

FINAL OFFICIAL STATEMENT DATED JUNE 27, 2017

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.

The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

New Issue

Rating: Moody's Investors Service "Aa2"

GENEVA PUBLIC LIBRARY DISTRICT, KANE COUNTY, ILLINOIS

\$9,415,000 GENERAL OBLIGATION LIBRARY BONDS, SERIES 2017A

PURPOSE/AUTHORITY/SECURITY: The \$9,415,000 General Obligation Library Bonds, Series 2017A (the "Bonds" or "Obligations") are being issued by the Geneva Public Library District, Kane County, Illinois (the "District") pursuant to a successful referendum held on April 4, 2017. Proceeds of the Bonds will provide funds to (i) erect a building to be used as a library on District-owned property, improve said property, including parking, and furnish necessary equipment for said library building and (ii) pay costs associated with the issuance of the Bonds. The Bonds are general obligations of the District, for which its full faith and credit has been irrevocably pledged, and are payable from ad valorem taxes levied upon all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. Delivery is subject to receipt of an approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois.

DATE OF BONDS: July 20, 2017

DATE OF DELIVERY: July 20, 2017

MATURITIES: December 30 as follows:

SERIAL BONDS:

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>372087</u> | <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>372087</u> |
|-------------|---------------|-------------|--------------|-------------------------------|-------------|---------------|-------------|--------------|-------------------------------|
| 2018 | \$1,000,000 | 3.00% | 1.35% | AT3 | 2024 | \$400,000 | 3.00% | 2.30% | AZ9 |
| 2019 | 345,000 | 3.00% | 1.50% | AU0 | 2025 | 410,000 | 3.00% | 2.45% | BA3 |
| 2020 | 355,000 | 3.00% | 1.65% | AV8 | 2026 | 425,000 | 4.00% | 2.60% | BB1 |
| 2021 | 365,000 | 3.00% | 1.80% | AW6 | 2027 | 445,000 | 4.00% | 2.70% | BC9 |
| 2022 | 375,000 | 3.00% | 2.00% | AX4 | 2028 | 465,000 | 4.00% | 2.80% | BD7 |
| 2023 | 390,000 | 3.00% | 2.15% | AY2 | | | | | |

TERM BONDS:

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>372087</u> |
|-------------|---------------|-------------|--------------|-------------------------------|
| 2030 | \$980,000 | 4.00% | 3.00% | BF2 |
| 2032 | 1,065,000 | 4.00% | 3.15% | BH8 |

SERIAL BONDS:

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>372087</u> |
|-------------|---------------|-------------|--------------|-------------------------------|
| 2033 | \$565,000 | 4.00% | 3.30% | BJ4 |
| 2034 | 585,000 | 3.40% | 3.55% | BK1 |

TERM BONDS:

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>372087</u> |
|-------------|---------------|-------------|--------------|-------------------------------|
| 2036 | \$1,245,000 | 4.00% | 3.45% | BM7 |

INTEREST: June 30, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing December 30, 2026 and thereafter are subject to call for prior redemption on December 30, 2025 and on any date thereafter, at a price of par plus accrued interest.

PAYING AGENT: Bond Trust Services Corporation, Roseville, Minnesota.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein.

The Bonds are offered, subject to prior sale, when, as and if accepted by the Underwriter named below and subject to an opinion as to the validity of and tax exemption of the interest on the Bonds by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Ice Miller LLP, Chicago, Illinois. It is expected that delivery of beneficial interests in the Bonds will be made on or about July 20, 2017 against payment therefor. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to effect secondary market trading in the Bonds. For information with respect to the Underwriter, see "Underwriting" herein.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District, or the Underwriter, to give any information or to make any representation other than those contained in the Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Obligations in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Official Statement is not to be construed as a contract with the Underwriter. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact.

Ehlers & Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete.

Bond Counsel has not participated in the preparation of this Official Statement except as set forth under "Certain Legal Matters" herein and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers & Associates, Inc., payable entirely by the District, is contingent upon the sale of the issue.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District and from other sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date as of which information is given in this Official Statement. The information contained in this Official Statement is tentative and subject to completion, amendment, or other change without notice. Certain terms and conditions described herein are subject to further negotiation. The District reserves the right to withdraw, amend or modify the terms and conditions of this proposed financing at any time without any notice.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that was based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

THE OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE OBLIGATIONS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE OBLIGATIONS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE MADE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE OBLIGATIONS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE OBLIGATIONS. SPECIFICALLY, THE UNDERWRITER MAY OVER ALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE OBLIGATIONS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE OBLIGATIONS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE OBLIGATIONS ARE RELEASED FOR SALE, AND THE OBLIGATIONS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE OBLIGATIONS INTO INVESTMENT ACCOUNTS.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure (the “Rule”).

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter within seven business days following the Bond Purchase Agreement (“BPA”) acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Securities Exchange Act of 1934 which require that issuers of municipal securities enter into agreements for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which these Obligations are exempt or required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Obligations, the purchaser (Underwriter) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Obligations and all times subsequent thereto up to and including the time of the delivery of the Obligations, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Obligations; (3) a certificate evidencing the due execution of the Obligations, including statements that (a) no litigation of any nature is pending, or to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Obligations, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Obligations have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Obligations in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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THE BOARD OF LIBRARY TRUSTEES

| | | <u>Term Expires</u> |
|--------------------|----------------|---------------------|
| Bob Shiffler | President | 2019 |
| Pat Lord | Vice President | 2019 |
| Mark Adams | Treasurer | 2021 |
| Zachary Craft | Secretary | 2021 |
| Paul Conterato | Trustee | 2021 |
| Ellen Fultz-Schmid | Trustee | 2019 |
| Dana Hintz | Trustee | 2019 |

ADMINISTRATION

Christine Lazaris, Director

William Karnoscak, Deputy Director

PROFESSIONAL SERVICES

Peregrine, Stime, Newman, Ritzman & Bruckner, Ltd., District Attorney, Wheaton, Illinois

Chapman and Cutler LLP, Bond Counsel, Chicago, Illinois

Ice Miller LLP, Underwriter's Counsel, Chicago, Illinois

Ehlers & Associates, Inc., Municipal Advisors, Chicago, Illinois

(Other offices located in Roseville, Minnesota, Pewaukee, Wisconsin and Denver, Colorado)

Bernardi Securities, Inc., Underwriter, Chicago, Illinois

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the Geneva Public Library District, Kane County, Illinois (the "District") and the issuance of its \$9,415,000 General Obligation Library Bonds, Series 2017A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds included in the ordinance authorizing the issuance and sale of the Bonds adopted by The Board of Library Trustees of the District (the "Board") on May 25, 2017, as supplemented by a separate notification of sale (collectively, the "Bond Ordinance" or the "Ordinance").

This Official Statement contains "forward-looking statements" that are based upon the District's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the District.

Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the District nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 20, 2017. The Bonds will mature on December 30 in the years and amounts and will bear interest at the rates per annum set forth on the cover of this Official Statement. Interest will be payable on June 30 and December 30 of each year, commencing June 30, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the month of a principal or interest payment. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of and interest on the Bonds shall be payable as provided in the Ordinance.

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as bond registrar and paying agent (the "Bond Registrar" or the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the District, Bonds maturing on or after December 30, 2026 shall be subject to prior redemption on December 30, 2025 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to redemption. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds having a common maturity date are called for redemption, the District or Bond Registrar will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by mailing a notice not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Paying Agent prior to the giving of a notice of redemption, such notice may, at the option of the District, state that said redemption will be conditional upon the receipt of such moneys by the Paying Agent on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the District will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the District will deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given and described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Paying Agent at the redemption price.

MANDATORY SINKING FUND REDEMPTION

The Bonds maturing on December 30, 2030, 2032 and 2036 are Term Bonds (the "Term Bonds") subject to redemption on December 30 of the following years and in the following principal amounts at 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date:

\$980,000, 4.00% Term Bond due December 30, 2030; Yield 3.00%; CUSIP No. 372087 BF2; with mandatory redemption at par as noted below:

| <u>Year</u> | <u>Sinking Fund Requirement</u> |
|-------------|---------------------------------|
| 2029 | \$480,000 |
| 2030 | 500,000 (Maturity) |

\$1,065,000, 4.00% Term Bond due December 30, 2032; Yield 3.15%; CUSIP No. 372087 BH8; with mandatory redemption at par as noted below:

| <u>Year</u> | <u>Sinking Fund Requirement</u> | |
|-------------|---------------------------------|------------|
| 2031 | \$520,000 | |
| 2032 | 545,000 | (Maturity) |

\$1,245,000, 4.00% Term Bond due December 30, 2036; Yield 3.45%; CUSIP No. 372087 BM7; with mandatory redemption at par as noted below:

| <u>Year</u> | <u>Sinking Fund Requirement</u> | |
|-------------|---------------------------------|------------|
| 2035 | \$610,000 | |
| 2036 | 635,000 | (Maturity) |

Mandatory Redemption Procedure

The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the District may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the Board shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

AUTHORITY; PURPOSE

The Bonds are being issued by the District pursuant to a successful referendum of \$21,800,000 on April 4, 2017. Proceeds of the Bonds will provide funds to (i) erect a building to be used as a library on District-owned property, improve said property, including parking, and furnish necessary equipment for said library building (the “Project”) and (ii) pay costs associated with the issuance of the Bonds.

On December 22, 2016, the Board voted unanimously to place a question on the April 4, 2017 ballot asking voters to approve issuing up to \$21,800,000 in bonds to pay for the Project. Voters approved the referendum, and the Bonds are the first issuance of potentially two or three series of General Obligation Library Bonds, the proceeds of which will be utilized to pay for the Project.

The current library building does not meet the contemporary needs of the community due to lack of space, flexibility, or modern conveniences (parking, drive-up, eating and social spaces, teen area, variety of meeting rooms, etc.). In addition to providing access to printed materials and technology, modern libraries offer vibrant social and cultural experiences. Current space limitations result in difficult service decisions because the library simply cannot accommodate every need in the existing building.

The present building is severely undersized for the District’s population and needs significant and costly renovations to bring it up to current building code. The current library facility has high operational costs due to age and layout of the building. Mechanicals (heating, air conditioning, elevator, etc.) are beyond their recommended lifespan and

are beginning to fail. The building is not ADA compliant, making visits difficult for people in wheelchairs, on crutches, or accompanied by children in strollers.

Operational costs of the new, much larger, library facility are expected to be similar to the current facility. The new library building will be located at 210 S. Sixth Street, Geneva, Illinois. Construction of the new facility should begin in the spring of 2018, with the goal of opening in mid-2019. Additional bond issues are expected to be issued at the end of 2018.

SOURCES AND USES

Sources

| | |
|----------------------------|-----------------------|
| Par Amount of Bonds | \$9,415,000.00 |
| Net Original Issue Premium | <u>482,267.00</u> |
| Total Sources | \$9,897,267.00 |

Uses

| | |
|------------------------|-----------------------|
| Project Costs | \$9,781,779.15 |
| Underwriter's Discount | 41,331.85 |
| Costs of Issuance | <u>74,156.00</u> |
| Total Uses | \$9,897,267.00 |

SECURITY

The Bonds are general obligations of the District, for which its full faith and credit has been irrevocably pledged, and are payable from ad valorem taxes levied upon all the taxable property in the District without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

RATING

Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to the Bonds. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the Underwriter undertake responsibility to bring to the attention of the owners of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Exchange Act of 1934 (hereinafter the "Rule"), the District shall covenant to take certain actions pursuant to the Bond Ordinance by entering into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the District to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the District at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto in Appendix D.

