

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
April 30, 2014

**FLOSSMOOR PUBLIC LIBRARY**  
**FLOSSMOOR, ILLINOIS**  
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1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

630.566.8400 // [www.sikich.com](http://www.sikich.com)

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President  
Members of the Board of Trustees  
Flossmoor Public Library  
Flossmoor, Illinois

We have audited the accompanying financial statements of the governmental activities and the major fund of the Flossmoor Public Library (the Library) as of and for the year ended April 30, 2014, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Flossmoor Public Library as of April 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain budgetary comparison information 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 basic financial statements that collectively comprise the Library's financial statements taken as a whole. The supplemental data is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Naperville, Illinois  
July 9, 2014

A handwritten signature in dark ink, appearing to be 'M. D. P.', is written over the date.

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**FLOSSMOOR PUBLIC LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2014**

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As the management of the Flossmoor Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended April 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's financial statements.

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

**USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT**

Historically, the primary focus of local government financial statements has been summarized by fund type information on a current financial resource basis. This approach has been modified by Government Accounting Standards Board (GASB) Statement No. 34. Now, the Library's financial report presents two kinds of statements, each with a different snapshot of the Library's finances. The focus of the financial statements is on the Library as a whole (government wide ) and on its individual fund. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Library's accountability.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The focus of the Statement of Net Position is to present information on all of the Library's assets and liabilities, with the difference between the two reported as net position. The Statement of Net Position combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and the economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

(See independent auditor's report)

## USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The Statement of Activities presents information showing how the Library'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 the 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., earned but unused compensated absences).

The government-wide financial statements (see pages 3 and 4) describe functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and readers' services, programming, interlibrary loan and outreach services.

### Fund Financial Statements

Fund financial statements will be more familiar to traditional users of governmental financial statements. The focus of the presentation is on the fund rather than fund type. 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. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund, which is the only fund of the Library, is categorized as a governmental fund.

**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 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 balance, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

(See independent auditor's report)

## **USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)**

The Library adopts an annual budget for its General fund. A budgetary comparison statement has been provided (Table 3) in this report to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 5-8 in the notes of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential for 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 9-20 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information reflecting the Library's progress in funding its obligation to provide benefits to its employees and budgetary information. Required supplementary information can be found on pages 21 - 24 of this report.

### **Financial Analysis of the Library as a Whole**

In accordance with GASB Statement No. 34, a comparative analysis of government-wide information has been presented.



## GOVERNMENT-WIDE STATEMENTS

### Net Position

The following table reflects the condensed Statement of Net Position.

#### Governmental Activities

Fiscal years ending April 30	2013	2014
<b>ASSETS</b>		
Current and Other Assets	\$3,237,654	\$3,303,160
Capital Assets	<u>134,122</u>	<u>156,140</u>
Total Assets	<u>3,371,776</u>	<u>3,459,300</u>
<b>LIABILITIES</b>		
Accounts Payable	41,139	68,422
Accrued Payroll	62,142	32,357
Noncurrent Liabilities		
Due in More than One Year	24,464	54,273
Deferred Inflows	<u>729,215</u>	<u>753,967</u>
Total Liabilities & Deferred Inflows	<u>856,960</u>	<u>909,019</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	134,122	156,140
Unrestricted	<u>2,380,694</u>	<u>2,394,141</u>
<b>TOTAL NET POSITION</b>	<u>\$2,514,816</u>	<u>\$2,550,281</u>

Flossmoor Public Library's net position increased by 1.4% - from \$2,514,816 to \$2,550,281. The primary reason for the increase was in cash and investments.

For further detail, the Statement of Net Position is on Page 3.

## GOVERNMENT-WIDE STATEMENTS (Continued)

### Activities

The following table summarizes the revenue and expenses of the Library's activities for fiscal years ending April 30, 2013 and April 30, 2014.

