

MUELLER & CO., LLP

Certified Public Accountants ~ Business Advisors

COOK MEMORIAL PUBLIC LIBRARY DISTRICT LAKE COUNTY, ILLINOIS

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

Roy W. Groesbeck

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ASSURANCE &

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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

Jim Larson, Trustee

Rob Schuler, Secretary

ADMINISTRATIVE

David Archer, 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, (District) as of and for the year ended June 30, 2015, 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 the District, as of June 30, 2015, 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 the District, as of June 30, 2015 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 30 to 33 and the schedules regarding the net pension liability on pages 34 to 35 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 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 36 and 37 and other supplementary information on page 38 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 2014 financial statements, and in our report dated October 20, 2014, 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, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the Cook Memorial Public Library District exceeded its liabilities at the close of the most recent fiscal year by \$17,294,219. Of this amount, \$9,740,857 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 \$17,294,219 at the close of the most recent fiscal year. A significant portion of the District's net position, 43.5%, 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 \$9,740,857 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, 2015 and 2014:

	NET ASSETS	
	<u>GOVERNMENTAL</u>	<u>ACTIVITIES</u>
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 14,186,169	13,513,720
Capital assets, net of accumulated depreciation	<u>16,556,881</u>	<u>16,960,615</u>
Total Assets	<u>30,743,050</u>	<u>30,474,335</u>
Current liabilities	4,903,402	4,913,098
Non-current liabilities	<u>8,545,431</u>	<u>9,074,930</u>
Total Liabilities	<u>13,448,833</u>	<u>13,988,028</u>
Net Position:		
Invested in capital assets, net of related debt	7,521,184	7,425,249
Restricted	32,178	25,663
Unrestricted	<u>9,740,857</u>	<u>9,035,395</u>
Total Net Position	\$ <u>17,294,219</u>	<u>16,486,307</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, 2015 and 2014:

	<u>GOVERNMENTAL</u>	<u>ACTIVITIES</u>
	<u>2015</u>	<u>2014</u>
Revenues:		
Property taxes	\$ 8,561,335	8,351,836
Replacement taxes	90,168	86,147
Interest	32,557	21,128
Per Capita Grant	74,803	136,299
Gifts and grants	11,470	27,830
Fines, fees, and other	212,256	189,995
Total revenues	<u>8,982,589</u>	<u>8,813,235</u>
Expenses:		
Personnel	4,259,818	4,194,505
Library materials	453,961	391,645
Operating expenses	1,162,496	1,167,678
Improvements and capital projects	92,744	39,232
Debt service, interest, fees, and amortization of issuance costs	355,476	370,401
Contingencies	-	-
Social Security and IMRF	702,620	681,494
Depreciation and amortization	1,147,562	1,140,999
Total expenses	<u>8,174,677</u>	<u>7,985,954</u>
Change in net position	807,912	827,281
Net position, beginning of year	<u>16,486,307</u>	<u>15,659,026</u>
Net position, end of year	\$ <u>17,294,219</u>	<u>16,486,307</u>

Governmental activities. Governmental activities increased the District's net assets by \$807,912, 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 \$169,354. This increase was due primarily to a \$209,509 increase in property taxes coupled with a \$61,496 decrease in Per Capita Grant revenues. The District received one Per Capita Grant in the fiscal year ended June 30, 2015, but received two Per Capita Grants in the fiscal year ended June 30, 2014.

Personnel costs increased approximately 1.6% over the prior fiscal year. In late 2013, the District hired Northern Illinois University to conduct a salary study. The study revealed that the District needed to increase salaries for many positions in order to keep them competitive with the market. As a result, salaries were adjusted beginning July 1, 2014 in the amount of 4.3%. This increase was partially offset by a decrease in accrued vacation pay resulting from a change in the District's vacation accrual policy.

Library materials increased approximately 16% primarily due to increases in digital books, online databases and other digital services and offerings such as Freegal music and Hoopla streaming services.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Improvements and capital projects increased by \$53,512 due primarily to the architectural and engineering costs associated with the expansion of the parking lot at the District's Aspen Drive facility. Operating expenses decreased slightly from the prior year due primarily to lower utility and maintenance costs associated with a milder winter season.

