

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



CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet and Statement of Net Position	6
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities	7
Notes to Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Schedule of Revenues and Expenditures - Budget and Actual	16
ADDITIONAL INFORMATION	
Other Funds - Combining Balance Sheet	17
Other Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	18



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lincolnwood Public Library District
Lincolnwood, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincolnwood Public Library District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5 and page 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincolnwood Public Library 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. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

McClure, Inserra & Co., Chtd.

September 26, 2014

LINCOLNWOOD PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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

Overview of the Financial Statements

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

Financial Highlights

The District's total net position as of June 30, 2014 and 2013 were \$7,275,904 and \$7,067,543 respectively. For the years ended June 30, 2014 and 2013, net position increased \$208,361 and \$170,626, respectively, as revenues exceeded expenses. The term "net position" represents the difference between total assets and total liabilities/deferred inflows of resources.

Financial Statements

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

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

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

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

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The District's assets exceed liabilities/deferred inflows of resources by \$7,275,904 as of the close of the year. Of the net position balance, \$273,006 is restricted, \$3,498,333 is unrestricted and \$3,504,565 is invested in capital assets, net of related debt.

Condensed Statement of Net Position

	June 30,	
	2014	2013
Current Assets	\$ 4,950,602	\$ 4,650,123
Capital Assets, net of accumulated depreciation	3,504,565	3,654,025
Total Assets	8,455,167	8,304,148
Current Liabilities	64,135	65,306
Non-Current Liabilities	-	11,574
Total Liabilities	64,135	76,880
Deferred Inflows of Resources	1,115,128	1,159,725
Net Position		
Invested in Capital Assets, net of related debt	3,504,565	3,642,451
Restricted	273,006	320,000
Unrestricted	3,498,333	3,105,092
Total Net Position	\$ 7,275,904	\$ 7,067,543

Condensed Statement of Activities

	For Years Ended June 30,	
	2014	2013
Revenues		
Property Taxes	\$ 2,404,351	\$ 2,181,585
Grants	15,738	12,938
Fines, Fees and Other	28,278	29,456
Gifts and Memorials	7,200	6,985
Interest Income	4,119	6,569
Total Revenues	2,459,686	2,237,533
Expenses		
Library Materials	160,067	164,264
Supplies	18,708	17,395
Outside Services	48,587	56,136
Operating	116,805	103,747
Training and Development	22,717	16,877
Community Relations	21,466	20,564
Salaries and Benefits	1,284,085	1,167,785
Capital Equipment and Lease	48,363	29,936
Contingency and Other	1,535	1,661
Building Maintenance	109,074	106,880
Social Security	89,587	81,594
Liability Insurance	19,567	19,398
Audit	9,200	9,000
Special Reserve	40,583	-
Depreciation	260,981	271,670
Total Expenses	2,251,325	2,066,907
Increase in Net Position	208,361	170,626
Net Position, Beginning of Year	7,067,543	6,896,917
Net Position, End of Year	\$ 7,275,904	\$ 7,067,543

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

<u>Governmental Funds</u>	<u>Fund Balance June 30, 2013</u>	<u>Increase (Decrease)</u>	<u>Fund Balance June 30, 2014</u>
General	\$ 1,846,000	\$ 34,491	\$ 1,880,491
Building Maintenance	215,512	(46,217)	169,295
Social Security	77,709	1,169	78,878
Liability Insurance	14,627	(2,504)	12,123
Audit	12,151	559	12,710
Special Reserve	1,313,027	359,417	1,672,444
	<u>\$ 3,479,026</u>	<u>\$ 346,915</u>	<u>\$ 3,825,941</u>

During the year, the General Fund transferred \$400,000 to the Special Reserve Fund to help set aside resources for future capital needs.

Budgetary Highlight

The District's General Fund expended \$1,844,760, which was \$798,878 less than the final appropriation of \$2,643,638.

Capital Assets and Debt Administration

The following is a summary of capital assets on June 30:

	<u>2014</u>	<u>2013</u>
Land	\$ 829,514	\$ 829,514
Land Improvements	576,281	576,281
Building and Improvements	3,666,802	3,666,802
Furniture and Equipment	438,847	497,976
Computer Equipment	8,400	5,700
Books and Other Library Materials	895,663	972,320
Cost of Capital Assets	6,415,507	6,548,593
Less Accumulated Depreciation	<u>2,910,942</u>	<u>2,894,568</u>
Net Capital Assets	<u>\$ 3,504,565</u>	<u>\$ 3,654,025</u>

Significant capital asset acquisitions included a computer. Footnote 4 on page 13 contains more detail on capital assets. As of year end, the District had no capital leases payable. Footnote 5 on page 13 contains more information.

Description of Current or Expected Conditions

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

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Library Director, Lincolnwood Public Library District, 4000 W. Pratt Avenue, Lincolnwood, Illinois 60712-3531.