In the previous five years, the District has not had any prior undertakings subject to the Rule.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the District.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Chapman and Cutler LLP, Bond Counsel to the District, and will be available at the time of delivery of the Bonds. See Appendix B for the Proposed Form of Opinion of Bond Counsel.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue (the "Department") under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of the Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or,

at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the holders of the Bond may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Bond Counsel who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters, and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds, and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the District,

reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of interest on the Bonds and the "bank qualified" status of the Bonds. This review was undertaken solely at the request and for the benefit of the District and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters will be passed upon on behalf of the Underwriter by its counsel, Ice Miller LLP, Chicago, Illinois.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds, are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Commission and the MSRB as a Municipal Advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2016 have been audited by Sikich LLP, Naperville, Illinois, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement (the “*Agreement*”) between the District and Bernardi Securities, Inc., Chicago, Illinois (“the *Underwriter*”), the Underwriter has agreed to purchase the Bonds at an aggregate price of \$9,855,935.15 (consisting of the original principal amount of the Bonds of \$9,415,000, plus net original issue premium of \$482,267.00 and less an Underwriter’s discount of \$41,331.85). The Underwriter intends to reoffer the Bonds at an average price of 105.122% of the principal amount of the Bonds.

The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Past and future actions of the State of Illinois (the “State”) may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy property taxes. For example, Illinois legislators have introduced proposals to modify the Property Tax Extension Limitation Law of the State of Illinois, as amended, (the “Limitation Law”), including freezing property taxes (the “Property Tax Freeze Proposal”). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may freeze the District’s local property tax revenue. The District cannot predict whether, or in what form, any such change may be enacted into law, nor can the District predict the effect of any such change on the District’s finances.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the District with the covenants in the Ordinance relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for federal income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; Local Government Aids: State cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. At present, there is no law in the State of Illinois that authorizes any unit of government in Illinois to petition to reorganize under Chapter 9 of the U.S. Bankruptcy Code (except for the Illinois Power Agency). The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

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ILLINOIS PROPERTY VALUATIONS

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Kane County, Illinois (the “County”). There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers’ valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county’s assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization. Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax. Exemptions An annual General Homestead Exemption provides that the equalized assessed valuation (“EAV”) of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the two years following a catastrophic event as defined in the Property Tax Code. The exemption is limited to \$75,000 to the extent the assessed value is attributable solely to such improvements or rebuilding. The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000. The Senior Citizens Assessment Freeze Homestead Exemption (“Senior Citizens Assessment Freeze Homestead Exemption”) freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 and after. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year. Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain distress communities can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property,

including expenditures of at least \$5 per square foot, adjusted by the CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “Natural Disaster Exemption”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans’ Exemption exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans’ Standard Homestead Exemption provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such 18 disability. If a veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation. The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of \$5,000. Finally, the Disabled Persons’ Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State mandated guidelines.

Property Tax Extension Limitation Law

The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum (as are the Bonds), are alternate bonds or are for certain refunding purposes. The District has the authority to levy taxes for many different purposes. See “FINANCIAL INFORMATION - Tax Rates” herein.

The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling

set by statute, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) have flexibility to levy taxes for the purposes for which they most need the money.

Truth in Taxation Law

The Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Ordinance that it will not take any action which would adversely affect the levy, extension, collection, and application of the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future laws concerning the levy, extension, and collection of such taxes levied by the District.

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CURRENT PROPERTY VALUATIONS

| | Valuation |
|-------------------------------|-------------------------------|
| 2016 Estimated Market Value | \$ 4,287,843,207 |
| 2016 Equalized Assessed Value | \$ 1,429,281,069 ¹ |

2016 EQUALIZED ASSESSED VALUE BY CLASSIFICATION²

| | 2016 Equalized Assessed Value | Percent of Total Value |
|--------------|--------------------------------------|---------------------------|
| Residential | \$ 1,097,439,370 | 76.78% |
| Commercial | 250,138,171 | 17.50% |
| Industrial | 72,544,289 | 5.08% |
| Agricultural | 7,461,056 | 0.52% |
| Railroad | 1,698,183 | 0.12% |
| Total | <u>\$ 1,429,281,069</u> ¹ | <u>100.00%</u> |

TREND OF VALUATIONS

| Year | Estimated Market Value | Equalized Assessed Value | Percent Increase/Decrease In Equalized Value |
|------|---------------------------|-----------------------------|--|
| 2012 | \$4,027,124,532 | \$1,342,374,844 | -6.92% |
| 2013 | 3,882,789,582 | 1,294,263,194 | -3.58% |
| 2014 | 3,910,451,142 | 1,303,483,714 | 0.71% |
| 2015 | 4,019,664,609 | 1,339,888,203 | 2.79% |
| 2016 | 4,287,843,207 | 1,429,281,069 ¹ | 6.67% |

¹ Excludes TIF increment totaling \$3,059,845 in levy year 2016.

² Local assessors set the fair market value for all real property and railroad property not used for transportation purposes. Railroad property used for transportation purposes is assessed by the Department.

LARGER TAXPAYERS¹

| Taxpayer | Type of Property | 2016 Equalized Assessed Value | Percent of District's Total Equalized Assessed Value |
|---|------------------------------------|--|---|
| Geneva Commons | Commercial | \$ 36,198,125 | 2.53% |
| Northwestern Medicine/ Delnor Hospital | Hospital | 13,550,580 | 0.95% |
| Randall Square | Commercial/Retail Space | 8,937,441 | 0.63% |
| Ashford at Geneva LLC | Apartments | 7,440,872 | 0.52% |
| KIR Batavia 051 LLC | Retail/Kohls | 6,898,232 | 0.48% |
| Lineage Logistics | Industrial/Cold Storage | 6,427,010 | 0.45% |
| Sfers Real Estate Corp KK | Commercial/Real Estate | 6,289,545 | 0.44% |
| Aldi Inc. | Industrial/Corporate Admin. | 5,620,000 | 0.39% |
| Walmart | Retail | 5,297,580 | 0.37% |
| Friendship Village of Mill Creek NFP | Commercial/Retirement Community | 5,218,253 | 0.37% |
| Total | | <u>\$ 101,877,638</u> | 7.13% |

District's Total 2016 EAV \$1,429,281,069

Source: Property Valuations and Larger Taxpaying Parcels provided by Kane County.

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¹ Some of the taxpayers listed above may own multiple parcels. The valuations stated above for some of the taxpayers may not include all parcels or all classifications of property.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

| | |
|--------------------------------------|--------------------|
| General Obligation Bonds (the Bonds) | <u>\$9,415,000</u> |
| Total General Obligation Bonds | \$9,415,000 |

GENERAL OBLIGATION DEBT LIMIT (includes the Bonds)

The debt limit of the District is 2.875% of the District's equalized assessed valuation. This limitation does not apply to any indebtedness of any library district (including the Bonds) incurred for acquiring or improving sites, constructing, extending or improving and equipping sites for public library purposes or for the establishment, support and maintenance of a public library.

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¹ Outstanding debt is as of the dated date of the Bonds.

GENEVA PUBLIC LIBRARY DISTRICT
Schedule of Bonded Indebtedness
General Obligation Debt
(As of July 20, 2017)

GO Bonds
Series 2017A

| Dated Amount | 7/20/2017 \$9,415,000 | | Maturity 12/30 | Fiscal Year Ending | Principal | Interest | Total Principal | Total Interest | Principal & Interest | Principal Outstanding | Principal %Paid | Year |
|-----------------|--------------------------|--|-------------------|-----------------------|-----------|-----------|--------------------|-------------------|-------------------------|--------------------------|--------------------|------|
| | | | | | | | | | | | | |
| 2018 | | | | | | 317,985 | 0 | 317,985 | 317,985 | 9,415,000 | 0.00% | 2018 |
| 2019 | | | | | 1,000,000 | 321,690 | 1,000,000 | 321,690 | 1,321,690 | 8,415,000 | 10.62% | 2019 |
| 2020 | | | | | 345,000 | 301,515 | 345,000 | 301,515 | 646,515 | 8,070,000 | 14.29% | 2020 |
| 2021 | | | | | 355,000 | 291,015 | 355,000 | 291,015 | 646,015 | 7,715,000 | 18.06% | 2021 |
| 2022 | | | | | 365,000 | 280,215 | 365,000 | 280,215 | 645,215 | 7,350,000 | 21.93% | 2022 |
| 2023 | | | | | 375,000 | 269,115 | 375,000 | 269,115 | 644,115 | 6,975,000 | 25.92% | 2023 |
| 2024 | | | | | 390,000 | 257,640 | 390,000 | 257,640 | 647,640 | 6,585,000 | 30.06% | 2024 |
| 2025 | | | | | 400,000 | 245,790 | 400,000 | 245,790 | 645,790 | 6,185,000 | 34.31% | 2025 |
| 2026 | | | | | 410,000 | 233,640 | 410,000 | 233,640 | 643,640 | 5,775,000 | 38.66% | 2026 |
| 2027 | | | | | 425,000 | 218,990 | 425,000 | 218,990 | 643,990 | 5,350,000 | 43.18% | 2027 |
| 2028 | | | | | 445,000 | 201,590 | 445,000 | 201,590 | 646,590 | 4,905,000 | 47.90% | 2028 |
| 2029 | | | | | 465,000 | 183,390 | 465,000 | 183,390 | 648,390 | 4,440,000 | 52.84% | 2029 |
| 2030 | | | | | 480,000 * | 164,490 | 480,000 | 164,490 | 644,490 | 3,960,000 | 57.94% | 2030 |
| 2031 | | | | | 500,000 | 144,890 | 500,000 | 144,890 | 644,890 | 3,460,000 | 63.25% | 2031 |
| 2032 | | | | | 520,000 * | 124,490 | 520,000 | 124,490 | 644,490 | 2,940,000 | 68.77% | 2032 |
| 2033 | | | | | 545,000 | 103,190 | 545,000 | 103,190 | 648,190 | 2,395,000 | 74.56% | 2033 |
| 2034 | | | | | 565,000 | 80,990 | 565,000 | 80,990 | 645,990 | 1,830,000 | 80.56% | 2034 |
| 2035 | | | | | 585,000 | 59,745 | 585,000 | 59,745 | 644,745 | 1,245,000 | 86.78% | 2035 |
| 2036 | | | | | 610,000 * | 37,600 | 610,000 | 37,600 | 647,600 | 635,000 | 93.26% | 2036 |
| 2037 | | | | | 635,000 | 12,700 | 635,000 | 12,700 | 647,700 | 0 | 100.00% | 2037 |
| | | | | | 9,415,000 | 3,850,670 | 9,415,000 | 3,850,670 | 13,265,670 | | | |

* Mandatory sinking fund payment.

