

# MUELLER & CO., LLP

*Certified Public Accountants ~ Business Advisors*

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

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**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**PRINCIPAL OFFICIALS**

**LEGISLATIVE  
BOARD OF TRUSTEES**

Bonnie Quirke, President

Nathan Johnson, Trustee

Wendy Vieth, Vice President

Ann Oakley, Trustee

Tom Milowski, Treasurer

Tommy Koo, Secretary

**ADMINISTRATIVE**

Stephen Kershner, Library Director

Russ Cerqua, Business Manager

**A N N U A L F I N A N C I A L R E P O R T**



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## **INDEPENDENT AUDITORS' REPORT**

Library Director and  
Board of Trustees  
Cook Memorial Public Library District  
Lake County, Illinois  
Libertyville, 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 Cook Memorial Public Library District, Lake County, Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair representation 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 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **Auditors' Responsibility, Continued**

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 government-wide financial statements of the governmental activities referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Cook Memorial Public Library District, Lake County, Illinois, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements of each major fund and the aggregate remaining fund information referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cook Memorial Public Library District, Lake County, Illinois, as of June 30, 2014 and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements (except for the Government-wide financial statements on pages 10-11) are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 9, budgetary comparison information on pages 28 to 31 and the schedule of funding progress on page 32 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 Cook Memorial Public Library Districts' basic financial statements. The special revenue non-major fund financial statements and the other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The special revenue non-major fund financial statements on pages 33 and 34 and other supplementary information on page 35 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the special revenue non-major fund financial statements and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Prior Year Information**

The prior year summarized comparative information was derived from the District's 2013 financial statements, and in our report dated October 22, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

*Muller & Co., LLP*

Elgin, Illinois  
October 20, 2014

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As the management of Cook Memorial Public Library District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of Cook Memorial Public Library District for the fiscal year ended June 30, 2014.

**FINANCIAL HIGHLIGHTS**

- The assets of the Cook Memorial Public Library District exceeded its liabilities at the close of the most recent fiscal year by \$16,486,307. Of this amount, \$9,035,395 may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,260,761, an increase of \$788,365 in comparison with the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Cook Memorial Public Library District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all of the District's assets and liabilities, 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 District's financial position is improving or deteriorating.

The **Statement of Activities** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cook Memorial Public Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds of the District are the General Fund, the Special Reserve Fund, the Social Security and IMRF Fund, and the Working Cash Fund.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED**

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Cook Memorial Public Library District (the "District") maintains four individual funds. Information is presented separately in the governmental statement of assets, liabilities and fund balances and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Reserve Fund, and the IMRF and Social Security Fund, which are considered to be major funds. Individual fund data for the Working Cash Fund, which is considered a non-major governmental fund, is included as other governmental funds on these statements.

The District adopts an annual appropriated budget for the General Fund, the Special Revenue Fund and the Social Security and IMRF Fund. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 27 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to employees. Required supplementary information on pensions can be found on page 32 of this report.

The individual financial statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Individual fund statements and schedules can be found on pages 33 to 34 of this report.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Cook Memorial Public Library District, assets exceeded liabilities by \$16,486,307 at the close of the most recent fiscal year. A significant portion of the District's net position, 45%, reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, vehicles, and library materials), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$9,035,395 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its governmental activities. The same situation held true for the prior fiscal year.

The following summarized information was derived from the Statements of Net Position as of June 30, 2014 and 2013:

	<b>NET ASSETS</b>	
	<b><u>GOVERNMENTAL</u></b>	<b><u>ACTIVITIES</u></b>
	<b><u>2014</u></b>	<b><u>2013</u></b>
Current and other assets	\$ 13,513,720	12,755,339
Capital assets, net of accumulated depreciation	<u>16,960,615</u>	<u>17,355,242</u>
Total Assets	<u>30,474,335</u>	<u>30,110,581</u>
Current liabilities	4,913,098	4,883,727
Non-current liabilities	<u>9,074,930</u>	<u>9,567,828</u>
Total Liabilities	<u>13,988,028</u>	<u>14,451,555</u>
Net Position:		
Invested in capital assets, net of related debt	7,425,249	7,335,207
Restricted	25,663	5,000
Unrestricted	<u>9,035,395</u>	<u>8,318,819</u>
Total Net Position	\$ <u>16,486,307</u>	<u>15,659,026</u>

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

The following summarized information was derived from the Statements of Activities for the years ending June 30, 2014 and 2013:

