

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
April 30, 2016



**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis .....	MD&A 1-5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position .....	4
Statement of Activities .....	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet .....	6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position .....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances ....	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	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
Schedule of Funding Progress and Employer Contributions Other Postemployment Benefits Plan .....	28

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
TABLE OF CONTENTS (Continued)

---

	<u>Page(s)</u>
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Required Supplementary Information (Continued)	
Illinois Municipal Retirement Fund	
Schedule of Employer Contributions .....	29
Schedule of the Library's Proportionate Share of the Net Pension Liability .....	30
Notes to Required Supplementary Information.....	31
SUPPLEMENTAL DATA	
Schedule of Expenditures - Budget and Actual - General Fund .....	32-33
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund.....	34
Schedule of Cash and Investments.....	35
SUPPLEMENTARY INFORMATION	
Property Tax Assessed Valuations, Rates, Extensions, and Collections	
Last Ten Levy Years .....	36-37
Schedule of Restrictions of Fund Balance for Special Levies .....	38

## **INDEPENDENT AUDITOR'S REPORT**



## INDEPENDENT AUDITOR'S REPORT

Members of the Public Library Board  
Addison Public Library  
Addison, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Addison Public Library (the Library) as of and for the year ended April 30, 2016, and the related notes to financial statements which collectively comprise the 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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.

## **Opinions**

In our opinion, the basic financial statements, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Addison Public Library, as of April 30, 2016, and the respective changes in financial position and, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The Library adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, a change in accounting principle, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information as discussed in Note 10 to the basic financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The supplemental data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental data is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities and each major fund of the Library as of and for the year ended April 30, 2015, and we expressed unmodified opinions on those basic financial statements. The audit was conducted for purposes of forming an opinion on the basic financial statements as a whole. The schedules of revenues, expenditures, and changes in fund balance - budget and actual for each fund and the schedules of expenditures - budget and actual with comparative actual 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 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 from which it has been derived.

*Sikich LLP*

Naperville, Illinois  
October 11, 2016

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

# ADDISON PUBLIC LIBRARY

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED APRIL 30, 2016

---

### Introduction

This discussion and analysis of the Addison Public Library's financial performance provides a narrative overview of the Library's financial activities for the fiscal year ending April 30, 2016. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole.

### Financial Highlights

- The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$14,380,709. Of this amount, \$10,858,020 in unrestricted funds may be used to meet the Library's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Library's governmental funds reported an ending fund balance of \$12,305,931. Of this amount, \$3,594,063 is committed for capital projects and \$7,966,050 is in unrestricted funds available for spending at the Library's discretion. \$603,572 is restricted for special levies.
- During the current fiscal year, the Library transferred \$350,000 from the general fund to the Library's Capital Projects Fund.

### Overview of the Financial Statements

The Library's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This dual focus on both the Library as a whole (government-wide) and the major individual funds allows the reader to broaden the basis for comparison (year to year or government to government) and enhances the Library's accountability.

**Government wide financial statements** are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. There are two government-wide financial statements: ***The Statement of Net Position*** and ***The Statement of Activities***.

The ***Statement of Net Position*** presents information on all of the Library's assets deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

(See independent auditor's report)

The *Statement of Activities* presents information showing how the Library's net position changed during the most recent fiscal year.

*Fund financial statements* tell how services were paid for as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide financial statements.

*Notes to the financial statements* provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

### Financial Analysis

As noted above, net position may serve, over time, as a useful indicator of a government's financial position. The following table indicates that in the case of the Addison Public Library, assets exceed liabilities by \$14,380,709. A large portion of the Library's net position reflects its investment in capital assets (e.g. building, books, furniture and fixtures, equipment, and improvements). The Library uses these capital assets to provide service to our patrons and consequently these assets are not available to liquidate liabilities or for future spending.

For the year ended April 30, 2016, the Library's net position decreased by \$522,455. A complete comparative analysis is presented below.

**Table 1**  
**Statement of Net Position**  
**April 30, 2016 and 2015**

	2016	2015
Current and Other Assets	\$ 17,706,289	16,921,809
Capital Assets, net of accumulated depreciation	\$ 2,919,117	1,974,247
Deferred Outflows	680,295	-
<b>Total Assets</b>	<b>\$ 21,305,701</b>	<b>18,896,056</b>
Current Liabilities	\$ 448,733	211,345
Noncurrent Liabilities	\$ 1,491,858	74,465
Deferred Inflows	\$ 4,984,401	4,751,992
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 6,924,992</b>	<b>5,037,802</b>
<b>Net Position:</b>		
Net investment in capital assets	\$ 2,919,117	1,974,247
Restricted for special levies	\$ 603,572	534,781
Restricted for per capita grant	\$ -	-
Unrestricted	\$ 10,858,020	11,349,226
<b>Total Net Position</b>	<b>\$ 14,380,709</b>	<b>13,858,254</b>

(See independent auditor's report)

## Governmental Activities

The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and reader's services, programming, interlibrary loan and outreach services. The following table summarizes the revenues and expenses of the Library's governmental activities for fiscal years ended 2016 and 2015.

