

NILES PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016



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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, 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 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, 2016, 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 basic 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated in all material respects, in relation to the financial statements as a whole.

McClure, Inserra & Co., Chtd.

November 16, 2016

NILES PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2016. 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, 2016 and 2015 were \$24,252,019 and \$23,568,306, respectively. For the years ended June 30, 2016 and 2015, net position increased \$683,713 and \$287,869, respectively. The term "net position" represents the difference between total assets and total liabilities/deferred inflows of resources.

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 estimated receipts and 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 \$24,252,019 as of the close of the year. Of the Net Position balance, \$459,454 is restricted, \$11,758,165 is unrestricted and \$12,034,400 is invested in capital assets.

Condensed Statement of Net Position

	June 30,	
	2016	2015
Current Assets	\$ 12,790,914	\$ 11,554,536
Capital Assets, net of accumulated depreciation	12,034,400	12,468,316
Total Assets	24,825,314	24,022,852
Current Liabilities	573,295	454,546
Total Liabilities	573,295	454,546
Net Position		
Net Investment in Capital Assets	12,034,400	12,468,316
Restricted	459,454	706,373
Unrestricted	11,758,165	10,393,617
Total Net Position	\$ 24,252,019	\$ 23,568,306

As displayed above, 52% 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,	
	2016	2015
Revenues		
Property and Replacement Taxes	\$ 6,795,886	\$ 5,968,685
Interest Income	98,358	66,735
Grants	45,157	73,925
Fines, Fees and Other	86,397	80,554
Total Revenues	7,025,798	6,189,899
Expenses		
Personnel	3,144,480	2,903,051
Library Materials	292,464	256,035
Operating	642,067	732,146
Employee Fringe Benefits	642,035	581,799
Other	491,141	407,516
Depreciation	945,116	958,140
Capital Outlay	148,580	10,456
Grants	36,202	52,887
Total Expenses	6,342,085	5,902,030
Increase (Decrease) in Net Position	683,713	287,869
Net Position, Beginning of Year	23,568,306	23,280,437
Net Position, End of Year	\$ 24,252,019	\$ 23,568,306

The following is a summary of changes in fund balances for the year ended June 30, 2016:

Governmental Funds	Fund Balance June 30, 2015	Increase (Decrease)	Fund Balance June 30, 2016
General	\$ 6,146,714	\$ 1,277,161	\$ 7,423,875
Special Reserve	1,807,974	(191,012)	1,616,962
Audit	21,334	(8,645)	12,689
Liability Insurance	206,721	(27,529)	179,192
Social Security	32,567	(18,241)	14,326
Workers' Compensation	30,147	(12,822)	17,325
Unemployment Compensation	26,230	(16,050)	10,180
Building Maintenance	291,525	(187,641)	103,884
	<u>\$ 8,563,212</u>	<u>\$ 815,221</u>	<u>\$ 9,378,433</u>

Budgetary Highlights

The District's General Fund expended \$5,183,055, which was \$5,859,291 less than the appropriation of \$11,042,346. The appropriation sets the maximum spending limit for the fiscal year.

Capital Assets

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

	June 30,	
	2016	2015
Land	\$ 943,374	\$ 943,374
Building and Additions	13,387,618	13,384,618
Furniture and Fixtures	1,260,445	1,260,445
Equipment	1,487,683	1,449,356
Vehicles	54,756	33,149
Library Collection	3,211,307	3,105,094
Cost of Capital Assets	20,345,183	20,176,036
Less Accumulated Depreciation	8,310,783	7,707,720
Net Capital Assets	<u>\$ 12,034,400</u>	<u>\$ 12,468,316</u>

The Library Collection includes adult and children's printed, audio and visual materials. Significant capital asset additions during the year included copier and computer equipment, a new van 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

Currently, management is not aware of any changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future.