OVERLAPPING DEBT¹

| Taxing Body | Total G.O. Debt² | % In District | District's Proportionate Share |
|---|--|--------------------------|---|
| Counties: | | | |
| Kane County | \$ 0 | 11.03% | \$ 0 |
| Forest Preserves: | | | |
| Kane County Forest Preserve | 122,205,000 | 11.03% | 13,483,244 |
| Cities: | | | |
| Geneva | 6,350,000 | 99.83% | 6,338,976 |
| Batavia | 34,090,000 | 13.12% | 4,471,040 |
| Park Districts: | | | |
| Geneva Park District | 13,445,840 | 94.96% | 12,767,968 |
| Schools: | | | |
| Batavia Public School District No. 101 | 66,510,000 | 10.18% | 6,773,578 |
| Community Unit School District No. 304 | 120,583,214 | 95.15% | 114,733,602 |
| Community Colleges: | | | |
| Waubensee Community College No. 516 | 62,810,000 | 16.30% | <u>10,235,580</u> |
| District's Share of Total Overlapping Debt ³ | | | <u><u>\$168,803,989</u></u> |

Source: Kane County Clerk's Office/EMMA

¹ Overlapping debt is as of July 20, 2017. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Excludes alternate revenue source bonds and debt certificates as follows: \$36,630,000 debt for Kane County, \$14,050,000 debt for the City of Geneva and \$11,860,000 debt for the Geneva Park District.

DEBT RATIOS

| | Amount Applicable | Per Capita Pop. 30,500 | Percent of Equalized Assessed Valuation | Estimated True Value |
|--|------------------------------|-----------------------------------|--|---------------------------------|
| Equalized Assessed Valuation, 2016 | \$1,429,281,069 | \$46,861.67 | 100.00% | 33.33% |
| Estimated True Value, 2016 | \$4,287,843,207 | \$140,585.02 | 300.00% | 100.00% |
| Total Outstanding Direct G.O. Debt | \$9,415,000 | \$308.69 | 0.66% | 0.22% |
| Total Overlapping Bonded Debt | \$168,803,989 | \$5,534.56 | 11.81% | 3.94% |
| Total Outstanding Net Direct & Overlapping Debt | \$178,218,989 | \$5,843.25 | 12.47% | 4.16% |

Source: Kane County Clerk's Office.

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The District will issue additional referendum-approved library bonds as part of their financing plan within the next 12 to 18 months.

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TAX LEVIES, COLLECTIONS, AND TAX RATES

TAX LEVIES AND COLLECTIONS

| Tax Year | Tax Extension | Collections to Date and Back Taxes | Percent of Current and Back Taxes Collected to Date |
|-----------------|----------------------|---|--|
| 2012/13 | \$4,200,036 | \$4,191,287 | 99.79% |
| 2013/14 | 4,506,599 | 4,497,971 | 99.81% |
| 2014/15 | 4,614,072 | 4,605,006 | 99.80% |
| 2015/16 | 4,695,357 | 4,666,809 | 99.39% |
| 2016/17 | 4,774,656 | In process of collection | |

DISTRICT TAX RATES

Property tax rates are expressed in dollars per \$100 of EAV.

| Fund | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Corporate | \$0.2734 | \$0.3069 | \$0.3119 | \$0.3091 | \$0.2946 |
| Maintenance | 0.0035 | 0.0039 | 0.0045 | 0.0044 | 0.0043 |
| I.M.R.F. | 0.0195 | 0.0203 | 0.0202 | 0.0200 | 0.0190 |
| Audit | 0.0009 | 0.0008 | 0.0008 | 0.0008 | 0.0008 |
| Liability Insurance | 0.0029 | 0.0034 | 0.0034 | 0.0031 | 0.0030 |
| Social Security | 0.0127 | 0.0129 | 0.0131 | 0.0129 | 0.0124 |
| Total | <u>\$0.3129</u> | <u>\$0.3482</u> | <u>\$0.3540</u> | <u>\$0.3504</u> | <u>\$0.3341</u> |

Public Act 94-0976, effective June 30, 2006 provides that the only ceiling on a particular tax rate is the ceiling set by statute above which the rate is not permitted to be further increased by referendum or otherwise.

TYPICAL TAX BILL

Following is a typical tax bill for a taxpayer living in the Blackberry Township within the District. Property tax rates are expressed in dollars per \$100 of EAV. (Tax Code BB037)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|----------|-----------|-----------|-----------|----------|
| Kane County | \$0.4336 | \$0.4623 | \$0.4684 | \$0.4479 | \$0.4201 |
| Kane County Forest Preserve | 0.2710 | 0.3039 | 0.3126 | 0.2944 | 0.2253 |
| Mill Creek SSA | 0.2828 | 0.2819 | 0.2738 | 0.2559 | 0.2378 |
| Blackberry Township | 0.1375 | 0.1441 | 0.1436 | 0.1384 | 0.1309 |
| Blackberry Township Road | 0.1774 | 0.1860 | 0.1883 | 0.1855 | 0.1776 |
| School District No. 304 | 6.1032 | 6.4451 | 6.5805 | 6.4701 | 6.0756 |
| Community College District No. 516 | 0.5312 | 0.5807 | 0.5954 | 0.5875 | 0.5607 |
| Geneva Park District | 0.5266 | 0.5595 | 0.5667 | 0.5599 | 0.5329 |
| Geneva Library | 0.3129 | 0.3482 | 0.3540 | 0.3504 | 0.3341 |
| Elburn Fire District | 0.7600 | 0.7862 | 0.7326 | 0.7487 | 0.7360 |
| Mill Creek Water Reclamation | 0.0158 | 0.0159 | 0.0155 | 0.0146 | 0.0137 |
| Total Tax Rate | \$9.5520 | \$10.1138 | \$10.2314 | \$10.0533 | \$9.4448 |

Following is a typical tax bill for a taxpayer living in the Geneva Township within the District. Property tax rates are expressed in dollars per \$100 of Equalized Assessed Value. (Tax Code GE005)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|----------|----------|----------|----------|----------|
| Kane County | \$0.4336 | \$0.4623 | \$0.4684 | \$0.4479 | \$0.4201 |
| Kane County Forest Preserve | 0.2710 | 0.3039 | 0.3126 | 0.2944 | 0.2253 |
| Geneva Township | 0.0475 | 0.0505 | 0.0514 | 0.0511 | 0.0487 |
| Geneva Township Road | 0.0241 | 0.0252 | 0.0257 | 0.0255 | 0.0243 |
| Geneva Park District | 0.5266 | 0.5595 | 0.5667 | 0.5599 | 0.5329 |
| City of Geneva | 0.6722 | 0.7262 | 0.7459 | 0.7479 | 0.7086 |
| Geneva Library | 0.3129 | 0.3482 | 0.3540 | 0.3504 | 0.3341 |
| School District No. 304 | 6.1032 | 6.4451 | 6.5805 | 6.4700 | 6.0756 |
| Community College District No. 516 | 0.5312 | 0.5807 | 0.5954 | 0.5875 | 0.5607 |
| Total Tax Rate | \$8.9223 | \$9.5016 | \$9.7006 | \$9.5346 | \$8.9303 |

Source: Tax collections and tax rates have been furnished by the District and Kane County.

THE DISTRICT

LOCATION

The Geneva Public Library District, with a population of approximately 30,500, is located approximately 40 miles west of the City of Chicago.

DISTRICT INFORMATION

The District has offered continuous tax-supported library services since 1894. The District is governed by an elected seven-member Board of Trustees, who are elected to staggered four-year terms. The appointed Director and Deputy Director are responsible for overall daily administration of the District.

The April 4, 2017 referendum vote allows the Board to move forward with plans for a new, 57,000-square-foot facility to be located at 210 S. Sixth Street that will offer community members at all ages and stages of life a library with space for additional technology to learn new skills, expanded collections, more programs, on-site parking, drive-up convenience, and many other resources and services. The goal is to start construction of a new building in the spring of 2018, with a prospective opening date in mid-year 2019. The new library facility will provide additional services and resources, along with study space, meeting space, function rooms – and on-site parking. In addition, the library facility will prove resources like drive-up convenience, 3-D printing services, craft rooms, equipment checkout, early literacy play areas, and more.

EMPLOYEES

The District employs a staff of 73, including 26 full-time employees and 47 part-time employees.

For pension information, please refer to the Notes To Financial Statements, Note 9, Page 19 in the District's 2016 Annual Financial Report, attached hereto in Appendix A.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

In 2006, the Geneva Public Library District passed an ordinance (the “Geneva Ordinance”) to annex territory in Blackberry Township that was previously not serviced by any public library district. The Geneva Ordinance was challenged by a neighboring community, Batavia Public Library District, and was actively litigated for numerous years. On February 1, 2017, following a favorable decision by the Illinois Second District Appellate Court, the trial court entered an order giving the Geneva Ordinance priority over any other ordinances and giving it full force and effect. This order fully resolved and closed this litigation matter in favor of the Geneva Public Library District.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the balance sheet and revenues and expenditures for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2016 audited financial statements.

| GENERAL FUND BALANCE SHEET | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| FISCAL YEAR ENDING JUNE 30 | | | | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Assets | | | | | |
| Cash and Investments | \$3,508,416 | \$3,797,599 | \$3,506,376 | \$4,030,316 | \$4,449,175 |
| Taxes receivable | 1,973,913 | 1,831,019 | 1,967,659 | 1,989,883 | 2,089,765 |
| Other receivables | 0 | 9,384 | 0 | 0 | 0 |
| Due from Other Funds | 0 | 0 | 2,595 | 0 | 0 |
| All other assets | 95,685 | 79,500 | 0 | 434 | 434 |
| Total Assets | \$5,578,014 | \$5,717,502 | \$5,476,630 | \$6,020,633 | \$6,539,374 |
| Liabilities & Fund Balances | | | | | |
| Accounts Payable | \$ 59,298 | \$ 90,480 | \$ 33,937 | \$ 115,076 | \$ 138,877 |
| Accrued Payroll | 85,312 | 95,099 | 89,385 | 96,325 | 33,291 |
| Unearned Revenue | 2,161,822 | 2,071,326 | 3,972,676 | 4,066,204 | 4,142,023 |
| All other liabilities | 77,978 | 81,395 | 0 | 0 | 0 |
| Total Liabilities | \$2,384,410 | \$2,338,300 | \$4,095,998 | \$4,277,605 | \$4,314,191 |
| Fund Balance | | | | | |
| Nonspendable | 95,685 | 79,500 | 0 | 434 | 434 |
| Restricted | 11,926 | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 | 0 |
| Unassigned | 3,085,993 | 3,299,702 | 1,380,632 | 1,742,594 | 2,224,749 |
| Total Fund Equity | \$3,193,604 | \$3,379,202 | \$1,380,632 | \$1,743,028 | \$2,225,183 |
| Total Liabilities and Fund Equity | \$5,578,014 | \$5,717,502 | \$5,476,630 | \$6,020,633 | \$6,539,374 |