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 \$9,913,478, an increase of \$652,717 in comparison with the prior year. Approximately 52.4% of this total amount, \$5,193,172 constitutes unassigned fund balance, which is available for spending during the 2015-2016 fiscal year. The restricted fund balance of \$32,178 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 \$1,463,638 are not available for new spending because it has been committed for the specific purpose of each special revenue fund. The \$3,224,490 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 \$5,193,172. Unassigned fund balance represents 68.9% of the total General Fund expenditures for the current year.

The fund balances of the District's General Fund increased by \$763,572 during the current fiscal year.

Total revenues increased \$246,785, or 3.1%. This increase is due primarily to a \$291,098 (3.8%) increase in property tax revenues, offset by a decrease of \$61,496 in Per Capita Grant revenue. The District received one such grant in the fiscal year ending June 30, 2015 but received two Per Capita Grants in the prior year ending June 30, 2014.

Personnel costs increased approximately 4.2% over the prior fiscal year. In late 2013, the District hired Northern Illinois University to conduct a salary study. The study revealed that the District needed to increase salaries for many positions in order to keep them competitive with the market. As a result, salaries were adjusted beginning July 1, 2014 in the amount of 4.3%. Books and other materials increased 5% partially due to increases digital books, online databases and other digital services and offerings such as Freegal music and Hoopla streaming services.

COOK MEMORIAL PUBLIC LIBRARY DISTRICT

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS, CONTINUED

Operating expenses decreased \$4,114 (.4%). This decrease can be attributed primarily to decreased snow removal, landscaping, utility and maintenance and repair costs associated with the milder winter weather experienced during the fiscal year as compared to the prior fiscal year. Improvements and capital projects expenditures increased \$59,915, due primarily to the architectural and engineering costs associated with the construction of additional parking at the District's Aspen Drive facility.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's General Fund expended \$7,531,930 during the fiscal year ended June 30, 2015, which was significantly less than the budget appropriation of \$8,460,000. 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, 2015 amounts to \$16,556,881, 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 \$403,734, 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, 2015, the District had general obligation debt certificates outstanding of \$9,035,697, 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, 2016 has not increased significantly. The increase of approximately 4.4% primarily represents planned increases in materials, services and programs offered to the patrons as part of its three year strategic plan, 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, 2015

ASSETS

		<u>GOVERNMENTAL ACTIVITIES</u>
Cash and investments	\$	9,916,821
Due from Friends of the Library		1,000
Unamortized premium paid on investment purchases		1,034
Property taxes receivable		4,175,465
Prepaid expenses		11,163
Bond issue costs, net of accumulated amortization		80,686
Capital assets:		
Nondepreciable		1,050,593
Depreciable, net		15,506,288
		<u>30,743,050</u>

LIABILITIES

Payroll liabilities		5,377
Accrued wages		110,278
Accrued vacation:		
Due within one year		97,611
Due in more than one year		24,403
Deferred revenue		4,175,465
Long-term debt:		
Due within one year		514,669
Due in more than one year		8,521,028
		<u>13,448,831</u>

NET POSITION

Invested in capital assets, net of related debt		7,521,184
Restricted		32,178
Unrestricted		9,740,857
		<u>17,294,219</u>
	\$	<u><u>17,294,219</u></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, 2015

		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	\$ 8,174,677	164,133	86,273	(7,924,271)
General revenues:				
Taxes:				
Property				\$ 8,561,335
Replacement				90,168
Investment income				32,557
Miscellaneous				48,123
Total general revenues				8,732,183
Change in net position				807,912
Net position beginning of year				16,486,307
Net position end of year				\$ 17,294,219