#### Governmental Activities

Table 2  
Statement of Activities - Change in Net Position

Fiscal years ending April 30	2013	2014
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$39,265	\$34,593
Operating Grants & Contributions	35,370	16,148
General Revenues		
Property Taxes	1,359,551	1,436,364
Replacement	11,785	14,820
Investment Income	4,372	4,898
Miscellaneous	<u>1,363</u>	<u>830</u>
Total Revenues	<u>1,451,706</u>	<u>1,507,653</u>
<b>EXPENSES</b>		
Culture and Recreation	<u>1,388,081</u>	<u>1,472,188</u>
Total Expenses	<u>1,388,081</u>	<u>1,472,188</u>
CHANGE IN NET POSITION	63,625	35,465
NET POSITION, MAY 1	<u>2,451,191</u>	<u>2,514,816</u>
NET POSITION, APRIL 30	<u><u>\$2,514,816</u></u>	<u><u>\$2,550,281</u></u>

(See independent auditor's report)

## **FISCAL YEAR 2013-2014 FINANCIAL OVERVIEW**

The following schedule provides a summary of the Library's fiscal year income by source, and the expenditures by category.

### **INCOME SOURCES**

Local Property & other taxes	96.3%
Grants & Contributions	1.0%
Fines, Charges & Miscellaneous	2.4%
Interest	0.3%
 Total Income	 \$1,507,653

### **EXPENDITURES BY CATEGORY**

Personnel Services	60.0%
Commodities	13.3%
Contractual Services	9.5%
Training and Conferences	0.5%
Maintenance	7.3%
Capital Outlay	9.4%
 Total Expenditures	 \$1,495,731

### **NORMAL IMPACTS**

#### **Revenues**

**Local Property and other taxes:** The Library's total tax extension increased 3.2% from \$1,433,200 to \$1,479,199. A CPI of 1.7% was used to calculate the tax levy rate plus new property of \$21,634.

**Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring).** Certain recurring revenues (Illinois State Per Capita Grant, State replacement taxes, etc.) may experience significant changes periodically while non-recurring or one-time grants are less predictable and often distort their impact on year-to-year comparisons. For the first time in several years, the Illinois Per Capita Grant, which is based on population, was funded fully at \$11,830. Funds were received April 18, 2014.

(See independent auditor's report)

**Market impacts on investment income:** The Library's investment portfolio is managed using a similar maturity to other governments. Interest income is received from two investment funds – Illinois Funds and Illinois Metropolitan Investment Fund (IMET). These Funds are utilized by many other governments for their stability, safety, liquidity and return – all components required of the Library's Investment Policy. Market conditions may cause interest income to fluctuate. Investment income increased 12% from \$4,369 in FY 2013 to \$4,897 in FY2014.

### **Expenditures**

**Introduction of new programs.** Within functional expenditure categories, individual programs may be added or deleted in order to meet the changing needs of the Library.

**Changes in authorized personnel.** Changes in service demand may cause the Administrative Librarian and the Library Board to increase or decrease staffing levels. Personnel costs are the Library's most significant operating cost.

**Salary increases (annual adjustments).** The ability to attract and retain quality personnel requires the Library to strive to have competitive salary ranges and pay practices.

**Inflation.** While overall inflation has increased, some of the Library's functions and services may experience unusual commodity-specific increases. The inflation rate at May 1, 2013 was 1.4%, and was 2.0% at April 30, 2014.

## **CURRENT YEAR IMPACTS**

### **Revenues**

For the fiscal year ended April 30, 2014, revenues totaled \$1,507,653. Property taxes, the Library's largest single revenue source, amounted to \$1,436,364 representing 96.3% of total revenues. Property taxes increased by \$76,813 or 5.6% compared to the prior fiscal year 2013. The increase in property tax revenue was used to fund both Library operations and long term capital repairs and replacements.

The equalized assessed valuation of the Village decreased 6.6% to \$205,297,740 from \$219,815,910.

The Library received monetary donations from the Friends of the Library generated primarily through their sale of used books and candy sales.

### **Expenditures**

**Personnel Services:** These expenditures include both salary and benefits for library employees. It is the Library's largest operating cost. The average wage increase in 2014 was 2.5%. Health care premium costs increased 4.3% at the start of a new plan year in July 2013 and in January 2014 by 3.1% to be in compliance with the added fees associated with PPACA.