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 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, 2016

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET POSITION
ASSETS						
Cash and Investments	\$ 7,335,148	\$ 1,687,230	\$ 335,748	\$ 9,358,126	\$ -	\$ 9,358,126
Receivables						
Property Taxes, net	3,244,733	-	136,711	3,381,444	-	3,381,444
State Replacement Taxes	24,226	-	-	24,226	-	24,226
Other Assets	27,118	-	-	27,118	-	27,118
Capital Assets, net of accumulated depreciation	-	-	-	-	12,034,400	12,034,400
Total Assets	<u>\$ 10,631,225</u>	<u>\$ 1,687,230</u>	<u>\$ 472,459</u>	<u>\$ 12,790,914</u>	<u>12,034,400</u>	<u>24,825,314</u>
LIABILITIES						
Accounts Payable	\$ 220,617	\$ 70,268	\$ 13,005	\$ 303,890	-	303,890
Accrued Liabilities	94,510	-	-	94,510	-	94,510
Compensated Absences Payable	-	-	-	-	174,895	174,895
Total Liabilities	315,127	70,268	13,005	398,400	174,895	573,295
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	2,892,223	-	121,858	3,014,081	(3,014,081)	-
Total Liabilities and Deferred Inflows of Resources	<u>3,207,350</u>	<u>70,268</u>	<u>134,863</u>	<u>3,412,481</u>	<u>(2,839,186)</u>	<u>573,295</u>
FUND BALANCES / NET POSITION						
Fund Balances						
Nonspendable Prepaid Expenses	3,414	-	-	3,414	(3,414)	-
Restricted for Statutory Purposes	-	-	337,596	337,596	(337,596)	-
Committed for Capital Projects	-	1,616,962	-	1,616,962	(1,616,962)	-
Unassigned	7,420,461	-	-	7,420,461	(7,420,461)	-
Total Fund Balances	<u>7,423,875</u>	<u>1,616,962</u>	<u>337,596</u>	<u>9,378,433</u>	<u>(9,378,433)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,631,225</u>	<u>\$ 1,687,230</u>	<u>\$ 472,459</u>	<u>\$ 12,790,914</u>		
Net Position						
Net Investment in Capital Assets					12,034,400	12,034,400
Restricted					459,454	459,454
Unrestricted					11,758,165	11,758,165
Total Net Position					<u>\$ 24,252,019</u>	<u>\$ 24,252,019</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, 2016

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$ 6,095,752	\$ -	\$ 244,263	\$ 6,340,015	\$ 321,319	\$ 6,661,334
State Replacement Taxes	134,552	-	-	134,552	-	134,552
Interest Income	98,358	-	-	98,358	-	98,358
Grants	45,157	-	-	45,157	-	45,157
Fines, Fees and Other	86,397	-	-	86,397	-	86,397
Total Revenues	6,460,216	-	244,263	6,704,479	321,319	7,025,798
EXPENDITURES / EXPENSES						
Current						
Personnel	3,125,568	-	-	3,125,568	18,912	3,144,480
Library Materials	709,619	-	-	709,619	(417,155)	292,464
Operating	642,067	-	-	642,067	-	642,067
Employee Fringe Benefits	642,035	-	-	642,035	-	642,035
Audit Fees	-	-	14,500	14,500	-	14,500
Liability Insurance	-	-	28,544	28,544	-	28,544
Social Security	-	-	243,995	243,995	-	243,995
Workers' Compensation Insurance	-	-	21,303	21,303	-	21,303
Unemployment Compensation Insurance	-	-	19,208	19,208	-	19,208
Building and Site	-	-	187,641	187,641	(24,050)	163,591
Depreciation	-	-	-	-	945,116	945,116
Capital Outlay	-	191,012	-	191,012	(42,432)	148,580
Grants	63,766	-	-	63,766	(27,564)	36,202
Total Expenditures / Expenses	5,183,055	191,012	515,191	5,889,258	452,827	6,342,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,277,161	(191,012)	(270,928)	815,221	(131,508)	-
Other Financing Sources (Uses)	-	-	-	-	-	-
Operating Transfers	-	-	-	-	-	-
Net Change in Fund Balances	1,277,161	(191,012)	(270,928)	815,221	(815,221)	-
Change in Net Position	-	-	-	-	683,713	683,713
FUND BALANCES / NET POSITION						
Beginning of Year	6,146,714	1,807,974	608,524	8,563,212	15,005,094	23,568,306
End of Year	\$ 7,423,875	\$ 1,616,962	\$ 337,596	\$ 9,378,433	\$ 14,873,586	\$ 24,252,019

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

NILES PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, 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. 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

Cash includes amounts in demand and time deposits and certificates of deposit with a five year or less maturity. Investments include amounts on deposit with The Illinois Funds, money market mutual funds, negotiable certificates of deposit, corporate and municipal bonds, 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), short term obligations of corporations organized in the United States with assets exceeding \$500,000, interest bearing bonds of governmental units, and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426.

Investments are carried at cost which approximates fair market value. The District plans to hold the investments to maturity.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District follows GASB Statement 65 which pertains to the 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 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. 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;
- 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

J. 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 \$90,304 and the bank balance was \$119,936. All of the bank deposits were covered by federal depository insurance.

