroll. For the year ended December 31, 2017, required employer contributions totaled $110,272, which was equal to the Library's actual contributions.

Net Pension Liability

At December 31, 2017, the Library reported a liability of $387,146 for its proportionate share of the net pension liability. The 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 as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of the Village and the Library combined. At December 31, 2016, the Library's proportion was 27.56%.

Actuarial Assumptions

The Library'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%
Cost of living adjustments	3.00%
Asset valuation method	Market value

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (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 adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

At December 31, 2016, the discount rate used to measure the total pension liability was 7.50%. At December 31, 2015, the discount rate used to measure the total pension liability was 7.49%. 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 Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members.

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

For the year ended December 31, 2017, the Library recognized pension expense of $48,950. At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 16,552	$ 35,246
Changes in assumption	32,615	2,522
Net difference between projected and actual earnings on pension plan investments	65,532	-
Contributions subsequent to measurement date	110,272	-
TOTAL	$ 224,971	$ 37,768

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

$110,272 reported as deferred outflows of resources related to pensions resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

Year Ending December 31,	
2018	$ 26,979
2019	26,979
2020	24,104
2021	1,774
2022	(2,894)
Thereafter	(11)
TOTAL	$ 76,931

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Net pension liability	$ 715,246	$ 387,146	$ 123,221

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Municipal Employee Retirement Fund

Plan Administration

All employees hired in positions that met or exceeded the prescribed annual hourly standard (1,000 hours) were enrolled in MERF as participating members through January 1, 2005. The plan is closed to new 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. Investments are reported at fair value.

Benefits Provided

Pension benefits vest after ten years of service. Participating members who retire after 30 years of creditable service or at or after age 60 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of average compensation for each of the first 15 years of service, plus 2% of average compensation for each year of service in excess of 15 years. Average compensation is defined as the average of the four calendar years (within the preceding ten years of participation) during which the participant received the highest compensation.

At December 31, 2016, MERF (most recent available) membership of the Library consisted of:

Inactive employees or their beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	4
Active employees	3
TOTAL	18

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Municipal Employee Retirement Fund (Continued)

Benefits Provided (Continued)

The Library'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	3.00%
Salary increases	4.50%
Interest rate	4.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

The actuary used the rates from the December 10, 2014 IMRF Experience Study.

Discount Rate

The discount rate used to measure the total pension liability was 4.50%. 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 Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the MERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Municipal Employee Retirement Fund (Continued)

Discount Rate (Continued)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	$ 4,712,088	$ 1,617,887	$ 3,094,201
Changes for the period			
Service cost	4,839	-	4,839
Interest	183,759	-	183,759
Difference between expected and actual experience	(38,488)	-	(38,488)
Changes in assumptions	-	-	-
Employer contributions	-	225,037	(225,037)
Employee contributions	-	4,105	(4,105)
Net investment income	-	15,891	(15,891)
Benefit payments and refunds	(1,257,122)	(1,257,122)	-
Administrative expense	-	-	-
Other (net transfer)	-	-	-
Net changes	(1,107,012)	(1,012,089)	(94,923)
BALANCES AT DECEMBER 31, 2017	$ 3,605,076	$ 605,798	$ 2,999,278

The table above includes the total pension liability and the plan fiduciary net position for the Library only.

No changes in assumptions related to retirement age and mortality were made since the prior measurement date. Additionally, there were no changes to the discount rate.

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

For the year ended December 31, 2017, the Library recognized pension expense of $176,782.

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Municipal Employee Retirement Fund (Continued)

Discount Rate (Continued)

At December 31, 2017, the Library reported deferred outflows of resources related to MERF from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	$ -
Changes in assumption	-
Net difference between projected and actual earnings on pension plan investments	38,277
Contributions subsequent to the measurement date	208,888
TOTAL	$ 247,165

$208,888 reported as deferred outflows of resources related to pensions resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERF will be recognized in pension expense as follows:

Year Ending December 31,	
2018	$ 10,980
2019	10,980
2020	10,976
2021	5,341
Thereafter	-
TOTAL	$ 38,277

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Municipal Employee 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 pension liability of the Library calculated using the discount rate of 4.50% as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Net pension liability	$ 3,416,301	$ 2,999,278	$ 2,648,921

8. OTHER POSTEMPLOYMENT BENEFITS

The Library has evaluated its potential other postemployment benefits liability. The Library provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statues, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Library's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Library had no former employees for which the Library was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Library has not recorded any postemployment benefit liability as of December 31, 2017.

9. INDIVIDUAL FUND DISCLOSURES

a. Transfers

For the year ended December 31, 2017, individual fund transfers between funds were as follows:

Transferred to	Transferred from	Amount
Special Reserve	General	$ 68,600
TOTAL		$ 68,600

9. INDIVIDUAL FUND DISCLOSURES

a. Transfers (Continued)

Significant amounts of transfers during the year ended December 31, 2017 are as follows:

- $68,600 was transferred from the General Fund to the Special Reserve Fund to cover cash deficits. This amount will not be repaid.

b. Due From/To Other Funds

Individual fund interfund receivables/payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Reserve	$ 3,842

The purposes of the due from/due to other funds are as follows:

- $3,842 due from the Special Reserve Fund to the General Fund for expenditures originally paid out of the General Fund. Repayment is expected within one year.

