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FONDULAC PUBLIC LIBRARY DISTRICT
East Peoria, Illinois

BASIC FINANCIAL STATEMENTS
June 30, 2015

Wealth Advisory

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Independent Auditors' Report

Board of Trustees
Fondulac Public Library District
East Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Fondulac Public Library District (Library District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Library District as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 9.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VII, the Schedule of Changes in the Net Pension Liability and Related Ratios, and the Schedule of Employer Contributions on pages 20-22 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 an opinion on the financial statements that collectively comprise the Library District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Peoria, Illinois
October 27, 2015

Fondulac Public Library District
Required Supplementary Information
Management Discussion and Analysis (Unaudited)
June 30, 2015

This discussion and analysis of Fondulac Public Library District offers readers the following narrative overview and analysis of our financial activities for the year that ended June 30, 2015. This narrative, the Management Discussion and Analysis (MD&A), should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

This annual financial report consists of the following information presented in this order: table of contents, independent auditors' report, MD&A, and financial statements. The MD&A summary should not be taken as a replacement for the audit report.

Financial Highlights

- The Library's total net position is \$5,360,400.
- The Library saw a decrease in net position of \$4,828.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position (page 1) and the Statement of Revenues, Expenses and Changes in Net Position (page 2) provide information about the activities of the Library as a whole and present a long term view of the District's finances. This report also contains supplementary information in addition to the basic financial statements. In the government-wide financial statements, all of the Library's activities are shown as business-type activities. The District's basic services are public library services. Current operations of these activities are largely financed with property and replacement taxes.

Reporting on the Library as a Whole

These basic financial statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, one needs also to consider other nonfinancial factors such as the condition of the District's building and changes in the Library's property tax base.

The Statement of Revenues, Expenses, and Changes in Net Position present information that shows how the District's net position changed during the most recent fiscal year.

Fondulac Public Library District
Required Supplementary Information
Management Discussion and Analysis (Unaudited) (Continued)
June 30, 2015

The Statement of Cash Flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital and related financing activities and investing activities.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the combined and individual fund statements and schedules and statistical information.

The Library's basic functions are reported in the basic financial statements. Major source of revenues for the District's governmental funds include: property taxes, state/federal grants, and replacement taxes.

Overall Financial Position and Results of Operation

The District has presented the financial information in accordance with Governmental Accounting Standards Board Statement 34. Comparisons between this fiscal year have been made with the previous year.

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Revenues, Expenses, and Changes in Net Position, the cost of those assets is allocated over their useful lives as depreciation expense. The Statement of Activities recognizes property taxes on an accrual basis or in the year for which they are budgeted.

Government-wide Financial Analysis

Net position may serve as a useful indicator of a government's financial position. In the case of the District, the Library had \$5,990,000 of long term debt (including \$270,000 current portion) for the issuance of General Obligation Building Bonds at the close of the prior fiscal year.

Approximately 40 percent of the District's net position reflects its net investment in capital assets, such as the building. The District uses these assets to provide services to citizens. As a result, these assets are not available for future spending.

Fondulac Public Library District
 Required Supplementary Information
 Management Discussion and Analysis (Unaudited) (Continued)
 June 30, 2015

The Library as a Whole

Condensed financial information from the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position are as follows:

