

**NILES PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**



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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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Niles Public Library District's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Niles Public Library District as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 2 through 4 and 16 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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, Inserra & Co., Chtd.*

November 14, 2012

NILES PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2012. 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 Assets, 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 policies to the government-wide statements.

**Financial Highlights**

The District's total net assets as of June 30, 2012 and 2011 were \$22,338,705 and \$20,533,557, respectively. For the years ended June 30, 2012 and 2011, net assets increased \$1,805,148 and \$1,821,053, respectively, as revenues exceeded expenses. The term "net assets" represents the difference between total assets and total liabilities. The increase in revenue is primarily the result of property tax growth and conservative spending.

**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 Assets provides information on the District's assets and liabilities. The difference between these two represents governmental fund balances for the current financial resources reporting and net assets for the government-wide reporting. Increases in fund balances and net assets 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 assets.

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 asset 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 Assets may serve, over time, as a useful indicator of a government's financial position. The District's assets exceed liabilities by \$22,338,705 as of the close of the year. Of the Net Asset balance, \$2,353,802 is restricted, \$12,300,775 is unrestricted and \$7,684,128 is invested in capital assets net of related debt.

**Condensed Statement of Net Assets**

	June 30,	
	2012	2011
Current and Other Assets	\$ 15,136,796	\$ 15,829,449
Capital Assets, net of accumulated depreciation	8,377,033	8,544,075
<b>Total Assets</b>	<b>23,513,829</b>	<b>24,373,524</b>
Current Liabilities	479,318	426,073
Non-Current Liabilities	695,806	3,413,894
<b>Total Liabilities</b>	<b>1,175,124</b>	<b>3,839,967</b>
Net Assets		
Invested in Capital Assets, net of related debt	7,684,128	5,160,938
Restricted	2,353,802	2,720,415
Unrestricted	12,300,775	12,652,204
<b>Total Net Assets</b>	<b>\$ 22,338,705</b>	<b>\$ 20,533,557</b>

As displayed above, 64% of the District's assets are current and consist primarily of cash and receivables. The remainder is capital assets. 59% of the liabilities are non-current and represent debt of the District.

**Condensed Statement of Activities**

	For Years Ended June 30,	
	2012	2011
Revenues		
Property and Replacement Taxes	\$ 7,769,983	\$ 7,413,687
Interest Income	39,065	55,383
Grants	70,622	63,842
Fines, Fees and Other	89,317	96,064
<b>Total Revenues</b>	<b>7,968,987</b>	<b>7,628,976</b>
Expenses		
Personnel	3,098,095	3,018,850
Operating	721,305	689,740
Employee Fringe Benefits	554,066	501,216
Other	671,126	597,042
Depreciation	781,621	790,717
Capital Outlay	168,980	33,468
Interest and Other Fees	168,646	176,890
<b>Total Expenses</b>	<b>6,163,839</b>	<b>5,807,923</b>
<b>Increase in Net Assets</b>	<b>1,805,148</b>	<b>1,821,053</b>
Net Assets, Beginning of Year	20,533,557	18,712,504
<b>Net Assets, End of Year</b>	<b>\$ 22,338,705</b>	<b>\$ 20,533,557</b>

The following is a summary of changes in fund balances for the year ended June 30, 2012:

Governmental Funds	Fund Balance June 30, 2011	Increase (Decrease)	Fund Balance June 30, 2012
General	\$ 5,598,914	\$ 56,605	\$ 5,655,519
Special Reserve	4,294,607	(372,803)	3,921,804
Debt Service	975,610	(556,819)	418,791
Audit	53,166	5,084	58,250
Liability Insurance	256,693	14,954	271,647
Social Security	91,590	40,745	132,335
Workers' Compensation	85,900	(502)	85,398
Unemployment Compensation	50,380	4,025	54,405
Building Maintenance	527,728	131,441	659,169
	<u>\$ 11,934,588</u>	<u>\$ (677,270)</u>	<u>\$ 11,257,318</u>

During the year, \$1,464,104 was transferred from the General Fund to the Debt Service Fund.