**Table 2**  
**Changes in Net Position**  
**Year ended April 30, 2016 and 2015**

	2016	2015
<b>Revenues</b>		
Program Revenues		
Fines and Fees	\$ 64,567	68,568
Intergovernmental	\$ 61,765	137,458
General Revenues		
Property Taxes	\$ 4,762,958	4,623,808
Investment Income	\$ 63,474	(43,053)
Miscellaneous	\$ 20,392	12,070
<b>Total Revenues</b>	<b>\$ 4,973,156</b>	<b>4,798,851</b>
<b>Expenses</b>		
Culture and Recreation	\$ 3,659,244	3,515,639
<b>Total Expenses</b>	<b>\$ 3,659,244</b>	<b>3,515,639</b>
<b>Change in Net Position</b>	<b>\$ 1,313,912</b>	<b>1,283,212</b>
<b>Total Net Position, May 1</b>	<b>\$ 13,858,254</b>	<b>12,575,042</b>
<b>Change in Principle</b>	<b>(791,457)</b>	<b>-</b>
<b>Total Net Position, April 30</b>	<b>\$ 14,380,709</b>	<b>13,858,254</b>

## Governmental Funds Analysis

At the end of the current fiscal year, the Library had an overall excess of revenue over expenditures.

(See independent auditor's report)

**Table 3**  
**Statement of General Fund Revenues and Expenditures**  
**Year Ended April 30, 2016**

		2016	2015
<b>Revenues</b>			
Taxes	\$	4,762,958	4,623,808
Fines and Fees	\$	64,567	68,568
Intergovernmental	\$	61,765	137,458
Investment Income	\$	58,425	3,866
Miscellaneous	\$	20,392	12,070
<b>Total</b>	<b>\$</b>	<b>4,968,107</b>	<b>4,845,770</b>
<b>Expenditures</b>			
Salaries and Benefits	\$	2,420,900	2,259,743
Library Materials	\$	503,262	515,072
All Other Operating Expenditures*	\$	750,437	748,640
<b>Total</b>	<b>\$</b>	<b>3,674,599</b>	<b>3,523,455</b>

\*Building insurance, general office supplies, processing costs, audit, utilities, professional fees, contractual services, program expenses, automation, etc.

**Capital Assets**

The Library's investment in capital assets for governmental activities on April 30, 2016, net of \$1,591,284 of accumulated depreciation, was \$2,919,117.

The Library's investment in capital assets for governmental activities on April 30, 2015, net of \$1,499,961 of accumulated depreciation, was \$1,974,247.

**Table 4**  
**Capital Assets**  
**April 30, 2016**

		2016	2015
<b>Assets</b>			
Buildings and Improvements	\$	1,049,126	91,923
Operating Equipment	\$	2,266,529	2,124,725
Office Equipment	\$	1,194,746	1,257,560
Less – Accumulated Depreciation	\$	(1,591,284)	(1,499,961)
<b>TOTAL (net of depreciation)</b>	<b>\$</b>	<b>2,919,117</b>	<b>1,974,247</b>

**See Note 4 in the notes to the financial statements for additional capital asset information.**

(See independent auditor's report)

**Table 5**  
**General Fund Balances**  
**Year Ended April 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenues</b>				
Taxes	\$ 4,792,992	4,792,992	4,762,958	4,623,808
Intergovernmental	\$ 46,278	46,278	61,765	137,458
Fines and Fees	\$ 59,000	59,000	64,567	68,568
Interest Income	\$ 1,200	1,200	58,425	3,866
Miscellaneous	\$ 15,250	15,250	20,392	12,070
<b>Total Revenues</b>	<b>\$ 4,914,720</b>	<b>4,914,720</b>	<b>4,968,107</b>	<b>4,845,770</b>
<b>Expenditures</b>				
Culture & Recreation	\$ 4,768,128	4,768,128	3,674,599	3,523,455
<b>Total Expenditures</b>	<b>\$ 4,768,128</b>	<b>4,768,128</b>	<b>3,674,599</b>	<b>3,523,455</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 146,592</b>	<b>146,592</b>	<b>1,293,508</b>	<b>1,322,315</b>
<b>Transfers (out) Capital Projects Fund</b>	<b>\$</b>		<b>(350,000)</b>	<b>(250,000)</b>
<b>Net Change</b>	<b>\$ 146,592</b>	<b>146,592</b>	<b>943,508</b>	<b>1,072,315</b>
				<b>Fund Balance (beginning, as reported) \$7,673,491</b>
				<b>Fund Balance (ending) \$8,616,999</b>

**Requests for Information**

This financial report is designed to provide a general overview of the Addison Public Library's finances. Questions and comments concerning any information provided in this report should be addressed to Mary Medjo Me Zengue, Director, Addison Public Library, 4 Friendship Plaza, Addison, Illinois, 60101.