	<u>2015</u>	<u>2014</u>
Current assets	\$ 5,225,960	\$ 5,507,205
Capital assets (net of depreciation)	<u>8,242,085</u>	<u>8,685,555</u>
Total assets	<u>13,468,045</u>	<u>14,192,760</u>
 Deferred outflows of resources	 <u>192,814</u>	 <u>-</u>
Current and other liabilities	427,220	432,740
Long-term debt	<u>5,989,477</u>	<u>6,480,000</u>
Total liabilities	<u>6,416,697</u>	<u>6,912,740</u>
 Deferred inflows of resources	 <u>1,883,762</u>	 <u>1,852,031</u>
Net position:		
Net investment in capital assets	\$ 2,252,085	\$ 1,935,555
Restricted	41,054	20,527
Unrestricted	<u>3,067,261</u>	<u>3,471,907</u>
Total net position	<u>\$ 5,360,400</u>	<u>\$ 5,427,989</u>
 Operating revenue:		
Fees, fines, and charges for services	\$ 40,195	\$ 28,863
Operating grants and contributions	<u>29,443</u>	<u>5,001</u>
Total operating revenues	<u>69,638</u>	<u>33,864</u>
 Operating expenses:		
General and administrative	1,021,478	1,008,856
Library expenditures	162,485	173,899
Building upkeep	143,967	163,865
Depreciation	<u>520,167</u>	<u>226,969</u>
Total operating expenses	<u>1,848,097</u>	<u>1,573,589</u>
 Nonoperating revenues (expenses):		
Property taxes	1,838,028	1,915,328
Other	176,049	327,869
Interest expense	<u>(240,446)</u>	<u>(155,279)</u>
Total nonoperating revenues (expenses)	<u>1,773,631</u>	<u>2,087,918</u>

Fondulac Public Library District
 Required Supplementary Information
 Management Discussion and Analysis (Unaudited) (Continued)
 June 30, 2015

Change in net position	<u>\$ (4,828)</u>	<u>\$ 548,193</u>
Net position, beginning of year, as previously reported	5,247,989	4,763,433
Prior period adjustment	<u>(62,761)</u>	<u>116,363</u>
Net position, beginning of year, as restated	<u>5,365,228</u>	<u>4,879,796</u>
Net position, end of year	<u>\$ 5,360,400</u>	<u>\$ 5,427,989</u>

Report of the Library's Most Significant Fund

Capital Assets

At the end of the fiscal year 2015, the District had invested in a variety of capital assets, as reflected in the following schedule:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
Not depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Depreciated:				
Buildings and improvements	6,757,106	9,175	-	6,766,281
Furniture and equipment	1,064,356	-	-	1,064,356
Library materials	<u>906,287</u>	<u>67,522</u>	<u>75,752</u>	<u>898,057</u>
Total depreciated	<u>8,727,749</u>	<u>76,697</u>	<u>75,752</u>	<u>8,728,694</u>
Total cost	<u>\$ 9,267,749</u>	<u>\$ 76,697</u>	<u>\$ 75,752</u>	<u>\$ 9,268,694</u>

Accumulated depreciation for the year ended June 30, 2015 was as follows:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
Buildings and improvements	\$ 92,448	\$ 173,259	\$ -	\$ 265,707
Furniture and equipment	192,641	180,801	-	373,442
Library materials	<u>297,105</u>	<u>166,107</u>	<u>75,752</u>	<u>387,460</u>
Total accumulated depreciation	<u>\$ 582,194</u>	<u>\$ 520,167</u>	<u>\$ 75,752</u>	<u>\$ 1,026,609</u>

Fondulac Public Library District
Required Supplementary Information
Management Discussion and Analysis (Unaudited) (Continued)
June 30, 2015

Factors or Conditions Impacting Future Periods

The fiscal year budget provides sufficient income to cover the expense of running the Library. The Library seeks other funding, including grants from the Illinois State Library and other community groups, for additional projects. In the current economy, additional grant opportunities have been limited. Furthermore, the State of Illinois' current budget crisis will most likely affect the future availability and distribution of state grants.

The library's Board of Trustees has taken an active step to reduce the library's liabilities. At its April 2015 meeting, the Board voted to accept the auditors' recommendations regarding using the library's reserve fund to make additional principal payments towards its bond debt. The Board authorized an additional principal payment of \$490,000 in May 2015, per the bond document agreement, and plans to discuss additional bond payments each April and October.