### Budgetary Highlights

The District's General Fund expended \$4,990,544, which was \$3,284,456 less than the appropriation of \$8,275,000. 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,	
	2012	2011
Land	\$ 943,374	\$ 943,374
Construction in Progress	88,000	-
Building and Addition	8,963,874	8,963,874
Furniture and Fixtures	922,834	925,258
Equipment	879,155	806,679
Vehicles	33,149	33,149
Library Collection	3,175,781	3,751,671
Cost of Capital Assets	15,006,167	15,424,005
Less Accumulated Depreciation	6,629,134	6,879,930
Net Capital Assets	<u>\$ 8,377,033</u>	<u>\$ 8,544,075</u>

The Library Collection includes adult and children's printed, audio and visual materials. Significant capital asset additions during the year were library materials, computers and servers, furniture and architect fees. General obligation debt principal of \$2,775,000 was retired during the year. Additional information regarding the District's capital assets can be found in Note 4 on page 13 and the District's debt in Note 5 on pages 13 and 14.

### Description of Current or Expected Conditions

The District is preparing for a building renovation project in the upcoming fiscal year. The project is expected to be completed by December 2013.

### 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 ASSETS

JUNE 30, 2012

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET ASSETS
<b>ASSETS</b>							
Cash and Investments	\$ 5,849,190	\$ 3,984,228	\$ 416,660	\$ 1,292,671	\$ 11,542,749	\$ -	\$ 11,542,749
Receivables							
Property Taxes, net	2,885,011	-	387,162	288,745	3,560,918	-	3,560,918
State Replacement Taxes	24,126	-	-	-	24,126	-	24,126
Interest	417	316	72	79	884	-	884
Prepaid Expenses	5,218	-	-	-	5,218	-	5,218
Other Assets	-	-	-	-	-	2,901	2,901
Capital Assets, net of accumulated depreciation	-	-	-	-	-	8,377,033	8,377,033
<b>Total Assets</b>	<b>\$ 8,763,962</b>	<b>\$ 3,984,544</b>	<b>\$ 803,894</b>	<b>\$ 1,581,495</b>	<b>\$ 15,133,895</b>	<b>8,379,934</b>	<b>23,513,829</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 163,819	\$ 62,740	\$ (2,059)	\$ 31,546	\$ 256,046	-	256,046
Accrued Liabilities	59,613	-	-	-	59,613	-	59,613
Accrued Interest Payable	-	-	-	-	-	2,100	2,100
Deferred Property Tax Revenue	2,885,011	-	387,162	288,745	3,560,918	(3,560,918)	-
Compensated Absences	-	-	-	-	-	161,559	161,559
Long-Term Liabilities							
Due within one year	-	-	-	-	-	695,806	695,806
<b>Total Liabilities</b>	<b>3,108,443</b>	<b>62,740</b>	<b>385,103</b>	<b>320,291</b>	<b>3,876,577</b>	<b>(2,701,453)</b>	<b>1,175,124</b>
<b>FUND BALANCES / NET ASSETS</b>							
<b>Fund Balances</b>							
Nonspendable Prepaid Expenses	5,218	-	-	-	5,218	(5,218)	-
Restricted for Statutory Purposes	-	-	418,791	1,261,204	1,679,995	(1,679,995)	-
Committed for Capital Projects	-	3,921,804	-	-	3,921,804	(3,921,804)	-
Unassigned	5,650,301	-	-	-	5,650,301	(5,650,301)	-
<b>Total Fund Balances</b>	<b>5,655,519</b>	<b>3,921,804</b>	<b>418,791</b>	<b>1,261,204</b>	<b>11,257,318</b>	<b>(11,257,318)</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,763,962</b>	<b>\$ 3,984,544</b>	<b>\$ 803,894</b>	<b>\$ 1,581,495</b>	<b>\$ 15,133,895</b>		
<b>Net Assets</b>							
Invested in Capital Assets, net of related debt						7,684,128	7,684,128
Restricted						2,353,802	2,353,802
Unrestricted						12,300,775	12,300,775
<b>Total Net Assets</b>						<b>\$ 22,338,705</b>	<b>\$ 22,338,705</b>