**GENERAL FUND
REVENUES AND EXPENDITURES**

FISCAL YEAR ENDING JUNE 30

| | 2013 Audited | 2014 Audited | 2015 Audited | 2016 Audited | 2017 Adopted Budget¹ |
|--|-------------------------|-------------------------|-------------------------|-------------------------|--|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property taxes | 3,834,699 | 3,661,722 | 3,964,982 | 4,058,151 | 4,697,197 |
| Other taxes | 31,639 | 33,123 | 35,042 | 32,257 | 35,000 |
| Fines and fees | 57,955 | 59,707 | 53,459 | 36,907 | 36,450 |
| Grants and donations | 75,876 | 38,131 | 76,538 | 76,887 | 73,000 |
| Other revenues | 766 | 941 | 687 | 848 | 700 |
| Investment income | 16,724 | 17,662 | 16,571 | 16,892 | 12,000 |
| Total Revenues | \$4,017,659 | \$3,811,286 | \$4,147,279 | \$4,221,942 | \$4,854,347 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 3,789,633 | 3,601,419 | 3,592,823 | 3,510,644 | 4,725,347 |
| Public works | 0 | 0 | 0 | 0 | 0 |
| Insurance | 42,429 | 0 | 0 | 0 | 0 |
| Development | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 23,471 | 175,875 | 187,143 | 129,000 |
| Total Expenditures | \$3,832,062 | \$3,624,890 | \$3,768,698 | \$3,697,787 | \$4,854,347 |
| Excess revenues over (under) expenditures | \$ 185,597 | \$ 186,396 | \$ 378,581 | \$ 524,155 | \$ 0 |
| Other Financing Sources (Uses) | | | | | |
| Operating transfers in (out) | 0 | 0 | (16,185) | (42,000) | |
| Total other financing sources (uses) | \$ 0 | \$ 0 | \$ (16,185) | \$ (42,000) | |
| Excess of Revenues and Other Financing Sources over (Under) Expenditures and Other Uses | \$ 185,597 | \$ 186,396 | \$ 362,396 | \$ 482,155 | |
| General Fund Balance July 1 | 3,193,604 | 3,379,201 | 1,380,632 | 1,743,028 | |
| Prior Period Adjustment | 0 | (2,184,965) | 0 | 0 | |
| General Fund Balance June 30 | <u>\$3,379,201</u> | <u>\$1,380,632</u> | <u>\$1,743,028</u> | <u>\$2,225,183</u> | |

Source: Audited Financial Statements of the District.

¹ The 2017 budget was adopted on August 25, 2016. As of the date of this Official Statement, the District projects that revenues will exceed expenditures in the General Fund by approximately \$450,000. The 2017 balanced budget includes all the District's funds except the special reserve and capital improvement funds.

² In a prior period adjustment as of June 30, 2014, the District restated net position of the governmental type activities to change recognition of property tax revenue and make several other minor accounting changes.

GENERAL INFORMATION

LARGER EMPLOYERS¹

Larger employers in the Geneva Public Library District include the following:

| Firm | Type of Business/Product | Estimated No. of Employees |
|---------------------------------------|------------------------------------|-----------------------------------|
| Northwestern Medicine/Delnor Hospital | Hospital | 1,943 ² |
| Kane County | County government and services | 1,260 |
| Geneva School District No. 304 | Elementary and secondary education | 858 |
| Burgess-Norton Manufacturing Co. | Automobile Parts and Suppliers | 480 |
| Peacock Foods | Food engineers | 350 ³ |
| Johnson Controls, Inc. | Battery manufacturer | 300 |
| FONA International | Flavoring extract wholesalers | 206 |
| Miner Enterprises | Railroad equipment manufacturers | 200 |
| Power Packaging, Inc. | Packaging services | 190 |
| Home Depot | Retail | 160 |

Source: *ReferenceUSA, written and telephone survey (May 2017).*

[Remainder of this page intentionally left blank.]

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

² Includes Northwestern Medicine Rehab facility.

³ Also known as Peacock Engineering Co. LLC.

U.S. CENSUS DATA

Estimated Population Trend: City of Geneva

| | |
|-------------------------------|--------|
| 2000 Estimated Population | 19,515 |
| 2010 Estimated Population | 21,495 |
| 2015 Estimated Population | 21,704 |
| Percent of Change 2000 - 2015 | 11.22% |

Housing Statistics

| | <u>City of Geneva</u> | | |
|-------------------|-----------------------|-------------|--------------------------|
| | <u>2000</u> | <u>2015</u> | <u>Percent of Change</u> |
| All Housing Units | 6,895 | 8,249 | 19.64% |

Income and Age Statistics

| | <u>City of Geneva</u> | <u>Kane County</u> | <u>State of Illinois</u> | <u>United States</u> |
|--|-----------------------|--------------------|--------------------------|----------------------|
| 2015 per capita income | \$44,516 | \$31,056 | \$30,494 | \$28,930 |
| 2015 median household income | \$97,926 | \$70,696 | \$57,574 | \$53,889 |
| 2015 median family income | \$110,764 | \$81,718 | \$71,546 | \$66,011 |
| 2015 median gross rent | \$1,249 | \$1,011 | \$907 | \$928 |
| 2015 median value owner occupied units | \$305,400 | \$213,200 | \$173,800 | \$178,600 |
| 2015 median age | 43.0 yrs. | 39.5 yrs. | 37.3 yrs. | 37.6 yrs. |

| | <u>State of Illinois</u> | <u>United States</u> |
|---|--------------------------|----------------------|
| City of Geneva % of 2015 per capita income | 145.98% | 153.87% |
| City of Geneva % of 2015 median family income | 154.82% | 167.80% |

Source: 2000 and 2010 Census of Population and Housing, and 2015 American Community Survey (based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities (under 25,000 population) within counties.

| | <u>Average Employment</u> | <u>Average Unemployment</u> | |
|-------------|---------------------------|-----------------------------|-------------------|
| Year | Kane County | Kane County | State of Illinois |
| 2012 | 265,849 | 8.7% | 9.0% |
| 2013 | 265,580 | 6.8% | 9.1% |
| 2014 | 367,779 | 5.7% | 7.1% |
| 2016 | 268,147 | 5.5% | 5.9% |
| 2017, March | 267,281 | 5.4% | 4.7% |

Source: Employment/unemployment data was furnished by the Illinois Department of Labor.

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

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**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended
June 30, 2016





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Naperville, Illinois 60563

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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Geneva Public Library District, Geneva, Illinois (the District), as of and for the year ended June 30, 2016 and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Geneva Public Library District, Geneva, Illinois, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other 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.

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 as a whole. The combining and individual fund financial statements and schedules and supplemental data are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. 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 basic standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The supplemental data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sikich LLP

Naperville, Illinois
November 11, 2016

GENEVA PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

As the management of the Geneva Public Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's Financial Statements (beginning on page 3).

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The focus of the Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

The government-wide financial statements (see pages 3 & 4) describe functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District reflect the District's basic services, including materials collections, reference and readers' services, programming, interlibrary loan and outreach services.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements to be more familiar. The focus of the presentation is on major funds rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are in one category: governmental funds.

- MD&A 1 -

Governmental Funds

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

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

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund and the Special Reserve Fund, all of which are considered to be "major" funds. Data from the other six governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The District adopts an annual budget for each of its governmental funds. A budgetary comparison statement has been provided elsewhere in this report to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 5 through 8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 24 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide benefits to its employees. Required supplementary information can be found on pages 25 through 28 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 29 through 40 of this report.

- MD&A 2 -

GOVERNMENT-WIDE STATEMENTS

Net Position

The following table reflects the condensed Statement of Net Position.

| | Table 1 Statement of Net Position Governmental Activities | |
|----------------------------------|---|------------------------|
| | As of June 30, 2016 | As of June 30, 2015 |
| Current and Other Assets | | |
| Capital Assets | \$ 7,660,788 | \$ 9,016,095 |
| Deferred Outflows | 4,804,744 | 3,035,213 |
| | 889,020 | 580,630 |
| Total Assets | \$ 13,354,552 | \$ 12,631,938 |
| Long-Term Liabilities | | |
| Other Liabilities | \$ 1,913,182 | \$ 1,440,919 |
| Deferred Inflows | 174,153 | 226,337 |
| | 4,695,356 | 4,614,072 |
| Total Liabilities | \$ 6,782,691 | \$ 6,281,328 |
| Net Position | | |
| Net Investment in Capital Assets | \$ 4,804,744 | \$ 3,035,213 |
| Restricted | 55,950 | 85,531 |
| Unrestricted | 1,711,167 | 3,229,866 |
| Total Net Position | \$ 6,571,861 | \$ 6,350,610 |

Net position increased \$221,251 during 2016 - from \$6,350,610 to \$6,571,861.

For more detailed information, see the Statement of Net Position on page 3.

Activities

The following table summarizes the revenue and expenses of the District's activities for 2016 and 2015:

| | Table 2 Changes in Net Position Governmental Activities For the Fiscal Year Ended | |
|--|--|---------------------|
| | June 30, 2016 | June 30, 2015 |
| Revenue | | |
| General Revenues | \$ 4,604,935 | \$ 4,497,871 |
| Property Taxes | 33,955 | 36,882 |
| Replacement Taxes | 16,892 | 16,571 |
| Investment Income | 848 | 687 |
| Miscellaneous | - | 2,974 |
| Donations | | |
| Program Revenues | 36,907 | 53,459 |
| Charges for services | 76,887 | 76,538 |
| Operating Grants | - | - |
| Capital Grants | | |
| Total Revenues | 4,770,424 | 4,684,982 |
| Expenses | | |
| General Government | 4,549,173 | 4,466,650 |
| Total Expenses | 4,549,173 | 4,466,650 |
| Changes in Net Position | 221,251 | 218,332 |
| Total Net Position, Beginning of Year | 6,350,610 | 6,867,586 |
| Prior Period Adjustment | - | (735,308) |
| Total Net Position, End of Year | \$ 6,571,861 | \$ 6,350,610 |

**FINANCIAL OVERVIEW
GENEVA PUBLIC LIBRARY DISTRICT**

INCOME SOURCES

| | 2015/2016 | 2014/2015 |
|----------------------------------|-------------|-------------|
| Local Property Taxes | 97.2% | 96.9% |
| Fines, Service Fees, Photocopies | 0.8% | 1.1% |
| Grants, Gifts, Miscellaneous | 1.6% | 1.6% |
| Interest | 0.4% | 0.4% |
| Nonresident Fees, Rental | 0.0% | 0.0% |
| Total Income | \$4,770,424 | \$4,684,982 |

EXPENDITURES BY CATEGORY

| | 2015/2016 | 2014/2015 |
|-----------------------|-------------|-------------|
| Salaries and Benefits | 46.0% | 63.8% |
| Library Materials | 8.4% | 11.9% |
| Equipment & Supplies | 1.0% | 1.1% |
| Contractual Services | 4.8% | 6.7% |
| Utilities | 1.3% | 1.7% |
| Administration | 3.1% | 4.3% |
| Programs | 0.8% | 1.4% |
| Capital Outlay | 34.6% | 9.1% |
| Total Expenditures | \$6,154,831 | \$4,505,016 |

This table reflects expenditures for all governmental funds on the modified accrual basis of accounting.

There are several basic impacts on revenues and expenses as reflected below:

Revenues

Revenue was up 1.8% over last year. As usual, most income was from local property taxes. In terms of total revenue compared to 2015, income from property taxes was up 2.3% over last year (from \$4,497,871 to \$4,604,935). The District's investment portfolio is managed using an average maturity similar to most other governments. Market conditions may cause investment income to fluctuate. Most of the Library's funds are invested in the Illinois Funds and some are invested in CD's. In 2015, investment income was up 1.9%.