In June 2015, Amy Falasz-Peterson resigned as Library Director to pursue an opportunity at another library. The Board appointed Genna Buhr, Public Services Manager, and Tammy Geier, Business Manager, as Co-Interim Directors. Following a thorough search process that included posting the position and interviewing candidates, the Board hired Buhr as Library Director in September 2015.

Contacting the Library's Financial Management

This financial report is designed to provide a general view of Fondulac Public Library District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Fondulac Public Library District
Attn: Director
400 Richland Street
East Peoria, IL 61611
309.699.3917
www.fondulaclibrary.org

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
June 30, 2015**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 3,308,108
Property taxes receivable	1,883,762
Replacement taxes receivable	20,349
Gift receivable	2,500
Prepaid insurance	11,241
Total current assets	5,225,960

NONCURRENT ASSETS

Capital assets not being depreciated	540,000
Capital assets being depreciated	8,728,694
Less accumulated depreciation	(1,026,609)
Total noncurrent assets	8,242,085

Total assets	13,468,045
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DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	192,814
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,660,859
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 54,941
Accrued and withheld payroll taxes	6,664
Accrued interest payable	59,124
Unearned grant revenue	28,443
Funds held for others	8,048
Long term debt, current portion	270,000
Total current liabilities	427,220

LONG TERM LIABILITIES

Long term debt	5,720,000
Net pension liability	269,477
Total long term liabilities	5,989,477

Total liabilities	6,416,697
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DEFERRED INFLOWS OF RESOURCES

Subsequent year's property taxes	1,883,762
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NET POSITION

Net investment in capital assets	2,252,085
Restricted for:	
Bahnfleth Memorial	41,054
Unrestricted	3,067,261
Total net position	5,360,400

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 13,660,859
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The accompanying notes are an integral part of the basic financial statements.

FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2015

OPERATING REVENUES

Fees, fines, and charges for services	\$ 40,195
Operating grants and contributions	<u>29,443</u>
Total operating revenues	<u>69,638</u>

EXPENSES

General and administrative	1,021,478
Library expenses	162,485
Building upkeep	143,967
Depreciation	<u>520,167</u>
Total operating expenses	<u>1,848,097</u>
Operating loss	<u>(1,778,459)</u>

NONOPERATING REVENUES (EXPENSES)

Property taxes	1,838,028
Replacement taxes	123,963
Investment earnings	15,638
Gifts	36,448
Interest expense	<u>(240,446)</u>
Total nonoperating revenues	<u>1,773,631</u>

DECREASE IN NET POSITION (4,828)

NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED 5,427,989

PRIOR PERIOD ADJUSTMENT - to record activity related to net pension liability (62,761)

NET POSITION, BEGINNING OF YEAR, AS RESTATED 5,365,228

NET POSITION, END OF YEAR \$ 5,360,400

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

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 69,638
Payments to suppliers	(324,232)
Payments to employees	<u>(981,123)</u>
Net cash used in operating activities	<u>(1,235,717)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	1,838,028
Other nonoperating revenue	<u>162,542</u>
Net cash provided by noncapital financing activities	<u>2,000,570</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(94,173)
Principal paid on bonds	(760,000)
Interest paid on bonds	<u>(241,587)</u>
Net cash used in capital and related financing activities	<u>(1,095,760)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>15,638</u>
Net cash provided by investing activities	<u>15,638</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(315,269)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,623,377</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,308,108</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating loss	\$ (1,778,459)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	520,167
Effects of changes in operating assets and liabilities:	
Prepaid expenses	(1,511)
Deferred outflows of resources related to pensions	(157,171)
Net pension liability	171,073
Accounts payable and accrued liabilities	<u>10,184</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (1,235,717)

**SUPPLEMENTAL DISCLOSURE OF NONCASH
CAPITAL ACTIVITIES**

At June 30, 2014, \$17,476 of capital assets acquired were included in accounts payable.

