

**LINCOLNWOOD PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**



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## 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincolnwood Public Library District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

November 8, 2016

LINCOLNWOOD PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Management of Lincolnwood Public Library District provides this narrative overview and analysis for the fiscal year ended June 30, 2016. It is recommended that readers consider this information in conjunction with the financial statements as a whole.

**Overview of the Financial Statements**

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

**Financial Highlights**

The District's total net position as of June 30, 2016 and 2015 were \$7,512,693 and \$7,391,889 respectively. For the years ended June 30, 2016 and 2015, net position increased \$120,804 and \$115,983, 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 \$7,512,693 as of the close of the year. Of the net position balance, \$125,270 is restricted, \$5,500,638 is unrestricted and \$1,886,785 is invested in capital assets, net of related debt.

### Condensed Statement of Net Position

	June 30,	
	2016	2015
Current Assets	\$ 7,090,012	\$ 5,102,802
Capital Assets, net of accumulated depreciation	4,429,472	3,548,549
Total Assets	11,519,484	8,651,351
Current Liabilities	325,707	112,032
Non-Current Liabilities	2,542,687	-
Total Liabilities	2,868,394	112,032
Deferred Inflows of Resources	1,138,397	1,147,430
Net Position		
Net Investment in Capital Assets	1,886,785	3,548,549
Restricted	125,270	165,695
Unrestricted	5,500,638	3,677,645
Total Net Position	\$ 7,512,693	\$ 7,391,889

### Condensed Statement of Activities

	For Years Ended June 30,	
	2016	2015
Revenues		
Property Taxes	\$ 2,472,154	\$ 2,349,279
Grants	9,705	15,738
Fines, Fees and Other	31,199	27,137
Gifts and Memorials	18,158	13,405
Interest Income	8,748	4,907
Total Revenues	2,539,964	2,410,466
Expenses		
Library Materials	203,005	186,398
Supplies	39,606	31,171
Outside Services	35,958	37,085
Operating	168,132	148,631
Training and Development	20,200	24,455
Community Relations	24,129	25,218
Salaries and Benefits	1,286,665	1,298,244
Capital Equipment and Lease	99,982	37,284
Contingency and Other	49,429	2,727
Building Maintenance	96,766	113,843
Social Security	88,263	90,170
Liability Insurance	15,994	15,477
Audit	9,300	9,300
Special Reserve and Construction	-	10,500
Interest	10,378	-
Depreciation	271,353	263,980
Total Expenses	2,419,160	2,294,483
Increase (Decrease) in Net Position	120,804	115,983
Net Position, Beginning of Year	7,391,889	7,275,906
Net Position, End of Year	\$ 7,512,693	\$ 7,391,889

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

<u>Governmental Funds</u>	<u>Fund Balance June 30, 2015</u>	<u>Increase (Decrease)</u>	<u>Fund Balance June 30, 2016</u>
General	\$ 1,908,408	\$ 314,439	\$ 2,222,847
Building Maintenance	78,759	(4,195)	74,564
Social Security	61,055	(33,431)	27,624
Liability Insurance	15,034	1,073	16,107
Audit	10,845	(3,870)	6,975
Special Reserve	1,826,301	(393,269)	1,433,032
Capital Project	-	1,914,516	1,914,516
	<u>\$ 3,900,402</u>	<u>\$ 1,795,263</u>	<u>\$ 5,695,665</u>

During the year, the District issued \$2,490,000 in debt certificates and by year end had begun a renovation project.

### **Budgetary Highlight**

The District's General Fund expended \$2,037,625, which was \$721,250 less than the final appropriation of \$2,758,875.

### **Capital Assets and Debt Administration**

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

	<u>2016</u>	<u>2015</u>
Land	\$ 829,514	\$ 829,514
Sculpture	18,000	-
Land Improvements	576,281	576,281
Building and Improvements	3,666,802	3,666,802
Pre-Construction and Construction Costs	1,108,323	135,643
Furniture and Equipment	446,022	446,022
Computer Equipment	32,291	29,374
Books and Other Library Materials	781,828	813,581
	<u>7,459,061</u>	<u>6,497,217</u>
Cost of Capital Assets		
	7,459,061	6,497,217
Less Accumulated Depreciation	<u>3,029,589</u>	<u>2,948,668</u>
Net Capital Assets	<u>\$ 4,429,472</u>	<u>\$ 3,548,549</u>

The most significant capital asset activity was the beginning of a building renovation. Note 4 on page 13 contains more detail on capital assets. During the year, the District issued debt certificates totaling \$2,490,000. Note 5 on pages 13 and 14 contains more details.