Total revenue from all sources was \$4,770,424, up 1.8% from last year's \$4,684,982. Almost all of the difference was due to more tax revenue. Income from other sources was flat or only slightly changed. Investment income was up slightly, though as a percentage of total revenue it remained at 0.4%. Reflecting the continuing flat interest rates, investment income has typically been less than 1% of total revenue. The portion of Library revenue from local property taxes increased slightly, from 96.9% to 97.2%.

Expenses

Programs. Within functional expense categories, individual programs may be added or deleted in order to meet the changing needs of the District.

Changes in authorized personnel. Changes in service demand may cause the District Board to increase or decrease staffing levels. Personnel costs are the District's most significant operating costs and there is little turnover in professional, paraprofessional, administrative, and maintenance staff.

Salary. Salary expenditures were up from 2015. IMRF and Social Security rates remained essentially the same as last year. The Library contribution to employee health insurance premiums increased slightly. As a percentage of total library expenditures personnel decreased from 63.8% to 46% which is a result of capital purchases made in 2016. In real terms personnel costs were up \$90,924 from 2015.

Inflation. While overall inflation has been extremely modest, some of the District's functions and services may experience unusual commodity specific increases.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the Geneva Public Library District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of June 30, 2016, the governmental funds (as presented on the balance sheet on page 5) had a combined fund balance of \$2,791,279.

**Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended June 30, 2016**

| | Original and Final Budget | Actual |
|-----------------------------------|------------------------------|--------------|
| Revenues | | |
| Property Taxes | \$ 4,066,204 | \$ 4,058,151 |
| Personal Property Replacement Tax | 34,970 | 32,257 |
| Interest Income | 15,000 | 16,892 |
| Grants | 70,500 | 76,887 |
| Fines, Fees, Other | 48,800 | 36,907 |
| Miscellaneous | 700 | 848 |
| Total Revenues | \$ 4,236,174 | \$ 4,221,942 |
| Expenditures and Transfers | | |
| General Government | 4,028,600 | \$ 3,510,024 |
| Capital Outlay | 160,000 | 187,143 |
| Miscellaneous | 3,518 | 620 |
| Transfers | 42,000 | 42,000 |
| Total Expenditures and Transfers | \$ 4,234,118 | \$ 3,739,787 |
| Change in Fund Balance | \$ 2,056 | \$ 482,155 |

Capital Assets

The following schedules reflect the District's capital asset balances:

Table 4
Capital Assets

| | As of June 30, 2016 | As of June 30, 2015 |
|--|------------------------|------------------------|
| Governmental Activities | | |
| Capital Assets Not Being Depreciated | | |
| Land | \$ 2,400,672 | \$ 483,500 |
| Art | 40,000 | 40,000 |
| Total Capital Assets Not Being Depreciated | 2,440,672 | 523,500 |
| Capital Assets Being Depreciated | | |
| Building and Building Improvements | 4,819,417 | 4,794,196 |
| Furniture and Equipment | 940,913 | 940,913 |
| Total Capital Assets Being Depreciated | 5,760,330 | 5,735,109 |
| Less Accumulated Depreciation For | | |
| Buildings and Building Improvements | 2,505,972 | 2,372,407 |
| Furniture and Equipment | 890,286 | 850,989 |
| Total Accumulated Depreciation | 3,396,258 | 3,223,396 |
| Total Capital Assets Being Depreciated, | 2,364,072 | 2,511,713 |
| Net | | |
| Governmental Activities Capital Assets, Net | \$ 4,804,744 | \$ 3,035,213 |

At year-end, the District's investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$4,804,744 (up 58.3% from \$3,035,213 in 2015). The significant addition during the year was the acquisition of property for a new library in the future. See Note #4 for further information on capital assets.

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Long-Term Debt

Table 5
Long-Term Debt

| | As of June 30, 2016 | As of June 30, 2015 |
|--------------------------------------|------------------------|------------------------|
| Accrued Compensated Absences Payable | \$ 65,911 | \$ 81,717 |
| Net Pension Liability | 1,847,271 | 1,359,202 |
| Total Long-Term Liabilities | \$ 1,913,182 | \$ 1,440,919 |

See Note #6 for further information on long-term debt.

PRESENT AND FUTURE COMMUNITY ISSUES

Geneva Public Library had its early beginnings in the 1870's. The Library reached its 114th year of tax supported service in 2008, the year the building turned 100. The historic district near the Fox River includes many unique shops and restaurants, and a popular upscale shopping mall has developed along Randall Road to the west of downtown. Education and income level of residents is high, and the community values and supports its schools, parks and library. The commuter rail line that once ended in Geneva now extends west to LaFox and Elburn. The District has had a long range plan since the 1970's to annex undeveloped farmland to the west of the City. After unsuccessfully attempting to annex the undeveloped land in the 1980's, the District received feedback from the landowners that they did not want to pay library taxes on the land until it was developed. As such, the District committed to the landowners to wait until the land was developed to pursue annexation. In 2006, this long range plan was put in jeopardy when Batavia Public Library District [hereinafter "Batavia"] passed a surprise annexation of all of the undeveloped land remaining to the west of the City. Geneva Public Library District challenged Batavia's annexation and also passed its own annexation ordinance, in an attempt to protect the land, when it appeared that the Batavia ordinance would be defeated. The Geneva ordinance annexed the smallest amount of land that was prudent in order to cut off all land contiguity from Batavia Public Library District, while at the same time attempting to respect the landowners' wishes not to pay taxes on undeveloped land. After numerous years of litigation, in August 2014, the Second District Appellate Court determined that the original Batavia Public Library District ordinance was so legally defective that it could not stand. The Appellate Court also ruled that the Geneva Public Library District ordinance was not enacted for an improper purpose and that it was technically compliant with the requirements of the Illinois Public Library District Act. As things currently stand, the Geneva Public Library District annexation ordinance has priority over any subsequent Batavia annexation ordinances and the land has been preserved for Geneva Public Library District in the event that it is ever developed into residential areas. Although the case has not been finalized, it appears that Batavia Public Library District has no other legal grounds by which to challenge the Geneva ordinance. The matter is next up in court on December 15, 2016, at which time Batavia's future strategy on this issue, if any, should be revealed. Assuming the Geneva ordinance retains priority, the District expects to serve an estimated population of 36,000 – 46,000 residents by build-out of the future boundaries.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the District's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Christine Lazaris, Director, Geneva Public Library District, 127 James St. Geneva, Illinois, 60134.

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**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

STATEMENT OF NET POSITION

June 30, 2016

| | Governmental Activities |
|--|------------------------------------|
| <hr/> | |
| ASSETS | |
| Cash and investments | \$ 5,291,416 |
| Receivables | |
| Property taxes | 2,368,938 |
| Prepaid items | 434 |
| Capital assets not being depreciated | 2,440,672 |
| Capital assets being depreciated (net of accumulated depreciation) | <u>2,364,072</u> |
| Total assets | <u>12,465,532</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension items - IMRF | <u>889,020</u> |
| Total deferred outflows of resources | <u>889,020</u> |
| Total assets and deferred outflows of resources | <u>13,354,552</u> |
| LIABILITIES | |
| Accounts payable | 140,862 |
| Accrued payroll | 33,291 |
| Long-term liabilities | |
| Due within one year | 65,911 |
| Due in more than one year | <u>1,847,271</u> |
| Total liabilities | <u>2,087,335</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred revenue - property taxes | <u>4,695,356</u> |
| Total deferred inflows of resources | <u>4,695,356</u> |
| Total liabilities and deferred inflows of resources | <u>6,782,691</u> |
| NET POSITION | |
| Net investment in capital assets | 4,804,744 |
| Restricted | |
| Building maintenance | 9,497 |
| Liability insurance | 5,615 |
| IMRF | 22,385 |
| Social Security | 18,453 |
| Unrestricted | <u>1,711,167</u> |
| TOTAL NET POSITION | <u><u>\$ 6,571,861</u></u> |

See accompanying notes to financial statements.

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

| FUNCTIONS/PROGRAMS | Program Revenues | | | | Net (Expense) Revenue and Change in Net Position |
|-------------------------------|------------------|-------------------------|--|--|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | |
| PRIMARY GOVERNMENT | | | | | |
| Governmental Activities | | | | | |
| General government | \$ 4,549,173 | \$ 36,907 | \$ 76,887 | \$ - | \$ (4,435,379) |
| Total governmental activities | 4,549,173 | 36,907 | 76,887 | - | (4,435,379) |
| TOTAL PRIMARY GOVERNMENT | \$ 4,549,173 | \$ 36,907 | \$ 76,887 | \$ - | (4,435,379) |
| General Revenues | | | | | |
| Taxes | | | | | |
| Property | | | | | |
| Replacement | | | | | |
| Investment income | | | | | |
| Miscellaneous | | | | | |
| Donations | | | | | |
| Total | | | | | |
| CHANGE IN NET POSITION | | | | | |
| NET POSITION, JULY 1 | | | | | |
| NET POSITION, JUNE 30 | | | | | |

See accompanying notes to financial statements.

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2016

| | General | Special Reserve | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|--|---|
| ASSETS | | | | |
| Cash and investments | \$ 4,449,175 | \$ 510,425 | \$ 331,816 | \$ 5,291,416 |
| Receivables | | | | |
| Property taxes | 2,089,765 | - | 279,173 | 2,368,938 |
| Prepaid items | 434 | - | - | 434 |
| TOTAL ASSETS | \$ 6,539,374 | \$ 510,425 | \$ 610,989 | \$ 7,660,788 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 138,877 | \$ - | \$ 1,985 | \$ 140,862 |
| Accrued payroll | 33,291 | - | - | 33,291 |
| Total liabilities | 172,168 | - | 1,985 | 174,153 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 4,142,023 | - | 553,333 | 4,695,356 |
| Total deferred inflows of resources | 4,142,023 | - | 553,333 | 4,695,356 |
| Total liabilities and deferred inflows of resources | 4,314,191 | - | 555,318 | 4,869,509 |
| FUND BALANCES | | | | |
| Nonspendable - prepaid items | 434 | - | - | 434 |
| Restricted | | | | |
| Building maintenance | - | - | 9,497 | 9,497 |
| Liability insurance | - | - | 5,615 | 5,615 |
| IMRF | - | - | 22,385 | 22,385 |
| Social Security | - | - | 18,453 | 18,453 |
| Committed | | | | |
| Special reserve | - | 510,425 | - | 510,425 |
| Unassigned | 2,224,749 | - | (279) | 2,224,470 |
| Total fund balances | 2,225,183 | 510,425 | 55,671 | 2,791,279 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 6,539,374 | \$ 510,425 | \$ 610,989 | \$ 7,660,788 |

See accompanying notes to financial statements.

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

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

June 30, 2016

| | |
|--|--------------|
| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ 2,791,279 |
|--|--------------|

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 | 4,804,744 |
|--|-----------|

| | |
|--|----------|
| Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds | (65,911) |
|--|----------|

| | |
|--|-------------|
| Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position | (1,847,271) |
|--|-------------|

| | |
|---|----------------|
| Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources on the statement of net position | <u>889,020</u> |
|---|----------------|

| | |
|--|----------------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 6,571,861</u></u> |
|--|----------------------------|

See accompanying notes to financial statements.

