

NILES PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013



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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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles Public Library District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

McClure, Anselmo & Co., Chtd.

November 20, 2013

NILES PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2013. 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 policies to the government-wide statements.

Financial Highlights

The District's total net position as of June 30, 2013 and 2012 were \$23,478,458 and \$22,338,705, respectively. For the years ended June 30, 2013 and 2012, net position increased \$1,139,753 and \$1,805,148, respectively, as revenues exceeded expenses. The term "net position" represents the difference between total assets and total liabilities.

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. The difference between these two statements is that governmental fund balances represent current financial resources reporting and net position represents government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenses. Information is presented for each major fund or group of funds and shows any restrictions on the fund or net position.

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

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

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The District's assets exceed liabilities by \$23,478,458 as of the close of the year. Of the Net Position balance, \$1,284,353 is restricted, \$11,900,566 is unrestricted and \$10,293,539 is invested in capital assets net of related debt.

Condensed Statement of Net Position

	June 30,	
	2013	2012
Current Assets	\$ 13,899,796	\$ 15,136,796
Capital Assets, net of accumulated depreciation	10,293,539	8,377,033
Total Assets	24,193,335	23,513,829
Current Liabilities	714,877	479,318
Non-Current Liabilities	-	695,806
Total Liabilities	714,877	1,175,124
Net Position		
Invested in Capital Assets, net of related debt	10,293,539	7,684,128
Restricted	1,284,353	2,353,802
Unrestricted	11,900,566	12,300,775
Total Net Position	\$ 23,478,458	\$ 22,338,705

As displayed above, 57% 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,	
	2013	2012
Revenues		
Property and Replacement Taxes	\$ 7,023,889	\$ 7,769,983
Interest Income	31,533	39,065
Grants	61,868	70,622
Fines, Fees and Other	83,846	89,317
Total Revenues	7,201,136	7,968,987
Expenses		
Personnel	3,204,749	3,098,095
Library Materials	278,155	237,030
Operating	689,698	721,305
Employee Fringe Benefits	558,828	554,066
Other	433,573	434,096
Depreciation and Loss on Disposal of Assets	817,165	781,621
Capital Outlay	48,438	168,980
Grants	13,182	-
Interest and Other Fees	17,595	168,646
Total Expenses	6,061,383	6,163,839
Increase in Net Position	1,139,753	1,805,148
Net Position, Beginning of Year	22,338,705	20,533,557
Net Position, End of Year	\$ 23,478,458	\$ 22,338,705

The following is a summary of changes in fund balances for the year ended June 30, 2013:

Governmental Funds	Fund Balance June 30, 2012	Increase (Decrease)	Fund Balance June 30, 2013
General	\$ 5,655,519	\$ (618,054)	\$ 5,037,465
Special Reserve	3,921,803	(59,638)	3,862,165
Debt Service	418,791	(418,791)	-
Audit	58,250	(5,324)	52,926
Liability Insurance	271,647	(10,775)	260,872
Social Security	132,335	26,382	158,717
Workers' Compensation	85,399	(9,056)	76,343
Unemployment Compensation	54,405	(4,622)	49,783
Building Maintenance	659,169	(108,281)	550,888
	<u>\$ 11,257,318</u>	<u>\$ (1,208,159)</u>	<u>\$ 10,049,159</u>

During the year, \$2,109,978 and \$90,022 were transferred from the General Fund and the Debt Service Fund, respectively, to the Special Reserve Fund to pay the expenses associated with the building renovation project.

Budgetary Highlights

The District's General Fund expended \$5,136,226, which was \$3,732,974 less than the appropriation of \$8,869,200. 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,	
	2013	2012
Land	\$ 943,374	\$ 943,374
Construction in Progress	2,349,300	88,000
Building and Addition	8,963,874	8,963,874
Furniture and Fixtures	734,858	922,834
Equipment	914,432	879,155
Vehicles	33,149	33,149
Library Collection	3,127,248	3,175,781
Cost of Capital Assets	17,066,235	15,006,167
Less Accumulated Depreciation	<u>6,772,696</u>	<u>6,629,134</u>
Net Capital Assets	<u>\$ 10,293,539</u>	<u>\$ 8,377,033</u>

The Library Collection includes adult and children's printed, audio and visual materials. Significant capital asset additions during the year were library materials, furniture, and architect and construction fees. General obligation debt principal of \$700,000 was retired during the year. Additional information regarding the District's capital assets can be found in Note 4 on page 14 and the District's debt in Note 5 on page 14.

Description of Current or Expected Conditions

The District is involved in a \$5,500,000 building renovation project that is expected to be completed by December 2014.