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

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The purpose of the Fondulac Public Library District (District) is to serve the informational, cultural, educational, and recreational needs of all residents within the District boundaries, regardless of age or educational background. Revenues are substantially generated as a result of taxes assessed and allocated to the Fondulac Public Library District (an example would be property taxes). The District revenues are, therefore, primarily dependent on the economy within Tazewell County. The accounting policies of the Fondulac Public Library District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the Fondulac Public Library District is a primary government in that it is a library district with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The District has developed criteria to determine whether other entities are component units of the District. Component units are legally separate organizations for which the elected officials of the Fondulac Public Library District are financially accountable. The District would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Fondulac Public Library District (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on the Fondulac Public Library District, the District is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

There are no component units of the Fondulac Public Library District nor is the Fondulac Public Library District dependent on any other entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the Library District is considered a special-purpose government engaged only in business-type activities. In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, the business-type activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

Use of Estimates

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

Annual Appropriations

The District adopts an annual appropriation ordinance on the cash basis of accounting in accordance with the Illinois Compiled Statutes. The appropriation ordinance is prepared on the cash basis. The appropriation covers the fiscal year ending June 30. The appropriations lapse at the end of each fiscal year.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. Due dates, by statute, are June 1 and September 1 of the following year. Generally, the District receives a significant amount of its real estate taxes from the County Clerk within 45 days following the due dates. Occasionally, tax bills are mailed late and due dates for payments are extended accordingly.

Property taxes are accrued as a receivable in the period in which the District has an enforceable lien on property and recognized as revenue in the year for which it is budgeted. Property tax revenue recorded by the District for the year ended June 30, 2015 represents installments of the 2013 property taxes which were received during the fiscal year.

The amount of the property tax receivable included in deferred inflows of resources at year end represents the tax levied in the latter part of 2014, for which an enforceable lien exists at year end, but is levied for the fiscal year 2016 budget.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Cash and Investments

The investment and deposit of District monies is governed by the provisions of the Illinois Compiled Statutes. In accordance with these provisions, all District monies must be invested in one or more of the following:

- A. Interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the statutes and as shall have complied with the requirements thereof;
- B. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Deposit Insurance Corporation;
- C. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest; and
- D. Short-term discount obligations of the Federal National Mortgage Association.

Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the Library District as assets with an initial, individual cost of \$5,000 or more and all Library materials purchased, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the Library District are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	5-40 Years
Furniture and equipment	5-10 Years
Library materials	5 Years

FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

The Library District recognizes revenue from grants as soon as all eligibility requirements imposed by the provider have been met.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2015, there were no unspent bond proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library District first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position or combining fund balance sheet. The District has one type of item which occurs related to its net pension liability, because the District recognizes its net pension liability as of December 31, 2014, the end of the plan's fiscal year. The District has made additional contributions to the pension plan for the period January 1, 2015 through June 30, 2015.

Deferred Inflows of Resources

The District's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has one type of item which occurs related to revenue recognition, because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year, as it is not legally available as of fiscal year end.

Classification of Revenues and Expenses

The Library District has classified its revenues as either operating or nonoperating revenues accordingly. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Library District's on-going operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Library District does not have a deposit policy for custodial credit risk. As of June 30, 2015, none of the District's bank balance of \$3,328,833 was exposed to custodial credit risk. This bank balance is made up as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Savings/money market deposits	\$ 3,292,758	\$ 3,328,833
Petty cash	50	N/A
	\$ 3,292,808	\$ 3,328,833

Illinois Funds

At June 30, 2015, the District had amounts in the Illinois Funds as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value*</u>
Illinois Funds	60 month average	<u>\$ 15,300</u>

* Equivalent to deposit balance

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as described in the Summary of Significant Accounting Policies. The District has no investment policy that would further limit its investment choices. As of June 30, 2015, the District's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District deposits are in local banks or in Illinois Funds.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3 - CAPITAL ASSETS