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, 2012

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 6,199,499	\$ -	\$ 845,306	\$ 625,531	\$ 7,670,336	\$ (32,626)	\$ 7,637,710
State Replacement Taxes	132,273	-	-	-	132,273	-	132,273
Interest Income	19,542	13,668	1,543	4,312	39,065	-	39,065
Grants	70,622	-	-	-	70,622	-	70,622
Fines, Fees and Other	89,317	-	-	-	89,317	-	89,317
Total Revenues	<u>6,511,253</u>	<u>13,668</u>	<u>846,849</u>	<u>629,843</u>	<u>8,001,613</u>	<u>(32,626)</u>	<u>7,968,987</u>
<b>EXPENDITURES / EXPENSES</b>							
<b>Current</b>							
Personnel	3,081,055	-	-	-	3,081,055	17,040	3,098,095
Library Materials	634,118	-	-	-	634,118	(397,088)	237,030
Operating	721,305	-	-	-	721,305	-	721,305
Employee Fringe Benefits	554,066	-	-	-	554,066	-	554,066
Audit Fees	-	-	-	14,772	14,772	-	14,772
Liability Insurance	-	-	-	29,055	29,055	-	29,055
Social Security	-	-	-	243,178	243,178	-	243,178
Workers' Compensation Insurance	-	-	-	19,449	19,449	-	19,449
Unemployment Compensation Insurance	-	-	-	13,980	13,980	-	13,980
Building and Site	-	-	-	113,662	113,662	-	113,662
Depreciation	-	-	-	-	-	781,621	781,621
Capital Outlay	-	386,471	-	-	386,471	(217,491)	168,980
<b>Debt Service</b>							
Bond Principal	-	-	2,775,000	-	2,775,000	(2,775,000)	-
Bond Interest	-	-	87,156	-	87,156	48,018	135,174
Bond Issuance Costs	-	-	5,616	-	5,616	27,856	33,472
Total Expenditures / Expenses	<u>4,990,544</u>	<u>386,471</u>	<u>2,867,772</u>	<u>434,096</u>	<u>8,678,883</u>	<u>(2,515,044)</u>	<u>6,163,839</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,520,709	(372,803)	(2,020,923)	195,747	(677,270)	2,482,418	-
<b>Other Financing Sources (Uses)</b>							
Operating Transfer	<u>(1,464,104)</u>	-	<u>1,464,104</u>	-	-	-	-
Net Change in Fund Balances	56,605	(372,803)	(556,819)	195,747	(677,270)	677,270	-
Change in Net Assets	-	-	-	-	-	1,805,148	1,805,148
<b>FUND BALANCES / NET ASSETS</b>							
Beginning of Year	<u>5,598,914</u>	<u>4,294,607</u>	<u>975,610</u>	<u>1,065,457</u>	<u>11,934,588</u>	<u>8,598,969</u>	<u>20,533,557</u>
End of Year	<u>\$ 5,655,519</u>	<u>\$ 3,921,804</u>	<u>\$ 418,791</u>	<u>\$ 1,261,204</u>	<u>\$ 11,257,318</u>	<u>\$ 11,081,387</u>	<u>\$ 22,338,705</u>

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

NILES PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 Assets 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, Special Reserve and Debt Service. 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.

Debt Service Fund Type - The Debt Service Fund is used to account for the servicing of the general long-term debt incurred by the 2003 general obligation bond issue.

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 Assets 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 considers property taxes as available if they are collected within 60 days after year end. For the 2011 property tax levy, 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, 2012, since historically the second installment of the tax levy is 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 revenue. Since the second installment is not deemed "available" at year end, it is accounted for as deferred revenue. 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 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 other governmental 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 fair value with unrealized gains and losses being recorded in the statement of revenues, expenditures and changes in fund balances.

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 assets. 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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

#### 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. Interfund Transactions

Interfund transfers are reported as operating transfers.

#### I. Fund Equity

Beginning with fiscal year 2011, the District implemented 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

J. Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and defeased interest are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and defeased interest. Bond issuance costs are reported as other assets and amortized on a straight-line basis over the term of the related debt.

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 \$200, was \$2,447,383 and the bank balance was \$2,530,425. Of the bank balance, \$2,529,801 was covered by federal depository insurance and \$624 was uncollateralized and uninsured.

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

INVESTMENT	WEIGHTED AVERAGE MATURITY (IN MONTHS)	WEIGHTED AVERAGE RATE	COST	FAIR VALUE
Negotiable Certificates	5	.0035%	\$ 350,000	\$ 350,319
The Illinois Funds	-	-	4,537,089	4,537,089
Stone Castle Management Federally Insured Cash Account	-	-	2,916,601	2,916,601
Institutional Government Money Market Fund	-	-	1,291,157	1,291,157
			<u>\$ 9,094,847</u>	<u>\$ 9,095,166</u>

## NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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.

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.

Stone Castle Cash Management Federally Insured Cash Account. A portion of the District's investments are in federally insured cash accounts managed by Stone Castle Cash Management. Investments are in accounts maintained within FDIC limits. This investment is unrated.