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	2.14	1.44%	\$ 5,870,000	\$ 5,938,317
Institutional Government Money Market Fund	-	.15%	1,536,542	1,536,542
U.S. Government Agency Securities	3.67	1.27%	1,300,000	1,301,602
The Illinois Funds	-	.36%	60,880	60,880
Corporate Bonds	0.13	5.78%	250,000	251,007
Municipal Bonds	3.00	2.16%	<u>250,000</u>	<u>256,595</u>
			<u>\$ 9,267,422</u>	<u>\$ 9,344,943</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 District has the ability and intent to hold each certificate to maturity. Each certificate is fully covered by federal depository insurance.

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.

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 Illinois Funds complies with Illinois law and is limited to the following: Direct United States Treasury obligations and issues of United States Agencies or Instrumentalities, agreements to repurchase United States Treasury obligations and issues of United States Agencies or Instrumentalities, Commercial Paper rated A1, P1 or equivalent, and AAA rated Money Market Funds.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Corporate Bond. The District has an investment in a corporate bond. Illinois state law limits investments in corporate debt to the top three ratings issued by at least two nationally recognized statistical rating organizations that mature not later than 270 days from the date of purchase. The District has no investment policy that would further limit its investment choices. As of June 30, 2016, the District's corporate bond is rated Prime-2 by Moody's Investors Service and A-3 by Standard & Poor's, which is in compliance with the District's policy.

Municipal Bond. The District has an investment in a municipal bond. Illinois state law requires that the bonds be rated at the time of purchase within the four highest general classifications issued by at least two nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2016, the District's municipal bond is rated Aa by Moody's Investor Service and AA by Standard & Poor's, which is in compliance with the District's policy.

NOTE 3 – PROPERTY TAX REVENUE RECOGNITION

The District's property tax was levied in November 2015 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 2015 attached as an enforceable lien on property as of January 1, 2015. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received in February, March, July and August. The County collects such taxes and remits them periodically during the period of March 2016 through January 2017.

The second installment of the 2015 property tax levy is recorded as a receivable at June 30, 2016, net of estimated uncollectibles. The District has provided an allowance for uncollectible property taxes of \$276,801, equivalent to 4% 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, 2016 and is therefore reflected as deferred property taxes at June 30, 2016 in the funds balance sheet.

The second installment of the 2015 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, 2015	Additions/ Transfers	Retirements	Balance June 30, 2016
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Capital assets, being depreciated				
Building	1,556,979	-	-	1,556,979
Building Addition	11,827,639	3,000	-	11,830,639
Furniture and Fixtures	1,260,445	-	-	1,260,445
Equipment	1,449,356	53,421	(15,094)	1,487,683
Vehicles	33,149	21,607	-	54,756
Library Collection	3,105,094	433,172	(326,959)	3,211,307
Total capital assets being depreciated	<u>19,232,662</u>	<u>511,200</u>	<u>(342,053)</u>	<u>19,401,809</u>
Less accumulated depreciation for				
Building	(1,144,812)	(38,925)	-	(1,183,737)
Building Addition	(3,431,843)	(295,940)	-	(3,727,783)
Furniture and Fixtures	(369,165)	(55,382)	-	(424,547)
Equipment	(954,537)	(156,681)	15,094	(1,096,124)
Vehicles	(33,149)	-	-	(33,149)
Library Collection	(1,774,214)	(398,188)	326,959	(1,845,443)
Total accumulated depreciation	<u>(7,707,720)</u>	<u>(945,116)</u>	<u>342,053</u>	<u>(8,310,783)</u>
Total capital assets being depreciated, net	<u>11,524,942</u>	<u>(433,916)</u>	<u>-</u>	<u>11,091,026</u>
Capital assets, net	<u>\$ 12,468,316</u>	<u>\$ (433,916)</u>	<u>\$ -</u>	<u>\$ 12,034,400</u>

NOTE 5 – 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. Expenditures associated with termination benefits were recognized in the governmental funds beginning July 1, 2014, the date at which they were payable with expendable financial resources. The only portion of the obligation that is remaining is the health care coverage. For the year ended June 30, 2016, an amount of \$19,904, which is net of the employee portion, was paid out in health care premiums. The remaining portion of the health care coverage is estimated to be a maximum liability of approximately \$25,000 which takes into account inflation and a discount for the present value of expected future benefit payments and is classified as an accrued liability in the general fund.