(See independent auditor's report)

**Capital Outlay:** The Library undertook a remodel project that impacted the first floor service area. This remodel was in the budget and over the course of 2013 and 2014 totaled \$159,961. This remodel included the purchase of three new self-check stations, combining of service desks, change of floor plan for computer stations and contracted services such as electrical, flooring, and carpentry.

## **FINANCIAL ANALYSIS OF THE LIBRARY FUND**

As stated on page 2 of the MD&A, the Flossmoor Public Library has one individual government fund, the General Fund. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. As of April 30, 2014, the General Fund (as presented on the *Balance Sheet*, page 5) had a fund balance of \$2,448,414, an increase of 0.49% over 2013.

There was a prior year fund balance adjustment made in the amount of \$31,334. This adjustment restated the May 1, 2013 balance from \$2,405,158 to \$2,436,492. This adjustment was made to record our compensated absences liability on the Statement of Net Position (See Note #9 in the Notes to the Financial Statements). Compensated Absences reflect vacation time owed to an employee upon termination/resignation.

Received tax revenues were 97% of budget which is the main difference in budgeted revenue and actual dollars received. The expenditures for Library operations were held below budget. Certain capital expenditures were postponed, inventories were consumed, and positions were not filled. Various contracted services came in under budget. Maintenance costs were over budget by 23% due to emergency repair of the slate roof, a sprinkler head break and water damage.

The schedule following, Table 3, provides a comparison of the Library's Original Budget to Actual, as of April 30, 2014, and a summary of the change in fund balance. One budget amendment was made during the year.

**FINANCIAL ANALYSIS OF THE LIBRARY FUND (Continued)**

Table 3  
General Fund Budgetary Highlights  
Fiscal Year ending April 30, 2014

	Final Budget	Actual
<b>REVENUES</b>		
Taxes	\$1,479,199	\$1,436,364
Replacement Tax	12,000	14,820
Per Capita Grant	9,500	11,830
Fines and Forfeits	25,000	22,448
Charges for Services	12,900	12,144
Interest	3,500	4,898
Contributions	6,500	4,318
Miscellaneous	1,300	831
	<hr/>	<hr/>
Total Revenues	1,549,899	1,507,653
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Personnel Services	914,875	897,538
Commodities	205,800	198,667
Contractual Services	160,895	142,657
Training and Conferences	14,000	8,023
Maintenance	88,500	108,880
Capital Outlay	260,000	139,966
	<hr/>	<hr/>
Total Expenditures	\$1,644,070	1,495,731
	<hr/>	<hr/>
Change in Fund Balance		11,922
		<hr/>
FUND BALANCE, MAY 1		2,405,158
		<hr/>
Prior Period Adjustment		31,334
		<hr/>
FUND BALANCE RESTATED, MAY 1		2,436,492
		<hr/>
<b>FUND BALANCE, APRIL 30</b>		<u><u>\$2,448,414</u></u>

(See independent auditor's report)

## Capital Assets

The following schedule reflects the Library's capital asset balances as of April 30, 2014:

Table 4  
Capital Assets  
Fiscal Year ending April 30, 2014

### GOVERNMENT ACTIVITIES

Capital Assets not Being Depreciated Land	\$0
Total Capital Assets not Being Depreciated	<u>\$0</u>
Capital Assets Being Depreciated	
Furniture and Equipment	<u>\$411,800</u>
Total Capital Assets Being Depreciated	<u>\$411,800</u>
Less Accumulated Depreciation for	
Furniture and Equipment	<u>\$255,660</u>
Total Accumulated Depreciation	<u>\$255,660</u>
Total Capital Assets Being Depreciated, Net	<u>\$156,140</u>
<b>GOVERNMENT ACTIVITIES</b>	
<b>CAPITAL ASSETS, NET</b>	<u><u>\$156,140</u></u>

At year-end, the Library's investment in governmental activity capital assets (net of accumulated depreciation) was \$156,140. See Note #4 in the Notes to Financial Statements for further information regarding capital assets.

### Long-Term Debt

The table below summarizes changes in long-term liabilities as of April 30, 2014. As stated previously, there was a prior year fund balance adjustment made in the amount of \$31,334. This adjustment restated the May 1, 2013 fund balance from \$2,405,158 to \$2,436,492 and was made to adjust Compensated Absences.