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, 2015

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)	
	GENERAL	SPECIAL RESERVE	IMRF AND SOCIAL SECURITY	OTHER GOVERNMENTAL FUNDS		2015	2014
ASSETS							
Cash and cash equivalents	\$ 3,416,015	146,494	886,783	55,776	4,505,068	4,505,068	5,224,414
Investments	1,813,712	3,076,962	21,079	500,000	5,411,753	5,411,753	4,035,047
Due from Friends of the Library	1,000	-	-	-	1,000	1,000	398
Unamortized premium paid on investment purchase	-	1,034	-	-	1,034	1,034	4,985
	<u>\$ 5,230,727</u>	<u>3,224,490</u>	<u>907,862</u>	<u>555,776</u>	<u>9,918,855</u>	<u>9,918,855</u>	<u>9,264,844</u>
LIABILITIES AND FUND BALANCES							
Payroll liabilities	\$ 5,377	-	-	-	5,377	5,377	4,083
Fund balances:							
Restricted by donors	32,178	-	-	-	32,178	32,178	25,663
Committed	-	3,224,490	907,862	555,776	4,688,128	4,688,128	4,798,983
Assigned for capital projects	-	-	-	-	-	-	-
Unassigned	5,193,172	-	-	-	5,193,172	5,193,172	4,436,115
	<u>5,225,350</u>	<u>3,224,490</u>	<u>907,862</u>	<u>555,776</u>	<u>9,913,478</u>	<u>9,913,478</u>	<u>9,260,761</u>
	<u>\$ 5,230,727</u>	<u>3,224,490</u>	<u>907,862</u>	<u>555,776</u>	<u>9,918,855</u>	<u>9,918,855</u>	<u>9,264,844</u>

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

Fund balance (above)	\$ 9,913,478
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,556,881
Prepaid expenses are payable in the current period and therefore fully expensed in the funds	91,849
Accrued expenses are payable in future periods, incurred in the current period	(232,292)
Long-term debt obligations are not reported in the fund financial statements	<u>(9,035,697)</u>
Net position of governmental activities	<u>\$ 17,294,219</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 AND EXPENDABLE TRUST FUNDS

YEAR ENDED JUNE 30, 2015

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)	
	GENERAL	SPECIAL RESERVE	IMRF AND SOCIAL SECURITY			2015	2014
Revenues:							
Property taxes	\$ 7,900,375	-	660,960	-	8,561,335	8,561,335	8,351,836
State replacement tax	90,168	-	-	-	90,168	90,168	86,147
Interest	6,430	26,127	-	-	32,557	32,557	21,128
Per Capita Grant	74,803	-	-	-	74,803	74,803	136,299
Grants	400	-	-	-	400	400	-
Donations and gifts	11,070	-	-	-	11,070	11,070	27,830
Fines and fees	159,857	-	-	-	159,857	159,857	166,492
Program fees	4,276	-	-	-	4,276	4,276	9,111
Other income	48,123	-	-	-	48,123	48,123	14,392
	<u>8,295,502</u>	<u>26,127</u>	<u>660,960</u>	<u>-</u>	<u>8,982,589</u>	<u>8,982,589</u>	<u>8,813,235</u>
Expenditures:							
Personnel	4,323,859	-	-	-	4,323,859	4,323,859	4,147,949
Library materials	1,104,339	-	-	-	1,104,339	1,104,339	1,052,249
Operating expenses	1,163,922	-	-	-	1,163,922	1,163,922	1,168,036
Improvements and capital projects	90,872	95,322	-	-	186,194	186,194	126,279
Debt service	848,938	-	-	-	848,938	848,938	848,863
Contingencies	-	-	-	-	-	-	-
Social Security and IMRF	-	-	702,620	-	702,620	702,620	681,494
	<u>7,531,930</u>	<u>95,322</u>	<u>702,620</u>	<u>-</u>	<u>8,329,872</u>	<u>8,329,872</u>	<u>8,024,870</u>
Excess (deficiency) of revenues over expenditures	763,572	(69,195)	(41,660)	-	652,717	652,717	788,365
Fund balances, beginning 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>
Fund balances, end of year	\$ <u>5,225,350</u>	<u>3,224,490</u>	<u>907,862</u>	<u>555,776</u>	<u>9,913,478</u>	<u>9,913,478</u>	<u>9,260,761</u>
Reconciliation to statement of activities, change in net assets:							
Net change in fund balances-total governmental funds (above)						\$ 652,717	
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.							(403,734)
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. 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.							495,000
Amortization of bond premium							4,669
Amortization of bond issuance costs							(6,207)
Prepaid expenses							11,163
Accrued expenses							(232,292)
Prior year prepaid expenses							(9,737)
Prior year accrued expenses							296,333
						\$	<u>807,912</u>