Changes in the various capital asset categories during the year ended June 30, 2015 were as follows:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
Not depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Depreciated:				
Buildings and improvements	6,757,106	9,175	-	6,766,281
Furniture and equipment	1,064,356	-	-	1,064,356
Library materials	<u>906,287</u>	<u>67,522</u>	<u>75,752</u>	<u>898,057</u>
Total depreciated	<u>8,727,749</u>	<u>76,697</u>	<u>75,752</u>	<u>8,728,694</u>
Total cost	<u>\$ 9,267,749</u>	<u>\$ 76,697</u>	<u>\$ 75,752</u>	<u>\$ 9,268,694</u>

Accumulated depreciation for the year ended June 30, 2015 was as follows:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
Buildings and improvements	\$ 92,448	\$ 173,259	\$ -	\$ 265,707
Furniture and equipment	192,641	180,801	-	373,442
Library materials	<u>297,105</u>	<u>166,107</u>	<u>75,752</u>	<u>387,460</u>
Total accumulated depreciation	<u>\$ 582,194</u>	<u>\$ 520,167</u>	<u>\$ 75,752</u>	<u>\$ 1,026,609</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - LONG-TERM BONDED DEBT

The following is a summary of changes in long-term bonded debt of the District for the year ended June 30, 2015:

	General Obligation Building Bonds Series 2012
Balance July 1, 2014	\$ 6,750,000
Bonds paid	760,000
Bonds issued	<u>-</u>
Balance June 30, 2015	5,990,000
Less current portion	<u>270,000</u>
Long-term debt, net of current portion	<u>\$ 5,720,000</u>

The General Obligation Building Bonds, Series 2012, are dated October 8, 2012, with principal due annually on October 1, commencing on October 1, 2013. Interest is due semiannually on April 1 and October 1, commencing on October 1, 2013, with a variable interest rate on the remaining outstanding bonds ranging from 1.28 to 4.25 percent. Original issue of \$7,000,000. Final payment due October 1, 2031.

Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2016	\$ 270,000	\$ 233,824	\$ 503,824
2017	275,000	228,153	503,153
2018	285,000	221,679	506,679
2019	290,000	214,185	504,185
2020	300,000	205,519	505,519
2021-2025	1,655,000	861,677	2,516,677
2026-2030	1,995,000	509,918	2,504,918
2031-2032	<u>920,000</u>	<u>71,018</u>	<u>991,018</u>
Total	<u>\$ 5,990,000</u>	<u>\$ 2,545,973</u>	<u>\$ 8,535,973</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - LONG-TERM BONDED DEBT (CONTINUED)

Legal Debt Margin

The legal debt margin of the District at June 30, 2015 is as follows:

Assessed valuation 2014	<u>\$ 406,728,256</u>
Statutory debt limitation (2.875 percent of assessed valuation)	\$ 11,693,437
Less total debt	<u>5,990,000</u>
Legal debt margin	<u>\$ 5,703,437</u>

NOTE 5 - RESTRICTED NET POSITION

Restricted for Bahnfleth Memorial - In accordance with donor request, this funding is restricted for the Bahnfleth Memorial.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

The District's defined benefit pension plan for employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). The District only participates in the Regular Plan.

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but not yet receiving benefits	6
Active Plan Members	14
Total	29

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2014 was 12.03%. For the calendar year ended 2014, the District contributed \$75,154 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments 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.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	63.2%	9.81 %
International Equity	2.6%	(2.79)%
Fixed Income	23.5%	5.93 %
Real Estate	4.3%	12.66 %
Alternative Investments	4.5%	N/A
Cash Equivalents	<u>1.9%</u>	N/A
Total	100.0%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.49%.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 2,437,698	\$ 2,339,294	\$ 98,404
Changes for the year:			
Service Cost	69,734	-	69,734
Interest on the Total Pension Liability	184,302	-	184,302
Differences Between Expected and Actual Experience of the Total Pension Liability	63,646	-	63,646
Changes of Assumptions	101,845	-	101,845
Contributions - Employer	-	71,280	(71,280)
Contributions - Employees	-	28,112	(28,112)
Net Investment Income	-	144,801	(144,801)
Benefit Payments, including Refunds of Employee Contributions	(30,413)	(30,413)	-
Other (Net Transfer)	-	4,261	(4,261)
Net Changes	<u>389,114</u>	<u>281,041</u>	<u>171,073</u>
Balances at December 31, 2014	<u>\$ 2,826,812</u>	<u>\$ 2,557,335</u>	<u>\$ 269,477</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.49%)	Current Discount (7.49%)	1% Higher (8.49%)
Net Pension Liability (Asset)	\$ 728,864	\$ 269,477	\$ (101,440)