BASIC FINANCIAL STATEMENTS

LINCOLNWOOD PUBLIC LIBRARY DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION

JUNE 30, 2014

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF NET POSITION
ASSETS						
Cash and Cash Investments	\$ 1,890,024	\$ 1,665,444	\$ 273,006	\$ 3,828,474	\$ -	\$ 3,828,474
Property Taxes Receivable, net of allowance of \$72,384	1,060,264	-	54,864	1,115,128	-	1,115,128
Refund Receivable	-	7,000	-	7,000	-	7,000
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	3,504,565	3,504,565
Total Assets	<u>\$ 2,950,288</u>	<u>\$ 1,672,444</u>	<u>\$ 327,870</u>	<u>\$ 4,950,602</u>	<u>3,504,565</u>	<u>8,455,167</u>
LIABILITIES						
Accounts Payable	\$ 9,533	\$ -	\$ -	\$ 9,533	-	9,533
Accrued Compensated Absences	-	-	-	-	54,602	54,602
Long-Term Liabilities						
Due within one year	-	-	-	-	-	-
Due after one year	-	-	-	-	-	-
Total Liabilities	9,533	-	-	9,533	54,602	64,135
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Tax Revenue	1,060,264	-	54,864	1,115,128	-	1,115,128
Total Liabilities and Deferred Inflows of Resources	<u>1,069,797</u>	<u>-</u>	<u>54,864</u>	<u>1,124,661</u>	<u>54,602</u>	<u>1,179,263</u>
FUND BALANCES / NET POSITION						
Fund Balances						
Restricted for Statutory Purposes	-	-	273,006	273,006	(273,006)	-
Committed for Capital Projects	-	1,672,444	-	1,672,444	(1,672,444)	-
Unassigned	1,880,491	-	-	1,880,491	(1,880,491)	-
Total Fund Balances	<u>1,880,491</u>	<u>1,672,444</u>	<u>273,006</u>	<u>3,825,941</u>	<u>(3,825,941)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,950,288</u>	<u>\$ 1,672,444</u>	<u>\$ 327,870</u>	<u>\$ 4,950,602</u>		
Net Position						
Invested in Capital Assets, net of related debt					3,504,565	3,504,565
Restricted					273,006	273,006
Unrestricted					3,498,333	3,498,333
Total Net Position					<u>\$ 7,275,904</u>	<u>\$ 7,275,904</u>

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

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$2,224,521	\$ -	\$ 179,830	\$ 2,404,351	\$ -	\$ 2,404,351
Grants	15,738	-	-	15,738	-	15,738
Fines, Fees and Other	28,278	-	-	28,278	-	28,278
Gifts and Memorials	7,200	-	-	7,200	-	7,200
Interest Income	3,514	-	605	4,119	-	4,119
Total Revenues	2,279,251	-	180,435	2,459,686	-	2,459,686
EXPENDITURES / EXPENSES						
Library Materials	280,463	-	-	280,463	(120,396)	160,067
Supplies	18,708	-	-	18,708	-	18,708
Outside Services	48,587	-	-	48,587	-	48,587
Operating	116,805	-	-	116,805	-	116,805
Training and Development	22,717	-	-	22,717	-	22,717
Community Relations	21,466	-	-	21,466	-	21,466
Salaries and Benefits	1,283,416	-	-	1,283,416	669	1,284,085
Capital Equipment and Lease	51,063	-	-	51,063	(2,700)	48,363
Contingency and Other	1,535	-	-	1,535	-	1,535
Building Maintenance	-	-	109,074	109,074	-	109,074
Social Security	-	-	89,587	89,587	-	89,587
Liability Insurance	-	-	19,567	19,567	-	19,567
Audit	-	-	9,200	9,200	-	9,200
Special Reserve	-	40,583	-	40,583	-	40,583
Depreciation	-	-	-	-	260,981	260,981
Total Expenditures / Expenses	1,844,760	40,583	227,428	2,112,771	138,554	2,251,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	434,491	(40,583)	(46,993)	346,915	(138,554)	-
OTHER FINANCING SOURCES (USES)						
Transfer In	-	400,000	-	400,000	-	-
Transfer Out	(400,000)	-	-	(400,000)	-	-
Net Change in Fund Balances	34,491	359,417	(46,993)	346,915	(346,915)	-
Change in Net Position	-	-	-	-	208,361	208,361
FUND BALANCES / NET POSITION						
Beginning of Year	1,846,000	1,313,027	319,999	3,479,026	3,588,517	7,067,543
End of Year	\$ 1,880,491	\$ 1,672,444	\$ 273,006	\$ 3,825,941	\$ 3,449,963	\$ 7,275,904

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

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lincolnwood 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 the general fund and special reserve fund. Following is a description of the 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restricted to expenditures for specified purposes. The special revenue funds of the District are: Building Maintenance, Social Security, Liability Insurance and Audit.

