

SKOKIE PUBLIC LIBRARY

Skokie, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended April 30, 2015

SKOKIE PUBLIC LIBRARY

TABLE OF CONTENTS As of and for the Year Ended April 30, 2015

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3 - 4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6 - 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Index to Notes to Financial Statements	9
Notes to Financial Statements	10 - 26
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	27
Notes to Required Supplementary Information	28
Supplementary Information	
Detailed Schedule of Expenditures - Budget and Actual - General Fund	29 - 30
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Series 2001 Library Project Fund	31

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Skokie Public Library
Skokie, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Skokie Public Library, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Skokie Public Library'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.

Auditors' 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 auditors' 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 Skokie Public Library'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 Skokie Public Library'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.

To the Board of Trustees
Skokie Public Library

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 Skokie Public Library, Illinois, as of April 30, 2015 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

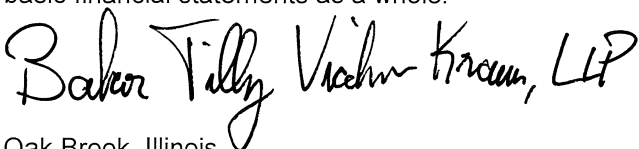
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Skokie Public Library's basic financial statements. The supplementary information as listed 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 relates 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.



Oak Brook, Illinois
October 28, 2015

SKOKIE PUBLIC LIBRARY

STATEMENT OF NET POSITION As of April 30, 2015

	Skokie Public Library
ASSETS	
Cash and investments	\$ 13,480,126
Receivables	
Property taxes	6,404,071
Due from other governmental units	107,090
Capital Assets	
Capital assets not being depreciated	1,488,336
Capital assets being depreciated, net of depreciation	<u>15,319,104</u>
Total Assets	<u>36,798,727</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on refunding	<u>286,828</u>
Total Deferred Outflows of Resources	<u>286,828</u>
LIABILITIES	
Accounts payable	89,892
Accrued payroll	178,478
Accrued interest	104,677
Noncurrent Liabilities	
Due within one year	1,399,186
Due in more than one year	<u>6,377,849</u>
Total Liabilities	<u>8,150,082</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for future periods	<u>6,342,567</u>
Total Deferred Inflows of Resources	<u>6,342,567</u>
NET POSITION	
Net invested in capital assets	9,704,594
Restricted for	
Debt service	242,255
Unrestricted	<u>12,646,057</u>
TOTAL NET POSITION	<u>\$ 22,592,906</u>

See accompanying notes to financial statements.

SKOKIE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture, education and recreation	\$ 12,122,334	\$ 208,006	\$ 86,280	\$ 14,718	\$ (11,813,330)
Interest and fiscal charges	<u>220,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,657)</u>
Total Governmental Activities	<u>\$ 12,342,991</u>	<u>\$ 208,006</u>	<u>\$ 86,280</u>	<u>\$ 14,718</u>	<u>\$ (12,033,987)</u>
General Revenues					
Taxes					
Property					12,592,538
Other taxes					360,832
Investment income					(87,235)
Miscellaneous					<u>70,542</u>
Total General Revenues					<u>12,936,677</u>
Change in net position					902,690
NET POSITION - Beginning of Year					<u>21,690,216</u>
NET POSITION - END OF YEAR					<u>\$ 22,592,906</u>

See accompanying notes to financial statements.

SKOKIE PUBLIC LIBRARY

BALANCE SHEET GOVERNMENTAL FUNDS As of April 30, 2015

	General	Series 2001 Library Project	Reserve Fund for Site and Building	Nonmajor Governmental Fund Fine Arts Acquisition
ASSETS				
Cash and investments	\$ 5,616,368	\$ 346,932	\$ 7,503,590	\$ 13,236
Receivables				
Property taxes	5,439,071	965,000	-	-
Due from other governments	<u>107,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,162,529</u>	<u>\$ 1,311,932</u>	<u>\$ 7,503,590</u>	<u>\$ 13,236</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 89,892	\$ -	\$ -	\$ -
Accrued wages	<u>178,478</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>268,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	<u>5,377,567</u>	<u>965,000</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>5,377,567</u>	<u>965,000</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted for debt service purposes	-	346,932	-	-
Assigned for fine arts	-	-	-	13,236
Assigned for capital improvements	-	-	7,503,590	-
Unassigned	<u>5,516,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,516,592</u>	<u>346,932</u>	<u>7,503,590</u>	<u>13,236</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 11,162,529</u>	<u>\$ 1,311,932</u>	<u>\$ 7,503,590</u>	<u>\$ 13,236</u>

See accompanying notes to financial statements.