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2015, the District recognized pension expense of \$81,469. At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	
Differences between expected and actual experience	\$ 51,600
Changes of assumptions	82,570
Net difference between projected and actual earnings on pension plan investments	<u>26,714</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>160,884</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>31,930</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 192,814</u></u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 44,386
2016	44,386
2017	44,386
2018	44,386
2019	<u>15,270</u>
Total	<u><u>\$ 192,814</u></u>

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 - POSTEMPLOYMENT BENEFITS

The District provides postemployment healthcare benefits, in accordance with an agreement between the District and a former employee. The employee must pay 10 percent of the cost of premiums. Expenses for postemployment healthcare benefits are recognized as premiums are paid (pay-as-you-go-basis). During the fiscal year ended June 30, 2015, the cost for healthcare benefits for retirees was \$3,345. At June 30, 2015, an eligible spouse was covered under the plan. Management has determined that a net obligation is not required to be reported as it would be considered immaterial to the financial statements as a whole.

NOTE 9 - RESTATEMENT

The District determined that it is necessary to restate beginning net position in order to implement GASB 68. Beginning net position has thereby been restated as follows:

	<u>Total Net Position</u>
Net position, beginning of year, as previously reported	\$ 5,427,989
Adjustment for beginning deferred outflows of resources related to pensions	35,643
Adjustment for beginning net pension liability	<u>(98,404)</u>
Net position, beginning of year, as restated	<u>\$ 5,365,228</u>

This information is an integral part of the accompanying basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**FONDULAC PUBLIC LIBRARY DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS (UNAUDITED)
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2015**

Calendar Year Ended December 31,

2014

Total pension liability	
Service cost	\$ 69,734
Interest on total pension liability	184,302
Difference between expected and actual experience	63,646
Assumption changes	101,845
Benefit payments and refunds	<u>(30,413)</u>
Net change in total pension liability	389,114
Total pension liability - beginning	<u>2,437,698</u>
Total pension liability - ending (A)	<u><u>\$ 2,826,812</u></u>
Plan fiduciary net position	
Employer contributions	\$ 71,280
Employee contributions	28,112
Pension plan net investment income	144,801
Benefit payments and refunds	(30,413)
Other	<u>4,261</u>
Net change in plan fiduciary net position	218,041
Plan fiduciary net position, beginning	<u>2,339,294</u>
Plan fiduciary net position, ending (B)	<u><u>\$ 2,557,335</u></u>
Net pension liability, ending (A) - (B)	\$ 269,477
Plan fiduciary net position as a percentage of the total pension liability	90.47%
Covered valuation payroll	\$ 624,723
Net pension liability as a percentage of covered valuation payroll	43.14%

Additional years will be added to this schedule annually until 10 years of data is presented.

**FONDULAC PUBLIC LIBRARY DISTRICT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
 ILLINOIS MUNICIPAL RETIREMENT FUND
 June 30, 2015**

Calendar Year Ended <u>December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	Actual Contribution as a % of Covered <u>Payroll</u>
2014	71,281	71,280	\$ 1	\$ 624,723	11.41%

Additional years will be added to this schedule until 10 years of data is presented.

