

NILES PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014



CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet and Statement of Net Position	6
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities	7
Notes to Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund – Schedule of Revenues and Expenditures – Estimated Receipts and Appropriation Compared to Actual	17
ADDITIONAL INFORMATION	
Other Funds – Combining Financial Statements	
Combining Balance Sheet	18
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances	19
General Property Tax Data	20



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Niles Public Library District
Niles, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Niles Public Library District as of and for the year ended June 30, 2014, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles Public Library District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 on pages 3 through 5 and 17 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 financial statements. The accompanying financial information, listed as Additional Information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

McClure, Ingersoll & Co., Chtd.

November 19, 2014

NILES PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2014. It is recommended that readers consider this information in conjunction with the financial statements as a whole.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the District's financial statements. The statements presented include a Governmental Funds Balance Sheet and Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities, and notes to the financial statements. The District qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column, on the face of the statements, which reconciles the fund based accounting to the government-wide statements.

Financial Highlights

The District's total net position as of June 30, 2014 and 2013 were \$23,280,439 and \$23,478,458, respectively. For the years ended June 30, 2014 and 2013, net position (decreased)/increased (\$198,019) and \$1,139,753, respectively. The term "net position" represents the difference between total assets and total liabilities/deferred inflows of resources. The net position of the District decreased in 2014 due to a reduction in the 2013 levy.

Financial Statements

The financial statements of the District are intended to provide the reader with an understanding of the financial position of the District as of the close of the fiscal year and the results of activities for the year then ended. The fund financial statements focus on current financial resources while government-wide financial statements are similar to a private-sector business.

The Governmental Funds Balance Sheet and Statement of Net Position provides information on the District's assets and liabilities/deferred inflows of resources. The difference between these two statements is that governmental fund balances represent current financial resources reporting and net position represents government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenses. Information is presented for each major fund or group of funds and shows any restrictions on the fund or net position.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities reflects the results of the District's revenues, expenditures and activities during the year and the corresponding effect on fund and net position balances. This statement shows the source of District revenues and how those revenues were used to provide Library services.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of a comparison of appropriation to actual revenues and expenditures.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The District's assets exceed liabilities/deferred inflows of resources by \$23,280,439 as of the close of the year. Of the Net Position balance, \$908,055 is restricted, \$9,435,467 is unrestricted and \$12,936,917 is invested in capital assets.

Condensed Statement of Net Position

	June 30,	
	<u>2014</u>	<u>2013</u>
Current Assets	\$ 11,007,108	\$ 13,899,796
Capital Assets, net of accumulated depreciation	<u>12,936,917</u>	<u>10,293,539</u>
Total Assets	<u>23,944,025</u>	<u>24,193,335</u>
Current Liabilities	302,797	540,441
Non-Current Liabilities	<u>360,789</u>	<u>174,436</u>
Total Liabilities	<u>663,586</u>	<u>714,877</u>
Net Position		
Invested in Capital Assets	12,936,917	10,293,539
Restricted	908,055	1,284,353
Unrestricted	<u>9,435,467</u>	<u>11,900,566</u>
Total Net Position	<u>\$ 23,280,439</u>	<u>\$ 23,478,458</u>

As displayed above, 46% of the District's assets are current and consist primarily of cash and receivables. The remainder is capital assets.

Condensed Statement of Activities

	For Years Ended June 30,	
	<u>2014</u>	<u>2013</u>
Revenues		
Property and Replacement Taxes	\$ 6,205,023	\$ 7,023,889
Interest Income	25,315	31,533
Grants	82,482	61,868
Fines, Fees and Other	<u>79,679</u>	<u>83,846</u>
Total Revenues	<u>6,392,499</u>	<u>7,201,136</u>
Expenses		
Personnel	3,523,832	3,204,749
Library Materials	288,244	278,155
Operating	628,473	689,698
Employee Fringe Benefits	698,751	558,828
Other	469,680	433,573
Depreciation and Loss on Disposal of Assets	949,193	817,165
Capital Outlay	14,484	48,438
Grants	17,861	13,182
Interest and Other Fees	<u>-</u>	<u>17,595</u>
Total Expenses	<u>6,590,518</u>	<u>6,061,383</u>
Increase (Decrease) in Net Position	(198,019)	1,139,753
Net Position, Beginning of Year	<u>23,478,458</u>	<u>22,338,705</u>
Net Position, End of Year	<u>\$ 23,280,439</u>	<u>\$ 23,478,458</u>