	<u>GOVERNMENTAL</u>	<u>ACTIVITIES</u>
	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>		
Property taxes	\$ 8,351,836	8,056,166
Replacement taxes	86,147	82,199
Interest	21,128	21,219
Per Capita Grant	136,299	-
Gifts and grants	27,830	42,896
Fines, fees, and other	189,995	191,709
Total revenues	<u>8,813,235</u>	<u>8,394,189</u>
<b>Expenses:</b>		
Personnel	4,194,505	4,097,825
Library materials	391,645	319,541
Operating expenses	1,167,678	1,114,559
Improvements and capital projects	39,232	114,056
Debt service, interest, fees, and amortization of issuance costs	370,401	384,826
Contingencies	-	21,311
Social Security and IMRF	681,494	672,286
Depreciation and amortization	1,140,999	1,185,082
Total expenses	<u>7,985,954</u>	<u>7,909,486</u>
Change in net position	827,281	484,703
Net position, beginning of year	<u>15,659,026</u>	<u>15,174,323</u>
Net position, end of year	\$ <u>16,486,307</u>	<u>15,659,026</u>

**Governmental activities.** Governmental activities increased the District's net assets by \$827,281, accounting for 100% of the total increase in net assets of the District. This increase is due primarily to an increase in property tax revenues.

Total revenues increased \$419,046. This increase was due to a \$295,670 increase in property taxes coupled with a \$136,299 increase in Per Capita Grant revenues. The District did not receive any Per Capita Grants in the fiscal year ended June 30, 2013, but received two Per Capita Grants in the fiscal year ended June 30, 2014.

Personnel costs increased approximately 2.3% over the prior fiscal year. This increase was the result of a 3.0% cost of living adjustment, partially offset by the retirement of some long tenured staff at minimum salary levels.

Library materials increased approximately 22% primarily due to increases in digital books, online databases and other digital services and offerings such as Freegal music. Improvements and capital projects decreased 65%, due to a decrease in expenditures relating to the completion of the Aspen branch construction and the Cook Park renovation. Operating expenses increased about 4.7% from the prior year. This \$53,119 increase can be primarily attributed to an increase in maintenance and utility costs associated with the severe winter weather experienced during the fiscal year and the purchase of additional security cameras and other processing equipment.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,260,761, an increase of \$788,365 in comparison with the prior year. Approximately 41.7% of this total amount, \$3,864,030 constitutes unassigned fund balance, which is available for spending during the 2014-2015 fiscal year. The restricted fund balance of \$25,663 represents amounts that have been received from donors for specific use purposes that had not been totally expended as of the end of the fiscal year. Committed fund balances of \$4,798,983 are not available for new spending because it has been committed for the specific purpose of each special revenue fund. The remainder of fund balance has been assigned for capital projects by legislative action of the Board of Trustees.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,864,030. Unassigned fund balance represents 53.1% of the total General Fund expenditures for the current year.

The fund balances of the District's General Fund increased by \$180,329 during the current fiscal year.

Total revenues increased \$414,867, or 5.4%. This increase is due primarily to a \$274,932 (3.8%) increase in property tax revenues and the receipt of two years of Per Capita Grants in the amount of \$136,299. The District did not receive any Per Capita Grants in the prior year ending June 30, 2013.

Personnel costs increased approximately 1.6% over the prior fiscal year. This increase was the result of a 3.0% cost of living adjustment, partially offset by the retirement of some long tenured staff at minimum salary levels. Books and other materials increased 7.6% partially due to increases digital books, online databases and other digital services and offerings such as Freegal music. Operating expenses increased \$53,486 (4.8%). This increase can be attributed primarily increased snow removal, landscaping, utility and maintenance and repair costs associated with the extreme winter weather experienced during the fiscal year. Improvements and capital projects expenditures decreased 70.6%. This decrease was due primarily to payments related to the settlement of a lawsuit related to the Cook Park construction project in the fiscal year ending June 30, 2013.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, \$424,181 was transferred from the General Fund to the Special Reserve Fund. The Special Reserve Fund is used to account for capital projects and improvements.

The District's General Fund expended \$7,275,640 during the fiscal year ended June 30, 2014, which was significantly less than the budget appropriation of \$8,260,000. The appropriation sets the maximum spending limits for the fiscal year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District's investment in capital assets for governmental activities as of June 30, 2014 amounts to \$16,960,615, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, furniture and equipment, and library materials. The total decrease in the District's investment in capital assets for the current fiscal year was \$394,627, which is primarily the amount by which depreciation and amortization exceeded capital asset additions for the year. Significant capital additions during the year were library materials. Details of the District's capital assets are continued in the notes to the financial statements on page 22.