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

**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/Illinois Municipal Retirement Fund (IMRF) 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
(CONTINUED)**

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 Government Accounting Standards Board (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, 2015, 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 accounting principles generally accepted in the United States of America 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net pension have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

Subsequent events have been evaluated through October 20, 2015, 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, 2015:

	<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	4,254,383	<u>4,368,030</u>
		\$ <u>4,618,030</u>
Other investments -		
Cash on hand	685	
Investments in certificate of deposit, no more than \$250,000 at any institution, insured by FDIC	4,766,154	
Money market fund	227,572	
The Illinois Funds		
- Collateral held by Illinois Funds in excess of balances (Category 1)	<u>418,027</u>	
	\$ <u>9,916,821</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, 2015.

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 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, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 227,572	-	-	227,572
Certificates of deposit	-	4,766,154	-	4,766,154
Illinois Funds	-	418,027	-	418,027
 Total assets at fair value	 \$ <u>227,572</u>	 <u>5,184,181</u>	 <u>-</u>	 <u>5,411,753</u>

NOTE 4 - UNAMORTIZED PREMIUM PAID ON INVESTMENT PURCHASE

Since December 2012 and throughout the current fiscal year, the District has 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 \$1,034 at June 30, 2015.

The premiums are amortized over 23 to 25 months through the maturity of the investments. Amortization of premiums amounted to \$4,579 for the fiscal year ended June 30, 2015.

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 Lake County (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, 2015 is from the 2013 and 2014 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 2014 tax levy was based on the appropriations ordinance for the year ended June 30, 2015 and thus has been recorded as revenue. Collections of \$4,372,594 were received on this levy through June 30, 2015 and the remaining balance of \$4,184,465 has been deferred until the subsequent year. Amounts collected for use by the General Fund, included in unassigned fund balance, amount to \$4,084,886 and amounts collected for use by the IMRF and Social Security Fund included in committed fund balance, amount to \$287,708.

**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 eight times a year.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIRE- MENTS</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	42,093	-	42,093
Aspen Drive land	<u>1,008,500</u>	<u>-</u>	<u>-</u>	<u>1,008,500</u>
	<u>\$ 1,008,500</u>	<u>42,093</u>	<u>-</u>	<u>1,050,593</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 15,048,453	3,330	-	15,051,783
Furniture and equipment	1,541,660	48,027	-	1,589,687
Vehicles	205,841	-	-	205,841
Automated library system and other software	262,589	-	-	262,589
Library materials	<u>5,736,733</u>	<u>650,378</u>	<u>-</u>	<u>6,387,111</u>
	<u>22,795,276</u>	<u>701,735</u>	<u>-</u>	<u>23,497,011</u>
Less accumulated depreciation	<u>6,843,161</u>			<u>7,990,723</u>
	<u>\$ 15,952,115</u>			<u>15,506,288</u>

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

Depreciation expense charged to governmental activities was \$1,147,562 for the year ended June 30, 2015.

**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, 2015 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%, maturing May 2028	\$ 3,570,000
Twenty-year debt certificates, \$7,000,000 original issue, dated February 5, 2009 with interest rates ranging from 3% to 4%, maturing February 2029.	<u>5,405,000</u>
Debt subtotal	8,975,000
Premium on debt issuance, net of accumulated amortization	<u>60,697</u> 9,035,697
Less current portion	<u>514,669</u>
	\$ <u><u>8,521,028</u></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>
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	575,000	266,050	841,050
2021 - 2025	3,210,000	996,263	4,206,263
2026 - 2029	<u>3,055,000</u>	<u>311,200</u>	<u>3,366,200</u>
	<u>\$ 8,975,000</u>	<u>2,816,177</u>	<u>11,791,177</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 8 - LONG-TERM DEBT, CONTINUED