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2016

| | General | Special Reserve | Nonmajor Governmental Funds | Total Governmental Funds |
|--|------------------|----------------------------|--|---|
| REVENUES | | | | |
| Property taxes | \$ 4,058,151 | \$ - | \$ 546,784 | \$ 4,604,935 |
| Personal property replacement taxes | 32,257 | - | 1,698 | 33,955 |
| Investment income | 16,892 | - | - | 16,892 |
| Grants | 76,887 | - | - | 76,887 |
| Fines, fees and other | 36,907 | - | - | 36,907 |
| Miscellaneous | 848 | - | - | 848 |
| Total revenues | 4,221,942 | - | 548,482 | 4,770,424 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,510,644 | - | 513,372 | 4,024,016 |
| Capital outlay | 187,143 | 1,943,672 | - | 2,130,815 |
| Total expenditures | 3,697,787 | 1,943,672 | 513,372 | 6,154,831 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 524,155 | (1,943,672) | 35,110 | (1,384,407) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 106,186 | 42,000 | 148,186 |
| Transfers (out) | (42,000) | - | (106,186) | (148,186) |
| Total other financing sources (uses) | (42,000) | 106,186 | (64,186) | - |
| NET CHANGE IN FUND BALANCES | 482,155 | (1,837,486) | (29,076) | (1,384,407) |
| FUND BALANCES, JULY 1 | 1,743,028 | 2,347,911 | 84,747 | 4,175,686 |
| FUND BALANCES, JUNE 30 | \$ 2,225,183 | \$ 510,425 | \$ 55,671 | \$ 2,791,279 |

See accompanying notes to financial statements.

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

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

For the Year Ended June 30, 2016

| | |
|--|--------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ (1,384,407) |
| 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 on the statement of activities | 1,942,393 |
| 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 | (172,862) |
| The change in compensated absences is shown as an expense on the statement of activities | 15,806 |
| The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities | (488,069) |
| The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities | <u>308,390</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 221,251</u></u> |

See accompanying notes to financial statements.

June 30, 2016

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 funds committed for future capital and other needs.

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

The financial statements of the Geneva Public Library District, Geneva, Illinois (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)). 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 District's accounting policies are described below.

a. Reporting Entity

The District is a municipal corporation governed by an elected president and six-member board. 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*, there are no component units for which the District is considered to be financially accountable for.

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 categories: governmental, proprietary and fiduciary. The District reports only governmental funds.

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), the funds restricted, committed or assigned for acquisition or construction of general capital assets (capital projects fund), and the funds restricted, committed or assigned for the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

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 the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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. The District considers revenues to be available as they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.
- Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.
- The District reports deferred/unavailable revenue and unearned revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the District before it has a legal claim to them, 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 District has a legal claim to the resources, the deferred inflow for deferred/unavailable revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.
- e. Cash and Investments

Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit, if any, and all other investments are reported at cost.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District does not have any investments at June 30, 2016 using fair value measurements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- f. Short-Term Interfund Receivables/Payables
- During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."
- g. Prepaid Items/Expenses
- Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.
- h. Capital Assets
- Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$2,500 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 donation.
- The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized as applicable.
- 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 | 15-40 |
| Land improvements | 7 |
| Furniture and equipment | 5-7 |
| Computer and electronics | 3-5 |
| i. Compensated Absences | |

In accordance with GASB Interpretation No. 6, *Accounting for Certain Liabilities*, only vested or accumulated vacation leave including related Social Security and Medicare that is matured and payable at June 30, 2016, is reported as an expenditure and a fund liability of the governmental fund that will pay it. 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. Sick leave does not vest upon termination or retirement and, therefore, no liability has been recorded for this.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount, as applicable. Bond issuance costs are reported as expenses in the current period.

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.

k. Interfund Transactions

Interfund transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

l. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable 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. 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 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 District's Director. Any residual fund balance in the General Fund is reported as unassigned. Deficit fund balances of other governmental funds are also reported as unassigned.

The District has adopted a flow of fund policy 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 District considers committed funds to be expended first followed by assigned funds and then unassigned funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balance/Net Position (Continued)

The various special revenue funds supported by property taxes are restricted due to the restricted revenue streams of the fund balance. Other funds are restricted due to the nature of the contributions to the fund.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the net position or fund balances are restricted as a result of enabling legislation adopted by the District. Net investment in capital assets is the book value of capital assets less outstanding principal balances of debt that was issued to construct the capital assets.

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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.

n. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 District's investment policy authorizes the District to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

2. DEPOSITS AND INVESTMENTS (Continued)

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 Fund's share price, which is the price for which the investment could be sold.

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. The primary objective of the policy is safety of principal, liquidity, yield and maintaining the public trust.

a. Deposits

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 in an amount of the uninsured deposits with the collateral held by a third party acting as the agent of the District.

b. Investments

As of June 30, 2016, the District has no debt securities.

Interest rate risk is the risk that change 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 liquidity for operating funds and investing operating funds primarily in shorter-term securities. Unless matched to a specific cash flow, the District will not invest operating funds in securities maturing more than one year from the date of purchase. In addition, the policy requires the District 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 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 federally insured bank accounts and certificates of deposit. Illinois Funds is rated AAA by Standard and Poor's.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the District'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 District's agent separate from where the investment was purchased. Illinois Funds is not subject to custodial credit risk.

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.

3. RECEIVABLES - TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, 2015 on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2016 and August 1, 2016 and are payable in two installments, on or about June 1, 2016 and September 1, 2016. The County collects such taxes and remits them periodically.

The 2015 tax levy collections are intended to finance the 2017 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable or deferred revenue. The 2016 tax levy has not been recorded as a receivable at June 30, 2016, as the tax attached as a lien on property as of January 1, 2016; however, the tax will not be levied until December 2016 and, accordingly, is not measurable at June 30, 2016.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|--------------|-----------|--------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 483,500 | \$ 1,917,172 | \$ - | \$ 2,400,672 |
| Art | 40,000 | - | - | 40,000 |
| Total capital assets not being depreciated | 523,500 | 1,917,172 | - | 2,440,672 |

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

4. CAPITAL ASSETS (Continued)

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|---------------------|-------------|---------------------|
| GOVERNMENTAL ACTIVITIES (Continued) | | | | |
| Capital assets being depreciated | | | | |
| Land improvement | \$ 3,850 | \$ - | \$ - | \$ 3,850 |
| Buildings | 4,790,346 | 25,221 | - | 4,815,567 |
| Furniture | 542,474 | - | - | 542,474 |
| Equipment | 104,664 | - | - | 104,664 |
| Computers and electronics | 293,775 | - | - | 293,775 |
| Total capital assets being depreciated | 5,735,109 | 25,221 | - | 5,760,330 |
| Less accumulated depreciation for | | | | |
| Land improvement | 3,850 | - | - | 3,850 |
| Buildings | 2,368,557 | 133,565 | - | 2,502,122 |
| Furniture | 504,750 | 12,105 | - | 516,855 |
| Equipment | 100,751 | 2,107 | - | 102,858 |
| Computers and electronics | 245,488 | 25,085 | - | 270,573 |
| Total accumulated depreciation | 3,223,396 | 172,862 | - | 3,396,258 |
| Total capital assets being depreciated, net | 2,511,713 | (147,641) | - | 2,364,072 |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET | \$ 3,035,213 | \$ 1,769,531 | \$ - | \$ 4,804,744 |

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

| | |
|---|-------------------|
| GOVERNMENTAL ACTIVITIES General government | \$ 172,862 |
| TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES | \$ 172,862 |

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; 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.

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

6. LONG-TERM DEBT

| | Balances July 1 | Additions | Reductions | Balances June 30 | Current Portion | Long-Term Portion |
|--|---------------------|-------------------|------------------|---------------------|--------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Compensated absences payable | \$ 81,717 | \$ 65,911 | \$ 81,717 | \$ 65,911 | \$ 65,911 | \$ - |
| Net pension liability | 1,359,202 | 488,069 | - | 1,847,271 | - | 1,847,271 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 1,440,919 | \$ 553,980 | \$ 81,717 | \$ 1,913,182 | \$ 65,911 | \$ 1,847,271 |

7. CONTINGENT LIABILITIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

8. INDIVIDUAL FUND DISCLOSURES

a. Transfers

Interfund transfers during the year ended June 30, 2016 consisted of the following:

| Fund | Transfers In | Transfers Out |
|-----------------------|-------------------|-------------------|
| General | \$ - | \$ 42,000 |
| Special Reserve | 106,186 | - |
| Nonmajor Governmental | 42,000 | 106,186 |
| TOTAL | \$ 148,186 | \$ 148,186 |

The purposes of significant transfers are as follows:

- \$42,000 transferred from the General Fund to Nonmajor Governmental Funds to reduce remainder of deficits in these funds.
- \$106,186 transferred from Nonmajor Governmental Funds (Capital Improvement) to Special Reserve Fund to close the Capital Improvement Fund.

8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Deficit Fund Balances

The following fund had a deficit fund balance at June 30, 2016:

| | Fund | Amount |
|-------|------|----------|
| Audit | | \$ (279) |

9. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The District's defined benefit pension 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 report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

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, 2015, IMRF membership consisted of:

| | |
|--|------------|
| Inactive employees or their beneficiaries currently receiving benefits | 42 |
| Inactive employees entitled to but not yet receiving benefits | 26 |
| Active employees | 41 |
| TOTAL | 109 |

9. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

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.

Contributions

Participating members are required to contribute 4.5% of their annual covered salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar years ended December 31, 2015 and 2016 was 12.55% and 13.57%, respectively, of covered payroll.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2015 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, 2015 |
| 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 |

9. 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 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health, Annuity 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 2014). 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 2014). 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 was 7.46%. 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 fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.46% used to determine the total pension liability. The discount rate at December 31, 2014 was 7.47%.

9. 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, 2015 | \$ 8,297,333 | \$ 6,938,131 | \$ 1,359,202 |
| Changes for the period | | | |
| Service cost | 218,228 | - | 218,228 |
| Interest | 620,589 | - | 620,589 |
| Difference between expected and actual experience | 60,446 | - | 60,446 |
| Changes in assumptions | 10,403 | - | 10,403 |
| Employer contributions | - | 226,638 | (226,638) |
| Employee contributions | - | 82,106 | (82,106) |
| Net investment income | - | 33,789 | (33,789) |
| Benefit payments and refunds | (395,482) | (395,482) | - |
| Administrative expense | - | - | - |
| Other (net transfer) | - | 79,064 | (79,064) |
| Net changes | 514,184 | 26,115 | 488,069 |
| BALANCES AT DECEMBER 31, 2015 | \$ 8,811,517 | \$ 6,964,246 | \$ 1,847,271 |

Changes in assumptions related to retirement age and mortality were made since the last measurement date.