(See independent auditor's report)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2016

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 12,612,418
Receivables, net of allowance where applicable	
Property taxes	4,951,625
Prepaid expenses	142,246
Capital assets (net of accumulated depreciation)	<u>2,919,117</u>
 Total assets	 <u>20,625,406</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	<u>680,295</u>
 Total deferred outflows of resources	 <u>680,295</u>
 Total assets and deferred outflows of resources	 <u>21,305,701</u>
<b>LIABILITIES</b>	
Accounts payable	375,268
Accrued payroll	73,465
Noncurrent liabilities - due in more than one year	<u>1,491,858</u>
 Total liabilities	 <u>1,940,591</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - property taxes	4,951,625
Pension related items	<u>32,776</u>
 Total deferred inflows of resources	 <u>4,984,401</u>
<b>NET POSITION</b>	
Invested in capital assets	2,919,117
Restricted for special levies	603,572
Unrestricted	<u>10,858,020</u>
 <b>TOTAL NET POSITION</b>	 <u><u>\$ 14,380,709</u></u>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 3,659,244	\$ 64,567	\$ 61,765	\$ -	\$ (3,532,912)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,659,244</b>	<b>\$ 64,567</b>	<b>\$ 61,765</b>	<b>\$ -</b>	<b>(3,532,912)</b>
		General Revenues			
		Taxes			
			Property and replacement		4,762,958
			Investment income		63,474
			Miscellaneous		20,392
			Total		4,846,824
		CHANGE IN NET POSITION			1,313,912
		NET POSITION, MAY 1			13,858,254
			Change in accounting principle		(791,457)
		NET POSITION, MAY 1, RESTATED			13,066,797
		<b>NET POSITION, APRIL 30</b>			<b>\$ 14,380,709</b>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

April 30, 2016

	<b>General</b>	<b>Capital Projects</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 8,721,343	\$ 3,891,075	\$ 12,612,418
Property taxes receivable	4,951,625	-	4,951,625
Prepaid items	47,377	94,869	142,246
<b>TOTAL ASSETS</b>	<b>\$ 13,720,345</b>	<b>\$ 3,985,944</b>	<b>\$ 17,706,289</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 78,256	\$ 297,012	\$ 375,268
Accrued payroll	73,465	-	73,465
Total liabilities	151,721	297,012	448,733
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	4,951,625	-	4,951,625
Total deferred inflows of resources	4,951,625	-	4,951,625
<b>FUND BALANCES</b>			
Nonspendable in form - prepaid items	47,377	94,869	142,246
Restricted for special levies	603,572	-	603,572
Committed for capital projects	-	3,594,063	3,594,063
Unrestricted			
General Fund	7,966,050	-	7,966,050
Total fund balances	8,616,999	3,688,932	12,305,931
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,720,345</b>	<b>\$ 3,985,944</b>	<b>\$ 17,706,289</b>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2016

---

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 12,305,931
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	2,919,117
Deferred outflows of resources related to the Library's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	680,295
Deferred inflows of resources related to the Library's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	(32,776)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Net pension liability	(1,373,841)
The net other post employment benefit obligation is not a current liability and, therefore, is not reported in the governmental funds	(7,950)
Compensated absences are not a current liability and, therefore, is not reported in the governmental funds	<u>(110,067)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 14,380,709</u></u>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

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

For the Year Ended April 30, 2016

	<b>General</b>	<b>Capital Projects</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ 4,762,958	\$ -	\$ 4,762,958
Intergovernmental	61,765	-	61,765
Fines and fees	64,567	-	64,567
Investment income	58,425	5,049	63,474
Miscellaneous	20,392	-	20,392
 Total revenues	 4,968,107	 5,049	 4,973,156
<b>EXPENDITURES</b>			
Culture and recreation	3,674,599	951,098	4,625,697
 Total expenditures	 3,674,599	 951,098	 4,625,697
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1,293,508	 (946,049)	 347,459
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	350,000	350,000
Transfers (out)	(350,000)	-	(350,000)
 Total other financing sources (uses)	 (350,000)	 350,000	 -
 NET CHANGE IN FUND BALANCES	 943,508	 (596,049)	 347,459
 FUND BALANCES, MAY 1	 7,673,491	 4,284,981	 11,958,472
 <b>FUND BALANCES, APRIL 30</b>	 <b>\$ 8,616,999</b>	 <b>\$ 3,688,932</b>	 <b>\$ 12,305,931</b>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2016

---

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 347,459</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	1,460,466
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds	(515,596)
The change in the net other postemployment benefit obligation/asset is shown as a functional expense on the statement of activities	(4,463)
The change in deferred outflows is reported as an expense on the statement of activities	627,563
The change in deferred inflows is reported as an expense on the statement of activities	(32,776)
The change in the net pension liability is reported as an expense on the statement of activities	(529,652)
The change in compensated absences is shown as a functional expense on the statement of activities	<u>(39,089)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 1,313,912</u></u></b>

See accompanying notes to financial statements.