### **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. The District is in the early stages of a renovation project with an estimated cost of \$5,250,000.

### **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, 2016

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL PROJECT FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF NET POSITION
<b>ASSETS</b>							
Cash and Cash Investments	\$ 2,258,383	\$ 1,433,032	\$ 2,129,172	\$ 131,028	\$ 5,951,615	\$ -	\$ 5,951,615
Property Taxes Receivable, net of allowance of \$75,044	1,061,668	-	-	76,729	1,138,397	-	1,138,397
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	4,429,472	4,429,472
<b>Total Assets</b>	<b><u>\$ 3,320,051</u></b>	<b><u>\$ 1,433,032</u></b>	<b><u>\$ 2,129,172</u></b>	<b><u>\$ 207,757</u></b>	<b><u>\$ 7,090,012</u></b>	<b><u>4,429,472</u></b>	<b><u>11,519,484</u></b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 8,404	\$ -	\$ 171,038	\$ 5,089	\$ 184,531	-	184,531
Retainage Payable	-	-	43,618	-	43,618	-	43,618
Accrued Salaries	27,132	-	-	669	27,801	-	27,801
Accrued Compensated Absences	-	-	-	-	-	59,379	59,379
Accrued Interest Payable	-	-	-	-	-	10,378	10,378
Long-Term Liabilities							
Due within one year	-	-	-	-	-	156,375	156,375
Due after one year	-	-	-	-	-	2,386,312	2,386,312
<b>Total Liabilities</b>	<b><u>35,536</u></b>	<b><u>-</u></b>	<b><u>214,656</u></b>	<b><u>5,758</u></b>	<b><u>255,950</u></b>	<b><u>2,612,444</u></b>	<b><u>2,868,394</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Property Taxes	1,061,668	-	-	76,729	1,138,397	-	1,138,397
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>1,097,204</u></b>	<b><u>-</u></b>	<b><u>214,656</u></b>	<b><u>82,487</u></b>	<b><u>1,394,347</u></b>	<b><u>2,612,444</u></b>	<b><u>4,006,791</u></b>
<b>FUND BALANCES / NET POSITION</b>							
<b>Fund Balances</b>							
Restricted for Statutory Purposes	-	-	-	125,270	125,270	(125,270)	-
Committed for Capital Projects	-	1,433,032	1,914,516	-	3,347,548	(3,347,548)	-
Unassigned	2,222,847	-	-	-	2,222,847	(2,222,847)	-
<b>Total Fund Balances</b>	<b><u>2,222,847</u></b>	<b><u>1,433,032</u></b>	<b><u>1,914,516</u></b>	<b><u>125,270</u></b>	<b><u>5,695,665</u></b>	<b><u>(5,695,665)</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$ 3,320,051</u></b>	<b><u>\$ 1,433,032</u></b>	<b><u>\$ 2,129,172</u></b>	<b><u>\$ 207,757</u></b>	<b><u>\$ 7,090,012</u></b>		
<b>Net Position</b>							
Net Investment in Capital Assets						1,886,785	1,886,785
Restricted						125,270	125,270
Unrestricted						5,500,638	5,500,638
<b>Total Net Position</b>						<b><u>\$ 7,512,693</u></b>	<b><u>\$ 7,512,693</u></b>