As of June 30, 2014, the District had general obligation debt certificates outstanding of \$9,535,366, including unamortized debt premium. Additional information regarding the District's debt can be found in the notes to the financial statements on page 23.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Currently, management is not aware of any significant changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future. The budget for the fiscal year ending June 30, 2015 has not increased significantly. The increase of approximately 3.5% primarily represents planned increases in materials, services and programs offered to the patrons as well as anticipated increases in the Consumer Price Index.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Cook Memorial Public Library District's finances for those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, Cook Memorial Public Library District, 413 N. Milwaukee Avenue, Libertyville, IL 60048.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**GOVERNMENT-WIDE FINANCIAL STATEMENT-STATEMENT OF NET POSITION**

**JUNE 30, 2014**

**ASSETS**

	<u>GOVERNMENTAL ACTIVITIES</u>
Cash and investments	\$ 9,259,461
Due from Friends of the Library	398
Unamortized premium paid on investment purchases	4,985
Property taxes receivable	4,152,246
Prepaid expenses	9,737
Bond issue costs, net of accumulated amortization	86,893
Capital assets:	
Nondepreciable	1,008,500
Depreciable, net	<u>15,952,115</u>
	<u>30,474,335</u>

**LIABILITIES**

Payroll liabilities	4,083
Accrued wages	100,169
Accrued vacation:	
Due within one year	156,931
Due in more than one year	39,233
Deferred revenue	4,152,246
Long-term debt:	
Due within one year	499,669
Due in more than one year	<u>9,035,697</u>
	<u>13,988,028</u>

**NET POSITION**

Invested in capital assets, net of related debt	7,425,249
Restricted	25,663
Unrestricted	<u>9,035,395</u>
	<u>\$ 16,486,307</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**GOVERNMENT-WIDE FINANCIAL STATEMENT-STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2014**

		PROGRAM REVENUES		NET (EXPENSES) REVENUES & CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Functions/Programs				
Primary government				
Governmental activities:				
General government	\$ 7,985,954	175,603	164,129	(7,646,222)
General revenues:				
Taxes:				
Property				\$ 8,351,836
Replacement				86,147
Investment income				21,128
Miscellaneous				14,392
Total general revenues				8,473,503
Change in net position				827,281
Net position beginning of year				15,659,026
Net position end of year				\$ 16,486,307

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT, LAKE COUNTY, ILLINOIS**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**(CASH BASIS - NON-GAAP)**

**ALL GOVERNMENTAL FUND TYPES**

**JUNE 30, 2014**

						TOTAL (MEMORANDUM ONLY)	
	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	2014	2013
	GENERAL	SPECIAL RESERVE	IMRF AND SOCIAL SECURITY				
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,155,388	84,552	928,698	55,776	5,224,414	5,224,414	5,471,765
Investments	309,820	3,204,148	21,079	500,000	4,035,047	4,035,047	2,995,430
Due from Friends of the Library	398	-	-	-	398	398	1,606
Unamortized premium paid on investment purchase	-	4,985	-	-	4,985	4,985	6,247
	<u>\$ 4,465,606</u>	<u>3,293,685</u>	<u>949,777</u>	<u>555,776</u>	<u>9,264,844</u>	<u>9,264,844</u>	<u>8,475,048</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Payroll liabilities	\$ 3,828	-	255	-	4,083	4,083	2,652
Fund balances:							
Restricted by donors	25,663	-	-	-	25,663	25,663	5,000
Committed	-	3,293,685	949,522	555,776	4,798,983	4,798,983	4,359,514
Assigned for capital projects	-	-	-	-	-	-	424,181
Unassigned	4,436,115	-	-	-	4,436,115	4,436,115	3,683,701
	<u>4,461,778</u>	<u>3,293,685</u>	<u>949,522</u>	<u>555,776</u>	<u>9,260,761</u>	<u>9,260,761</u>	<u>8,472,396</u>
	<u>\$ 4,465,606</u>	<u>3,293,685</u>	<u>949,777</u>	<u>555,776</u>	<u>9,264,844</u>	<u>9,264,844</u>	<u>8,475,048</u>

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

Fund balance (above)	\$ 9,260,761
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,960,615
Prepaid expenses are payable in the current period and therefore fully expensed in the funds	96,630
Accrued expenses are payable in future periods, incurred in the current period	(296,333)
Long-term debt obligations are not reported in the fund financial statements	<u>(9,535,366)</u>
Net position of governmental activities	<u>\$ 16,486,307</u>

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

COOK MEMORIAL PUBLIC LIBRARY DISTRICT, LAKE COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
(CASH BASIS - NON-GAAP)