Totals

\$ 13,480,126

6,404,071

107,090

\$ 19,991,287

\$ 89,892

178,478

268,370

6,342,567

6,342,567

346,932

13,236

7,503,590

5,516,592

13,380,350

\$ 19,991,287

SKOKIE PUBLIC LIBRARY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of April 30, 2015

Total Fund Balances - Governmental Funds	\$ 13,380,350
--	---------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	16,807,440
--	------------

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Refunding bonds payable	(6,745,000)
Unamortized premium on refunding bonds	(642,849)
Unamortized loss on refunding bonds	286,828
Compensated absences	(387,361)
Capital lease	(1,825)

Accrued interest on long-term liabilities is reported as a liability on the statement of net position	<u>(104,677)</u>
---	------------------

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,592,906</u>
--	-----------------------------

SKOKIE PUBLIC LIBRARY

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

For the Year Ended April 30, 2015

	General	Series 2001 Library Project	Reserve Fund for Site and Building	Nonmajor Governmental Fund Fine Arts Acquisition
REVENUES				
Property taxes	\$ 11,328,063	\$ 1,264,475	\$ -	\$ -
Replacement taxes	360,832	-	-	-
Intergovernmental	86,280	-	-	-
Fines, forfeitures and penalties	208,006	-	-	-
Investment income	(35,352)	31	(51,914)	-
Donations	14,718	-	-	-
Other revenue	70,240	-	-	302
Total Revenues	<u>12,032,787</u>	<u>1,264,506</u>	<u>(51,914)</u>	<u>302</u>
EXPENDITURES				
Current				
Culture and education	10,542,260	-	-	-
Capital Outlay	205,794	-	-	-
Debt Service				
Principal	6,817	965,000	-	-
Interest and fiscal charges	623	299,475	-	-
Total Expenditures	<u>10,755,494</u>	<u>1,264,475</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,277,293</u>	<u>31</u>	<u>(51,914)</u>	<u>302</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,000,000	-
Transfers out	(1,000,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Net Change in Fund Balances	277,293	31	948,086	302
FUND BALANCES - Beginning of Year	<u>5,239,299</u>	<u>346,901</u>	<u>6,555,504</u>	<u>12,934</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,516,592</u>	<u>\$ 346,932</u>	<u>\$ 7,503,590</u>	<u>\$ 13,236</u>

See accompanying notes to financial statements.

	<u>Totals</u>
\$	12,592,538
	360,832
	86,280
	208,006
	(87,235)
	14,718
	<u>70,542</u>
	<u>13,245,681</u>

10,542,260
205,794

971,817
<u>300,098</u>
<u>12,019,969</u>

<u>1,225,712</u>

1,000,000
<u>(1,000,000)</u>
<u>-</u>

1,225,712

<u>12,154,638</u>

<u>\$ 13,380,350</u>

SKOKIE PUBLIC LIBRARY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2015

Net change in fund balances - total governmental funds	\$ 1,225,712
--	--------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,257,655
Depreciation is reported in the government-wide financial statements	(2,633,745)

The amortization of premium on long-term debt issued is reported as a reduction of expenses on the statement of activities	107,141
--	---------

The amortization of the loss on refunding is reported as an expense on the statement of activities	(47,804)
--	----------

The repayment of the principal portion of a capital lease is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities.	6,817
--	-------

The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	965,000
--	---------

The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities.	20,104
--	--------

The decrease in compensated absences is reported as an expenditure when due in the governmental funds but as an increase in expenses in the statement of activities.	<u>1,810</u>
--	--------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 902,690</u>
--	--------------------------