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, 2016

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL PROJECT FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$2,304,963	\$ -	\$ -	\$ 167,191	\$ 2,472,154	\$ -	\$ 2,472,154
Grants	9,705	-	-	-	9,705	-	9,705
Fines, Fees and Other	31,199	-	-	-	31,199	-	31,199
Gifts and Memorials	158	-	-	-	158	18,000	18,158
Interest Income	6,039	-	-	2,709	8,748	-	8,748
<b>Total Revenues</b>	<b>2,352,064</b>	<b>-</b>	<b>-</b>	<b>169,900</b>	<b>2,521,964</b>	<b>18,000</b>	<b>2,539,964</b>
<b>EXPENDITURES / EXPENSES</b>							
Library Materials	355,984	-	-	-	355,984	(152,979)	203,005
Supplies	39,606	-	-	-	39,606	-	39,606
Outside Services	35,958	-	-	-	35,958	-	35,958
Operating	168,132	-	-	-	168,132	-	168,132
Training and Development	20,200	-	-	-	20,200	-	20,200
Community Relations	24,129	-	-	-	24,129	-	24,129
Salaries and Benefits	1,284,348	-	-	-	1,284,348	2,317	1,286,665
Capital Equipment and Lease	108,599	-	-	-	108,599	(8,617)	99,982
Contingency and Other	669	-	48,760	-	49,429	-	49,429
Building Maintenance	-	-	-	96,766	96,766	-	96,766
Social Security	-	-	-	88,263	88,263	-	88,263
Liability Insurance	-	-	-	15,994	15,994	-	15,994
Audit	-	-	-	9,300	9,300	-	9,300
Special Reserve and Construction	-	393,269	579,411	-	972,680	(972,680)	-
Interest	-	-	-	-	-	10,378	10,378
Depreciation	-	-	-	-	-	271,353	271,353
<b>Total Expenditures / Expenses</b>	<b>2,037,625</b>	<b>393,269</b>	<b>628,171</b>	<b>210,323</b>	<b>3,269,388</b>	<b>(850,228)</b>	<b>2,419,160</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>314,439</b>	<b>(393,269)</b>	<b>(628,171)</b>	<b>(40,423)</b>	<b>(747,424)</b>	<b>868,228</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Debt Certificate Proceeds	-	-	2,542,687	-	2,542,687	(2,542,687)	-
Operating Transfer	-	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>314,439</b>	<b>(393,269)</b>	<b>1,914,516</b>	<b>(40,423)</b>	<b>1,795,263</b>	<b>(1,795,263)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,804</b>	<b>120,804</b>
<b>FUND BALANCES / NET POSITION</b>							
Beginning of Year	1,908,408	1,826,301	-	165,693	3,900,402	3,491,487	7,391,889
End of Year	\$2,222,847	\$1,433,032	\$1,914,516	\$ 125,270	\$ 5,695,665	\$ 1,817,028	\$ 7,512,693

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

# LINCOLNWOOD PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### 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 and the Capital Project funds are 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 2015 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, 2016, since historically the second installment of the tax levy has been 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	3-5 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

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

### I. Interfund Transactions

Interfund transfers are reported as operating transfers.

### J. Fund Equity

The District follows 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. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums are deferred and amortized over the life of the bonds using a weighted average. Bonds payable are reported including the applicable bond premium.

### M. Interest Income Allocation

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

## NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the District's deposits, excluding petty cash of \$300, was \$3,508,472 and the bank balance was \$3,683,090. The entire bank balance was covered by federal depository insurance (\$250,000) and collateral with securities held by the pledging financial institution's agent in the District's name (\$3,433,090).

Investments. The District's invests in The Illinois Funds. The monies invested by the individual participants are pooled together. The Illinois Funds complies with Illinois law and is limited to the following investments: Direct United States Treasury obligation and issues of United States Agencies or Instrumentalities, agreements to repurchase United States Treasury obligations and issues of United States Agencies or Instrumentalities, Commercial Paper rated A1, P1 or equivalent, and AAA rated Money Market Funds. 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, 2016 was \$2,442,843.

## NOTE 3 – PROPERTY TAXES

Property taxes for 2015 attached as an enforceable lien on property as of January 1, 2015. They were levied in November 2015 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 February, March, July and August. The County of Cook collects such taxes and remits them periodically during the period of February 2016 through January 2017. The second installment of the 2015 property tax levy is recorded as a receivable and deferred inflows of resources at June 30, 2016 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, 2017 operations and is reflected as deferred inflows of resources at June 30, 2016.

## NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated				
Land	\$ 829,514	\$ -	\$ -	\$ 829,514
Sculpture	-	18,000	-	18,000
Total capital assets not being depreciated	829,514	18,000	-	847,514
Capital assets, being depreciated				
Land Improvements	576,281	-	-	576,281
Building and Improvements	3,666,802	-	-	3,666,802
Pre-Construction and Construction Costs	135,643	972,680	-	1,108,323
Furniture and Equipment	446,022	-	-	446,022
Computer Equipment	29,374	8,617	(5,700)	32,291
Books and Other Library Materials	813,581	152,979	(184,732)	781,828
Total capital assets being depreciated	5,667,703	1,134,276	(190,432)	6,611,547
Less accumulated depreciation for				
Land Improvements	199,613	29,104	-	228,717
Building and Improvements	1,993,178	96,008	-	2,089,186
Furniture and Equipment	351,143	23,885	-	375,028
Computer Equipment	9,147	5,957	(5,700)	9,404
Books and Other Library Materials	395,587	116,399	(184,732)	327,254
Total accumulated depreciation	2,948,668	271,353	(190,432)	3,029,589
Total capital assets being depreciated, net	2,719,035	862,923	-	3,581,958
Capital assets, net	\$ 3,548,549	\$ 880,923	\$ -	\$ 4,429,472

The District is in the early stage of a building renovation. Once the District renovation is complete, a significant portion of their 2005 space revitalization/remodeling, subsequent building improvements, and old furniture will be removed and the remaining net book value of those assets of approximately \$400,000 will be scrapped.

## NOTE 5 – LONG-TERM DEBT

Debt Certificates to a Bank. The District issued debt certificates in 2016 to provide funds to finance a renovation project at the library. The debt certificates have been designated as term certificates and have mandatory sinking fund payments due through November 1, 2029.

Long-term debt consists of the following debt certificates:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due In One Year
\$2,490,000 thirteen year debt certificates dated May 3, 2016 with interest rates of 2.0% and 3.0%.	\$ -	\$ 2,490,000	\$ -	\$ 2,490,000	\$ 150,000
Plus (Minus) Deferred Amounts For Issuance Premium	-	52,687	-	52,687	6,375
	\$ -	\$ 2,542,687	\$ -	\$ 2,542,687	\$ 156,375



NOTE 5 – LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for debt certificates, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2017	\$ 150,000	\$ 63,238	\$ 213,238	2.00%
2018	155,000	60,550	215,550	2.00%
2019	160,000	57,400	217,400	2.00%
2020	160,000	54,200	214,200	2.00%
2021	165,000	50,950	215,950	2.00%
2022	170,000	47,600	217,600	2.00%
2023	170,000	43,350	213,350	3.00%
2024	175,000	38,175	213,175	3.00%
2025	185,000	32,775	217,775	3.00%
2026	190,000	27,150	217,150	3.00%
2027	195,000	21,375	216,375	3.00%
2028	200,000	15,450	215,450	3.00%
2029	205,000	9,375	214,375	3.00%
2030	<u>210,000</u>	<u>3,150</u>	<u>213,150</u>	3.00%
Total	<u>\$ 2,490,000</u>	<u>\$ 524,738</u>	<u>\$ 3,014,738</u>	

NOTE 6 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan (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, 2016, the District contributed \$72,020 to the deferred compensation plan, whereas employees contributed \$61,797.

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements did not exceed coverage during the year.

NOTE 8 – 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, 2016 amounted to \$12,588. Future

**NOTE 8 – OPERATING LEASES (Continued)**

minimum lease payments for the equipment lease is as follows:

Year Ending June 30	
2017	\$ 12,444
2018	12,444
2019	<u>3,930</u>
	<u>\$ 28,818</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, 2016 were \$70,610.

**NOTE 10 – 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.	\$ 4,429,472
Accrued compensated absences are recognized in governmental activities as they accrue.	(59,379)
Interest payable is recognized in governmental activities as it accrues.	(10,378)
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>(2,542,687)</u>
	<u>\$ 1,817,028</u>

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is \$862,923 (\$1,134,276 less \$271,353). Also, there is a change in accrued compensated absences of \$2,317. Furthermore there was a change in interest expense of \$10,378. Lastly, the statement of activities reflects a donation of a sculpture valued at \$18,000.