ALL GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2014

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)	
	GENERAL	SPECIAL RESERVE	IMRF AND SOCIAL SECURITY			2014	2013
<b>Revenues:</b>							
Property taxes	\$ 7,609,277	-	742,559	-	8,351,836	8,351,836	8,056,166
State replacement tax	81,129	-	5,018	-	86,147	86,147	82,199
Interest	4,187	16,941	-	-	21,128	21,128	21,219
Per Capita Grant	136,299	-	-	-	136,299	136,299	-
Grants	-	-	-	-	-	-	-
Donations and gifts	27,830	-	-	-	27,830	27,830	42,896
Fines and fees	166,492	-	-	-	166,492	166,492	162,161
Program fees	9,111	-	-	-	9,111	9,111	12,650
Other income	14,392	-	-	-	14,392	14,392	16,898
	<u>8,048,717</u>	<u>16,941</u>	<u>747,577</u>	<u>-</u>	<u>8,813,235</u>	<u>8,813,235</u>	<u>8,394,189</u>
<b>Expenditures:</b>							
Personnel	4,147,949	-	-	-	4,147,949	4,147,949	4,083,031
Library materials	1,052,249	-	-	-	1,052,249	1,052,249	977,641
Operating expenses	1,168,036	-	-	-	1,168,036	1,168,036	1,114,550
Improvements and capital projects	58,543	67,736	-	-	126,279	126,279	592,051
Debt service	848,863	-	-	-	848,863	848,863	848,288
Contingencies	-	-	-	-	-	-	21,311
Social Security and IMRF	-	-	681,494	-	681,494	681,494	672,286
	<u>7,275,640</u>	<u>67,736</u>	<u>681,494</u>	<u>-</u>	<u>8,024,870</u>	<u>8,024,870</u>	<u>8,309,158</u>
Excess (deficiency) of revenues over expenditures	773,077	(50,795)	66,083	-	788,365	788,365	85,031
<b>Other financing sources (uses):</b>							
Net transfers in (out)	(424,181)	424,181	-	-	-	-	-
Fund balances, beginning of year	<u>4,112,882</u>	<u>2,920,299</u>	<u>883,439</u>	<u>555,776</u>	<u>8,472,396</u>	<u>8,472,396</u>	<u>8,387,365</u>
Fund balances, end of year	\$ <u>4,461,778</u>	<u>3,293,685</u>	<u>949,522</u>	<u>555,776</u>	<u>9,260,761</u>	<u>9,260,761</u>	<u>8,472,396</u>
<b>Reconciliation to statement of activities, change in net assets:</b>							
Net change in fund balances-total governmental funds (above)						\$ 788,365	
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays.							(394,627)
Principal and interest payments on long-term debt obligations are fully expensed in the fund financial statements and in the government-wide financial statements. Principal payments on debt certificates are a reduction of the outstanding debt certificates.							480,000
Governmental funds report expenses as incurred, therefore prepaid and accrued expenses are fully reported in the funds. In the statement of activities, prepaid and accrued expenses are measured by the amount of financial resources used.							
Amortization of bond premium							4,669
Amortization of bond issuance costs							(6,207)
Prepaid expenses							9,737
Accrued expenses							(296,333)
Prior year prepaid expenses							(8,100)
Prior year accrued expenses							249,777
The accompanying notes are an integral part of the financial statements.						\$ <u>827,281</u>	

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

Cook Memorial Public Library District (District) is an Illinois local government. The District maintains two facilities, the Aspen Drive Library, Vernon Hills, and the Cook Park Library, Libertyville and operates a traveling bookmobile. The District's mission is to provide and promote open access to information, ideas and creative expression and to encourage life-long learning and personal growth. The following significant accounting policies are presented to assist the reader in evaluating the financial statements.

**The Reporting Entity**

The District's financial statements include all government activities, organizations and functions for which the Board of Trustees has oversight responsibility. Therefore, they include all the funds of the District whose expenditures are approved by the Board of Trustees.

The District has developed criteria to determine whether organizations with separate governing boards meet the criteria of a component unit. The criteria includes whether the potential component unit is legally separate, and whether the District is financially accountable for the organization. There is no entity included as a component unit, and the District is not considered to be a component unit of any other government unit.

**Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District:

**Governmental Funds**

**General Funds** – The General Fund is the general operating fund of the District. It is used to account for all financial resources except for those required to be accounted for in another fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the District are the Social Security/IMRF Fund and the Working Cash Fund.

**Capital Projects Funds** – The Capital Projects Funds are used to account for capital projects of the District. The Capital Projects Fund is the Special Reserve Fund.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Fund Accounting, Continued

The District reports the following major governmental funds:

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

The Special Reserve Fund is used to account for capital projects of the District.

The IMRF and Social Security Fund is used to account for the District's required contributions to the IMRF and Social Security.

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 District. The effect of material inter-fund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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 and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the cash basis of accounting. Their revenues are recognized when they are received. Expenditures are recognized only when paid.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000, except for library materials, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value 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 are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 - 20 years
Building and improvements	40 years
Furniture and equipment	5 - 20 years
Vehicles	8 years
Intangibles – automated	
Library System (amortized)	5 years
Library materials	7 years

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Fund Balances

The District reports fund balances according to GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as Special Reserve Fund expenditures). An assigned fund balance is established by the Board of Trustees through the adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for specific purposes in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. Although not specifically assigned, due to timing of property tax collections, the District uses year end fund balances to fund operating expenses for most of the next year.