The following is a summary of changes in fund balances for the year ended June 30, 2014:

Governmental Funds	Fund Balance June 30, 2013	Increase (Decrease)	Fund Balance June 30, 2014
General	\$ 5,037,465	\$ 1,293,959	\$ 6,331,424
Special Reserve	3,862,166	(3,159,270)	702,896
Audit	52,926	(15,451)	37,475
Liability Insurance	260,872	(30,373)	230,499
Social Security	158,717	(61,238)	97,479
Workers' Compensation	76,343	(22,675)	53,668
Unemployment Compensation	49,783	(11,453)	38,330
Building Maintenance	550,887	(164,064)	386,823
	<u>\$ 10,049,159</u>	<u>\$ (2,170,565)</u>	<u>\$ 7,878,594</u>

During the year, no transfer was made from the General Fund to the Special Reserve Fund. The renovation of the Library was expended out of the Special Reserve Fund. Most of the Special Revenue funds are receiving a minimal levy.

Budgetary Highlights

The District's General Fund expended \$5,374,960, which was \$1,301,713 less than the appropriation of \$6,676,673. The appropriation sets the maximum spending limit for the fiscal year.

Capital Assets and Debt Administration

The following is a summary of capital assets, net of accumulated depreciation:

	June 30,	
	2014	2013
Land	\$ 943,374	\$ 943,374
Construction in Progress	-	2,349,300
Building and Additions	13,350,046	8,963,874
Furniture and Fixtures	1,255,480	734,858
Equipment	1,368,321	914,432
Vehicles	33,149	33,149
Library Collection	3,101,937	3,127,248
Cost of Capital Assets	20,052,307	17,066,235
Less Accumulated Depreciation	7,115,390	6,772,696
Net Capital Assets	<u>\$ 12,936,917</u>	<u>\$ 10,293,539</u>

The Library Collection includes adult and children's printed, audio and visual materials. Significant capital asset additions during the year included the building renovation, furniture, equipment and the library collection. Additional information regarding the District's capital assets can be found in Note 4 on page 14.

Description of Current or Expected Conditions

The District completed a \$5,500,000 building renovation project during the year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Interim Library Director, Niles Public Library District, 6960 Oakton Street, Niles, Illinois 60714.

BASIC FINANCIAL STATEMENTS

NILES PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET AND STATEMENT OF NET POSITION

JUNE 30, 2014

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET POSITION
ASSETS						
Cash and Investments	\$ 6,920,864	\$ 766,260	\$ 872,834	\$ 8,559,958	\$ -	\$ 8,559,958
Receivables						
Property Taxes, net	2,334,566	-	54,865	2,389,431	-	2,389,431
State Replacement Taxes	23,208	-	-	23,208	-	23,208
Prepaid Expenses	34,511	-	-	34,511	-	34,511
Capital Assets, net of accumulated depreciation	-	-	-	-	12,936,917	12,936,917
Total Assets	<u>\$ 9,313,149</u>	<u>\$ 766,260</u>	<u>\$ 927,699</u>	<u>\$ 11,007,108</u>	<u>12,936,917</u>	<u>23,944,025</u>
LIABILITIES						
Accounts Payable	\$ 158,047	\$ 63,364	\$ 19,644	\$ 241,055	-	241,055
Accrued Liabilities	61,742	-	-	61,742	-	61,742
Long-Term Liabilities						
Due within one year	-	-	-	-	315,289	315,289
Due after one year	-	-	-	-	45,500	45,500
Total Liabilities	219,789	63,364	19,644	302,797	360,789	663,586
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	2,761,936	-	63,781	2,825,717	(2,825,717)	-
Total Liabilities and Deferred Inflows of Resources	<u>2,981,725</u>	<u>63,364</u>	<u>83,425</u>	<u>3,128,514</u>	<u>(2,464,928)</u>	<u>663,586</u>
FUND BALANCES / NET POSITION						
Fund Balances						
Nonspendable Prepaid Expenses	34,511	-	-	34,511	(34,511)	-
Restricted for Statutory Purposes	-	-	844,274	844,274	(844,274)	-
Committed for Capital Projects	-	702,896	-	702,896	(702,896)	-
Unassigned	6,296,913	-	-	6,296,913	(6,296,913)	-
Total Fund Balances	<u>6,331,424</u>	<u>702,896</u>	<u>844,274</u>	<u>7,878,594</u>	<u>(7,878,594)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,313,149</u>	<u>\$ 766,260</u>	<u>\$ 927,699</u>	<u>\$ 11,007,108</u>		
Net Position						
Invested in Capital Assets					12,936,917	12,936,917
Restricted					908,055	908,055
Unrestricted					9,435,467	9,435,467
Total Net Position					<u>\$ 23,280,439</u>	<u>\$ 23,280,439</u>