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

NOTE 6 – DEFERRED COMPENSATION PLAN (Continued)

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, 2016, the District expended \$163,803 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. Settlements did not exceed coverage during the year.

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, 2016 were \$95,463.

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.	\$ 12,034,400
Accrued compensated absences are recognized in the statement of net position as they accrue.	(174,895)
The second installment of the tax levy is a financial resource in the statement of net position.	<u>3,014,081</u>
	<u>\$ 14,873,586</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 depreciation exceeded capital outlays is \$433,916 (\$945,116 less \$511,200). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in an increase in revenue of \$321,319.

The change in accrued compensated absences results in an increase of personnel expense of \$18,912 in the statement of activities.

NOTE 10 - OPERATING LEASES

The District is committed under a lease with the School District for parking spaces that 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,	
2017	\$ 10,572
2018	10,572
2019	10,572
2020	10,572
2021	10,572
2022-2026	52,860
2027-2031	52,860
2032-2036	52,860
2037	<u>10,572</u>
	<u>\$ 222,012</u>

Rent expense under the lease obligation was \$10,572 for the year ended June 30, 2016.

NOTE 11 – SUBSEQUENT EVENT

On August 1, 2016, the District began participation in the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. It is a defined benefit pension plan available to all employees who work 1000 or more hours in a year. State statutes require employee members to contribute 4.5% of their salary and employers must contribute an amount necessary to finance the retirement coverage of its own employees. The net pension obligation will be evaluated at December 31, 2016, and could range from \$800,000 to \$3,000,000.

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, 2016

	ORIGINAL AND FINAL BUDGET AND APPROPRIATION	ACTUAL	VARIANCE
REVENUES			
Property Taxes	\$ 5,708,747	\$ 6,095,752	\$ 387,005
State Replacement Taxes	140,000	134,552	(5,448)
Interest Income	60,000	98,358	38,358
Grants	72,605	45,157	(27,448)
Fines, Fees and Other	80,250	86,397	6,147
	<u>6,061,602</u>	<u>6,460,216</u>	<u>398,614</u>
PERSONNEL			
Administrator	244,822	122,000	122,822
Department Managers	354,472	168,059	186,413
Division Supervisors	867,714	410,131	457,583
Librarian I	2,330,220	1,171,556	1,158,664
Library Grade V	1,466,824	708,014	758,810
Library Grade VI	665,020	319,494	345,526
Library Pages	244,652	125,104	119,548
Sundays and Extra Service	200,000	101,210	98,790
Retirement Incentive Program	-	-	-
	<u>6,373,724</u>	<u>3,125,568</u>	<u>3,248,156</u>
LIBRARY MATERIALS			
Main Library	1,475,000	709,619	765,381
	<u>1,475,000</u>	<u>709,619</u>	<u>765,381</u>
OPERATING			
Main Library			
Processing and Service	696,746	285,963	410,783
Administrative and General Office	742,596	242,697	499,899
Utilities	246,000	109,122	136,878
	<u>1,685,342</u>	<u>637,782</u>	<u>1,047,560</u>
Vehicles	8,670	4,285	4,385
	<u>1,694,012</u>	<u>642,067</u>	<u>1,051,945</u>
EMPLOYEE FRINGE BENEFITS			
Deferred Compensation	350,000	163,803	186,197
Group Health Insurance	780,000	398,962	381,038
Dental and Other	224,400	79,270	145,130
	<u>1,354,400</u>	<u>642,035</u>	<u>712,365</u>
GRANTS			
Per Capita Grant	145,210	62,766	82,444
Other Grants	-	1,000	(1,000)
	<u>145,210</u>	<u>63,766</u>	<u>81,444</u>
Total Expenditures	<u>11,042,346</u>	<u>5,183,055</u>	<u>5,859,291</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (4,980,744)</u>	<u>\$ 1,277,161</u>	<u>\$ 6,257,905</u>

ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2016

	<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	\$ 12,115	\$ 179,121	\$ 1,195	\$ 16,535	\$ 9,893	\$ 116,889	\$ 335,748
Property Tax Receivable	5,284	660	120,860	7,265	2,642	-	136,711
Total Assets	<u>\$ 17,399</u>	<u>\$ 179,781</u>	<u>\$ 122,055</u>	<u>\$ 23,800</u>	<u>\$ 12,535</u>	<u>\$ 116,889</u>	<u>\$ 472,459</u>
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,005	\$ 13,005
Accrued Liabilities	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	13,005	13,005
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Tax Revenue	4,710	589	107,729	6,475	2,355	-	121,858
Total Liabilities and Deferred Inflows of Resources	<u>4,710</u>	<u>589</u>	<u>107,729</u>	<u>6,475</u>	<u>2,355</u>	<u>13,005</u>	<u>134,863</u>
FUND BALANCES							
Restricted for Statutory Purposes	12,689	179,192	14,326	17,325	10,180	103,884	337,596
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,399</u>	<u>\$ 179,781</u>	<u>\$ 122,055</u>	<u>\$ 23,800</u>	<u>\$ 12,535</u>	<u>\$ 116,889</u>	<u>\$ 472,459</u>

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2016

	<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	\$ 5,855	\$ 1,015	\$ 225,754	\$ 8,481	\$ 3,158	\$ -	\$ 244,263
Total Revenues	<u>5,855</u>	<u>1,015</u>	<u>225,754</u>	<u>8,481</u>	<u>3,158</u>	<u>-</u>	<u>244,263</u>
EXPENDITURES							
Audit Fees	14,500	-	-	-	-	-	14,500
Liability Insurance	-	28,544	-	-	-	-	28,544
Social Security	-	-	243,995	-	-	-	243,995
Workers' Compensation Insurance	-	-	-	21,303	-	-	21,303
Unemployment Compensation Insurance	-	-	-	-	19,208	-	19,208
Building and Site	-	-	-	-	-	187,641	187,641
Total Expenditures	<u>14,500</u>	<u>28,544</u>	<u>243,995</u>	<u>21,303</u>	<u>19,208</u>	<u>187,641</u>	<u>515,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,645)	(27,529)	(18,241)	(12,822)	(16,050)	(187,641)	(270,928)
FUND BALANCES, Beginning of Year	<u>21,334</u>	<u>206,721</u>	<u>32,567</u>	<u>30,147</u>	<u>26,230</u>	<u>291,525</u>	<u>608,524</u>
FUND BALANCES, End of Year	<u>\$ 12,689</u>	<u>\$ 179,192</u>	<u>\$ 14,326</u>	<u>\$ 17,325</u>	<u>\$ 10,180</u>	<u>\$ 103,884</u>	<u>\$ 337,596</u>

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

Levy Year	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$ 1,351,690,393</u>	<u>\$ 1,402,491,702</u>	<u>\$ 1,380,685,206</u>
TAX RATES			
General	0.4913	0.4190	0.4468
Audit	0.0008	0.0001	0.0001
Liability Insurance	0.0001	0.0001	0.0001
Social Security	0.0183	0.0154	0.0101
Worker's Compensation	0.0011	0.0001	0.0001
Unemployment Insurance	<u>0.0004</u>	<u>0.0001</u>	<u>0.0001</u>
Total	<u>0.5120</u>	<u>0.4348</u>	<u>0.4573</u>
TAX EXTENSIONS			
General	\$ 6,640,253	\$ 5,879,143	\$ 6,178,343
Audit	10,813	1,403	1,383
Liability Insurance	1,352	1,403	1,383
Social Security	247,337	216,083	139,663
Worker's Compensation	14,867	1,403	1,383
Unemployment Insurance	<u>5,406</u>	<u>1,403</u>	<u>1,383</u>
Total	<u>\$ 6,920,028</u>	<u>\$ 6,100,838</u>	<u>\$ 6,323,538</u>
COLLECTIONS TO JUNE 30, 2016			
General	\$ 3,482,421	\$ 5,661,441	\$ 5,958,076
Audit	5,671	1,351	1,333
Liability Insurance	709	1,351	1,334
Social Security and Medicare	129,713	208,082	134,683
Worker's Compensation	7,797	1,351	1,334
Unemployment Insurance	<u>2,835</u>	<u>1,351</u>	<u>1,334</u>
Total	<u>\$ 3,629,146</u> *	<u>\$ 5,874,927</u>	<u>\$ 6,098,094</u>
UNCOLLECTED TAXES			
General	\$ 3,157,832	\$ 217,702	\$ 220,267
Audit	5,142	52	50
Liability Insurance	643	52	49
Social Security	117,624	8,001	4,980
Worker's Compensation	7,070	52	49
Unemployment Insurance	<u>2,571</u>	<u>52</u>	<u>49</u>
Total	<u>\$ 3,290,882</u>	<u>\$ 225,911</u>	<u>\$ 225,444</u>

* 2015 collections represent the first installment only.