Budgets

The District's budget is prepared on the cash basis method of accounting. As prescribed by the statutes, the District in its budgeting process includes as a resource (amount available for current expenditures) a portion of the fund balance that has been accumulated in prior years. The budgets must be approved within 90 days after the beginning of the fiscal year.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Board of Trustees adopts a Budget Resolution.
2. Notice is published in the paper that the tentative Annual Budget and Appropriation Ordinance are available for public inspection.
3. Budget hearings are conducted, 30 days after publication.
4. The budget is legally enacted through passage of an ordinance by the Board of Trustees.
5. The budget may be amended by the Board of Trustees.
6. Budgets are adopted on a basis consistent with the prior year.
7. A certified copy of the Budget and Appropriation Ordinance must be filed with the County Clerk within 30 days of adoption.

During the year ended June 30, 2014, there were no amendments to the operating budget. The budget amounts presented on the fund financial statements represent the original and final amounts.

**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 reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Subsequent Events**

Subsequent events have been evaluated through October 20, 2014, the date that the financial statements were available for issue.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Bank deposits and investments consisted of the following at June 30, 2014:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Bank deposits -		
Insured by FDIC (Category 1)	\$ 250,000	250,000
- Collateral held in excess of FDIC limits	4,973,730	<u>5,216,181</u>
		<u>\$ 5,466,181</u>
Other investments -		
Cash on hand	685	
Investments in certificate of deposit, no more than \$250,000 at any institution, insured by FDIC	3,433,500	
Money market fund	273,751	
The Illinois Funds		
- Collateral held by Illinois Funds in excess of balances (Category 1)	<u>327,795</u>	
	<u>\$ 9,259,461</u>	

The Illinois Funds is an investment pool for Illinois local governments. All investments currently held by the District have been authorized by the District's management.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED**

Level 2           Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3           Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014.

Certificates of deposit: Based upon face value of certificates.

Money market funds: Based on the net asset value (NAV) of shares held at year end.

Illinois Funds: Based on the net asset value (NAV) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED**

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 273,751	-	-	273,751
Certificates of deposit	-	3,433,500	-	3,433,500
Illinois Funds	-	327,795	-	327,795
Total assets at fair value	\$ <u>273,751</u>	<u>3,761,295</u>	<u>-</u>	<u>4,035,046</u>

**NOTE 4 - UNAMORTIZED PREMIUM PAID ON INVESTMENT PURCHASE**

During December 2012 and throughout the fiscal year, the District purchased certificates of deposit at amounts over face value of the investments that included accrued interest and premiums paid. Unamortized premium paid on investment purchases amounted to \$4,985 at June 30, 2014.

The premiums are amortized over 23 to 25 months through the maturity of the investments. Amortization of premiums amounted to \$7,206 for the fiscal year ended June 30, 2014.

**NOTE 5 - REVENUE RECOGNITION - PROPERTY TAXES**

For the fund financial statements, property taxes attach as an enforceable lien on January 1. They are levied in November 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, and are payable in two installments, on or about June 1, and on or about September 1. The County collects such taxes and remits them periodically. Property tax revenues are recognized when the taxes are collected, in the year following the levy and lien date. Therefore, the revenue for the year ended June 30, 2014 is from the 2012 and 2013 tax levies.

For the government-wide financial statements, the District's property tax levy is based on a final appropriations ordinance. Property taxes are recorded as revenue in the period covered by the appropriations which they are intended to finance. The 2013 tax levy was based on the appropriations ordinance for the year ended June 30, 2014 and thus has been recorded as revenue. Collections of \$4,242,033 were received on this levy through June 30, 2014 and the remaining balance of \$4,152,246 has been deferred until the subsequent year. Amounts collected for use by the General Fund, included in unassigned fund balance, amount to \$3,864,030 and amounts collected for use by the IMRF and Social Security Fund included in committed fund balance, amount to \$378,003.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 6 - PERSONAL PROPERTY REPLACEMENT TAX**

The Personal Property Replacement Tax represents an additional State of Illinois income tax on corporations (including certain utilities), trusts, partnerships and Subchapter-S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and water services.

Revenues are collected by the State of Illinois under the replacement tax and are allocated to the General Fund and IMRF Fund separately eight times a year. The replacement tax law provided that monies received should be first applied toward payment of the proportionate share of the pension or retirement obligations which were previously levied on personal property. Remaining allocations are made at the discretion of the Board of Trustees.

**NOTE 7 - CAPITAL ASSETS**

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIRE- MENTS</u>	<u>ENDING BALANCE</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated - Aspen Drive land	\$ 1,008,500	-	-	1,008,500
Capital assets being depreciated:				
Buildings and improvements	\$ 14,984,366	64,087	-	15,048,453
Furniture and equipment	1,538,957	2,703	-	1,541,660
Vehicles	197,512	8,329	-	205,841
Automated library system and other software	251,940	10,649	-	262,589
Library materials	5,076,129	660,604	-	5,736,733
	<u>22,048,904</u>	<u>746,372</u>	<u>-</u>	<u>22,795,276</u>
Less accumulated depreciation	<u>5,702,162</u>			<u>6,843,161</u>
	<u>\$ 16,346,742</u>			<u>15,952,115</u>

The land at the Cook Park facility is owned by the municipality and not the District.