Capital Projects Fund Type - Used to account for the acquisition of capital assets or construction of major capital projects. The Special Reserve is used in this fund type.

C. Basis of Accounting

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. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are prepared using the current financial measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

For the 2013 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, 2014, 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 inflows of resources.

The District reports deferred inflows of resources on its balance sheet and statement of net position. Deferred inflows of resources arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and statement of net position and revenue is recognized.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

E. Cash and Cash Investments

Cash includes amounts in demand deposits. Investments include amounts on deposit with The Illinois Funds. 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 stated at cost, which approximates fair market value, and consist of certificates of deposit (held in a Certificate of Deposit Account Registry Service – CDARS) and The Illinois Funds (fair value equals value of pool shares). Oversight of The Illinois Funds is performed by the State of Illinois Treasurer's office.

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:

Land Improvements	10-20 years
Building and Improvements	5-40 years
Furniture and Equipment	4-20 years
Computer Equipment	3 years
Books and Other Library Materials	7 years

The minimum capitalization threshold is any item with a total cost greater than \$2,500, beginning with purchases made after June 30, 2005, except for books and other library materials. Prior to July 1, 2005, the amount was \$1,000.

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 is expected be liquidated with expendable available financial resources and is reported as an expenditure and a liability in the government-wide statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Deferred Inflows of Resources

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

I. Interfund Transactions

Interfund transfers are reported as operating transfers.

J. Fund Equity

The District has 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 inventory) 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 establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of trustees or management 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Estimates

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

L. Interest Income Allocation

The District does not allocate interest income to the Special Reserve Fund.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the District's deposits, excluding petty cash of \$300, was \$1,810,120 and the bank balance was \$1,840,692. The entire bank balance of \$1,840,692 was covered by federal depository insurance and collateral with securities held by the pledging financial institution's agent in the District's name. Included in deposits are certificates of deposit (CDs) with maturities of twelve months in denominations ranging from \$2,250 to \$225,449 for a total of \$1,001,500. Interest rates range from .15% to .40%. The CDs are held in CDARS accounts as described in Note 1E.

Investments. The District's investments are in the Illinois Funds. 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. The carrying amount of deposits in The Illinois Funds at June 30, 2014 was \$2,018,054.

NOTE 3 – PROPERTY TAXES

Property taxes for 2013 attached as an enforceable lien on property as of January 1, 2013. They were levied in November 2013 by passage of a Tax Levy Ordinance. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received in March, July and August. The County of Cook collects such taxes and remits them periodically during the period of March 2014 through January 2014. The second installment of the 2013 property tax levy is recorded as a receivable and deferred inflows of resources at June 30, 2014 net of estimated uncollectibles. The District has provided an allowance for uncollectible real property taxes equivalent to 3% of the current year's levy. All uncollected taxes relating to prior years' levies have been written off. The second installment will be used for year ending June 30, 2014 operations and is reflected as deferred inflows of resources at June 30, 2014.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated				
Land	\$ 829,514	\$ -	\$ -	\$ 829,514
Capital assets, being depreciated				
Land Improvements	576,281	-	-	576,281
Building and Improvements	3,666,802	-	-	3,666,802
Furniture and Equipment	497,976	-	(59,129)	438,847
Computer Equipment	5,700	2,700	-	8,400
Books and Other Library Materials	972,320	120,396	(197,053)	895,663
Total capital assets being depreciated	5,719,079	123,096	(256,182)	5,585,993
Less accumulated depreciation for				
Land Improvements	141,405	29,104	-	170,509
Building and Improvements	1,795,295	99,579	-	1,894,874
Furniture and Equipment	349,032	25,879	(47,554)	327,357
Computer Equipment	4,750	1,400	-	6,150
Books and Other Library Materials	604,086	105,019	(197,053)	512,052
Total accumulated depreciation	2,894,568	260,981	(244,607)	2,910,942
Total capital assets being depreciated, net	2,824,511	(137,885)	(11,575)	2,675,051
Capital assets, net	\$ 3,654,025	\$ (137,885)	\$ (11,575)	\$ 3,504,565

The District is in the planning stages of a building renovation. When the District remodels, a significant portion of their 2005 space revitalization/remodeling will be removed and the remaining net book value of the 2005 project of \$280,000 will be scrapped.

NOTE 5 – LONG-TERM DEBT

Capital Leases. The District entered into two leasing arrangements for financing for scanning and coin/bill tower equipment during the year ended June 30, 2011. These leases qualify as capital leases. The equipment was returned and the obligation was removed as of June 30, 2014.