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 2011 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 September 1. Payment is due 30 days following the issuance date.

Property taxes for 2011 attached as an enforceable lien on property as of January 1, 2011. Taxes are payable in two installments on or around March 1 and August 1 (formerly November 1). As such, significant tax monies are received in March, July and August (formerly November and December). The County of Cook collects such taxes and remits them periodically during the period of March 2012 through January 2013.

The second installment of the 2011 property tax levy is recorded as a receivable at June 30, 2012, net of estimated uncollectibles. The District has provided an allowance for uncollectible property taxes of \$233,069, 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, 2012 and is therefore reflected as deferred revenue at June 30, 2012 in the funds balance sheet.

NOTE 4 – CAPITAL ASSETS

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

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Construction in Progress	-	88,000	-	88,000
Total capital assets not being depreciated	943,374	88,000	-	1,031,374
Capital assets, being depreciated				
Building	1,556,979		-	1,556,979
Building Addition	7,406,895	-	-	7,406,895
Furniture and Fixtures	925,258	12,962	(15,386)	922,834
Equipment	806,679	116,529	(44,053)	879,155
Vehicles	33,149	-	-	33,149
Library Collection	3,751,671	397,088	(972,978)	3,175,781
Total capital assets being depreciated	14,480,631	526,579	(1,032,417)	13,974,793
Less accumulated depreciation for				
Building	(989,112)	(38,925)	-	(1,028,037)
Building Addition	(2,499,824)	(185,173)	-	(2,684,997)
Furniture and Fixtures	(569,597)	(26,049)	15,386	(580,260)
Equipment	(585,454)	(91,405)	44,053	(632,806)
Vehicles	(31,432)	(1,717)	-	(33,149)
Library Collection	(2,204,511)	(438,352)	972,978	(1,669,885)
Total accumulated depreciation	(6,879,930)	(781,621)	1,032,417	(6,629,134)
Total capital assets being depreciated, net	7,600,701	(255,042)	-	7,345,659
Capital assets, net	\$ 8,544,075	\$ (167,042)	\$ -	\$ 8,377,033

NOTE 5 – LONG-TERM DEBT

General Obligation Bonds. The District issued a general obligation bond to refund prior general obligation bonds.

Long-term debt consists of the following general obligation library bonds:

	Balance July 1, 2011	Reductions	Balance June 30, 2012	Amounts Due In One Year
\$5,160,000 thirteen-year refunding serial bonds dated February 27, 2003 with a remaining interest rate of 3.6%	\$ 3,475,000	\$ (2,775,000)	\$ 700,000	\$ 700,000
Plus (Minus) Deferred Amounts:				
For Issuance Premiums	18,019	(16,979)	1,040	1,040
On Refunding	(79,125)	73,891	(5,234)	(5,234)
	<u>\$ 3,413,894</u>	<u>\$ 2,718,088</u>	<u>\$ 695,806</u>	<u>\$ 695,806</u>

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	General Obligation Bonds	
	Principal	Interest
2013	<u>\$ 700,000</u>	<u>\$ 12,600</u>



#### NOTE 5 – LONG-TERM DEBT (Continued)

During the year, the District accelerated their payments of bond principal in the amount of \$2,090,000.

#### 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. For the year ended June 30, 2012, the District expended \$180,315 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, 2012 were \$88,485.

#### NOTE 9 – ADJUSTMENTS

Amounts reported in the statement of net assets 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.	\$ 8,377,033
Bond issuance costs are capitalized and amortized in the statement of net assets.	2,901
Accrued compensated absences are recognized in the statement of net assets as they accrue.	(161,559)

NOTE 9 – ADJUSTMENTS (Continued)

Interest payable is recorded in the statement of net assets when the liability is incurred.	(2,100)
The second installment of the tax levy is a financial resource in the statement of net assets.	3,560,918
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	<u>(695,806)</u>
	<u>\$ 11,081,387</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 \$167,042 (\$781,621 less \$614,579). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in a decrease in revenue of \$32,626.

In addition, the bond principal payment of \$2,775,000 is eliminated from the statement of activities. The change in accrued compensated absences results in an increase of personnel expense of \$17,040 in the statement of activities. Also, other amortization of bond related costs of \$75,874 is reflected 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,	
2013	\$ 10,572
2014	10,572
2015	10,572
2016	10,572
2017	10,572
2018-2022	52,860
2023-2027	52,860
2028-2032	52,860
2033-2037	<u>52,860</u>
	<u>\$ 264,300</u>

Rent expense under the lease obligation was \$1,762 for the year ended June 30, 2012.