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Addison Public Library (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to generally accepted accounting principles (GAAP)). 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 Library's accounting policies are described below.

a. Reporting Entity

The Library is a municipal corporation governed by an elected president and six-member board of trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Village of Addison, Illinois (the Village).

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified as governmental funds.

Governmental funds are used to account for all or most of a government's general activities, including the acquisition or construction of capital assets (capital projects funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Library. The effect of material interfund activity has been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program 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 standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for major governmental funds.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those accounted for in another fund.

The Capital Projects Fund is used to account for capital asset acquisitions.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days. The Library recognizes property taxes when they become both measurable and available or earned in the year intended to finance. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes and interest revenue. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash. The Library reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Investments

Investments are stated at fair value.

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Capital Assets (Continued)

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building improvements	5-40
Operating equipment	3-5
Office equipment	5-30

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses, if any.

h. Compensated Absences

Vested or accumulated vacation leave, including related Social Security and Medicare, that is owed to retirees or terminated employees, is reported as expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees.

i. Interfund Transactions

Interfund services transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Fund Balances/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally for contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Library Director by the Library Board of Trustees. Any residual fund balance in the General Fund or deficit fund balance in other funds is reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considered committed funds to be expended first following by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the net position is restricted as a result of enabling legislation adopted by the Library. Net investment in capital assets, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

k. 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 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**2. DEPOSITS AND INVESTMENTS**

The Library maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments."

Deposits and Investments

The Library's investment policy authorizes the Library to invest in all investments allowed by Illinois Compiled Statutes. These include 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 Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), 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. The Library's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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, legality, safety of principal, liquidity, and rate of return.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

Deposits with Financial Institutions

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 or an independent third party, and evidenced by a safekeeping agreement.

Investments

The following table presents the investments and maturities of the Library's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 159,289	\$ -	\$ 159,289	\$ -	\$ -
U.S. Agency Obligations	2,812,605	-	2,812,605	-	-
<b>TOTAL</b>	<b>\$ 2,971,894</b>	<b>\$ -</b>	<b>\$ 2,971,894</b>	<b>\$ -</b>	<b>\$ -</b>

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 short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

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 primarily investing in external investment pools and U.S. agency obligations. Illinois Funds and IMET are rated AAA. The U.S. agency obligations are rated AA+.

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. The Library's investment policy does not address this risk. Illinois Funds and IMET are not subject to custodial 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. No financial institution shall hold investments greater than 50% of its capital stock and surplus.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**3. RECEIVABLES - TAXES**

Property taxes for 2015 attach as an enforceable lien on January 1, 2015 on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2016 and are payable in two installments, on or about June 1, 2016 and September 1, 2016. The County collects such taxes and remits them periodically. As the 2015 tax levy is collected to fund the expenditures for the 2016-2017 fiscal year, these taxes are deferred as of April 30, 2016.

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016, as the tax has not yet been levied by the Library and will not be levied until December 2016 and, therefore, the levy is not yet measurable at April 30, 2016.

**4. CAPITAL ASSETS**

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

	Balances May 1	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 951,098	\$ -	\$ 951,098
Total capital assets not being depreciated	<u>-</u>	<u>951,098</u>	<u>-</u>	<u>951,098</u>
Capital assets being depreciated				
Building improvements	91,923	6,105	-	98,028
Operating equipment	2,124,725	503,263	361,459	2,266,529
Office equipment	1,257,560	-	62,814	1,194,746
Total capital assets being depreciated	<u>3,474,208</u>	<u>509,368</u>	<u>424,273</u>	<u>3,559,303</u>
Less accumulated depreciation for				
Building improvements	61,258	4,254	-	65,512
Operating equipment	786,836	421,628	361,459	847,005
Office equipment	651,867	89,714	62,814	678,767
Total accumulated depreciation	<u>1,499,961</u>	<u>515,596</u>	<u>424,273</u>	<u>1,591,284</u>
Total capital assets being depreciated, net	<u>1,974,247</u>	<u>(6,228)</u>	<u>-</u>	<u>1,968,019</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 1,974,247</u>	<u>\$ 944,870</u>	<u>\$ -</u>	<u>\$ 2,919,117</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Culture and recreation	<u>\$ 515,596</u>

**5. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

**6. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Library's governmental activities.

b. Benefits Provided

The Library provides pre and post-Medicare postretirement health insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement) as part of the Village's insurance plan. To be eligible for benefits, the employee must qualify for retirement under one of the Library's retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>22</u>
 TOTAL	 <u>22</u>
 Participating employers	 <u>1</u>

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

d. Funding Policy

The Library is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The Library's annual OPEB cost, employer contributions, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2014, 2015, and 2016 was as follows.