(See independent auditor's report)

Table 5  
Changes in Long-Term Liabilities  
Fiscal Year ending April 30, 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Compensated Absences	\$31,334	\$0	\$7,357	\$23,977	\$0
Other Postemployment Benefit Obligation	24,464	5,832	0	30,296	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$55,798</b>	<b>\$5,832</b>	<b>\$7,357</b>	<b>\$54,273</b>	<b>\$0</b>

See Note 6 for further information regarding long-term debt.

#### CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Barbara Donahue, Business Manager, Flossmoor Public Library, 1000 Sterling Avenue, Flossmoor, Illinois 60422.



**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**STATEMENT OF NET POSITION**

April 30, 2014

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	<b><u>Primary Government Governmental Activities</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,737,591
Investments	806,373
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)	
Property Taxes	753,967
Accounts	2,100
Due from Other Governments	3,129
Capital Assets	
Depreciable, (Net of Accumulated Depreciation)	<u>156,140</u>
Total Assets	<u>3,459,300</u>
<b>LIABILITIES</b>	
Accounts Payable	68,422
Accrued Payroll	32,357
Noncurrent Liabilities	
Due in More than One Year	<u>54,273</u>
Total Liabilities	<u>155,052</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned Property Taxes	<u>753,967</u>
Total Deferred Inflows of Resources	<u>753,967</u>
Total Liabilities and Deferred Inflows of Resources	<u>909,019</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	156,140
Unrestricted	<u>2,394,141</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,550,281</u></u>

See accompanying notes to financial statements.

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Culture and Recreation	\$ 1,472,188	\$ 34,593	\$ 16,148	\$ -	\$ (1,421,447)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,472,188</b>	<b>\$ 34,593</b>	<b>\$ 16,148</b>	<b>\$ -</b>	<b>(1,421,447)</b>
	General Revenues				
	Taxes				
	Property				1,436,364
	Replacement				14,820
	Investment Income				4,898
	Miscellaneous				830
	Total				1,456,912
	CHANGE IN NET POSITION				35,465
	NET POSITION, MAY 1				2,514,816
	<b>NET POSITION, APRIL 30</b>				<b>\$ 2,550,281</b>

See accompanying notes to financial statements.

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**BALANCE SHEET**

April 30, 2014

	<b><u>General Fund</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,737,591
Investments	806,373
Receivables (Net, of Allowances for Uncollectables)	
Property Taxes	753,967
Accounts	2,100
Due from Other Governments	<u>3,129</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 3,303,160</u></u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 68,422
Accrued Payroll	<u>32,357</u>
Total Liabilities	<u>100,779</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Property Taxes	<u>753,967</u>
Total Liabilities and Deferred Inflows of Resources	<u>854,746</u>
<b>FUND BALANCE</b>	
Unrestricted	
Committed for Capital Purposes	1,494,696
Committed for Special Acquisition	300,000
Assigned for	
Building Remodel	125,000
Technology Projects	50,000
Green Initiatives	30,000
Security Upgrades	25,000
Unassigned	<u>423,718</u>
Total Fund Balance	<u>2,448,414</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u><u>\$ 3,303,160</u></u></b>

See accompanying notes to financial statements.

**FLOSSMOOR PUBLIC LIBRARY**  
**FLOSSMOOR, ILLINOIS**

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

April 30, 2014

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 2,448,414
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Amounts reported for governmental activities in the  
statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	156,140
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(23,977)
Net other postemployment benefit obligation	<u>(30,296)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 2,550,281</u></u>
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See accompanying notes to financial statements.

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE**

For the Year Ended April 30, 2014

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**REVENUES**

Taxes	\$ 1,436,364
Intergovernmental	
Personal Property Replacement Taxes	14,820
Per Capita Grant	11,830
Fines and Forfeits	22,448
Charges for Services	12,144
Other	
Interest	4,898
Contributions	4,318
Miscellaneous	831
	<hr/>
Total Revenues	1,507,653
	<hr/>

**EXPENDITURES**

Current	
Personnel Services	897,538
Commodities	198,667
Contractual Services	142,657
Training and Conferences	8,023
Maintenance	108,880
Capital Outlay	139,966
	<hr/>
Total Expenditures	1,495,731
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NET CHANGE IN FUND BALANCE	11,922
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FUND BALANCE, MAY 1	2,405,158
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Prior Period Adjustment	31,334
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FUND BALANCE, MAY 1, RESTATED	2,436,492
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<b>FUND BALANCE, APRIL 30</b>	<b>\$ 2,448,414</b>
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See accompanying notes to financial statements.