During September 2015, the District hired a municipal advisor and consultant to market the sale of debt certificates to financial institutions for purposes of refunding the existing 2008 Series debt certificates. On October 7, 2015, the District accepted an offer from JP Morgan Chase Bank, NA to purchase from the District \$3,390,000 in debt certificates at a true interest cost of 2.3122%. The sale is scheduled to close on November 4, 2015. The proceeds will be held in FDIC insured accounts until February 1, 2016 at which time the proceeds will be used to retire the outstanding balance of the 2008 Series debt certificates. This refunding is expected to save the District approximately \$330,000 over the remaining 12 years life of the debt certificates.

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 2020. Rent expense included in operations under these lease agreements totaled \$35,302 during the fiscal year ended June 30, 2015.

The aggregate future minimum lease commitment on these leases as of June 30, 2015 is as follows:

2016	\$ 19,814
2017	8,567
2018	2,080
2019	1,920
2020	<u>160</u>
	\$ <u>32,541</u>

NOTE 10 - 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.

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 11 - 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.

NOTE 12 - 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, 2015 is \$707. The District paid 100% of its required premiums for the year ended June 30, 2014. 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 GASB Statement No. 45. The Plan issues an audited financial report. Information regarding the Plan may be obtained from the District.

NOTE 13 - 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

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 14 - COMPENSATED ABSENCES, CONTINUED

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 \$122,014. Vacation time anticipated to be used or paid within one year is estimated at \$97,611.

In addition, all full-time employees accrue sick leave at the rate of one day per month to a maximum of 240 working days. Since these accumulated sick days are not payable when the employee leaves employment there is no sick pay accrued at year end.

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.

Benefits Provided

IMRF provides retirement, disability and death benefits. Retirement benefits are as follows:

Plan	Regular Tier1	Regular Tier 2
Vesting	8 years	10 years
Minimum age for unreduced benefit	35 + years of service: 55, otherwise 60	35 + years of service: 62, otherwise 67
Final rate of earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 96 months in the last 10 years; pensionable earnings initially capped at \$110,631 increasing annually by 3% or 1/2 of CPI, whichever is less
Survivor benefits	Annuity for eligible spouse	Annuity for eligible spouse

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 15 - DEFINED BENEFIT PENSION PLAN, CONTINUED

Plan	Regular Tier1	Regular Tier 2
Post-retirement increase	3% of original amount	3% or 1/2 of CPI, whichever is less of original amount
Early retirement	At age 55, discount based on age and service	At age 62, discount based on age and service

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

Membership

The Plan contains the following number and classes of employees:

Retirees and beneficiaries	64
Inactive, non-retired members	41
Active members	83
Total	188

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2014, Cook Memorial Public Library District reported a net pension liability of \$1,752,326. The pension plan's fiduciary net position as a percentage of the total pension liability is 55.71%. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

Total pension liability	\$ 17,403,804
Plan fiduciary net position	15,651,478
	\$ 1,752,326

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 15 - DEFINED BENEFIT PENSION PLAN, CONTINUED

For the year ended December 31, 2014, the Cook Memorial Public Library District recognized pension expenses of \$590,146. At December 31, 2014, the Cook Memorial Public Library District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	(256,148)	(256,148)
Assumption changes	560,090	-	560,090
Net difference between projected and actual earnings on pension plan investments	<u>164,326</u>	<u>-</u>	<u>164,326</u>
	<u>\$ 724,416</u>	<u>(256,148)</u>	<u>468,268</u>

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

<u>Year ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 155,117
2016	155,117
2017	116,949
2018	41,085
2019	-
Thereafter	<u>-</u>
	<u>\$ 468,268</u>

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods includes the measurement:

Inflation	3.5%
Salary increases	3.75% to 14.5% including inflation
Investment rate of return	7.48%

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

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 15 - DEFINED BENEFIT PENSION PLAN, CONTINUED

Actuarial Assumptions, Continued

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

The actuarial assumptions used in the 2014 valuation were based on the results of an actuarial experience study of the period 2011 – 2013.