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
April 30, 2014	\$ 4,399	\$ 2,882	65.52%	\$ 913
April 30, 2015	5,456	2,882	52.82%	3,487
April 30, 2016	6,415	1,952	30.43%	7,950

The net OPEB obligation as of April 30, 2016 was calculated as follows:

Annual required contribution	\$ 6,392
Interest on net OPEB obligation	139
Adjustment to annual required contribution	<u>(116)</u>
Annual OPEB cost	6,415
Contributions made	<u>1,952</u>
Increase in net OPEB obligation	4,463
Net OPEB obligation, beginning of year	<u>3,487</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<u><u>\$ 7,950</u></u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 69,643
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	69,643
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,096,234
UAAL as a percentage of covered payroll	6.35%

**6. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2016 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return and an initial healthcare cost trend rate of 8% with an ultimate healthcare inflation rate of 6%. Both rates include a 3% inflation assumption and 5% wage inflation assumption. The actuarial value of assets was not determined as the Library has not advanced funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a 30 year open basis.

**7. DEFINED BENEFIT PENSION PLAN**

The Library contributes, through the Village, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. All disclosures for an agent plan can be found in the Village's comprehensive annual financial report.

**7. DEFINED BENEFIT PENSION PLAN (Continued)**

a. Plan Description

Illinois Municipal Retirement Fund

*Plan Administration*

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The Plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. Investments are reported at fair value.

*Benefits Provided*

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

*Contributions*

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2015 was 12.74% of covered payroll. For the year ended April 30, 2016, salaries totaling \$1,364,411 were paid that required employer contributions of \$176,277, which was equal to the Library's actual contributions.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**7. DEFINED BENEFIT PENSION PLAN (Continued)**

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

*Net Pension Liability*

At April 30, 2016, the Library reported a liability of \$1,373,841 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's actual contribution to the plan for the year ended April 30, 2016 relative to the contributions of the Village, actuarially determined. At April 30, 2016, the Library's proportion was 9.58% of the total contribution.

*Actuarial Assumptions*

The Village's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.47%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to not be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was blended with the AA rated G.O. Bond index at December 31, 2015 of 3.57% to arrive at the 7.47% discount rates used to determine the total pension liability.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the period ended April 30, 2016, the Library recognized pension expense of \$111,142. At April 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 51,016	\$ 32,776
Changes in assumption	135,960	-
Net difference between projected and actual earnings on pension plan investments	428,057	-
Contributions subsequent to measurement date	65,262	-
<b>TOTAL</b>	<b>\$ 680,295</b>	<b>\$ 32,776</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2017	\$ 249,775
2018	184,513
2019	121,902
2020	91,329
2021	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 647,519</b>

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Description (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Library calculated using the discount rate of 7.47% as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.47%) or 1 percentage point higher (8.47%) than the current rate:

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Net pension liability	\$ 2,486,269	\$ 1,373,841	\$ 460,916

**8. LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities for the year ended April 30, 2016:

Changes in long-term debt

	Balances May 1, Restated	Issuances/ Increases	Reductions	Balances April 30	Due Within One Year
Compensated absences	\$ 70,978	\$ 39,089	\$ -	\$ 110,067	\$ -
Net pension liability	844,189	529,652	-	1,373,841	-
Net other postemployment benefits obligation	3,487	4,463	-	7,950	-
<b>TOTAL</b>	<b>\$ 918,654</b>	<b>\$ 573,204</b>	<b>\$ -</b>	<b>\$ 1,491,858</b>	<b>\$ -</b>

Compensated absences, net pension liability and the net other postemployment benefits obligation is retired by the Library's General Fund.

**ADDISON PUBLIC LIBRARY**  
**ADDISON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

---

**9. INDIVIDUAL FUND DISCLOSURES**

Transfers

Interfund transfers during the year ended April 30, 2016 consisted of the following:

Fund	Transfers Out	Transfers In
General	\$ 350,000	\$ -
Capital projects	-	350,000
<b>TOTAL</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>

The purpose of significant transfers is as follows:

- \$350,000 transferred from the General Fund to the Capital Projects Fund to cover planned expenditures in this fund.