**FLOSSMOOR PUBLIC LIBRARY**  
**FLOSSMOOR, ILLINOIS**

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

For the Year Ended April 30, 2014

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<b>NET CHANGE IN FUND BALANCES -</b>	
<b>TOTAL GOVERNMENTAL FUNDS</b>	\$ 11,922

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	56,998
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The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(1,083)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Depreciation	(33,897)
Change in compensated absences	7,357
Change in net other postemployment benefit	<u>(5,832)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 35,465</u></u>
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See accompanying notes to financial statements.

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

April 30, 2014

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Flossmoor Public Library (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

**A. Financial Reporting Entity**

The Library is a library corporation governed by a seven-member board of trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Village of Flossmoor, Illinois (the Village). The Friends of the Library, while a potential component unit, is not significant to the Library and, therefore, has been excluded from its reporting entity.

**B. Fund Accounting**

The accounts of the Library are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Library's expendable resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The Library reports one governmental fund, the General Fund, which is used to account for all of the Library's general activities.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**C. Government-Wide and Fund Financial Statements**

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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Library reports the following major governmental fund:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library.

**D. Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

The modified accrual basis of accounting is followed by the governmental funds on the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers property taxes and other revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.



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

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

**D. Basis of Accounting (Continued)**

The Library reports unearned revenue and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

**E. Cash and Investments**

Investments are stated at cost or amortized cost, which approximates fair value.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the Library's fair value in the pool.

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

**F. Capital Assets**

Capital assets, which include land, buildings and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 for shelving and equipment and \$50,000 for building infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

**F. Capital Assets (Continued)**

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

Assets	Years
Buildings/infrastructure	25-40
Equipment/shelving	3-15

**G. Compensated Absences**

Library employees earn vacation on an anniversary date of employment. Vacation must be used within the following twelve month period.

Vested or accumulated vacation and compensatory time, including related social security and Medicare, that is owed retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and compensatory time of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees. The Library allows accumulation of sick leave hours but these may only be applied towards retirement and are not paid out at termination, thus no liability has been recorded for sick leave.

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has no deferred outflows of resources. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library reports one item as a deferred inflow of resources: unearned/unavailable property taxes.

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

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

**I. Fund Equity/Net Position**

Governmental funds' equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Library Board, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Library Board.

Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Administrative Librarian and the Business Manager through the approved fund balance policy of the Library. The Library's Fund Balance Policy recommends the Library set aside a minimum of 30% of the prior year's audited actual expenditures in its unassigned fund balance. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

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

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. At April 30, 2014, no net position restrictions were the result of enabling legislation adopted by the Library. Net investment in capital assets represents the Library's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net position consists of net position that does not meet the definition of restricted or net investments in capital assets.

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

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**2. DEPOSITS AND INVESTMENTS**

**A. Deposits with Financial Institutions**

Deposits and investments are governed by the Library's investment policy.

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are legality, safety (preservation of capital and protection of investment principal), liquidity, yield and simplicity of management.

The Illinois Compiled Statutes (ILCS) and the Library's investment policy permit investments in commercial banks and savings and loan institutions (if a member of FDIC or NCUA), certificates of deposit, securities guaranteed by the United States Government, Illinois Funds, IMET, money market mutual funds registered under the Investment Company Act of 1940 and any other investments allowed under state law that satisfy the investment objectives of the Library.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an agent of the Library in the Library's name.

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

**B. Investments**

The following table presents the investments and maturities of the Library's debt securities as of April 30, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	3-6	Greater than 6
IMET	\$ 806,373	\$ -	\$ 806,373	\$ -	\$ -
TOTAL	\$ 806,373	\$ -	\$ 806,373	\$ -	\$ -

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-month period. Investment maturities should not exceed three years.