Discount Rate

The discount rate used to measure the total pension liability was 7.48%. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from Cook Memorial Public Library District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net pension was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Cook Memorial Public Library District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Cook Memorial Public Library District's proportionate share of the net pension liability calculated using the discount rate of 7.48%, as well as what the Cook Memorial Public Library District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48%) or 1-percentage-point higher (8.48%) the current rate:

	<u>1% Decrease (6.48%)</u>	<u>Current (7.48%)</u>	<u>1% Increase (8.48%)</u>
Cook Memorial Public Library District's proportionate share of net pension liability \$	<u>3,873,565</u>	<u>1,752,326</u>	<u>22,590</u>

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, 2015**

	<u>2015 APPROPRIATION</u>	<u>2015 BUDGET</u>	<u>2015 ACTUAL</u>	<u>2014 ACTUAL</u>
Revenues:				
Taxes:				
Property taxes		\$ 7,721,274	7,900,375	7,609,277
State replacement tax		75,000	90,168	81,129
Interest		5,000	6,430	4,187
Per Capita Grant		71,000	74,803	136,299
Grants		-	400	-
Donations and gifts		15,000	11,070	27,830
Fines and fees		161,400	159,857	166,492
Program fees		8,000	4,276	9,111
Other income		16,326	48,123	14,392
		<u>8,073,000</u>	<u>8,295,502</u>	<u>8,048,717</u>
Total revenues				
Expenditures:				
Personnel:				
Salaries	\$ 4,055,000	3,951,000	3,904,634	3,713,948
Benefits	480,000	461,000	387,296	395,586
Staff development	80,000	73,000	31,929	38,415
	<u>4,615,000</u>	<u>4,485,000</u>	<u>4,323,859</u>	<u>4,147,949</u>
Books and other materials	<u>1,150,000</u>	<u>1,108,000</u>	<u>1,104,339</u>	<u>1,052,249</u>
Operating expenses:				
Processing	35,000	31,000	29,523	26,041
Supplies	125,000	111,000	116,500	108,281
Vehicle operation	40,000	27,000	23,811	28,548
Computer operation	480,000	429,000	353,821	351,631
Utilities	210,000	185,000	163,052	173,384
Telephone	35,000	28,000	22,130	26,326
Postage	18,000	13,000	5,297	9,874
Maintenance	172,000	155,000	104,300	125,432
Repairs	142,000	125,000	91,398	97,300
Insurance	85,000	66,000	68,870	58,420
Professional services	93,000	75,000	67,906	60,782
Community relations	148,000	135,000	117,314	102,017
Rent	5,000	-	-	-
	<u>1,588,000</u>	<u>1,380,000</u>	<u>1,163,922</u>	<u>1,168,036</u>

Continued on page 31

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, 2015
(CONTINUED)**

	<u>2015 APPROPRIATION</u>	<u>2015 BUDGET</u>	<u>2015 ACTUAL</u>	<u>2014 ACTUAL</u>
Improvements and capital projects	\$ 180,000	150,000	90,872	58,543
Debt service:				
Principal	495,000	495,000	495,000	480,000
Interest and fees	380,000	355,000	353,938	368,863
	<u>875,000</u>	<u>850,000</u>	<u>848,938</u>	<u>848,863</u>
Contingencies	<u>100,000</u>	<u>100,000</u>	-	-
Total expenditures	\$ <u>8,508,000</u>	<u>8,073,000</u>	<u>7,531,930</u>	<u>7,275,640</u>
Excess of revenues over expenditures		\$ <u>-</u>	763,572	773,077
Transfer to Special Reserve Fund			-	(424,181)
Fund balances, beginning of year			<u>4,461,778</u>	<u>4,112,882</u>
Fund balances, end of year			\$ <u>5,225,350</u>	<u>4,461,778</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, 2015**