**10. CHANGE IN ACCOUNTING PRINCIPLE**

The Library recorded the following change in accounting during the year ended April 30, 2016:

	Increase (Decrease)
<b>GOVERNMENTAL ACTIVITIES</b>	
Change in accounting principal	
To record the IMRF net pension liability	\$ (844,189)
To record the IMRF deferred outflows	52,732
<b>TOTAL - GOVERNMENTAL ACTIVITIES</b>	<b>\$ (791,457)</b>

With the implementation of GASB Statements No. 68 and 67, the Library is required to retroactively record the net pension liability and deferred outflows.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2016  
(with prior year actual)

	2016		Actual	2015 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 4,754,492	\$ 4,754,492	\$ 4,713,512	\$ 4,573,326
Replacement taxes	38,500	38,500	49,446	50,482
Intergovernmental				
Per capita grant	46,178	46,178	46,178	46,178
Interlibrary loan receipts	-	-	276	998
E-rate	-	-	15,110	16,776
TIF distribution	-	-	-	73,450
Other	100	100	201	56
Fines	40,000	40,000	37,241	41,983
Fees	19,000	19,000	27,326	26,585
Investment income	1,200	1,200	58,425	3,866
Miscellaneous				
Other	15,250	15,250	20,392	12,070
<b>Total revenues</b>	<b>4,914,720</b>	<b>4,914,720</b>	<b>4,968,107</b>	<b>4,845,770</b>
<b>EXPENDITURES</b>				
Culture and recreation				
Personnel	2,954,000	2,954,000	2,420,900	2,259,743
Library books and materials	520,000	520,000	503,262	515,072
General contractual services	115,000	115,000	84,847	87,628
Physical services	325,500	325,500	235,063	234,390
Automation	165,000	165,000	103,475	104,664
Professional services	59,050	59,050	18,825	24,377
Programs and communications	80,500	80,500	69,465	48,419
Other operating expenditures	445,400	445,400	167,308	149,377
Grants	46,178	46,178	16,887	49,492
Insurance	57,500	57,500	54,567	50,293
<b>Total expenditures</b>	<b>4,768,128</b>	<b>4,768,128</b>	<b>3,674,599</b>	<b>3,523,455</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>146,592</b>	<b>146,592</b>	<b>1,293,508</b>	<b>1,322,315</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)				
Capital Projects Fund	-	-	(350,000)	(250,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 146,592</b>	<b>\$ 146,592</b>	<b>943,508</b>	<b>1,072,315</b>
FUND BALANCE, MAY 1			7,673,491	6,601,176
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 8,616,999</b>	<b>\$ 7,673,491</b>

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2016

Schedule of Funding Progress

<b>Actuarial Valuation Date April 30,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2011	\$ -	\$ 62,703	\$ -	\$ 62,703	\$ 1,263,884	\$ -
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	40,367	0.00%	40,367	1,600,256	2.52%
2014	-	40,905	0.00%	40,905	1,653,399	2.47%
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	69,643	0.00%	69,643	1,096,234	6.35%

Schedule of Employer Contributions

<b>Actuarial Valuation Date April 30,</b>	<b>Annual Required Contribution (ARC)</b>	<b>Contribution Made</b>	<b>Contribution Made as a Percentage of Annual Required Contribution</b>
2011	\$ 1,557	\$ 1,095	70.33%
2012	1,557	1,095	70.33%
2013	3,805	6,244	164.10%
2014	4,400	2,882	65.50%
2015	5,540	2,882	52.02%
2016	6,392	1,952	30.54%

N/A - Information is not available as no actuarial valuation has been performed

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDIOSN, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2016

---

	<u>2016</u>
Contractually required contribution	\$ 176,277
Contributions in relation to the contractually required contribution	<u>176,277</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 1,364,411
Contributions as a percentage of covered - employee payroll	12.92%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013 and December 31, 2014. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was at smoothed market value; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

SCHEDULE OF THE LIBRARY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

---

	<u>2016</u>
Employer's proportion of net pension liability	9.58%
Employer's proportionate share of net pension liability	\$ 1,373,841
Employer's covered employee payroll	1,335,315
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	102.89%
Plan fiduciary net position as a percentage of the total pension liability	82.87%

\*IMRF's measurement date is December 31, 2015; therefore information above is presented for the calendar year ended December 31, 2015.

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2016

---

**BUDGETS**

The Library Board of Trustees has the authority to approve the budget for the General (Public Library) and Capital Projects Funds; the Village Board of Trustees passes the tax levy for the General Fund.

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is prepared for the General Fund and the Capital Projects 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.

## **SUPPLEMENTAL DATA**

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2016  
(with prior year actual)