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

For the year ended June 30, 2016, the District recognized pension expense of \$424,329. At June 30, 2016, the District 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 | \$ 114,472 | \$ - |
| Changes in assumption | 210,277 | - |
| Net difference between projected and actual earnings on pension plan investments | 439,465 | - |
| Employer contributions after the measurement date | 124,806 | - |
| TOTAL | \$ 889,020 | \$ - |

9. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

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

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 June 30, | |
|-------------------------|------------|
| 2017 | \$ 386,221 |
| 2018 | 261,415 |
| 2019 | 145,155 |
| 2020 | 96,229 |
| 2021 | - |
| Thereafter | - |
| TOTAL | \$ 889,020 |

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.46% 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 (6.46%) or 1 percentage point higher (8.46%) than the current rate:

| | 1% Decrease (6.46%) | Current Discount Rate (7.46%) | 1% Increase (8.46%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability | \$ 2,982,043 | \$ 1,847,271 | \$ 914,148 |

10. 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, no former employees have chosen to stay in the District'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 District had no former employees for which 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, 2016.

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

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

For the Year Ended June 30, 2016

| | Appropriation | Original and Final Budget | Actual |
|--|----------------------|--------------------------------------|----------------------------|
| REVENUES | | | |
| Property taxes | | \$ 4,066,204 | \$ 4,058,151 |
| Personal property replacement taxes | | 34,970 | 32,257 |
| Investment income | | 15,000 | 16,892 |
| Grants | | 70,500 | 76,887 |
| Fines, fees and other | | 48,800 | 36,907 |
| Miscellaneous | | 700 | 848 |
| Total revenues | | <u>4,236,174</u> | <u>4,221,942</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | | | |
| Salaries and benefits | \$ 3,700,000 | 2,637,000 | 2,325,378 |
| Library materials | 1,190,000 | 586,000 | 519,143 |
| Equipment and supplies | 175,000 | 77,800 | 60,254 |
| Contractual services | 1,065,000 | 334,800 | 296,283 |
| Utilities | 86,000 | 86,000 | 79,832 |
| Administrative | 480,000 | 231,000 | 135,660 |
| Programs | 80,000 | 44,000 | 43,137 |
| Fabryan Foundation | 100,000 | 16,000 | 16,025 |
| Gifts | - | 16,000 | 34,312 |
| Miscellaneous | 30,000 | 3,518 | 620 |
| Capital outlay | 450,000 | 160,000 | 187,143 |
| Total expenditures | <u>\$ 7,356,000</u> | <u>4,192,118</u> | <u>3,697,787</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | <u>44,056</u> | <u>524,155</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (out) | | (42,000) | (42,000) |
| Total other financing sources (uses) | | <u>(42,000)</u> | <u>(42,000)</u> |
| NET CHANGE IN FUND BALANCE | | <u>\$ 2,056</u> | <u>482,155</u> |
| FUND BALANCE, JULY 1 | | | <u>1,743,028</u> |
| FUND BALANCE, JUNE 30 | | | <u><u>\$ 2,225,183</u></u> |

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

BUDGET/APPROPRIATION

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 by fund, function and activity. All funds of the District were budgeted.
2. Budget hearings are conducted.
3. The appropriation is legally enacted through passage of an ordinance.
4. The appropriation may be amended by the Board of Trustees. No amendments were made during the year.
5. Appropriations are adopted on the modified accrual basis.
6. The level of control (level at which expenditures/expenses may not exceed appropriations) is the fund. All appropriations lapse at year end.
7. The Board of Trustees also adopts an operating budget. Both the budget and appropriation are presented on these statements.

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2016

| | 2016 | 2015 |
|--|--------------|--------------|
| Actuarially determined contribution | \$ 244,650 | \$ 235,159 |
| Contributions in relation to the actuarially determined contribution | 244,650 | 235,159 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ - | \$ - |
| Covered-employee payroll | \$ 1,805,885 | \$ 2,012,099 |
| Contributions as a percentage of covered-employee payroll | 13.5% | 11.7% |

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 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

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

June 30, 2016

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

| | 2015 | 2014 |
|--|---------------------|---------------------|
| TOTAL PENSION LIABILITY | | |
| Service cost | \$ 218,228 | \$ 257,602 |
| Interest | 620,589 | 543,269 |
| Changes of benefit terms | | |
| Differences between expected and actual experience | 60,446 | 135,452 |
| Changes of assumptions | 10,403 | 394,197 |
| Benefit payments, including refunds of member contributions | (395,482) | (308,402) |
| Net change in total pension liability | 514,184 | 1,022,118 |
| Total pension liability - beginning | 8,297,333 | 7,275,215 |
| TOTAL PENSION LIABILITY - ENDING | \$ 8,811,517 | \$ 8,297,333 |
| PLAN FIDUCIARY NET POSITION | | |
| Contributions - employer | \$ 226,638 | \$ 257,750 |
| Contributions - member | 82,106 | 107,863 |
| Net investment income | 33,789 | 476,780 |
| Benefit payments, including refunds of member contributions | (395,482) | (308,402) |
| Other | 79,064 | (6,292) |
| Net change in plan fiduciary net position | 26,115 | 527,699 |
| Plan fiduciary net position - beginning | 6,938,131 | 6,410,432 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 6,964,246 | \$ 6,938,131 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 1,847,271 | \$ 1,359,202 |
| Plan fiduciary net position as a percentage of the total pension liability | 79.0% | 83.6% |
| Covered-employee payroll | \$ 1,805,885 | \$ 2,012,099 |
| Employer's net pension liability as a percentage of covered-employee payroll | 102.3% | 67.6% |

*IMRF's measurement date is December 31; therefore information above is presented for the calendar years ended December 31.

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

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

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

For the Year Ended June 30, 2016

| | Original and | |
|--|----------------|--------------|
| | Appropriation | Final Budget |
| | | Actual |
| REVENUES | | |
| None | \$ - | \$ - |
| Total revenues | - | - |
| EXPENDITURES | | |
| Capital outlay | \$ 3,000,000 | 2,349,861 |
| Total expenditures | \$ 3,000,000 | 2,349,861 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,349,861) | (1,943,672) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | 106,186 |
| Total other financing sources (uses) | - | 106,186 |
| NET CHANGE IN FUND BALANCE | \$ (2,349,861) | (1,837,486) |
| FUND BALANCE, JULY 1 | | 2,347,911 |
| FUND BALANCE, JUNE 30 | | \$ 510,425 |

MAJOR GOVERNMENTAL FUNDS

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

NONMAJOR GOVERNMENTAL FUNDS

| | Special Revenue | | | |
|---|-------------------------------------|------------------|------------------------|--|
| | Illinois Municipal Retirement | Audit | Liability Insurance | |
| ASSETS | | | | |
| Cash and investments | \$ 155,121 | \$ 5,032 | \$ 27,113 | |
| Receivables | | | | |
| Property taxes | 135,161 | 5,408 | 21,140 | |
| TOTAL ASSETS | \$ 290,282 | \$ 10,440 | \$ 48,253 | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ 740 | |
| Total liabilities | - | - | 740 | |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 267,897 | 10,719 | 41,898 | |
| Total deferred inflows of resources | 267,897 | 10,719 | 41,898 | |
| Total liabilities and deferred inflows of resources | 267,897 | 10,719 | 42,638 | |
| FUND BALANCES | | | | |
| Restricted | | | | |
| Building maintenance | - | - | - | |
| Liability insurance | - | - | 5,615 | |
| IMRF | 22,385 | - | - | |
| Social Security | - | - | - | |
| Unassigned | - | (279) | - | |
| Total fund balances (deficit) | 22,385 | (279) | 5,615 | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 290,282 | \$ 10,440 | \$ 48,253 | |

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2016

| | Special Revenue | | |
|--|-------------------------------------|-----------|------------------------|
| | Illinois Municipal Retirement | Audit | Liability Insurance |
| REVENUES | | | |
| Property taxes | \$ 263,144 | \$ 10,721 | \$ 43,868 |
| Personal property replace taxes | 1,698 | - | - |
| Total revenues | 264,842 | 10,721 | 43,868 |
| EXPENDITURES | | | |
| General government | 244,650 | 11,800 | 37,469 |
| Capital outlay | - | - | - |
| Total expenditures | 244,650 | 11,800 | 37,469 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 20,192 | (1,079) | 6,399 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | - | - | - |
| NET CHANGE IN FUND BALANCES | 20,192 | (1,079) | 6,399 |
| FUND BALANCES (DEFICIT), JULY 1 | 2,193 | 800 | (784) |
| FUND BALANCES (DEFICIT), JUNE 30 | \$ 22,385 | \$ (279) | \$ 5,615 |

| | Special Revenue | | | Capital Projects | Total |
|----|-------------------------|--------------------|------------------------|---------------------|------------|
| | Building Maintenance | Social Security | Capital Improvement | | |
| \$ | 40,185 | \$ 104,365 | \$ - | \$ - | \$ 331,816 |
| | 29,981 | 87,483 | - | - | 279,173 |
| \$ | 70,166 | \$ 191,848 | \$ - | \$ - | \$ 610,989 |
| | | | | | |
| \$ | 1,245 | \$ - | \$ - | \$ - | \$ 1,985 |
| | 1,245 | - | - | - | 1,985 |
| | 59,424 | 173,395 | - | - | 553,333 |
| | 59,424 | 173,395 | - | - | 553,333 |
| | 60,669 | 173,395 | - | - | 555,318 |
| | | | | | |
| | 9,497 | - | - | - | 9,497 |
| | - | - | - | - | 5,615 |
| | - | - | - | - | 22,385 |
| | - | 18,453 | - | - | 18,453 |
| | - | - | - | - | (279) |
| | 9,497 | 18,453 | - | - | 55,671 |
| \$ | 70,166 | \$ 191,848 | \$ - | \$ - | \$ 610,989 |

(See independent auditor's report.)

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Year Ended June 30, 2016

| | | | | Original and | |
|------------------------------------|--|--|------------|----------------------|---------------------------------|
| | | | | Appropriation | Final Budget Actual |
| REVENUES | | | | | |
| Property taxes | | | | \$ 263,669 | \$ 263,144 |
| Personal property replace taxes | | | | 1,841 | 1,698 |
| Total revenues | | | | 265,510 | 264,842 |
| EXPENDITURES | | | | | |
| General government | | | | | |
| Illinois Municipal Retirement Fund | | | \$ 400,000 | 263,812 | 244,650 |
| Total expenditures | | | \$ 400,000 | 263,812 | 244,650 |
| NET CHANGE IN FUND BALANCE | | | | \$ 1,698 | 20,192 |
| FUND BALANCE, JULY 1 | | | | | 2,193 |
| FUND BALANCE, JUNE 30 | | | | | \$ 22,385 |

| | | | | Capital Projects | |
|-----------|------------|-----------|------------|------------------------------------|----------------------------|
| | | | | Building | Capital Improvement |
| | | | | Acquisition and Maintenance | Security |
| | | | | | |
| \$ 58,488 | \$ 170,563 | \$ - | \$ 546,784 | | |
| - | - | - | 1,698 | | |
| 58,488 | 170,563 | - | 548,482 | | |
| 62,016 | 157,437 | - | 513,372 | | |
| - | - | - | - | | |
| 62,016 | 157,437 | - | 513,372 | | |
| (3,528) | 13,126 | - | 35,110 | | |
| - | - | 42,000 | 42,000 | | |
| - | - | (106,186) | (106,186) | | |
| - | - | (64,186) | (64,186) | | |
| (3,528) | 13,126 | (64,186) | (29,076) | | |
| 13,025 | 5,327 | 64,186 | 84,747 | | |
| \$ 9,497 | \$ 18,453 | \$ - | \$ 55,671 | | |

(See independent auditor's report.)