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

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

**B. Investments (Continued)**

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government and Illinois Funds. Illinois Funds and IMET are rated AAA by a national rating agency.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. The Library's investments are not exposed to custodial credit and the Library's investment policy is silent in regards to custodial credit risk. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk - At April 30, 2014, the Library had 22% of its overall portfolio invested in Illinois Funds and 78% of its overall portfolio invested in IMET. This is in accordance with the Library's investment policy, which does not require diversification of the portfolio.

Derivatives - The Library's investment policy does not specifically prohibit the use of or the investment in derivatives if the derivative falls into an allowable category.

**3. PROPERTY TAXES**

Property taxes for the 2013 levy year attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued and are payable in two installments, on or about April 1, 2014 and August 1, 2014. The County collects such taxes and remits them periodically. The Library recognizes property tax revenues when they become both measurable and available in the fiscal year that the tax levy is intended to finance. The 2014 tax levy, which attached as an enforceable lien on property as of January 1, 2014, has not been recorded as a receivable as of April 30, 2014 as the tax has not yet been levied by the Library and will not be levied until December 2014 and, therefore, the levy is not measurable at April 30, 2014.

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

**4. CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated				
Furniture and Equipment	364,800	56,988	9,998	411,800
Total Capital Assets Being Depreciated	364,800	56,988	9,998	411,800
Less Accumulated Depreciation for				
Furniture and Equipment	230,678	33,987	8,915	255,660
Total Accumulated Depreciation	230,678	33,987	8,915	255,660
Total Capital Assets Being Depreciated, Net	134,122	23,001	1,083	156,140
<b>GOVERNMENTAL ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 134,122	\$ 23,001	\$ 1,083	\$ 156,140

**5. RISK MANAGEMENT**

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

**6. LONG-TERM DEBT**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Compensated Absences	\$ 31,334	\$ -	\$ 7,357	\$ 23,977	\$ -
Other Postemployment Benefit Obligation	24,464	5,832	-	30,296	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 55,798</b>	<b>\$ 5,832</b>	<b>\$ 7,357</b>	<b>\$ 54,273</b>	<b>\$ -</b>

## **7. PENSION COMMITMENTS**

The Library, under the sponsorship of the Village, contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system that acts as a common investment administrative agent for 2,594 local governments and school districts in Illinois.

Although IMRF is an agent multiple-employer pension plan, the Library's participation through the Village is considered to be that of a cost sharing, multiple-employer pension plan.

All library and other village employees hired in positions that meet or exceed the prescribed annual hourly standards must be enrolled in IMRF as participating members. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Library, under the sponsorship of the Village, is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. For 2013 and 2014 the employer rate was 14.36% and 13.80% of covered payroll, respectively. Covered payroll for the year ended April 30, 2014 was \$598,545. Total payroll for the year was \$718,080. A separate actuarial valuation for library employees is not performed. Actuarial information regarding IMRF is presented in the Village's Comprehensive Annual Financial Report.

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

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

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**7. PENSION COMMITMENTS (Continued)**

The actuarial accrued liability for the Village as a whole as of December 31, 2013 (actuarial valuation date) was \$7,532,364. The actuarial value of assets was \$5,104,507, resulting in an unfunded actuarial accrued liability as of December 31, 2013 of \$2,427,857. The Library's contribution for the year ended April 30, 2014 represented 20.88% of the total amount contributed by the Village.

**8. OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

In addition to providing the pension benefits described, the Library provides postemployment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by ILCS and by the Library. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Library's General Fund and Governmental Activities.

**B. Benefits Provided**

The Library provides postemployment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Library's retirement plans or meet COBRA requirements.

All health care benefits are provided through the Library's third party indemnity health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Eligibility in Library sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits.