SKOKIE PUBLIC LIBRARY

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE	<u>Page</u>
I Summary of Significant Accounting Policies	10
A. Reporting Entity	10
B. Government-Wide and Fund Financial Statements	10
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	12
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	13
1. Deposits and Investments	13
2. Receivables	14
3. Prepaid Items	15
4. Capital Assets	15
5. Deferred Outflows of Resources	16
6. Compensated Absences	16
7. Long-Term Obligations	16
8. Deferred Inflows of Resources	17
9. Equity Classifications	17
10. Accounting Estimates	18
II Stewardship, Compliance, and Accountability	18
A. Limitations on the Library's Tax Levy	18
III Detailed Notes on All Funds	19
A. Deposits and Investments	19
B. Receivables	20
C. Capital Assets	21
D. Interfund Transfers	22
E. Long-Term Obligations	22
F. Lease Disclosures	24
IV Other Information	24
A. Employees' Retirement System	24
B. Risk Management	25
C. Effect of New Accounting Standards on Current-Period Financial Statements	26

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Skokie Public Library (the Library) is located in Cook County, Illinois. The Library operates under a President-Trustee form of government and provides the following services as authorized by its charter. For financial reporting purposes the Library includes all funds, agencies, and boards that are responsible to the Library Board of Trustees. Responsibility to the Board of Trustees was determined on the basis of budget adoption, taxing authority, outstanding debt secured by receipts or general obligations of the Library and obligations of the Library to finance any debts that may occur.

The following is a summary of the significant accounting policies of the Skokie Public Library:

A. REPORTING ENTITY

This report includes all of the funds of the Library. The reporting entity for the Library consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Library has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Library are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the Library believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

General Fund - accounts for the Library's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
The Series 2001 Library Project Fund - used to account for the retirement of the Library's bonded debt.
The Reserve Fund for Site & Building - used to account for the accumulation of funds for anticipated capital improvements.

The Library reports the following nonmajor governmental fund:

Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fine Arts Acquisition Fund

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Intergovernmental aids and grants are recognized as revenues in the period the Library is entitled the resources and the amounts are available. Amounts owed to the Library which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest. Other general revenues such as fines and forfeitures and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Illinois Statutes authorize the Library to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

The Library has adopted an investment policy. That policy follows the state statute for allowable investments. It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and yield.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations and investing in shorter-term securities, money market funds, or similar investment pools.

Credit Risk

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Library limits its exposure to credit risk by limiting investments to the safest types of securities; prequalifying the financial institutions, intermediaries, and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment. The Library's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Library, an independent third party or the Federal Reserve Bank of Chicago.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts and a written custodial agreement. Illinois funds and IMET are not subject to custodial credit risk.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2014 attaches as an enforceable lien on January 1, 2014, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2015 tax levy, which attached as an enforceable lien on the property as of January 1, 2015, has not been recorded as a receivable as of April 30, 2015, as the tax has not yet been levied by the Library and will not be levied until December 2015, and therefore, the levy is not measurable at April 30, 2015.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Tax bills for levy year 2014 are prepared by the County and issued on or about February 1, 2015 and August 1, 2015, and are payable in two installments, on or about March 1, 2015 and September 1, 2015 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2014 property tax levy is recognized as a receivable and deferred inflows of resources in fiscal 2015. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2015, the property taxes receivable and deferred inflows of resources consisted of the estimated amount collectible from the 2014 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The Library uses the consumption method when recording prepaid assets.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets, except for books for which the amount is \$15, are defined by the Library as assets with an initial, individual cost of more than \$5,000 for building improvements and \$1,000 for all other assets, and an estimated useful life in excess of 1 year. Such assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

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. The range of estimated useful lives by type of asset is as follows:

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Buildings	25 Years
Land Improvements	20 Years
Building improvements	20 Years
Furniture and equipment	5 Years
Books and materials	15 Years

Fund Financial Statements

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

6. Compensated Absences

All vested vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

7. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

9. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Library Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Library Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The Library considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Library would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

10. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LIMITATIONS ON THE LIBRARY'S TAX LEVY

Tax rate ceilings are established by Illinois state law under the Property Tax Extension Limitation Act (PTELA) and are subject to change only by the approval of the voters of the Library. The tax rate ceilings are applied at the fund level.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lessor of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the Library's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2014 and 2013 tax levies were 1.5% and 1.7%, respectively.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Library's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 3,633,502	\$ 3,762,602	Custodial credit risk - deposits
Illinois Funds	9,843,485	9,843,484	Credit risk
IMET - money market	854	854	Credit risk
Petty cash	<u>2,285</u>	<u>-</u>	N/A
Total Deposits and Investments	<u>\$ 13,480,126</u>	<u>\$ 13,606,940</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library.