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, 2013

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET POSITION
ASSETS							
Cash and Investments	\$ 5,552,080	\$ 4,131,989	\$ -	\$ 1,210,861	\$ 10,894,930	\$ -	\$ 10,894,930
Receivables							
Property Taxes, net	2,748,662	-	-	118,909	2,867,571	-	2,867,571
Per Capita Grant	-	-	-	-	-	58,868	58,868
State Replacement Taxes	26,080	-	-	-	26,080	-	26,080
Interest	1,418	917	-	228	2,563	-	2,563
Prepaid Expenses	49,784	-	-	-	49,784	-	49,784
Capital Assets, net of accumulated depreciation	-	-	-	-	-	10,293,539	10,293,539
Total Assets	<u>\$ 8,378,024</u>	<u>\$ 4,132,906</u>	<u>\$ -</u>	<u>\$ 1,329,998</u>	<u>\$ 13,840,928</u>	<u>10,352,407</u>	<u>24,193,335</u>
LIABILITIES							
Accounts Payable	\$ 163,164	\$ 270,741	\$ -	\$ 45,645	\$ 479,550	-	479,550
Accrued Liabilities	60,891	-	-	-	60,891	-	60,891
Deferred Property Tax Revenue	3,116,504	-	-	134,824	3,251,328	(3,251,328)	-
Compensated Absences	-	-	-	-	-	174,436	174,436
Total Liabilities	<u>3,340,559</u>	<u>270,741</u>	<u>-</u>	<u>180,469</u>	<u>3,791,769</u>	<u>(3,076,892)</u>	<u>714,877</u>
FUND BALANCES / NET POSITION							
Fund Balances							
Nonspendable Prepaid Expenses	49,784	-	-	-	49,784	(49,784)	-
Restricted for Statutory Purposes	-	-	-	1,149,529	1,149,529	(1,149,529)	-
Committed for Capital Projects	-	3,862,165	-	-	3,862,165	(3,862,165)	-
Unassigned	4,987,681	-	-	-	4,987,681	(4,987,681)	-
Total Fund Balances	<u>5,037,465</u>	<u>3,862,165</u>	<u>-</u>	<u>1,149,529</u>	<u>10,049,159</u>	<u>(10,049,159)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 8,378,024</u>	<u>\$ 4,132,906</u>	<u>\$ -</u>	<u>\$ 1,329,998</u>	<u>\$ 13,840,928</u>		
Net Position							
Invested in Capital Assets, net of related debt						10,293,539	10,293,539
Restricted						1,284,353	1,284,353
Unrestricted						11,900,566	11,900,566
Total Net Position						<u>\$ 23,478,458</u>	<u>\$ 23,478,458</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, 2013

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES							
Property Taxes	\$ 6,375,372	\$ -	\$ 383,831	\$ 439,126	\$ 7,198,329	\$ (309,590)	\$ 6,888,739
State Replacement Taxes	135,150	-	-	-	135,150	-	135,150
Interest Income	30,782	601	-	150	31,533	-	31,533
Grants	3,000	-	-	-	3,000	58,868	61,868
Fines, Fees and Other	83,846	-	-	-	83,846	-	83,846
Total Revenues	<u>6,628,150</u>	<u>601</u>	<u>383,831</u>	<u>439,276</u>	<u>7,451,858</u>	<u>(250,722)</u>	<u>7,201,136</u>
EXPENDITURES / EXPENSES							
Current							
Personnel	3,191,872	-	-	-	3,191,872	12,877	3,204,749
Library Materials	628,446	-	-	-	628,446	(350,291)	278,155
Operating	689,698	-	-	-	689,698	-	689,698
Employee Fringe Benefits	558,828	-	-	-	558,828	-	558,828
Audit Fees	-	-	-	14,700	14,700	-	14,700
Liability Insurance	-	-	-	30,010	30,010	-	30,010
Social Security	-	-	-	253,812	253,812	-	253,812
Workers' Compensation Insurance	-	-	-	17,501	17,501	-	17,501
Unemployment Compensation Insurance	-	-	-	13,296	13,296	-	13,296
Building and Site	-	-	-	221,633	221,633	(117,379)	104,254
Depreciation	-	-	-	-	-	768,769	768,769
Loss on Disposal of Assets	-	-	-	-	-	48,396	48,396
Capital Outlay	-	2,260,239	-	-	2,260,239	(2,211,801)	48,438
Grants	67,382	-	-	-	67,382	(54,200)	13,182
Debt Service							
Bond Principal	-	-	700,000	-	700,000	(700,000)	-
Bond Interest	-	-	12,600	-	12,600	2,094	14,694
Bond Issuance Costs	-	-	-	-	-	2,901	2,901
Total Expenditures / Expenses	<u>5,136,226</u>	<u>2,260,239</u>	<u>712,600</u>	<u>550,952</u>	<u>8,660,017</u>	<u>(2,598,634)</u>	<u>6,061,383</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,491,924	(2,259,638)	(328,769)	(111,676)	(1,208,159)	2,347,912	-
Other Financing Sources (Uses)							
Operating Transfers	<u>(2,109,978)</u>	<u>2,200,000</u>	<u>(90,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(618,054)	(59,638)	(418,791)	(111,676)	(1,208,159)	1,208,159	
Change in Net Position	-	-	-	-	-	1,139,753	1,139,753
FUND BALANCES / NET POSITION							
Beginning of Year	<u>5,655,519</u>	<u>3,921,803</u>	<u>418,791</u>	<u>1,261,205</u>	<u>11,257,318</u>	<u>11,081,387</u>	<u>22,338,705</u>
End of Year	<u>\$ 5,037,465</u>	<u>\$ 3,862,165</u>	<u>\$ -</u>	<u>\$ 1,149,529</u>	<u>\$ 10,049,159</u>	<u>\$ 13,429,299</u>	<u>\$ 23,478,458</u>