REQUIRED SUPPLEMENTARY INFORMATION

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	$ 3,305,409	$ 3,305,409	$ 3,343,538
Replacement taxes	29,000	29,000	27,519
Intergovernmental	17,900	17,900	-
Charges for services	8,000	8,000	10,185
Fines	31,600	31,600	19,647
Investment income	800	800	7,102
Miscellaneous	5,500	5,500	11,354
Total revenues	3,398,209	3,398,209	3,419,345
EXPENDITURES			
Current			
Culture and recreation			
Salaries and benefits	2,187,227	2,187,227	2,123,336
Materials and supplies	553,100	553,100	551,580
Operations	425,032	425,032	413,069
Special taxes	128,850	128,850	124,880
Debt service			
Principal	104,000	104,000	100,015
Interest	-	-	4,140
Total expenditures	3,398,209	3,398,209	3,317,020
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	102,325
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	-	(68,600)
Total other financing sources (uses)	-	-	(68,600)
NET CHANGE IN FUND BALANCE	$ -	$ -	33,725
FUND BALANCE, JANUARY 1			889,893
FUND BALANCE, DECEMBER 31			$ 923,618

(See independent auditor's report.)

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	**2015**	**2016**	**2017**
Contractually required contribution	$ 100,656	$ 107,352	$ 110,272
Contributions in relation to the contractually required contribution	100,656	107,352	110,272
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -
Library's covered-employee payroll	$ 1,038,762	$ 1,130,021	$ 1,209,123
Contributions as a percentage of covered-employee payroll	9.69%	9.50%	9.12%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation 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 at 7.50%

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 is available.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

SCHEDULE OF CHANGES IN THE LIBRARY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	**2014**	**2015**	**2016***
Library's proportion of net pension liability	25.81%	22.74%	27.56%
Library's proportionate share of net pension liability	$ 266,843	$ 345,465	$ 387,146
Library's covered employee payroll	967,773	1,017,575	1,100,728
Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.57%	33.95%	35.17%
Plan fiduciary net position as a percentage of the total pension liability	80.39%	77.26%	78.16%

*The Library elected to report information from the December 31, 2016 actuarial valuation. See Note 10 for further information.

Note: 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 is available.

MORTON GROVE PUBLIC LIBRARY
MORTON GROVE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYERS' RETIREMENT FUND

Last Three Fiscal Years

FISCAL YEAR ENDING DECEMBER 31,	**2015**	**2016**	**2017**
Contractually required contribution	$ 145,975	$ 223,313	$ 208,888
Contributions in relation to the contractually required contribution	146,000	223,313	$ 208,888
CONTRIBUTION DEFICIENCY (Excess)	$ (25)	$ -	$ -
Library's covered-employee payroll	$ 237,438	$ 147,907	$ 148,976
Contributions as a percentage of covered-employee payroll	61.49%	150.98%	140.22%

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 24 years; the asset valuation method was market and the significant actuarial assumptions were an investment rate of return at 4.50% annually, projected salary increases assumption of 4.50% 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 is

VILLAGE OF MORTON GROVE, ILLINOIS

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016*
TOTAL PENSION LIABILITY			
Service cost	$ 34,079	$ 18,637	$ 4,839
Interest	159,057	144,785	183,759
Changes of benefit terms	-	-	-
Differences between expected and actual experience	203,601	25,933	(38,488)
Changes of assumptions	-	1,385,673	-
Benefit payments, including refunds of member contributions	(280,038)	(160,777)	(1,257,122)
Net change in total pension liability	116,699	1,414,251	(1,107,012)
Total pension liability - beginning	3,181,138	3,297,837	4,712,088
TOTAL PENSION LIABILITY - ENDING	$ 3,297,837	$ 4,712,088	$ 3,605,076
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 138,384	$ 146,000	$ 225,037
Contributions - member	7,715	6,131	4,105
Net investment income	47,037	42,023	15,891
Benefit payments, including refunds of member contributions	(280,038)	(160,777)	(1,257,122)
Administrative expense	-	-	-
Net change in plan fiduciary net position	(86,902)	33,377	(1,012,089)
Plan net position - beginning	1,671,412	1,584,510	1,617,887
PLAN NET POSITION - ENDING	$ 1,584,510	$ 1,617,887	$ 605,798
EMPLOYER'S NET PENSION LIABILITY	$ 1,713,327	$ 3,094,201	$ 2,999,278
Plan fiduciary net position as a percentage of the total pension liability	48.00%	34.30%	16.80%
Covered-employee payroll	$ 237,438	$ 237,438	$ 151,335
Employer's net pension liability as a percentage of covered-employee payroll	721.60%	1303.20%	1981.90%

*The Library elected to report information from the December 31, 2016 actuarial valuation. See Note 10 for further information.

Note: 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 is available.

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund on the modified accrual basis. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget.

The director is authorized to transfer budgeted amounts between departments within the General Fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplemental appropriations were needed.