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
<b>PERSONNEL</b>				
Administrator and staff salaries	\$ 2,223,000	\$ 2,223,000	\$ 1,877,484	\$ 1,738,647
Employee benefits	405,000	405,000	318,752	308,219
Health insurance	325,000	325,000	224,664	212,877
Recruiting	1,000	1,000	-	-
Total personnel	2,954,000	2,954,000	2,420,900	2,259,743
<b>LIBRARY BOOKS AND MATERIALS</b>				
Books - children	65,000	65,000	63,306	65,005
Books - adult	135,000	135,000	134,161	136,293
DVDs - children	-	-	-	18,014
DVDs - adult	-	-	-	35,420
Periodicals	12,000	12,000	8,538	14,797
Online databases	120,000	120,000	110,414	121,931
Professional collection	1,000	1,000	578	1,564
E-Books	72,000	72,000	71,764	64,325
Other expenditures	115,000	115,000	114,501	57,723
Total library books and materials	520,000	520,000	503,262	515,072
<b>GENERAL CONTRACTUAL SERVICES</b>				
Legal fees	5,000	5,000	3,168	2,755
Collection agency fees	5,000	5,000	3,866	2,434
Equipment rental and fees	10,000	10,000	7,804	6,867
Accounting service fees	25,000	25,000	18,975	19,565
Payroll service fees	15,000	15,000	12,398	11,028
Audit service fees	5,000	5,000	6,354	4,790
Rebillable services	-	-	214	983
Contractual service fees	20,000	20,000	13,168	12,716
Police monitors	30,000	30,000	18,900	26,490
Total general contractual services	115,000	115,000	84,847	87,628
<b>PHYSICAL SERVICES</b>				
Utilities and maintenance	96,000	96,000	73,890	77,287
Telecommunications	56,500	56,500	46,644	38,963
Maintenance and repair	173,000	173,000	114,529	118,140
Total physical services	325,500	325,500	235,063	234,390
<b>AUTOMATION</b>				
System development	25,000	25,000	4,267	18,757
Innovative millennium maintenance	75,000	75,000	45,953	44,771
OCLS	15,000	15,000	12,966	12,860
Software/licenses	50,000	50,000	40,289	28,276
Total automation	165,000	165,000	103,475	104,664

(This schedule is continued on the following page.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2016  
(with prior year actual)

	2016			2015 Actual
	Original Budget	Final Budget	Actual	
<b>PROFESSIONAL DEVELOPMENT</b>				
Organization memberships	\$ 6,500	\$ 6,500	\$ 4,707	\$ 5,004
Programs and meetings	31,050	31,050	8,907	14,641
Travel	21,500	21,500	5,211	4,732
Total professional development	59,050	59,050	18,825	24,377
<b>PROGRAMS AND COMMUNICATIONS</b>				
Programming	52,000	52,000	45,084	25,781
PR/marketing	28,500	28,500	24,381	22,638
Total programs and communications	80,500	80,500	69,465	48,419
<b>OTHER OPERATING EXPENDITURES</b>				
Supplies	89,700	89,700	76,663	61,691
Hardware	60,000	60,000	49,448	59,148
Furniture/equipment	265,000	265,000	26,363	15,000
Reciprocal borrowing	600	600	91	348
Recording for cable broadcast	3,600	3,600	2,400	3,600
Friends of the library	15,000	15,000	9,369	6,430
FUNshine committee	1,500	1,500	2,424	441
Contingency	5,000	5,000	101	98
Gifts	5,000	5,000	449	2,621
Total other operating expenditures	445,400	445,400	167,308	149,377
<b>GRANTS</b>				
Per capita grant	46,178	46,178	16,887	49,492
Total grants	46,178	46,178	16,887	49,492
<b>INSURANCE</b>				
Liability insurance	5,000	5,000	2,222	1,553
Unemployment compensation	16,500	16,500	19,295	14,189
Workers' compensation insurance	36,000	36,000	33,050	34,551
Total insurance	57,500	57,500	54,567	50,293
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,768,128</b>	<b>\$ 4,768,128</b>	<b>\$ 3,674,599</b>	<b>\$ 3,523,455</b>

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND

For the Year Ended April 30, 2016  
(with prior year actual)

	<b>Original Budget</b>	<b>2016 Final Budget</b>	<b>Actual</b>	<b>2015 Actual</b>
<b>REVENUES</b>				
Investment income	\$ 12,050	\$ 12,050	\$ 5,049	\$ (46,919)
Total revenues	12,050	12,050	5,049	(46,919)
<b>EXPENDITURES</b>				
Culture and recreation				
Capital outlay	2,050,000	2,050,000	951,098	-
Total expenditures	2,050,000	2,050,000	951,098	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,037,950)	(2,037,950)	(946,049)	(46,919)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
General Fund	-	-	350,000	250,000
NET CHANGE IN FUND BALANCE	<u>\$ (2,037,950)</u>	<u>\$ (2,037,950)</u>	(596,049)	203,081
FUND BALANCE, MAY 1			4,284,981	4,081,900
<b>FUND BALANCE, APRIL 30</b>			<u>\$ 3,688,932</u>	<u>\$ 4,284,981</u>

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

**SCHEDULE OF CASH AND INVESTMENTS**

April 30, 2016

---

<b>Fund</b>	<b>Cash on Hand</b>	<b>Deposits</b>	<b>Investments</b>	<b>Total</b>
General	\$ 559	\$ -	\$ 8,720,784	\$ 8,721,343
Capital Projects	-	-	3,891,075	3,891,075
<b>TOTAL ALL FUNDS</b>	<b>\$ 559</b>	<b>\$ -</b>	<b>\$ 12,611,859</b>	<b>\$ 12,612,418</b>

---

---

(See independent auditor's report.)