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

NILES PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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, 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 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, 2013, 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 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 and time deposits and certificates of deposit with one year or less maturity. Investments include amounts on deposit with The Illinois Funds, money market mutual funds, and negotiable certificates of deposit.

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 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

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 position. 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 \$5,519,731 and the bank balance was \$5,562,736. Of the bank balance, \$5,561,199 was covered by federal depository insurance and \$1,537 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	6	.38%	\$ 1,349,000	\$ 1,347,544
The Illinois Funds	-	-	3,732,169	3,732,169
Institutional Government Money Market Fund	-	-	<u>295,286</u>	<u>295,286</u>
			<u>\$ 5,376,455</u>	<u>\$ 5,374,999</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.

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 2012 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 2012 attached as an enforceable lien on property as of January 1, 2012. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received in March, July and August. The County of Cook collects such taxes and remits them periodically during the period of March 2013 through January 2014.

The second installment of the 2012 property tax levy is recorded as a receivable at June 30, 2013, net of estimated uncollectibles. The District has provided an allowance for uncollectible property taxes of \$214,507, 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, 2013 and is therefore reflected as deferred revenue at June 30, 2013 in the funds balance sheet.

The second installment of the 2012 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, 2012	Additions	Retirements	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Construction in Progress	88,000	2,261,300	-	2,349,300
Total capital assets not being depreciated	1,031,374	2,261,300	-	3,292,674
Capital assets, being depreciated				
Building	1,556,979	-	-	1,556,979
Building Addition	7,406,895	-	-	7,406,895
Furniture and Fixtures	922,834	86,803	(274,779)	734,858
Equipment	879,155	35,277	-	914,432
Vehicles	33,149	-	-	33,149
Library Collection	3,175,781	350,291	(398,824)	3,127,248
Total capital assets being depreciated	13,974,793	472,371	(673,603)	13,773,561
Less accumulated depreciation for				
Building	(1,028,037)	(38,925)	-	(1,066,962)
Building Addition	(2,684,997)	(185,173)	-	(2,870,170)
Furniture and Fixtures	(580,260)	(26,050)	226,383	(379,927)
Equipment	(632,806)	(90,396)	-	(723,202)
Vehicles	(33,149)	-	-	(33,149)
Library Collection	(1,669,885)	(428,225)	398,824	(1,699,286)
Total accumulated depreciation	(6,629,134)	(768,769)	625,207	(6,772,696)
Total capital assets being depreciated, net	7,345,659	(296,398)	(48,396)	7,000,865
Capital assets, net	\$ 8,377,033	\$ 1,964,902	\$ (48,396)	\$ 10,293,539

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, 2012	Reductions	Balance June 30, 2013	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%	\$ 700,000	\$ (700,000)	\$ -	\$ -
Plus (Minus) Deferred Amounts:				
For Issuance Premiums	1,040	(1,040)	-	-
On Refunding	(5,234)	5,234	-	-
	\$ 695,806	\$ (695,806)	\$ -	\$ -

During the year, the District made their final bond payment.

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, 2013, the District expended \$190,044 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, 2013 were \$93,411.