	<u>2015 APPROPRIATION</u>	<u>2015 BUDGET</u>	<u>2015 ACTUAL</u>	<u>2014 ACTUAL</u>
Revenues:				
Interest		\$ -	26,127	16,941
Total revenues		<u>-</u>	<u>26,127</u>	<u>16,941</u>
Expenditures:				
Improvements and capital projects	\$ 2,000,000	-	95,322	67,736
Total expenditures	<u>\$ 2,000,000</u>	<u>-</u>	<u>95,322</u>	<u>67,736</u>
Deficiency of revenues over expenditures		\$ <u>-</u>	(69,195)	(50,795)
Other financing sources -				
Net transfers in			-	424,181
Fund balances, committed:				
Beginning of year			<u>3,293,685</u>	<u>2,920,299</u>
End of year			<u>\$ 3,224,490</u>	<u>3,293,685</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, 2015**

	<u>2015 APPROPRIATION</u>	<u>2015 BUDGET</u>	<u>2015 ACTUAL</u>	<u>2014 ACTUAL</u>
Revenues:				
Taxes:				
Property taxes		\$ 748,005	660,960	742,559
State replacement tax		-	-	5,018
Total revenues		<u>748,005</u>	<u>660,960</u>	<u>747,577</u>
Expenditures:				
Social Security and IMRF	\$ <u>783,000</u>	<u>739,402</u>	<u>702,620</u>	<u>681,494</u>
Total expenditures	<u>\$ 783,000</u>	<u>739,402</u>	<u>702,620</u>	<u>681,494</u>
Excess (deficiency) of revenue over expenditures		<u>\$ 8,603</u>	(41,660)	66,083
Fund balances, committed:				
Beginning of year			<u>949,522</u>	<u>883,439</u>
End of year			<u>\$ 907,862</u>	<u>949,522</u>

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

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

CALENDAR YEAR ENDED DECEMBER 31, 2014

Total pension liability:	
Service cost	\$ 380,529
Interest on the total pension liability	1,198,261
Changes of benefit terms	-
Difference between expected and actual experience of the total pension liability	(352,253)
Changes of assumptions	770,231
Benefit payments, including refunds of employee contributions	<u>(801,683)</u>
Net change in total pension liability	1,195,085
Total pension liability, beginning	<u>16,208,719</u>
Total pension liability, ending	<u>17,403,804</u>
Plan fiduciary net position:	
Contribution - employer	384,647
Contribution - employee	143,830
Net investment income	914,607
Benefit payments, including refunds of employee contributions	(801,683)
Other (net transfer)	<u>(120,083)</u>
Net change in plan fiduciary net position	521,318
Plan fiduciary net position, beginning	<u>15,130,160</u>
Plan fiduciary net position, ending	<u>15,651,478</u>
Net pension liability	<u>\$ 1,752,326</u>

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

COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS

SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
(LAST 10 CALENDAR YEARS, AS AVAILABLE)

CALENDAR YEAR ENDED DECEMBER 31, 2014

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered</u>
2014	\$ 377,483	384,647	(7,164)	3,145,696	12.23%

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, 2015

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, 2015

	<u>2015 APPROPRIATION</u>	<u>2015 BUDGET</u>	<u>2015 ACTUAL</u>	<u>2014 ACTUAL</u>
Revenues		\$ -	-	-
Expenditures	\$ -	-	-	-
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>2014</u>	<u>2013</u>	<u>2012</u>
Assessed valuations	\$ <u>2,741,311,656</u>	<u>2,770,389,076</u>	<u>2,915,293,978</u>
Date Adopted	10/21/14	11/19/13	11/20/12
Tax rates (per one-hundred dollars of assessed value)			
General	0.291	0.276	0.257
Social Security and IMRF	<u>0.021</u>	<u>0.027</u>	<u>0.025</u>
	<u>0.312</u>	<u>0.303</u>	<u>0.282</u>
Total extension	\$ <u>8,557,059</u>	<u>8,394,279</u>	<u>8,221,129</u>
Collected through June 30, 2015	\$ <u>4,372,594</u>	<u>8,348,044</u>	<u>8,073,924</u>
Percentage collected	<u>51.10%</u>	<u>99.45%</u>	<u>98.21%</u>

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