Depreciation expense charged to governmental activities was \$1,140,999 for the year ended June 30, 2014.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 8 - LONG-TERM DEBT**

The District has issued general obligation debt certificates to provide funds for acquisition, expansion, and renovation. Long-term debt is reported on the government-wide financial statements and is not included in the fund financial statements in accordance with GASB 34.

Long-term debt at June 30, 2014 consisted of the following general obligation debt certificates:

Twenty-year debt certificates, \$5,000,000 original issue, dated May 28, 2008 with interest rates ranging from 3.25% to 4.0%, maturing May 2028	\$ 3,780,000
Twenty-year debt certificates, \$7,000,000 original issue, dated February 5, 2009 with interest rates ranging from 3.0% to 4.0%, maturing February 2029.	<u>5,690,000</u>
Debt subtotal	9,470,000
Premium on debt issuance, net of accumulated amortization	<u>65,366</u>
	9,535,366
Less current portion	<u>499,669</u>
	\$ <u>9,035,697</u>

Principal and interest payments due on long-term debt during each of the next five years and to maturity are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 495,000	351,738	846,738
2016	510,000	335,838	845,838
2017	525,000	319,488	844,488
2018	540,000	302,613	842,613
2019	560,000	284,725	844,725
2020 - 2024	3,095,000	1,112,863	4,207,863
2025 - 2029	<u>3,745,000</u>	<u>460,650</u>	<u>4,205,650</u>
	\$ <u>9,470,000</u>	<u>3,167,915</u>	<u>12,637,915</u>

The premium paid at the debt issuance is included in the total loan balance. The premium is amortized at \$4,669 annually.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 9 - OPERATING LEASES**

The District leases copiers and computer equipment under various operating leases which require monthly rental payments from \$80 to \$2,489 and expire at various dates through August 2017. Rent expense included in operations under these lease agreements totaled \$61,406 during the fiscal year ended June 30, 2014.

The aggregate future minimum lease commitment on these leases as of June 30, 2014 is as follows:

2015	\$ 33,542
2016	17,894
2017	6,647
2018	<u>160</u>
	\$ <u><u>58,243</u></u>

**NOTE 10 - OPERATING TRANSFERS**

During the year, \$424,181 was transferred from the General Fund to the Special Reserve Fund to be used for future Special Reserve Fund purposes.

**NOTE 11 - RISK MANAGEMENT**

The District purchases commercial insurance to minimize its risk from loss relating to thefts or damage to property, and liability and workers' compensation claims. There were no significant reductions in insurance coverage from the prior year and no settlements exceeded the insurance coverage for each of the past three years.

**NOTE 12 - DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. According to GASB 32, the District does not report these funds in these financial statements.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 13 - OTHER POST EMPLOYMENT BENEFITS**

The District participates in a cost-sharing multiple employer defined benefit other post-employment benefits plan administered by Cooperative 90's Health Plan (Plan). The Plan provides health benefits in accordance with an administrative agreement between the affiliates who participate in the Plan. Rates are reviewed annually. The District pays 90% of the applicable single rate and 50% of any other rate coverage for active employees. Retirees pay 100% of their applicable coverage. The monthly single rate for the Plan year beginning June 1, 2014 is \$707. The District paid 100% of its required premiums for the year ended June 30, 2013. The District is required to offer employees, who are IMRF vested, continuing health insurance participation upon termination of employment. The retiree pays the entire health insurance premium and therefore there is no explicit subsidy. The District participates in a community-rated health insurance plan and as such, it is the District's opinion that there is no implicit subsidy as defined by Government Accounting Standards Board (GASB) Statement No. 45. The Plan issues an audited financial report. Information regarding the Plan may be obtained from the District.

**NOTE 14 - COMPENSATED ABSENCES**

The District provides paid vacation for all full-time employees based on their job classification or the number of years of service, with one or two weeks carryover allowed for unused vacation, depending on how much vacation each employee earns annually, as follows:

Full-time librarians with an MLS degree and department managers	4 paid weeks
1 - 5 years	2 paid weeks
6 - 13 years	3 paid weeks
14 - 20 years	4 paid weeks
Over 20 years	5 paid weeks

The District uses the employee's vacation year for vacation accrual calculation purposes. The vacation pay accrued at year end in the government-wide financial statements amounts to \$196,164. Vacation time anticipated to be used or paid within one year is estimated at \$156,931.