The Library does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

The Library does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of April 30, 2015, the Library's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Illinois Funds	AAAm	Not rated
Illinois Metropolitan Investment Fund	Not rated	Aaa/MR1

On September 29, 2014, the Illinois Metropolitan Investment Trust (IMET) was informed of defaults on certain loans believed to be guaranteed in its Convenience Fund caused by fraud on the part of First Farmer's Financial (FFF), a USDA approved lender. This resulted in a decrease in the value of the Library's IMET investments in the amount of \$106,368.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,488,336	\$ -	\$ -	\$ 1,488,336
Total Capital Assets Not Being depreciated	<u>1,488,336</u>	<u>-</u>	<u>-</u>	<u>1,488,336</u>
Capital assets being depreciated				
Buildings	\$ 3,035,695	\$ -	\$ -	\$ 3,035,695
Building improvements	28,436,835	50,360	-	28,487,195
Land improvements	799,343	37,786	-	837,129
Furniture and equipment	4,489,046	207,985	71,367	4,625,664
Books and material	<u>11,818,515</u>	<u>961,524</u>	<u>830,595</u>	<u>11,949,444</u>
Total Capital Assets Being Depreciated	<u>48,579,434</u>	<u>1,257,655</u>	<u>901,962</u>	<u>48,935,127</u>
Total Capital Assets	<u>50,067,770</u>	<u>1,257,655</u>	<u>901,962</u>	<u>50,423,463</u>
Less: Accumulated depreciation for				
Buildings	3,035,695	-	-	3,035,695
Building improvements	19,314,713	1,282,401	-	20,597,114
Land improvements	251,301	40,912	-	292,213
Furniture and equipment	3,172,355	471,424	71,367	3,572,412
Books and material	<u>6,110,176</u>	<u>839,008</u>	<u>830,595</u>	<u>6,118,589</u>
Total Accumulated depreciation	<u>31,884,240</u>	<u>2,633,745</u>	<u>901,962</u>	<u>33,616,023</u>
Net Capital Assets Being Depreciated	<u>16,695,194</u>	<u>(1,376,090)</u>	<u>-</u>	<u>15,319,104</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,183,530</u>	<u>\$(1,376,090)</u>	<u>\$ -</u>	<u>\$ 16,807,440</u>

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Reserve Fund for Site and Building	General Fund	\$ 1,000,000	To fund capital projects
Total - Fund Financial Statements		1,000,000	
Less: Government-wide eliminations		<u>(1,000,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
Intergovernmental payable	\$ 7,710,000	\$ -	\$ 965,000	\$ 6,745,000	\$ 1,010,000
Unamortized premium	<u>749,990</u>	<u>-</u>	<u>107,141</u>	<u>642,849</u>	<u>-</u>
Sub-totals	<u>8,459,990</u>	<u>-</u>	<u>1,072,141</u>	<u>7,387,849</u>	<u>1,010,000</u>
Other Liabilities					
Compensated absences	389,171	183,649	185,459	387,361	387,361
Capital leases	<u>8,642</u>	<u>-</u>	<u>6,817</u>	<u>1,825</u>	<u>1,825</u>
Total Other Liabilities	<u>397,813</u>	<u>183,649</u>	<u>192,276</u>	<u>389,186</u>	<u>389,186</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 8,857,803</u>	<u>\$ 183,649</u>	<u>\$ 1,264,417</u>	<u>\$ 7,777,035</u>	<u>\$ 1,399,186</u>

The compensated absences and capital lease will be paid out of the General Fund.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Intergovernmental Payable

The intergovernmental payable represents the principal outstanding on the Village of Skokie's Series 2010 Refunding Bonds which were issued for Library purposes and are being repaid by the Library. Although the bonds are legally the obligation of the Village, the Library has entered into an agreement with the Village, whereby the Library has retained full responsibility for the payment of debt. The intergovernmental payable will be retired by future property tax levies accumulated in the Series 2001 Library Project Fund.