The accompanying notes are an integral part of these financial statements.

NILES PUBLIC LIBRARY DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$ 6,285,857	\$ -	\$ 208,059	\$ 6,493,916	\$ (425,611)	\$ 6,068,305
State Replacement Taxes	136,718	-	-	136,718	-	136,718
Interest Income	25,315	-	-	25,315	-	25,315
Grants	141,350	-	-	141,350	(58,868)	82,482
Fines, Fees and Other	79,679	-	-	79,679	-	79,679
Total Revenues	<u>6,668,919</u>	<u>-</u>	<u>208,059</u>	<u>6,876,978</u>	<u>(484,479)</u>	<u>6,392,499</u>
EXPENDITURES / EXPENSES						
Current						
Personnel	3,337,479	-	-	3,337,479	186,353	3,523,832
Library Materials	642,421	-	-	642,421	(354,177)	288,244
Operating	628,473	-	-	628,473	-	628,473
Employee Fringe Benefits	698,751	-	-	698,751	-	698,751
Audit Fees	-	-	16,900	16,900	-	16,900
Liability Insurance	-	-	31,822	31,822	-	31,822
Social Security	-	-	263,501	263,501	-	263,501
Workers' Compensation Insurance	-	-	24,124	24,124	-	24,124
Unemployment Compensation Insurance	-	-	12,902	12,902	-	12,902
Building and Site	-	-	164,064	164,064	(43,633)	120,431
Depreciation	-	-	-	-	949,193	949,193
Capital Outlay	-	3,159,270	-	3,159,270	(3,144,786)	14,484
Grants	67,836	-	-	67,836	(49,975)	17,861
Total Expenditures / Expenses	<u>5,374,960</u>	<u>3,159,270</u>	<u>513,313</u>	<u>9,047,543</u>	<u>(2,457,025)</u>	<u>6,590,518</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,293,959	(3,159,270)	(305,254)	(2,170,565)	2,170,565	-
Change in Net Position	-	-	-	-	(198,019)	(198,019)
FUND BALANCES / NET POSITION						
Beginning of Year	<u>5,037,465</u>	<u>3,862,166</u>	<u>1,149,528</u>	<u>10,049,159</u>	<u>13,429,299</u>	<u>23,478,458</u>
End of Year	<u>\$ 6,331,424</u>	<u>\$ 702,896</u>	<u>\$ 844,274</u>	<u>\$ 7,878,594</u>	<u>\$ 15,401,845</u>	<u>\$ 23,280,439</u>

The accompanying notes are an integral part of these financial statements.

NILES PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Niles Public Library District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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's reporting entity includes all entities for which the District exercised oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the District has not included in its financial statements the activities of any other entity.

B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them. The Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are General and Special Reserve. Following is a description of major and non-major funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund Type - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the District are: Audit, Liability Insurance, Social Security, Workers' Compensation, Unemployment Compensation, and Building and Site.

Capital Projects Fund Type - The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital projects. The Capital Projects Fund of the District is the Special Reserve Fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements (the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District generally considers property taxes as available if they are collected within 60 days after year end. In recent years, Cook County has accelerated collections of taxes so that a substantial amount of property taxes receivable at year end are now collected within 60 days after year end. The District has not treated these funds as being available for the year ended June 30, 2014, since historically the second installment of the tax levy was received far beyond 60 days after year end and the District has designated the second installment for the subsequent year budget. As such, the entire property tax receivable at year end has been treated as deferred property taxes. Since the second installment is not deemed "available" at year end, it is accounted for as deferred property taxes. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, replacement taxes and investment income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue and Special Reserve Funds. All annual appropriations lapse at fiscal year end.