In addition, all full-time employees accrue sick leave at the rate of one day per month to a maximum of 120 working days. Since these accumulated sick days are not payable when the employee leaves employment there is no sick pay accrued at year end.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN**

Plan Description

The District's defined benefit pension plan (Plan) for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to Plan members and beneficiaries. The District's Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

Funding Policy

As set by statute, the District's Regular Plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2013 was 13.29%. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For fiscal year ending June 30, 2014, the District's actual contributions for pension cost for the Regular Plan were \$407,672. The District's required contribution for calendar year 2013 was \$427,731.

The three year trend information for the Regular Plan is as follows:

<u>YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
12/31/13	\$ 427,731	100%	-
12/31/12	380,616	100%	-
12/31/11	365,515	100%	-

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN, CONTINUED**

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefits increases of 3% annually. The actuarial value of the District's Regular Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's Regular Plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the Regular Plan was 72.70% funded. The actuarial accrued liability for benefits was \$8,749,669 and the actuarial value of assets was \$6,360,721, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,388,948. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the Plan) was \$3,218,442 and the ratio of the UAAL to the covered payroll was 74%.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 16 - COMMITMENTS AND LITIGATION**

The District was a party to a lawsuit filed by a contractor. During August 2013, as part of the settlement, the District received \$50,000 from the contractor's insurance company to be used towards the payment of the settlement. The District paid \$100,000 to this contractor to finalize the settlement subsequent to the receipt from the insurance company.

The District was a party to a lawsuit filed by a subcontractor against the general contractor that performed work on the Cook Park construction project during prior fiscal years. An agreement was reached in November 2012 and amounts paid for this settlement during the year ended June 30, 2013 were \$280,000. The amounts paid are included in improvements and capital project expenditures of the Special Reserve Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL  
(CASH BASIS - NON-GAAP)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	<u>2014 APPROPRIATION</u>	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 7,492,303	7,609,277	7,609,277	7,334,345
State replacement tax	45,000	81,129	81,129	60,216
Interest	5,000	4,187	4,187	4,684
Per Capita Grant	65,000	136,299	136,299	-
Donations and gifts	-	27,830	27,830	42,896
Fines and fees	170,200	166,492	166,492	162,161
Program fees	9,800	9,111	9,111	12,650
Other income	14,640	14,392	14,392	16,898
		<u>7,801,943</u>	<u>8,048,717</u>	<u>7,633,850</u>
Total revenues				
<b>Expenditures:</b>				
Personnel:				
Salaries	\$ 3,950,000	3,849,000	3,713,948	3,671,992
Benefits	475,000	441,343	395,586	376,816
Staff development	70,000	62,500	38,415	34,223
	<u>4,495,000</u>	<u>4,352,843</u>	<u>4,147,949</u>	<u>4,083,031</u>
Books and other materials	<u>1,150,000</u>	<u>1,107,500</u>	<u>1,052,249</u>	<u>977,641</u>
Operating expenses:				
Processing	40,000	36,000	26,041	30,958
Supplies	121,000	107,000	108,281	104,939
Vehicle operation	50,000	40,000	28,548	32,818
Computer operation	450,000	397,000	351,631	352,077
Utilities	210,000	182,300	173,384	167,361
Telephone	35,000	28,300	26,326	27,196
Postage	18,000	14,000	9,874	12,745
Maintenance	144,000	129,500	125,432	96,652
Repairs	129,000	113,700	97,300	85,739
Insurance	75,000	56,000	58,420	48,298
Professional services	68,000	62,200	60,782	38,706
Community relations	140,000	122,800	102,017	117,061
Rent	5,000	-	-	-
	<u>1,485,000</u>	<u>1,288,800</u>	<u>1,168,036</u>	<u>1,114,550</u>

Continued on page 29

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT, DUPAGE COUNTY, ILLINOIS  
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL  
(CASH BASIS - NON-GAAP)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2014  
(CONTINUED)**

	<u>2014 APPROPRIATION</u>	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
Improvements and capital projects	\$ <u>150,000</u>	<u>102,800</u>	<u>58,543</u>	<u>199,046</u>
Debt service:				
Principal	480,000	480,000	480,000	465,000
Interest and fees	<u>400,000</u>	<u>370,000</u>	<u>368,863</u>	<u>383,288</u>
	<u>880,000</u>	<u>850,000</u>	<u>848,863</u>	<u>848,288</u>
Contingencies	<u>100,000</u>	<u>100,000</u>	-	<u>21,311</u>
Total expenditures	\$ <u><u>8,260,000</u></u>	<u>7,801,943</u>	<u>7,275,640</u>	<u>7,243,867</u>
Excess of revenues over expenditures		\$ <u><u>-</u></u>	773,077	389,983
Transfer to Special Reserve Fund			(424,181)	(570,678)
Fund balances, beginning of year			<u>4,112,882</u>	<u>4,293,577</u>
Fund balances, end of year			\$ <u><u>4,461,778</u></u>	<u><u>4,112,882</u></u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL  
(CASH BASIS - NON-GAAP)  
SPECIAL RESERVE FUND  
YEAR ENDED JUNE 30, 2014**