Intergovernmental Payable at April 30, 2015 consist of the following:

<u>Governmental Activities</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>Balance April</u>
<u>Intergovernmental Payable</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>30, 2015</u>
General Obligation					
Refunding Bonds, Series	September	December	1.00% -		
2010	9, 2010	1, 2020	5.00%	\$ 14,885,000	<u>\$ 6,745,000</u>
Total Governmental Activities Intergovernmental Payable					<u>\$ 6,745,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,010,000	\$ 251,225
2017	1,075,000	200,725
2018	1,105,000	163,100
2019	1,145,000	124,425
2020	1,180,000	84,350
2021	<u>1,230,000</u>	<u>43,050</u>
Totals	<u>\$ 6,745,000</u>	<u>\$ 866,875</u>

Capital Leases

Refer to Note III. F.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LEASE DISCLOSURES

Lessee - Capital Leases

On January 18, 2010 the Library acquired six copiers through a lease/purchase agreement. The gross amount of these assets under capital leases is \$37,200, which are included in capital assets in the governmental activities. The capital lease is expected to be repaid from the General Fund. The future minimum lease obligations and the net present value on these minimum lease payments as of April 30, 2015, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ <u>1,825</u>	\$ <u>34</u>	\$ <u>1,859</u>
Totals	\$ <u>1,825</u>	\$ <u>34</u>	\$ <u>1,859</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Illinois Municipal Retirement Fund

The Library, under the sponsorship of the Village, contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for the plan are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Although IMRF is an agent multiple-employer pension plan, the Library's participation in IMRF through the Village results in the Library participating in a cost-sharing multiple-employer plan.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in Regular Tier 1. If the member first participated in IMRF on or after January 1, 2011, they participate in Regular Tier 2.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Illinois Municipal Retirement Fund (cont.)

For Regular Tier 1, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For Regular Tier 2, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The employer annual required contribution rate for the calendar year ended December 31, 2014 was 12.06%. During the years ended April 30, 2015, 2014, and 2013, the Library, under the sponsorship of the Village, was required to contribute \$689,789, \$605,589 and \$522,173, respectively, to IMRF. A separate actuarial valuation for Library employees is not performed. Actuarial information regarding IMRF is presented in the Village's Comprehensive Annual Financial Report.

The amount shown below as the actuarial accrued liability is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users access the funding status of IMRF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial entry-age normal method prorated on service and is the same as the funding method used to determine contributions to IMRF.

The actuarial accrued liability for the Village as a whole as of December 31, 2014, 2013, and 2012 was \$70,788,340, \$69,688,193, and \$72,052,091, respectively. The actuarial value of assets as these dates was \$59,769,799, \$60,349,318, and \$58,966,859, resulting in an underfunded actuarial accrued liability as of December 31, 2014, 2013, and 2012 of \$11,018,541, \$9,338,875, and \$13,085,232, respectively. The Library's contribution for the year ended April 30, 2015, 2014, and 2013 represented 27%, 26%, and 34%, respectively, of the total amount contributed by the Village.

B. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

SKOKIE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2015

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

The Library participates in LIMRCC, a public entity risk pool with the transfer of risk. The Library is responsible for an annual premium payment and the pool is responsible for administering the program. If funds are insufficient in the judgment of the pool, the pool may assess the members' additional equal payments. The Library's policy is to record any related expenditures in the year in which they are notified of any additional assessments. The Library is not aware of any additional assessments owed as of April 30, 2015.

C. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68.*
- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- Statement No. 77, *Tax Abatement Disclosures*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SKOKIE PUBLIC LIBRARY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2015

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 11,747,260	\$ 11,328,063
Replacement taxes	325,000	360,832
State and other grants	90,000	86,280
Fines, forfeitures and penalties	200,000	208,006
Investment income	15,000	(35,352)
Donations	-	14,718
Other revenue	65,000	70,240
Total Revenues	<u>12,442,260</u>	<u>12,032,787</u>
EXPENDITURES		
CURRENT		
Current and education		
Personnel	7,317,657	7,021,557
Contractual services	2,097,000	2,026,717
Commodities	1,514,400	1,493,986
Total current and education	<u>10,929,057</u>	<u>10,542,260</u>
Total Current	<u>10,929,057</u>	<u>10,542,260</u>
CAPITAL OUTLAY		
Capital Outlay	1,505,203	205,794
Total Capital Outlay	<u>1,505,203</u>	<u>205,794</u>
DEBT SERVICE		
Principal	8,000	6,817
Interest and fiscal charges	-	623
Total Debt Service	<u>8,000</u>	<u>7,440</u>
Total Expenditures	<u>12,442,260</u>	<u>10,755,494</u>
Excess of revenues over expenditures	-	<u>1,277,293</u>
OTHER FINANCING USES		
Transfers out	-	(1,000,000)
Total Other Financing Uses	-	<u>(1,000,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	277,293
FUND BALANCE - Beginning of Year		<u>5,239,299</u>
FUND BALANCE - END OF YEAR		<u>\$ 5,516,592</u>