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.	\$ 10,293,539
Per Capita Grant Receivable is recorded as a financial resource in the statement of net position.	58,868
Accrued compensated absences are recognized in the statement of net position as they accrue.	(174,436)
The second installment of the tax levy is a financial resource in the statement of net position.	<u>3,251,328</u>
	<u>\$ 13,429,299</u>

NOTE 9 – ADJUSTMENTS (Continued)

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is \$1,964,902 (\$2,733,671 less \$768,769). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in a decrease in revenue of \$309,590. Recognizing the Per Capita Receivable as revenue in the statement of activities results in an increase of revenue of \$58,868.

In addition, the bond principal payment of \$700,000 is eliminated from the statement of activities. The change in accrued compensated absences results in an increase of personnel expense of \$12,877 in the statement of activities. Also, other amortization of bond related costs of \$4,995 and loss on disposal of assets of \$48,396 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,	
2014	\$ 10,572
2015	10,572
2016	10,572
2017	10,572
2018	10,572
2019-2023	52,860
2024-2028	52,860
2029-2033	52,860
2034-2037	<u>42,288</u>
	<u>\$ 253,728</u>

Rent expense under the lease obligation was \$10,572 for the year ended June 30, 2013.

NOTE 11 – COMMITMENTS AND SUBSEQUENT EVENT

The District is involved in a renovation project for the library. As of June 30, 2013, the outstanding commitments for the District are as follows:

	Contract Amount	(Cash) Payments	Outstanding Commitment
Architect	\$ 371,000	\$ 321,060	\$ 49,940
Construction company	4,152,471	1,878,804	2,273,667
RFID system	490,452	50,827	439,625
Website	<u>72,800</u>	<u>54,200</u>	<u>18,600</u>
	<u>\$ 5,086,723</u>	<u>\$ 2,304,891</u>	<u>\$ 2,781,832</u>

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, 2013

	APPROPRIATION- ORIGINAL AND FINAL	ACTUAL	VARIANCE
REVENUES			
Property Taxes	\$ 6,155,300	\$ 6,375,372	\$ 220,072
State Replacement Taxes	95,000	135,150	40,150
Interest Income	20,940	30,782	9,842
Grants	60,000	3,000	(57,000)
Fines, Fees and Other	71,800	83,846	12,046
	<u>6,403,040</u>	<u>6,628,150</u>	<u>225,110</u>
PERSONNEL			
Administrator	200,000	112,845	87,155
Department Managers	500,000	171,478	328,522
Division Supervisors	600,000	582,478	17,522
Librarian I	1,500,000	1,092,868	407,132
Library Grade V	800,000	590,143	209,857
Library Grade VI	800,000	416,168	383,832
Library Pages	300,000	137,299	162,701
Sundays and Extra Service	200,000	88,593	111,407
	<u>4,900,000</u>	<u>3,191,872</u>	<u>1,708,128</u>
LIBRARY MATERIALS			
Main Library	1,200,000	628,446	571,554
	<u>1,200,000</u>	<u>628,446</u>	<u>571,554</u>
OPERATING			
Main Library			
Processing and Service	605,000	313,345	291,655
Administrative and General Office	638,000	272,668	365,332
Utilities	301,200	100,073	201,127
	<u>1,544,200</u>	<u>686,086</u>	<u>858,114</u>
Vehicles	10,000	3,612	6,388
	<u>1,554,200</u>	<u>689,698</u>	<u>864,502</u>
EMPLOYEE FRINGE BENEFITS			
Deferred Compensation	300,000	190,044	109,956
Group Health Insurance	500,000	281,972	218,028
Dental and Other	100,000	86,812	13,188
	<u>900,000</u>	<u>558,828</u>	<u>341,172</u>
GRANTS			
Per Capita Grant	165,000	57,024	107,976
Other Grants	150,000	10,358	139,642
	<u>315,000</u>	<u>67,382</u>	<u>247,618</u>
Total Expenditures	<u>8,869,200</u>	<u>5,136,226</u>	<u>3,732,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,466,160)</u>	<u>\$ 1,491,924</u>	<u>\$ 3,958,084</u>

ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	<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	\$ 53,004	\$ 260,905	\$ 174,261	\$ 76,412	\$ 49,860	\$ 596,419	\$ 1,210,861
Property Tax Receivable	653	653	116,297	653	653	-	118,909
Interest Receivable	10	55	20	18	11	114	228
Total Assets	<u>\$ 53,667</u>	<u>\$ 261,613</u>	<u>\$ 290,578</u>	<u>\$ 77,083</u>	<u>\$ 50,524</u>	<u>\$ 596,533</u>	<u>\$ 1,329,998</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,645	\$ 45,645
Deferred Property Tax Revenue	741	741	131,861	740	741	-	134,824
Total Liabilities	<u>741</u>	<u>741</u>	<u>131,861</u>	<u>740</u>	<u>741</u>	<u>45,645</u>	<u>180,469</u>
FUND BALANCES							
Restricted for Statutory Purposes	52,926	260,872	158,717	76,343	49,783	550,888	1,149,529
Total Liabilities and Fund Balances	<u>\$ 53,667</u>	<u>\$ 261,613</u>	<u>\$ 290,578</u>	<u>\$ 77,083</u>	<u>\$ 50,524</u>	<u>\$ 596,533</u>	<u>\$ 1,329,998</u>