NOTE 11 – COMMITMENTS AND SUBSEQUENT EVENT

The District is involved in a renovation project for the Library. As of June 30, 2012, the District has signed an architect contract for \$362,000. As of June 30, 2012, the District has made payments of \$88,000, resulting in an outstanding commitment of \$274,000.

On September 19, 2012, the District approved a construction contract for \$4,152,741 for renovation of the Library.

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, 2012

	APPROPRIATION- ORIGINAL AND FINAL	ACTUAL	VARIANCE
<b>REVENUES</b>			
Property Taxes	\$ 6,007,200	\$ 6,199,499	\$ 192,299
State Replacement Taxes	95,000	132,273	37,273
Interest Income	20,700	19,542	(1,158)
Grants	67,000	70,622	3,622
Fines, Fees and Other	83,950	89,317	5,367
<b>Total Revenues</b>	<b>6,273,850</b>	<b>6,511,253</b>	<b>237,403</b>
<b>PERSONNEL</b>			
Administrator	150,000	107,648	42,352
Department Managers	550,000	268,498	281,502
Division Supervisors	550,000	401,781	148,219
Librarian I	1,750,000	1,076,911	673,089
Library Grade V	750,000	581,832	168,168
Library Grade VI	700,000	427,430	272,570
Library Pages	250,000	140,419	109,581
Sundays and Extra Service	220,000	76,536	143,464
<b>Total Personnel</b>	<b>4,920,000</b>	<b>3,081,055</b>	<b>1,838,945</b>
<b>LIBRARY MATERIALS</b>			
Main Library	1,000,000	634,118	365,882
<b>Total Library Materials</b>	<b>1,000,000</b>	<b>634,118</b>	<b>365,882</b>
<b>OPERATING</b>			
Main Library			
Processing and Service	600,000	286,945	313,055
Administrative and General Office	500,000	259,378	240,622
Per Capita Grant	270,000	65,904	204,096
Utilities	250,000	106,154	143,846
	1,620,000	718,381	901,619
Vehicles	10,000	2,924	7,076
<b>Total Operating</b>	<b>1,630,000</b>	<b>721,305</b>	<b>908,695</b>
<b>EMPLOYEE FRINGE BENEFITS</b>			
Deferred Compensation	250,000	180,315	69,685
Group Health Insurance	400,000	300,647	99,353
Dental and Other	75,000	73,104	1,896
<b>Total Employee Fringe Benefits</b>	<b>725,000</b>	<b>554,066</b>	<b>170,934</b>
<b>CAPITAL PROJECTS</b>			
Furniture and Equipment	-	-	-
<b>OTHER GRANTS</b>			
	-	-	-
<b>Total Expenditures</b>	<b>8,275,000</b>	<b>4,990,544</b>	<b>3,284,456</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,001,150)	\$ 1,520,709	\$ 3,521,859

## ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<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>
<b>ASSETS</b>							
Cash and Investments	\$ 58,246	\$ 274,913	\$ 132,328	\$ 85,392	\$ 54,401	\$ 687,391	\$ 1,292,671
Property Tax Receivable	8,947	18,707	131,765	8,134	8,134	113,058	288,745
Interest Receivable	4	19	7	6	4	39	79
Total Assets	<u>\$ 67,197</u>	<u>\$ 293,639</u>	<u>\$ 264,100</u>	<u>\$ 93,532</u>	<u>\$ 62,539</u>	<u>\$ 800,488</u>	<u>\$ 1,581,495</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ -	\$ 3,285	\$ -	\$ -	\$ -	\$ 28,261	\$ 31,546
Deferred Property Tax Revenue	8,947	18,707	131,765	8,134	8,134	113,058	288,745
Total Liabilities	<u>8,947</u>	<u>21,992</u>	<u>131,765</u>	<u>8,134</u>	<u>8,134</u>	<u>141,319</u>	<u>320,291</u>
<b>FUND BALANCES</b>							
Restricted for Statutory Purposes	<u>58,250</u>	<u>271,647</u>	<u>132,335</u>	<u>85,398</u>	<u>54,405</u>	<u>659,169</u>	<u>1,261,204</u>
Total Liabilities and Fund Balances	<u>\$ 67,197</u>	<u>\$ 293,639</u>	<u>\$ 264,100</u>	<u>\$ 93,532</u>	<u>\$ 62,539</u>	<u>\$ 800,488</u>	<u>\$ 1,581,495</u>