	<u>2014 APPROPRIATION</u>	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
<b>Revenues:</b>				
Interest		\$ -	16,941	16,535
Total revenues		<u>-</u>	<u>16,941</u>	<u>16,535</u>
<b>Expenditures:</b>				
Improvements and capital projects	\$ <u>2,000,000</u>	-	67,736	393,005
Total expenditures	<u>\$ 2,000,000</u>	<u>-</u>	<u>67,736</u>	<u>393,005</u>
Deficiency of revenues over expenditures		<u>\$ -</u>	(50,795)	(376,470)
<b>Other financing sources -</b>				
Net transfers in			424,181	570,678
Fund balances, committed:				
Beginning of year			<u>2,920,299</u>	<u>2,726,091</u>
End of year			<u>\$ 3,293,685</u>	<u>2,920,299</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL  
(CASH BASIS - NON-GAAP)  
IMRF AND SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2014**

	<u>2014 APPROPRIATION</u>	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
<b>Revenues:</b>				
Taxes:				
Property taxes		\$ 728,822	742,559	721,821
State replacement tax		<u>22,000</u>	<u>5,018</u>	<u>21,983</u>
Total revenues		<u>750,822</u>	<u>747,577</u>	<u>743,804</u>
<b>Expenditures:</b>				
Social Security and IMRF	\$ <u>799,000</u>	<u>738,594</u>	<u>681,494</u>	<u>672,286</u>
Total expenditures	\$ <u><u>799,000</u></u>	<u>738,594</u>	<u>681,494</u>	<u>672,286</u>
Excess of revenue over expenditures		\$ <u><u>12,228</u></u>	66,083	71,518
Fund balances, committed:				
Beginning of year			<u>883,439</u>	<u>811,921</u>
End of year			\$ <u><u>949,522</u></u>	<u>883,439</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

**Illinois Municipal Retirement Fund**

Historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits due is presented below:

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UNFUNDED LIABILITY AS A % OF COVERED PAYROLL ((b-a) / c)
12/31/13	\$6,360,721	8,749,669	2,388,948	72.70%	3,218,442	74.23%
12/31/12	6,577,358	8,802,099	2,224,741	74.72%	2,855,332	77.92%
12/31/11	6,081,084	8,472,258	2,391,174	71.78%	2,818,157	84.85%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$7,813,393. On a market basis, the funded ratio would be 89.30%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Cook Memorial Public Library District. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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

**SPECIAL REVENUE NON-MAJOR FUND  
FINANCIAL STATEMENTS**

COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
SPECIAL REVENUE NON-MAJOR FUND  
(CASH BASIS - NON-GAAP)

WORKING CASH FUND

JUNE 30, 2014

**ASSETS**

Cash and cash equivalents	\$	55,776
Investments		<u>500,000</u>
Total assets	\$	<u><u>555,776</u></u>

**LIABILITIES AND FUND BALANCES**

Liabilities	\$	-
Fund balances, committed		<u>555,776</u>
	\$	<u><u>555,776</u></u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL  
SPECIAL REVENUE NON-MAJOR FUND  
(CASH BASIS - NON-GAAP)  
WORKING CASH FUND**

**YEAR ENDED JUNE 30, 2014**

	<u>2014 APPROPRIATION</u>	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
<b>Revenues</b>		\$ -	-	-
<b>Expenditures</b>	\$ -	-	-	-
Excess of revenues over expenditures		\$ -	-	-
Fund balances, committed:				
Beginning of year			<u>555,776</u>	<u>555,776</u>
End of year			\$ <u>555,776</u>	<u>555,776</u>

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

**OTHER SUPPLEMENTARY INFORMATION**

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**PROPERTY TAX ASSESSED VALUATIONS AND RATES  
LAST THREE TAX LEVY YEARS**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed valuations	\$ <u>2,770,389,076</u>	<u>2,915,293,978</u>	<u>3,126,194,028</u>
Date Adopted	11/19/13	11/20/12	11/17/11
Tax rates (per one-hundred dollars of assessed value)			
General	0.276	0.257	0.231
Social Security and IMRF	<u>0.027</u>	<u>0.025</u>	<u>0.023</u>
	<u>0.303</u>	<u>0.282</u>	<u>0.254</u>
Total extension	\$ <u>8,394,279</u>	<u>8,221,129</u>	<u>7,940,533</u>
Collected through June 30, 2014	\$ <u>4,242,033</u>	<u>8,073,924</u>	<u>7,969,034</u>
Percentage collected	<u>50.53%</u>	<u>98.21%</u>	<u>100.36%</u>

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