E. Cash and Investments

Cash includes amounts in demand and time deposits and certificates of deposit with one year or less maturity. Investments include amounts on deposit with The Illinois Funds, money market mutual funds, negotiable certificates of deposit, and U.S. Government agency securities.

Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ICLS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks which are insured by the Federal Deposit Insurance Corporation.

Investments are carried at cost which approximates fair market value.

F. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Furniture and Fixtures	20 years
Equipment	5 years
Vehicles	5 years
Library Collection	7 years

The minimum capitalization threshold is any item with a total cost greater than \$2,500, except for books and other library materials.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the government-wide statements.

H. Deferred Inflows of Resources

Effective for the year ended June 30, 2014, the District implemented GASB Statement 65 which pertains to a new classification of certain items previously reported as assets and liabilities. The District has only one type of item, under the modified accrual basis of accounting, which is affected by this change in classification; deferred property taxes. Deferred property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather deferred property taxes represent a future recognition of revenue, therefore are classified as deferred inflows of resources.

I. Interfund Transactions

Interfund transfers are reported as operating transfers.

J. Fund Equity

The District follows the reporting standards of GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates the authority;

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board of trustees establish (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of trustees through adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the District’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, or other comprehensive basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the District's deposits, excluding petty cash of \$400, was \$1,620,589 and the bank balance was \$1,580,326. All of the bank deposits were covered by federal depository insurance. Included in deposits are 8 certificates of deposits (CDs) with an interest rate of .35% and maturities ranging from twelve (12) to twenty-four (24) months at June 30, 2014. All of the CDs are held in the MaxSafe program administered by Barrington Bank and are invested in any one of the 15 banks in the Wintrust Financial Corporation.

Investments. At year-end, the District's investment balances were as follows:

INVESTMENT	WEIGHTED AVERAGE MATURITY (IN YEARS)	WEIGHTED AVERAGE RATE	COST	FAIR VALUE
Negotiable Certificates	3.25	1.23%	\$ 3,570,000	\$ 3,562,203
The Illinois Funds	-	-	1,339,095	1,339,095
Institutional Government Money Market Fund	-	-	1,055,298	1,055,298
Mutual Money Market	-	-	524,576	524,576
U.S. Government Agency Securities	5.0	1.5%	<u>450,000</u>	<u>450,770</u>
			<u>\$ 6,938,969</u>	<u>\$ 6,931,942</u>

Negotiable Certificates. The District has investments in negotiable certificates of deposit at various banks. Each certificate is a marketable security that can be actively traded. The

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

District has the ability and intent to hold each certificate to maturity. Each certificate is fully covered by federal depository insurance.

The Illinois Funds. A portion of the District's investments are in The Illinois Funds, which is an investment pool under the oversight of the State of Illinois Treasurer's Office. The monies invested by the individual participants are pooled together and invested in U.S.

Treasury bills, and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The funds are readily available to the District on demand which thereby reduces any interest rate risk to a negligible level. The Illinois Funds is an "AAAm" rated fund.

Institutional Money Market Fund. The District has investments in an institutional money market account. The fund invests in high-quality commercial paper and other money market securities.

NOTE 3 – PROPERTY TAX REVENUE RECOGNITION

The District's property tax was levied in November 2013 by passage of a Tax Levy Ordinance on all taxable real property located in the District. Property taxes, which are due within the current fiscal year and collected, are recorded as revenues.

The County Assessor is responsible for assessment of all taxable real property within Cook County (County) except for certain railroad property, which is assessed directly by the State. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the governmental units their respective share of the collections. Tax bills are to be issued on or around February 1 and July 1. Payment is due 30 days following the issuance date.

Property taxes for 2013 attached as an enforceable lien on property as of January 1, 2013. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received in March, July and August. The County of Cook collects such taxes and remits them periodically during the period of March 2014 through January 2015.

The second installment of the 2013 property tax levy is recorded as a receivable at June 30, 2014, net of estimated uncollectibles. The District has provided an allowance for uncollectible property taxes of \$189,706, equivalent to 3% of the current year's tax extension. All uncollected taxes relating to prior years' levies have been written off. The second installment is not deemed available as of June 30, 2014 and is therefore reflected as deferred revenue at June 30, 2014 in the funds balance sheet.

The second installment of the 2013 tax levy is deemed a financial resource in the government-wide statements and is therefore recognized as revenue on the Statement of Activities.