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	<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>
<b>REVENUES</b>							
Property Taxes	\$ 19,463	\$ 43,623	\$ 283,531	\$ 18,555	\$ 17,607	\$ 242,752	\$ 625,531
Interest Income	393	386	392	392	398	2,351	4,312
Total Revenues	<u>19,856</u>	<u>44,009</u>	<u>283,923</u>	<u>18,947</u>	<u>18,005</u>	<u>245,103</u>	<u>629,843</u>
<b>EXPENDITURES</b>							
Audit Fees	14,772	-	-	-	-	-	14,772
Liability Insurance	-	29,055	-	-	-	-	29,055
Social Security	-	-	243,178	-	-	-	243,178
Workers' Compensation Insurance	-	-	-	19,449	-	-	19,449
Unemployment Compensation Insurance	-	-	-	-	13,980	-	13,980
Building and Site	-	-	-	-	-	113,662	113,662
Total Expenditures	<u>14,772</u>	<u>29,055</u>	<u>243,178</u>	<u>19,449</u>	<u>13,980</u>	<u>113,662</u>	<u>434,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,084	14,954	40,745	(502)	4,025	131,441	195,747
FUND BALANCES, Beginning of Year	<u>53,166</u>	<u>256,693</u>	<u>91,590</u>	<u>85,900</u>	<u>50,380</u>	<u>527,728</u>	<u>1,065,457</u>
FUND BALANCES, End of Year	<u>\$ 58,250</u>	<u>\$ 271,647</u>	<u>\$ 132,335</u>	<u>\$ 85,398</u>	<u>\$ 54,405</u>	<u>\$ 659,169</u>	<u>\$ 1,261,204</u>

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

Levy Year	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$1,773,735,725</u>	<u>\$1,968,199,759</u>	<u>\$2,109,093,474</u>
TAX RATES			
General	0.3547	0.3144	0.2828
Audit	0.0011	0.0010	0.0010
Liability Insurance	0.0023	0.0024	0.0036
Social Security	0.0162	0.0144	0.0115
Worker's Compensation	0.0010	0.0010	0.0015
Unemployment Insurance	0.0010	0.0009	0.0012
Building and Site	0.0139	0.0123	0.0108
Debt Service	<u>0.0476</u>	<u>0.0436</u>	<u>0.0397</u>
Total	<u>0.4378</u>	<u>0.3900</u>	<u>0.3521</u>
TAX EXTENSIONS			
General	6,294,315	6,188,019	5,979,763
Audit	19,520	19,682	21,145
Liability Insurance	40,815	47,237	76,121
Social Security	287,476	283,421	243,166
Worker's Compensation	17,745	19,682	31,717
Unemployment Insurance	17,745	17,714	25,374
Building and Site	246,662	242,089	228,364
Debt Service	<u>844,684</u>	<u>858,135</u>	<u>839,450</u>
Total	<u>\$7,768,962</u>	<u>\$7,675,979</u>	<u>\$7,445,100</u>
COLLECTIONS TO JUNE 30, 2012			
General	\$3,220,475	\$6,076,606	\$5,726,814
Audit	9,987	19,328	20,250
Liability Insurance	20,883	46,386	72,902
Social Security	147,087	278,318	232,879
Worker's Compensation	9,079	19,327	30,376
Unemployment Insurance	9,079	17,395	24,300
Building and Site	126,204	237,730	218,704
Debt Service	<u>432,181</u>	<u>842,685</u>	<u>803,941</u>
Total	<u>\$3,974,975</u>	<u>\$7,537,775</u>	<u>\$7,130,166</u>
UNCOLLECTED TAXES			
General	\$3,073,840	\$111,413	\$252,949
Audit	9,533	354	895
Liability Insurance	19,932	851	3,219
Social Security	140,389	5,103	10,287
Worker's Compensation	8,666	355	1,341
Unemployment Insurance	8,666	319	1,074
Building and Site	120,458	4,359	9,660
Debt Service	<u>412,503</u>	<u>15,450</u>	<u>35,509</u>
Total	<u>\$3,793,987</u>	<u>\$138,204</u>	<u>\$314,934</u>