**C. Membership**

At April 30, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	-
Terminated Employees Entitled to Benefits but not Yet Receiving Them	-
Active Employees	<u>7</u>
TOTAL	<u><u>7</u></u>
Participating Employers	<u><u>1</u></u>



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

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

**D. Funding Policy**

The Library negotiates the contribution percentages between the Library and employees through the personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the plan (pay as you go) which results in an implicit subsidy to the Library as defined by GASB Statement No. 45. For the fiscal year ended April 30, 2014, the Library made no contribution. The Library is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2012	\$ 5,890	\$ -	N/A	\$ 18,598
April 30, 2013	5,866	-	N/A	24,464
April 30, 2014	5,832	-	N/A	30,296

**E. Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of April 30, 2014 was calculated as follows:

Annual Required Contribution	\$ 5,669
Interest on Net OPEB Obligation	978
Adjustment to Annual Required Contribution	<u>(815)</u>
Annual OPEB Cost	5,832
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	5,832
Net OPEB Obligation, Beginning of Year	<u>24,464</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 30,296</u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2013 (most recent information available) was as follows:

Actuarial Accrued Liability (AAL)	\$ 58,552
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	58,552
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	\$ 354,461
UAAL as a Percentage of Covered Payroll	16.5%

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

**E. Annual OPEB Costs and Net OPEB Obligation (Continued)**

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

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

In the April 30, 2013 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013 was 30 years.

**9. PRIOR PERIOD ADJUSTMENT**

The Library increased its fund balance at May 1, 2013 by \$31,334 to record accrued compensated absences as a liability of the governmental activities on the statement of net position.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

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

For the Year Ended April 30, 2014  
(With Comparative Actual)

	<b>2014</b>				<b>2013 Actual</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>	
<b>REVENUES</b>					
Taxes	\$ 1,456,841	\$ 1,479,199	\$ 1,436,364	\$ (42,835)	\$ 1,359,551
Intergovernmental					
Personal Property Replacement Taxes	12,000	12,000	14,820	2,820	11,785
Per Capita Grant	9,500	9,500	11,830	2,330	9,726
Other Grants	-	-	-	-	21,788
Fines and Forfeits	25,000	25,000	22,448	(2,552)	26,484
Charges for Services	12,900	12,900	12,144	(756)	12,781
Other					
Interest	5,000	3,500	4,898	1,398	4,372
Contributions	6,500	6,500	4,318	(2,182)	3,856
Miscellaneous	1,300	1,300	831	(469)	1,363
Total Revenues	1,529,041	1,549,899	1,507,653	(42,246)	1,451,706
<b>EXPENDITURES</b>					
Current					
Personnel Services	918,950	914,875	897,538	(17,337)	895,265
Commodities	205,050	205,800	198,667	(7,133)	211,501
Contractual Services	152,895	160,895	142,657	(18,238)	140,180
Training and Conferences	14,000	14,000	8,023	(5,977)	10,134
Maintenance	88,500	88,500	108,880	20,380	75,028
Capital Outlay	260,000	260,000	139,966	(120,034)	41,654
Total Expenditures	1,639,395	1,644,070	1,495,731	(148,339)	1,373,762
NET CHANGE IN FUND BALANCE	\$ (110,354)	\$ (94,171)	11,922	\$ 106,093	77,944
FUND BALANCE, MAY 1			2,405,158		2,327,214
Prior Period Adjustment			31,334		-
FUND BALANCE, MAY 1, RESTATED			2,436,492		2,327,214
<b>FUND BALANCE, APRIL 30</b>			<u>\$ 2,448,414</u>		<u>\$ 2,405,158</u>

(See independent auditor's report.)

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2014

<b>Actuarial Valuation Date April 30,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age Normal</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)</b>	<b>(5) Active Members Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2009	\$ -	\$ 32,186	0.00%	\$ 32,186	\$ 307,955	10.45%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	53,026	0.00%	53,026	334,567	15.85%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	58,552	0.00%	58,552	354,461	16.52%
2014	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available as a complete actuarial valuation was not performed as of April 30, 2010, 2012 or 2014, as permitted by GASB Statement No. 45.

(See independent auditor's report.)

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2014

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<b>Year Ended April 30,</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2009	\$ -	\$ 3,545	0.00%
2010	-	4,352	0.00%
2011	-	3,545	0.00%
2012	-	5,742	0.00%
2013	-	5,742	0.00%
2014	-	5,669	0.00%

(See independent auditor's report.)