Long-term debt consists of the following:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due In One Year
Capital Leases	\$ 11,574	\$ -	\$ (11,574)	\$ -	\$ -

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 (Schwab Personal Choice Retirement Account), available to all full time employees, 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. All amounts of compensation are deferred under the plan or held in trust on behalf of the employees. Accordingly, the assets are not reported in these financial statements. Furthermore, the District made contributions of either 5% or 10% of the eligible employee's compensation, depending on their employee classification. This feature is available to all full time employees with one year of service (earlier for the Director and department heads). For the year ended June 30, 2014, the District contributed \$75,410 to the deferred compensation plan, whereas employees contributed \$73,766.

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 – OPERATING LEASES

The District is committed under leases for scanning, coin/bill tower, and photocopy equipment. The leases are considered for accounting purposes to be operating leases.

Lease expenditures for the year ended June 30, 2014 amounted to \$12,222. Future minimum lease payments for the equipment lease is as follows:

Year Ending June 30	
2015	\$ 12,660
2016	12,660
2017	12,660
2018	12,660
2019	<u>3,930</u>
	<u>\$ 54,570</u>

NOTE 9 – JOINTLY GOVERNED ORGANIZATION

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality formed by library members of the former North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement, or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2014 were \$63,511.

NOTE 10 – OPERATING TRANSFERS

During the year, the General Fund transferred \$400,000 to the Special Reserve Fund to provide for current and future capital expenditures.

NOTE 11 – ADJUSTMENTS

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

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 3,504,565
Accrued compensated absences are recognized in governmental activities as they accrue.	<u>(54,602)</u>
	<u>\$ 3,449,963</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 \$137,885 (\$260,981 less \$123,096). Also, there is a change in accrued compensated absences of \$669.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
REVENUES			
Property Taxes	\$ 2,198,000	\$ 2,198,000	\$ 2,224,521
Grants	13,000	13,000	15,738
Fines, Fees and Other	22,800	22,800	28,278
Gifts and Memorials	4,000	4,000	7,200
Interest Income	6,100	6,100	3,514
Total Revenues	<u>2,243,900</u>	<u>2,243,900</u>	<u>2,279,251</u>
EXPENDITURES			
Library Materials	381,500	381,500	280,463
Supplies	31,000	31,000	18,708
Outside Services	112,500	112,500	48,587
Operating	185,375	185,375	116,805
Training and Development	33,750	33,750	22,717
Community Relations	31,500	31,500	21,466
Salaries and Benefits	1,670,625	1,670,625	1,283,416
Capital Equipment and Lease	69,500	69,500	51,063
Contingency and Other	127,888	127,888	1,535
Total Expenditures	<u>2,643,638</u>	<u>2,643,638</u>	<u>1,844,760</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (399,738)</u>	<u>\$ (399,738)</u>	<u>\$ 434,491</u>

The District amended its Budget and Appropriation Ordinance on June 19, 2014.

ADDITIONAL INFORMATION

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTAL</u>
ASSETS					
Cash and Cash Investments	\$ 169,295	\$ 78,878	\$ 12,123	\$ 12,710	\$ 273,006
Property Taxes Receivable	-	41,929	8,140	4,795	54,864
Total Assets	<u>\$ 169,295</u>	<u>\$ 120,807</u>	<u>\$ 20,263</u>	<u>\$ 17,505</u>	<u>\$ 327,870</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	-	41,929	8,140	4,795	54,864
Total Liabilities and Deferred Inflows of Resources	-	41,929	8,140	4,795	54,864
FUND BALANCES					
Restricted	169,295	78,878	12,123	12,710	273,006
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 169,295</u>	<u>\$ 120,807</u>	<u>\$ 20,263</u>	<u>\$ 17,505</u>	<u>\$ 327,870</u>

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTALS</u>
REVENUES					
Property Taxes	\$ 62,450	\$ 90,609	\$ 17,036	\$ 9,735	\$ 179,830
Other	-	-	-	-	-
Interest Income	407	147	27	24	605
Total Revenues	<u>62,857</u>	<u>90,756</u>	<u>17,063</u>	<u>9,759</u>	<u>180,435</u>
EXPENDITURES					
Building Maintenance	109,074	-	-	-	109,074
Social Security	-	89,587	-	-	89,587
Liability Insurance	-	-	19,567	-	19,567
Audit	-	-	-	9,200	9,200
Total Expenditures	<u>109,074</u>	<u>89,587</u>	<u>19,567</u>	<u>9,200</u>	<u>227,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,217)	1,169	(2,504)	559	(46,993)
FUND BALANCES					
Beginning of Year	<u>215,512</u>	<u>77,709</u>	<u>14,627</u>	<u>12,151</u>	<u>319,999</u>
End of Year	<u>\$ 169,295</u>	<u>\$ 78,878</u>	<u>\$ 12,123</u>	<u>\$ 12,710</u>	<u>\$ 273,006</u>