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 9,369	\$ 19,199	\$ 280,181	\$ 8,433	\$ 8,667	\$ 113,277	\$ 439,126
Interest Income	7	36	13	12	7	75	150
Total Revenues	<u>9,376</u>	<u>19,235</u>	<u>280,194</u>	<u>8,445</u>	<u>8,674</u>	<u>113,352</u>	<u>439,276</u>
EXPENDITURES							
Audit Fees	14,700	-	-	-	-	-	14,700
Liability Insurance	-	30,010	-	-	-	-	30,010
Social Security	-	-	253,812	-	-	-	253,812
Workers' Compensation Insurance	-	-	-	17,501	-	-	17,501
Unemployment Compensation Insurance	-	-	-	-	13,296	-	13,296
Building and Site	-	-	-	-	-	221,633	221,633
Total Expenditures	<u>14,700</u>	<u>30,010</u>	<u>253,812</u>	<u>17,501</u>	<u>13,296</u>	<u>221,633</u>	<u>550,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,324)	(10,775)	26,382	(9,056)	(4,622)	(108,281)	(111,676)
FUND BALANCES, Beginning of Year	<u>58,250</u>	<u>271,647</u>	<u>132,335</u>	<u>85,399</u>	<u>54,405</u>	<u>659,169</u>	<u>1,261,205</u>
FUND BALANCES, End of Year	<u>\$ 52,926</u>	<u>\$ 260,872</u>	<u>\$ 158,717</u>	<u>\$ 76,343</u>	<u>\$ 49,783</u>	<u>\$ 550,888</u>	<u>\$ 1,149,529</u>

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

Levy Year	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$1,628,755,852</u>	<u>\$1,773,735,725</u>	<u>\$1,968,199,759</u>
TAX RATES			
General	0.4207	0.3547	0.3144
Audit	0.0001	0.0011	0.0010
Liability Insurance	0.0001	0.0023	0.0024
Social Security	0.0178	0.0162	0.0144
Worker's Compensation	0.0001	0.0010	0.0010
Unemployment Insurance	0.0001	0.0010	0.0009
Building and Site	0.0000	0.0139	0.0123
Debt Service	<u>0.0000</u>	<u>0.0476</u>	<u>0.0436</u>
Total	<u>0.4389</u>	<u>0.4378</u>	<u>0.3900</u>
TAX EXTENSIONS			
General	\$6,853,737	\$6,294,315	\$6,188,019
Audit	1,629	19,520	19,682
Liability Insurance	1,629	40,815	47,237
Social Security	289,985	287,476	283,421
Worker's Compensation	1,629	17,745	19,682
Unemployment Insurance	1,629	17,745	17,714
Building and Site	-	246,662	242,089
Debt Service	<u>-</u>	<u>844,684</u>	<u>858,135</u>
Total	<u>\$7,150,238</u>	<u>\$7,768,962</u>	<u>\$7,675,979</u>
COLLECTIONS TO JUNE 30, 2013			
General	\$3,899,463	\$6,067,470	\$6,076,606
Audit	927	18,816	19,328
Liability Insurance	927	39,343	46,386
Social Security	164,988	277,116	278,318
Worker's Compensation	927	17,106	19,327
Unemployment Insurance	927	17,106	17,395
Building and Site	-	237,772	237,730
Debt Service	<u>-</u>	<u>814,242</u>	<u>842,685</u>
Total	<u>\$4,068,159</u>	<u>\$7,488,971</u>	<u>\$7,537,775</u>
UNCOLLECTED TAXES			
General	\$2,954,274	\$226,845	\$111,413
Audit	702	704	354
Liability Insurance	702	1,472	851
Social Security	124,997	10,360	5,103
Worker's Compensation	702	639	355
Unemployment Insurance	702	639	319
Building and Site	-	8,890	4,359
Debt Service	<u>-</u>	<u>30,442</u>	<u>15,450</u>
Total	<u>\$3,082,079</u>	<u>\$279,991</u>	<u>\$138,204</u>