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2014

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**1. BUDGETS**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the fund level) for the General Fund on the modified accrual basis. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

The Library follows these procedures in establishing the budgetary data reflected in the financial statements.

- A. Prior to March 1, the Administrative Librarian submits to the Library Board a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to May 1, the budget is presented to the Village Board and legally enacted by Village Board action. This is the amount reported as original budget.
- D. The Administrative Librarian is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be communicated to the Library Board.
- E. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for the General Fund.
- F. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Budgetary authority lapses at year end.
- H. State law requires that "expenditures be made in conformity with appropriations/budget." As under the budget act, transfers between line items, departments and funds may be made by administrative action. The fund budget reflects all amendment needs. The level of legal control is at the fund level.

Expenditures did not exceed final budget in the current year.

## **SUPPLEMENTARY FINANCIAL INFORMATION**



**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2014

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>PERSONNEL SERVICES</b>			
Salaries	\$ 730,000	\$ 730,000	\$ 718,080
Contractual Expense - Salaries	(16,400)	(16,400)	(16,389)
Contractual Expense - Fringe Benefits	(8,250)	(7,650)	(7,699)
Health and Life Insurance	71,300	65,250	62,105
Unemployment Compensation	3,200	3,200	1,727
FICA Contribution	44,250	45,450	44,425
Medicare Contribution	10,350	10,625	10,390
IMRF Contribution	84,500	84,400	84,899
Total Personnel Services	918,950	914,875	897,538
<b>COMMODITIES</b>			
Office Supplies	4,250	4,250	4,000
Books	70,500	70,500	72,537
Postage	3,400	3,400	2,749
Leased Books	4,300	4,300	4,114
Periodicals	12,000	12,000	11,281
Electronic Resources	17,000	17,750	17,388
Audio - Visual	30,000	30,000	30,114
Interlibrary Loan Charges	1,000	1,000	170
Circulation Supplies	2,500	2,500	1,878
Technical Service Supplies	7,200	7,200	6,346
Building Supplies	10,000	10,000	7,562
Programming	29,200	29,200	27,043
Printer Supplies	7,500	7,500	7,489
Software	6,200	6,200	5,996
Total Commodities	205,050	205,800	198,667
<b>CONTRACTUAL SERVICES</b>			
Auditing Services	3,000	5,500	2,128
Printing and Advertising	6,500	6,500	5,327
Telecommunications	10,000	10,000	10,116
Casualty, Liability and Workers' Compensation Insurance	15,570	15,570	13,742

(This schedule is continued on the following page.)

**FLOSSMOOR PUBLIC LIBRARY  
FLOSSMOOR, ILLINOIS**

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

For the Year Ended April 30, 2014

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CONTRACTUAL SERVICES (Continued)</b>			
Legal Services	\$ 2,000	\$ 4,000	\$ 2,286
Consultants	5,000	5,000	5,510
Security	4,000	4,000	-
Janitorial Services	36,000	36,000	35,400
Computer Technical Services	7,000	10,500	10,350
Water and Sewer Services	2,000	2,000	1,927
Gas Energy - Heating	25,000	25,000	21,106
Equipment Rental	3,175	3,175	1,095
Payroll Services/Fees	2,400	2,400	2,220
Village Accounting Services	5,500	5,500	6,050
Insurance Surety Bond Premium	750	750	700
System Wide Area Network	25,000	25,000	24,700
Total Contractual Services	152,895	160,895	142,657
<b>TRAINING AND CONFERENCES</b>			
Personnel Training and Conferences	14,000	14,000	8,023
Total Training and Conferences	14,000	14,000	8,023
<b>MAINTENANCE</b>			
Office Equipment Maintenance/RPR	13,500	13,500	11,315
Building Maintenance	65,000	65,000	69,868
Emergency and Contingency Expense	10,000	10,000	27,697
Total Maintenance	88,500	88,500	108,880
<b>CAPITAL OUTLAY</b>			
Equipment and Furnishings	10,000	10,000	600
Remodel Project	250,000	250,000	139,366
Total Capital Outlay	260,000	260,000	139,966
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,639,395</b>	<b>\$ 1,644,070</b>	<b>\$ 1,495,731</b>

(See independent auditor's report.)