See independent auditors' report and accompanying notes to required supplementary information.

SKOKIE PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION April 30, 2015

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts are as originally adopted by the Library Board of Trustees. All annual appropriations lapse at fiscal year end.

The budget is prepared for the General Fund and the Series 2001 Library Project Fund by function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Library Board of Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. The budget may be amended by the governing body. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were necessary of any fund.

SUPPLEMENTARY INFORMATION

SKOKIE PUBLIC LIBRARY

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended April 30, 2015

	Original and Final Budget	Actual
PERSONNEL SERVICES		
Salaries	\$ 6,241,657	\$ 5,902,987
Employer IMRF	631,000	689,789
Employer FICA	445,000	428,781
Total personnel services	<u>7,317,657</u>	<u>7,021,557</u>
CONTRACTUAL SERVICES		
Audit fees	12,000	6,000
Bank fees	-	5,345
Cable and media lab	10,500	3,094
Conferences	100,000	106,451
Contingency	75,000	12,036
Data processing	3,000	3,000
E-commerce	-	5,005
Insurance		
Health/dental/life	680,000	637,106
General	142,000	136,693
Maintenance of automobile equipment	20,000	9,539
Maintenance of buildings and grounds	197,000	203,271
Maintenance of equipment	48,000	22,443
Material handling and Illinois access fees	40,000	43,476
Miscellaneous	-	6,053
Office expenditures and transportation	2,000	1,434
Position vacancy announcement	-	1,171
Postage	24,000	21,299
Printing and publicity	70,500	69,196
Professional services	40,000	36,236
Programming	66,000	63,374
Reception and entertainment	17,000	14,049
Section 125 reimbursements	-	27,103
Summer reading contribution	-	13,700
Technology/network	470,000	474,872
Temporary agency	-	28,003
Utilities	80,000	76,768
Total contractual services	<u>2,097,000</u>	<u>2,026,717</u>
COMMODITIES		
Physical Content	1,000,400	919,686
Leased content	120,000	210,910
Learning	68,000	60,462
Research	184,000	161,875
Janitorial supplies	36,000	37,379
Library supplies	90,000	90,003
Program sponsorship	-	6,007
Small equipment	16,000	7,664
Total commodities	<u>1,514,400</u>	<u>1,493,986</u>

SKOKIE PUBLIC LIBRARY

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended April 30, 2015

	Original and Final Budget	Actual
CAPITAL OUTLAY		
Capital	\$ 1,473,203	\$ 171,901
Furniture and equipment	32,000	33,893
Total capital outlay	<u>1,505,203</u>	<u>205,794</u>
DEBT SERVICE		
Principal	8,000	6,817
Interest	-	623
Total debt service	<u>8,000</u>	<u>7,440</u>
TOTAL EXPENDITURES	<u>\$ 12,442,260</u>	<u>\$ 10,755,494</u>

SKOKIE PUBLIC LIBRARY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SERIES 2001 LIBRARY PROJECT FUND For the Year Ended April 30, 2015

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 1,264,475	\$ 1,264,475
Investment income	-	31
Total Revenues	<u>1,264,475</u>	<u>1,264,506</u>
EXPENDITURES		
DEBT SERVICE		
Principal	965,000	965,000
Interest and fiscal charges	<u>299,475</u>	<u>299,475</u>
Total Expenditures	<u>1,264,475</u>	<u>1,264,475</u>
Net Change in Fund Balance	<u>\$ -</u>	31
FUND BALANCE - Beginning of Year		<u>346,901</u>
FUND BALANCE - END OF YEAR		<u>\$ 346,932</u>