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

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

For the Year Ended June 30, 2016

| | Appropriation | Original and Final Budget | Actual |
|--|---------------|------------------------------|-----------------|
| REVENUES | | | |
| Taxes | | | |
| Property taxes | \$ | 10,741 | \$ 10,721 |
| Total revenues | | 10,741 | 10,721 |
| EXPENDITURES | | | |
| General government | \$ | 20,000 | 10,950 |
| Audit expense | | | 11,800 |
| Total expenditures | \$ | 20,000 | 10,950 |
| NET CHANGE IN FUND BALANCE | | \$ (209) | (1,079) |
| FUND BALANCE, JULY 1 | | | 800 |
| FUND BALANCE (DEFICIT), JUNE 30 | | | <u>\$ (279)</u> |

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

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

For the Year Ended June 30, 2016

| | Appropriation | Original and Final Budget | Actual |
|--------------------------------|---------------|------------------------------|-----------------|
| REVENUES | | | |
| Taxes | | | |
| Property taxes | \$ | 43,953 | \$ 43,868 |
| Total revenues | | 43,953 | 43,868 |
| EXPENDITURES | | | |
| General government | \$ | 150,000 | 40,000 |
| Liability Insurance | | | 37,469 |
| Total expenditures | \$ | 150,000 | 40,000 |
| NET CHANGE IN FUND BALANCE | | \$ 3,953 | 6,399 |
| FUND BALANCE (DEFICIT), JULY 1 | | | (784) |
| FUND BALANCE, JUNE 30 | | | <u>\$ 5,615</u> |

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING ACQUISITION AND MAINTENANCE FUND

For the Year Ended June 30, 2016

| | Appropriation | Original and Final Budget | Actual |
|--------------------------------------|---------------|------------------------------|--------|
| REVENUES | | | |
| Property taxes | \$ 58,605 | \$ 58,488 | |
| Total revenues | 58,605 | 58,488 | |
| EXPENDITURES | | | |
| General government | | | |
| Building acquisition and maintenance | \$ 400,000 | 58,605 | 62,016 |
| Total expenditures | \$ 400,000 | 58,605 | 62,016 |
| NET CHANGE IN FUND BALANCE | \$ - | (3,528) | |
| FUND BALANCE, JULY 1 | | 13,025 | |
| FUND BALANCE, JUNE 30 | | \$ 9,497 | |

(See independent auditor's report.)

GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS

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

For the Year Ended June 30, 2016

| | Appropriation | Original and Final Budget | Actual |
|------------------------------|---------------|------------------------------|---------|
| REVENUES | | | |
| Property taxes | \$ 170,900 | \$ 170,563 | |
| Total revenues | 170,900 | 170,563 | |
| EXPENDITURES | | | |
| General government | | | |
| Social Security | \$ 250,000 | 178,398 | 157,437 |
| Total expenditures | \$ 250,000 | 178,398 | 157,437 |
| NET CHANGE IN FUND BALANCE | \$ (7,498) | 13,126 | |
| FUND BALANCE, JULY 1 | | 5,327 | |
| FUND BALANCE, JUNE 30 | | \$ 18,453 | |

(See independent auditor's report.)

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND**

For the Year Ended June 30, 2016

| | Appropriation | Original and Final Budget | Actual |
|--|----------------------|--------------------------------------|---------------|
| REVENUES | | | |
| None | \$ | - | \$ - |
| Total revenues | | - | - |
| EXPENDITURES | | | |
| Capital outlay | \$ 500,000 | 106,187 | - |
| Total expenditures | \$ 500,000 | 106,187 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | (106,187) | - |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 42,000 | 42,000 | 42,000 |
| Transfers (out) | - | (106,186) | (106,186) |
| Total other financing sources (uses) | 42,000 | (64,186) | (64,186) |
| NET CHANGE IN FUND BALANCE | \$ (64,187) | (64,186) | (64,186) |
| FUND BALANCE, JULY 1 | | 64,186 | 64,186 |
| FUND BALANCE, JUNE 30 | | \$ - | - |

SUPPLEMENTAL DATA

(See independent auditor's report.)

**GENEVA PUBLIC LIBRARY DISTRICT
GENEVA, ILLINOIS**

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

Last Seven Tax Levy Years

| Tax Levy Year | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| ASSESSED VALUATION | \$ 1,339,888,203 | \$ 1,303,483,714 | \$ 1,294,263,194 | \$ 1,342,374,844 | \$ 1,390,529,986 | \$ 1,474,583,812 | \$ 1,541,209,191 |
| | <u>Rate*</u> | <u>Rate*</u> | <u>Rate*</u> | <u>Rate*</u> | <u>Rate*</u> | <u>Rate*</u> | <u>Rate*</u> |
| TAX EXTENSIONS | | | | | | | |
| General | 0.3091 \$ 4,142,023 | 0.3119 \$ 4,066,204 | 0.3069 \$ 3,972,676 | 0.2734 \$ 3,670,013 | 0.2812 \$ 3,910,588 | 0.2601 \$ 3,835,217 | 0.2554 \$ 3,935,832 |
| Social Security | 0.0129 173,395 | 0.0131 170,900 | 0.0129 166,546 | 0.0127 170,012 | 0.0112 155,586 | 0.0113 166,495 | 0.0037 57,610 |
| IMRF | 0.0200 267,897 | 0.0202 263,669 | 0.0203 262,554 | 0.0195 262,005 | 0.0188 261,308 | 0.0174 256,076 | 0.0068 103,878 |
| Liability insurance | 0.0031 41,898 | 0.0034 43,953 | 0.0034 44,083 | 0.0029 38,902 | 0.0014 19,954 | 0.0028 41,878 | 0.0021 33,059 |
| Audit | 0.0008 10,719 | 0.0008 10,741 | 0.0008 9,798 | 0.0009 12,001 | 0.0003 3,796 | 0.0001 1,946 | 0.0005 7,567 |
| Building acquisition and Maintenance | 0.0044 59,424 | 0.0045 58,605 | 0.0039 50,942 | 0.0035 47,104 | 0.0033 45,888 | 0.0001 1,946 | 0.0011 17,000 |
| TOTAL TAX EXTENSIONS | 0.3503 \$ 4,695,356 | 0.3539 \$ 4,614,072 | 0.3482 \$ 4,506,599 | 0.3129 \$ 4,200,037 | 0.3162 \$ 4,397,120 | 0.2918 \$ 4,303,558 | 0.2696 \$ 4,154,946 |

A TAX COLLECTIONS
Year ended June 30, 2016
Cumulative through June 30, 2015

| | | | | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| TOTAL TAX COLLECTIONS | \$ 2,326,418 | \$ 2,248,857 | \$ - | \$ - |
| | <u>-</u> | <u>2,356,078</u> | <u>4,497,871</u> | <u>4,190,546</u> |
| TOTAL TAX COLLECTIONS | \$ 2,326,418 | \$ 4,604,935 | \$ 4,497,871 | \$ 4,190,546 |
| PERCENT COLLECTED | 49.55% | 99.80% | 99.81% | 99.77% |

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

APPENDIX B

FORM OF LEGAL OPINION

(See following page)

111 West Monroe Street
Chicago, Illinois 60603

T 312.845.3000
F 312.701.2361
www.chapman.com

July 20, 2017

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of The Board of Library Trustees of the Geneva Public Library District, Kane County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Library Bonds, Series 2017A (the “*Bonds*”), to the amount of \$9,415,000, dated July 20, 2017, due serially on December 30 of the years and in the amounts and bearing interest as follows:

| | | |
|------|-------------|-------|
| 2018 | \$1,000,000 | 3.00% |
| 2019 | 345,000 | 3.00% |
| 2020 | 355,000 | 3.00% |
| 2021 | 365,000 | 3.00% |
| 2022 | 375,000 | 3.00% |
| 2023 | 390,000 | 3.00% |
| 2024 | 400,000 | 3.00% |
| 2025 | 410,000 | 3.00% |
| 2026 | 425,000 | 4.00% |
| 2027 | 445,000 | 4.00% |
| 2028 | 465,000 | 4.00% |
| 2030 | 980,000 | 4.00% |
| 2032 | 1,065,000 | 4.00% |
| 2033 | 565,000 | 4.00% |
| 2034 | 585,000 | 3.40% |
| 2036 | 1,245,000 | 4.00% |

the Bonds due on December 30, 2030, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 30 of the years and in the principal amounts as follows:

| | |
|------|---------------------------|
| 2029 | \$480,000 |
| 2030 | 500,000 (stated maturity) |

the Bonds due on December 30, 2032, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 30 of the years and in the principal amounts as follows:

| | |
|------|---------------------------|
| 2031 | \$520,000 |
| 2032 | 545,000 (stated maturity) |

the Bonds due on December 30, 2036, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 30 of the years and in the principal amounts as follows:

| | |
|------|---------------------------|
| 2035 | \$610,000 |
| 2036 | 635,000 (stated maturity) |

and the Bonds due on or after December 30, 2026, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 30, 2025, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC.
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Bond Registrar, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Bond Registrar. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Bond Registrar's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

(See following page)

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the Geneva Public Library District, Kane County, Illinois (the “*District*”), in connection with the issuance of \$9,415,000 General Obligation Library Bonds, Series 2017A (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by The Board of Library Trustees of the District on the 25th day of May, 2017 (the “*Ordinance*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT; CERTIFICATIONS. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). This Agreement is prepared in compliance with paragraph (d)(2) of the Rule.

The District represents that:

(a) it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds; and

(b) at the time of the delivery of the Bonds to the Participating Underwriters, the District will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from the Rule pursuant to paragraph (d)(1) of the Rule.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Information means the financial information and operating data described in *Exhibit I*.

Financial Information Disclosure means the dissemination of disclosure concerning Financial Information as set forth in Section 4.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated June 27, 2017, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Financial Information at least annually to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally

prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The District shall give notice to EMMA in a timely manner if this Section is applicable.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District

shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

GENEVA PUBLIC LIBRARY DISTRICT,
KANE COUNTY, ILLINOIS

By _____
President, The Board of Library Trustees

Date: July 20, 2017

EXHIBIT I
FINANCIAL INFORMATION

“Financial Information” means the District’s annual audited financial statements prepared in accordance with auditing standards generally accepted in the United States of America. The Financial Information will be submitted to EMMA by 210 days after the last day of the District’s fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2017. If audited financial statements are not available when the Financial Information is required to be filed, the District will submit the Financial Information to EMMA within 30 days after availability to the District. There shall be specified the date as of which such information was prepared. All or a portion of the Financial Information may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH
REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

EXHIBIT III
CUSIP NUMBERS

| YEAR OF MATURITY | CUSIP NUMBER (372087) |
|---------------------|-----------------------------|
| 2018 | AT3 |
| 2019 | AU0 |
| 2020 | AV8 |
| 2021 | AW6 |
| 2022 | AX4 |
| 2023 | AY2 |
| 2024 | AZ9 |
| 2025 | BA3 |
| 2026 | BB1 |
| 2027 | BC9 |
| 2028 | BD7 |
| 2030 | BF2 |
| 2032 | BH8 |
| 2033 | BJ4 |
| 2034 | BK1 |
| 2036 | BM7 |