NOTE 4 – CAPITAL ASSETS

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

	Balance June 30, 2013	Additions/ Transfers	Retirements	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Construction in Progress	2,349,300	(2,349,300)	-	-
Total capital assets not being depreciated	3,292,674	(2,349,300)	-	943,374
Capital assets, being depreciated				
Building	1,556,979	-	-	1,556,979
Building Addition	7,406,895	4,386,172	-	11,793,067
Furniture and Fixtures	734,858	678,462	(157,840)	1,255,480
Equipment	914,432	523,060	(69,171)	1,368,321
Vehicles	33,149	-	-	33,149
Library Collection	3,127,248	354,177	(379,488)	3,101,937
Total capital assets being depreciated	13,773,561	5,941,871	(606,499)	19,108,933
Less accumulated depreciation for				
Building	(1,066,962)	(38,925)	-	(1,105,887)
Building Addition	(2,870,170)	(266,625)	-	(3,136,795)
Furniture and Fixtures	(379,927)	(91,820)	157,840	(313,907)
Equipment	(723,202)	(135,547)	69,171	(789,578)
Vehicles	(33,149)	-	-	(33,149)
Library Collection	(1,699,286)	(416,276)	379,488	(1,736,074)
Total accumulated depreciation	(6,772,696)	(949,193)	606,499	(7,115,390)
Total capital assets being depreciated, net	7,000,865	4,992,678	-	11,993,543
Capital assets, net	\$ 10,293,539	\$ 2,643,378	\$ -	\$ 12,936,917

NOTE 5 – LONG-TERM LIABILITIES

Retirement Benefit Obligation. On March 31, 2014, the Board offered a voluntary retirement incentive plan to all full-time employees who would have attained the age of 62 as of June 30, 2014. The agreements stated that the employees would be paid an amount based upon their years of employment and their employee grade (equivalent to their position level) on July 1, 2014 *or* receive 36 months of continued health care coverage starting July 1, 2014. The employees who signed the agreement, retired on June 30, 2014. Four employees agreed to the payout amount and one employee agreed to take the health care coverage. On July 1, 2014, an amount of \$135,825 was paid out. For the next twelve months, an amount of \$19,175, which is net of the employee portion, will be paid out in health care premiums. The long term portion of the health care coverage is \$45,500 which takes into account inflation and a discount for the present value of expected future benefit payments.

The voluntary retirement obligation is recognized as an expense and liability in the government-wide financial statements as of June 30, 2014. Expenditures associated with termination benefits are not recognized in the governmental funds until July 1, 2014, the date at which they begin to be paid out with expendable financial resources.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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

Liability	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Compensated Absences	\$ 174,436	\$ 160,289	\$ 174,436	\$ 160,289	\$ 160,289
Retirement Benefit	-	200,500	-	200,500	155,000
	<u>\$ 174,436</u>	<u>\$ 360,789</u>	<u>\$ 174,436</u>	<u>\$ 360,789</u>	<u>\$ 315,289</u>

NOTE 6 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees with one year of service, permits them to defer a portion of their salary until future years.

Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. An outside trustee holds all amounts of compensation in trust. The deferred compensation is not subject to the claims of the District's creditors.

Investments are managed by the plan's administrator under one of seven investment options, or combination thereof. The choice of the investment option(s) is made by the participants. The Library contributes seven percent of salaries for all full-time employees after one year of employment. For the year ended June 30, 2014, the District expended \$194,335 as contributions towards the deferred compensation plan.

NOTE 7 – 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; and natural disasters for which the District carries commercial insurance.

NOTE 8 – JOINTLY GOVERNED ORGANIZATION

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality formed by library members of the former North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement, or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2014 were \$91,172.

NOTE 9 – ADJUSTMENTS

Amounts reported in the statement of net position are different from the governmental fund balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 12,936,917
Accrued retirement benefits recognized in the statement of net position at the time of acceptance.	(200,500)
Accrued compensated absences are recognized in the statement of net position as they accrue.	(160,289)
The second installment of the tax levy is a financial resource in the statement of net position.	<u>2,825,717</u>
	<u>\$ 15,401,845</u>

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is \$2,643,378 (\$3,592,571 less \$949,193). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in a decrease in revenue of \$425,611. Reversing the Per Capita Receivable as in the statement of activities results in an decrease of revenue of \$58,868.