## **SUPPLEMENTARY INFORMATION**

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS

Last Ten Levy Years

<b>Tax Levy Year</b>	<b>2015</b>		<b>2014</b>		<b>2013</b>		<b>2012</b>	
<b>ASSESSED VALUATION</b>	\$	984,832,704	\$	955,289,150	\$	972,414,422	\$	1,045,262,655
	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>	<b>Rate*</b>	<b>Amount</b>
<b>TAX EXTENSIONS</b>								
General library	0.4684	\$ 4,591,846	0.4514	\$ 4,300,419	0.4312	\$ 4,141,377	0.3894	\$ 4,015,509
IMRF	0.0261	255,865	0.0260	247,698	0.0258	247,791	0.0221	227,896
Social Security tax	0.0078	76,465	0.0160	152,430	0.0158	151,748	0.0151	155,712
Audit	0.0003	980	0.0003	2,858	0.0003	2,881	0.0004	4,125
Unemployment insurance	0.0004	3,921	0.0005	4,763	0.0005	4,802	0.0004	4,125
Workers' compensation insurance	0.0021	20,587	0.0014	13,338	0.0013	12,486	0.0012	12,374
Liability insurance	0.0002	1,961	0.0032	30,486	0.0028	26,892	0.0030	30,936
<b>TOTAL TAX EXTENSIONS</b>	<b>0.5053</b>	<b>\$ 4,951,625</b>	<b>0.4988</b>	<b>\$ 4,751,992</b>	<b>0.4777</b>	<b>\$ 4,587,977</b>	<b>0.4316</b>	<b>\$ 4,450,677</b>
<b>TOTAL COLLECTIONS</b>		<b>\$ -</b>		<b>\$ 4,713,203</b>		<b>\$ 4,567,919</b>		<b>\$ 4,409,027</b>
<b>PERCENT COLLECTED</b>		<b>0.0%</b>		<b>99.2%</b>		<b>99.6%</b>		<b>99.1%</b>

\* Property tax rates are per \$100 of assessed valuation.

2011		2010		2009		2008		2007		2006	
\$ 1,188,757,153		\$ 1,302,337,989		\$ 1,428,714,562		\$ 1,404,323,967		\$ 1,355,292,433		\$ 1,298,172,917	
Rate*	Amount										
0.3293	\$ 3,850,555	0.2908	\$ 3,702,888	0.2561	\$ 3,569,493	0.2521	\$ 3,540,301	0.2507	\$ 3,318,346	0.2507	\$ 3,178,939
0.0191	223,339	0.0147	187,182	0.0127	177,011	0.0119	167,114	0.0126	166,778	0.0098	124,266
0.0130	152,011	0.0112	142,615	0.0096	133,804	0.0095	133,411	0.0100	132,363	0.0100	126,802
0.0003	3,508	0.0004	5,093	0.0005	6,969	0.0003	4,213	0.0004	5,294	0.0001	1,268
0.0003	3,508	0.0006	7,640	0.0005	6,969	-	-	0.0005	6,618	-	-
0.0010	11,693	0.0008	10,187	0.0007	9,756	0.0011	15,447	0.0012	15,884	-	-
0.0026	30,402	0.0036	45,840	0.0033	45,995	0.0033	46,343	0.0027	35,738	0.0028	35,505
0.3656	\$ 4,275,016	0.3221	\$ 4,101,445	0.2834	\$ 3,949,997	0.2782	\$ 3,906,829	0.2781	\$ 3,681,021	0.2734	\$ 3,466,780
<u>\$ 4,253,596</u>		<u>\$ 4,093,183</u>		<u>\$ 3,938,570</u>		<u>\$ 3,893,740</u>		<u>\$ 3,671,318</u>		<u>\$ 3,460,286</u>	
<u>99.5%</u>		<u>99.8%</u>		<u>99.7%</u>		<u>99.7%</u>		<u>99.7%</u>		<u>99.8%</u>	

(See independent auditor's report.)

**ADDISON PUBLIC LIBRARY  
ADDISON, ILLINOIS**

SCHEDULE OF RESTRICTIONS OF FUND BALANCE FOR SPECIAL LEVIES

April 30, 2016

---

<b>Fund</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
FICA	\$ 257,465	\$ 151,185	\$ 142,476	\$ 266,174
IMRF	151,838	245,675	176,277	221,236
Unemployment compensation	7,220	4,725	2,222	9,723
Liability insurance	107,505	30,238	33,050	104,693
Audit	5,265	2,835	6,354	1,746
Workers' compensation	5,488	13,229	18,717	-
Per capita	22,295	46,177	16,887	51,585
<b>TOTAL ALL FUNDS</b>	<b>\$ 557,076</b>	<b>\$ 494,064</b>	<b>\$ 395,983</b>	<b>\$ 655,157</b>

---

(See independent auditor's report.)