**NOTE 11 - COMMITMENTS**

The District is in the front end of a building renovation with an approximate total cost of \$5,250,000. As of June 30, 2016, contracts have been entered into with an architect, a construction manager, and several subcontractors and vendors with approximately \$4,100,000 remaining to be earned and paid.

**REQUIRED SUPPLEMENTARY INFORMATION**

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>REVENUES</b>			
Property Taxes	\$ 2,372,000	\$ 2,372,000	\$ 2,304,963
Grants	16,000	16,000	9,705
Fines, Fees and Other	19,000	19,000	31,199
Gifts and Memorials	1,000	1,000	158
Interest Income	2,100	2,100	6,039
Total Revenues	<u>2,410,100</u>	<u>2,410,100</u>	<u>2,352,064</u>
<b>EXPENDITURES</b>			
Library Materials	432,360	432,360	355,984
Supplies	55,320	55,320	39,606
Outside Services	55,680	55,680	35,958
Operating	243,120	243,120	168,132
Training and Development	37,800	37,800	20,200
Community Relations	38,520	38,520	24,129
Salaries and Benefits	1,622,760	1,622,760	1,284,348
Capital Equipment and Lease	159,360	159,360	108,599
Contingency and Other	113,955	113,955	669
Total Expenditures	<u>2,758,875</u>	<u>2,758,875</u>	<u>2,037,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (348,775)</u>	<u>\$ (348,775)</u>	<u>\$ 314,439</u>

## ADDITIONAL INFORMATION

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2016

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTAL</u>
<b>ASSETS</b>					
Cash and Cash Investments	\$ 80,007	\$ 27,624	\$ 16,422	\$ 6,975	\$ 131,028
Property Taxes Receivable	45,649	22,655	6,148	2,277	76,729
Total Assets	<u>\$ 125,656</u>	<u>\$ 50,279</u>	<u>\$ 22,570</u>	<u>\$ 9,252</u>	<u>\$ 207,757</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,774	\$ -	\$ 315	\$ -	\$ 5,089
Accrued Wages	669	-	-	-	669
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes	<u>45,649</u>	<u>22,655</u>	<u>6,148</u>	<u>2,277</u>	<u>76,729</u>
Total Liabilities and Deferred Inflows of Resources	51,092	22,655	6,463	2,277	82,487
<b>FUND BALANCES</b>					
Restricted	<u>74,564</u>	<u>27,624</u>	<u>16,107</u>	<u>6,975</u>	<u>125,270</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 125,656</u>	<u>\$ 50,279</u>	<u>\$ 22,570</u>	<u>\$ 9,252</u>	<u>\$ 207,757</u>

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2016

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTALS</u>
<b>REVENUES</b>					
Property Taxes	\$ 91,131	\$ 54,236	\$ 16,761	\$ 5,063	\$ 167,191
Other	-	-	-	-	-
Interest Income	1,440	596	306	367	2,709
Total Revenues	<u>92,571</u>	<u>54,832</u>	<u>17,067</u>	<u>5,430</u>	<u>169,900</u>
<b>EXPENDITURES</b>					
Building Maintenance	96,766	-	-	-	96,766
Social Security	-	88,263	-	-	88,263
Liability Insurance	-	-	15,994	-	15,994
Audit	-	-	-	9,300	9,300
Total Expenditures	<u>96,766</u>	<u>88,263</u>	<u>15,994</u>	<u>9,300</u>	<u>210,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,195)	(33,431)	1,073	(3,870)	(40,423)
<b>FUND BALANCES</b>					
Beginning of Year	<u>78,759</u>	<u>61,055</u>	<u>15,034</u>	<u>10,845</u>	<u>165,693</u>
End of Year	<u>\$ 74,564</u>	<u>\$ 27,624</u>	<u>\$ 16,107</u>	<u>\$ 6,975</u>	<u>\$ 125,270</u>