The change in accrued compensated absences results in an decrease of personnel expense of \$14,147 in the statement of activities. The expense related to the retirement benefit obligation results in an increase of personnel expense of \$200,500 in the statement of activities.

NOTE 10 - OPERATING LEASES

The District is committed under a lease with the School District for parking spaces and will expire in 2037. This lease is considered for accounting purposes to be an operating lease. Future minimum lease payments are as follows:

Years Ending June 30,	
2015	\$ 10,572
2016	10,572
2017	10,572
2018	10,572
2019	10,572
2020-2024	52,860
2025-2029	52,860
2030-2034	52,860
2035-2037	<u>31,716</u>
	<u>\$ 243,156</u>

Rent expense under the lease obligation was \$10,572 for the year ended June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

NILES PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
ESTIMATED RECEIPTS AND APPROPRIATION COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	APPROPRIATION		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 6,752,175	\$ 6,752,175	\$ 6,285,857	\$ (466,318)
State Replacement Taxes	100,000	100,000	136,718	36,718
Interest Income	20,000	20,000	25,315	5,315
Grants	55,000	55,000	141,350	86,350
Fines, Fees and Other	63,550	63,550	79,679	16,129
Total Revenues	6,990,725	6,990,725	6,668,919	(321,806)
PERSONNEL				
Administrator	127,138	127,138	125,754	1,384
Department Managers	276,118	276,118	259,775	16,343
Division Supervisors	654,434	654,434	586,564	67,870
Librarian I	1,281,807	1,281,807	1,147,820	133,987
Library Grade V	660,495	660,495	568,939	91,556
Library Grade VI	487,732	487,732	440,905	46,827
Library Pages	159,262	159,262	131,862	27,400
Sundays and Extra Service	104,500	104,500	75,860	28,640
Total Personnel	3,751,486	3,751,486	3,337,479	414,007
LIBRARY MATERIALS				
Main Library	792,840	792,840	642,421	150,419
Total Library Materials	792,840	792,840	642,421	150,419
OPERATING				
Main Library				
Processing and Service	426,574	426,574	282,668	143,906
Administrative and General Office	566,042	557,342	234,654	322,688
Utilities	200,000	200,000	108,507	91,493
	1,192,616	1,183,916	625,829	558,087
Vehicles	10,000	10,000	2,644	7,356
Total Operating	1,202,616	1,193,916	628,473	565,443
EMPLOYEE FRINGE BENEFITS				
Deferred Compensation	240,000	240,000	194,335	45,665
Group Health Insurance	471,434	471,434	389,824	81,610
Dental and Other	120,797	126,997	114,592	12,405
Total Employee Fringe Benefits	832,231	838,431	698,751	139,680
GRANTS				
Per Capita Grant	100,000	100,000	59,223	40,777
Other Grants	-	-	8,613	(8,613)
Total Grants	100,000	100,000	67,836	32,164
Total Expenditures	6,679,173	6,676,673	5,374,960	1,301,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 311,552	\$ 314,052	\$ 1,293,959	\$ 979,907

ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>AUDIT</u>	<u>LIABILITY INSURANCE</u>	<u>SOCIAL SECURITY</u>	<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
ASSETS							
Cash and Investments	\$ 37,117	\$ 230,141	\$ 107,827	\$ 53,310	\$ 37,972	\$ 406,467	\$ 872,834
Property Tax Receivable	523	523	52,773	523	523	-	54,865
Total Assets	<u>\$ 37,640</u>	<u>\$ 230,664</u>	<u>\$ 160,600</u>	<u>\$ 53,833</u>	<u>\$ 38,495</u>	<u>\$ 406,467</u>	<u>\$ 927,699</u>
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,644	\$ 19,644
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Tax Revenue	165	165	63,121	165	165	-	63,781
Total Liabilities and Deferred Inflows of Resources	<u>165</u>	<u>165</u>	<u>63,121</u>	<u>165</u>	<u>165</u>	<u>19,644</u>	<u>83,425</u>
FUND BALANCES							
Restricted for Statutory Purposes	37,475	230,499	97,479	53,668	38,330	386,823	844,274
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,640</u>	<u>\$ 230,664</u>	<u>\$ 160,600</u>	<u>\$ 53,833</u>	<u>\$ 38,495</u>	<u>\$ 406,467</u>	<u>\$ 927,699</u>

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>AUDIT</u>	<u>LIABILITY INSURANCE</u>	<u>SOCIAL SECURITY</u>	<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
REVENUES							
Property Taxes	\$ 1,449	\$ 1,449	\$ 202,263	\$ 1,449	\$ 1,449	\$ -	\$ 208,059
Total Revenues	<u>1,449</u>	<u>1,449</u>	<u>202,263</u>	<u>1,449</u>	<u>1,449</u>	<u>-</u>	<u>208,059</u>
EXPENDITURES							
Audit Fees	16,900	-	-	-	-	-	16,900
Liability Insurance	-	31,822	-	-	-	-	31,822
Social Security	-	-	263,501	-	-	-	263,501
Workers' Compensation Insurance	-	-	-	24,124	-	-	24,124
Unemployment Compensation Insurance	-	-	-	-	12,902	-	12,902
Building and Site	-	-	-	-	-	164,064	164,064
Total Expenditures	<u>16,900</u>	<u>31,822</u>	<u>263,501</u>	<u>24,124</u>	<u>12,902</u>	<u>164,064</u>	<u>513,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,451)	(30,373)	(61,238)	(22,675)	(11,453)	(164,064)	(305,254)
FUND BALANCES, Beginning of Year	<u>52,926</u>	<u>260,872</u>	<u>158,717</u>	<u>76,343</u>	<u>49,783</u>	<u>550,887</u>	<u>1,149,528</u>
FUND BALANCES, End of Year	<u>\$ 37,475</u>	<u>\$ 230,499</u>	<u>\$ 97,479</u>	<u>\$ 53,668</u>	<u>\$ 38,330</u>	<u>\$ 386,823</u>	<u>\$ 844,274</u>

NILES PUBLIC LIBRARY DISTRICT
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS

Levy Year	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$ 1,380,685,206</u>	<u>\$ 1,628,755,852</u>	<u>\$ 1,773,735,725</u>
TAX RATES			
General	0.4468	0.4207	0.3547
Audit	0.0001	0.0001	0.0011
Liability Insurance	0.0001	0.0001	0.0023
Social Security	0.0101	0.0178	0.0162
Worker's Compensation	0.0001	0.0001	0.0010
Unemployment Insurance	0.0001	0.0001	0.0010
Building and Site	0.0000	0.0000	0.0139
Debt Service	<u>0.0000</u>	<u>0.0000</u>	<u>0.0476</u>
Total	<u>0.4573</u>	<u>0.4389</u>	<u>0.4378</u>
TAX EXTENSIONS			
General	\$ 6,178,343	\$ 6,853,737	\$ 6,294,315
Audit	1,383	1,629	19,520
Liability Insurance	1,383	1,629	40,815
Social Security	139,663	289,985	287,476
Worker's Compensation	1,383	1,629	17,745
Unemployment Insurance	1,383	1,629	17,745
Building and Site	-	-	246,662
Debt Service	<u>-</u>	<u>-</u>	<u>844,684</u>
Total	<u>\$ 6,323,538</u>	<u>\$ 7,150,238</u>	<u>\$ 7,768,962</u>
COLLECTIONS TO JUNE 30, 2014			
General	\$ 3,657,789	\$ 6,585,953	\$ 6,067,470
Audit	819	1,565	18,816
Liability Insurance	819	1,565	39,343
Social Security	82,685	278,655	277,116
Worker's Compensation	819	1,565	17,106
Unemployment Insurance	819	1,565	17,106
Building and Site	-	-	237,772
Debt Service	<u>-</u>	<u>-</u>	<u>814,242</u>
Total	<u>\$ 3,743,750</u>	<u>\$ 6,870,868</u>	<u>\$ 7,488,971</u>
UNCOLLECTED TAXES			
General	\$ 2,520,554	\$ 267,784	\$ 226,845
Audit	564	64	704
Liability Insurance	564	64	1,472
Social Security	56,978	11,330	10,360
Worker's Compensation	564	64	639
Unemployment Insurance	564	64	639
Building and Site	-	-	8,890
Debt Service	<u>-</u>	<u>-</u>	<u>30,442</u>
Total	<u>\$ 2,579,788</u>	<u>\$ 279,370</u>	<u>\$ 279,991</u>