**FONDULAC PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

**FONDULAC PUBLIC LIBRARY DISTRICT
FUND BALANCE CLASSIFICATION
June 30, 2015**

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid insurance as nonspendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the funding from the Bahnfleth Memorial as being restricted because its use is restricted by the donor.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the District's Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. The District has classified the reserve fund and working cash fund as being committed because their use is formally committed by the District Board.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District's Board or through the District's Board delegating this responsibility to a board member or the Treasurer through the budgetary process. The District did not have any assigned resources as of June 30, 2015.
- Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**FONDULAC PUBLIC LIBRARY DISTRICT
COMBINING BALANCE SHEET - ALL FUND TYPES
June 30, 2015**

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Working Cash Fund</u>	<u>Total</u>
ASSETS				
Cash on hand and in bank	\$ 439,026	\$ 2,652,758	\$ 208,276	\$ 3,300,060
Property taxes receivable	1,883,762	-	-	1,883,762
Replacement taxes receivable	20,349	-	-	20,349
Gift receivable	2,500	-	-	2,500
Due from other funds	3,225	-	-	3,225
Prepaid insurance	<u>11,241</u>	<u>-</u>	<u>-</u>	<u>11,241</u>
TOTAL ASSETS	<u>\$ 2,360,103</u>	<u>\$ 2,652,758</u>	<u>\$ 208,276</u>	<u>\$ 5,221,137</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 54,941	\$ -	\$ -	\$ 54,941
Accrued and withheld payroll taxes	6,664	-	-	6,664
Unearned grant revenue	28,443	-	-	28,443
Due to other funds	<u>-</u>	<u>3,225</u>	<u>-</u>	<u>3,225</u>
Total liabilities	<u>90,048</u>	<u>3,225</u>	<u>-</u>	<u>93,273</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent year's property taxes	<u>1,883,762</u>	<u>-</u>	<u>-</u>	<u>1,883,762</u>
FUND BALANCE				
Fund balances:				
Nonspendable	11,241	-	-	11,241
Restricted	41,054	-	-	41,054
Committed	-	2,649,533	208,276	2,857,809
Unassigned	<u>333,998</u>	<u>-</u>	<u>-</u>	<u>333,998</u>
Total fund balance	<u>386,293</u>	<u>2,649,533</u>	<u>208,276</u>	<u>3,244,102</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCE	<u>\$ 2,360,103</u>	<u>\$ 2,652,758</u>	<u>\$ 208,276</u>	
Amounts reported for business-type activities in the statement of net position are different because:				
Capital assets used in business-type activities are not financial resources and, therefore, are not reported in the governmental funds. The total cost of capital assets is \$9,268,694 and is reported net of accumulated depreciation of \$1,026,609.				8,242,085
Deferred outflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds.				192,814
Long-term liabilities arising from cash transactions are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(6,259,477)
Interest payable on debt is not reported in the funds if payments are due subsequent to the year end.				(59,124)
Agency Fund:				
Assets			\$ 8,048	
Liabilities			<u>(8,048)</u>	<u>-</u>
Total net position - business-type activities (p. 1)				<u>\$ 5,360,400</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL FUND TYPES
Year Ended June 30, 2015**

	General Fund	Reserve Fund	Working Cash Fund	Total
REVENUES				
Property taxes	\$ 1,838,028	\$ -	\$ -	\$ 1,838,028
Replacement taxes	123,963	-	-	123,963
Fees, fines, and charges for services	40,195	-	-	40,195
Interest	3,499	11,348	791	15,638
Grants	29,443	-	-	29,443
Gifts	<u>36,448</u>	<u>-</u>	<u>-</u>	<u>36,448</u>
Total revenues	<u>2,071,576</u>	<u>11,348</u>	<u>791</u>	<u>2,083,715</u>
EXPENDITURES				
Current:				
General and administration	1,075,098	-	-	1,075,098
Library expenditures	162,485	-	-	162,485
Building upkeep	143,967	-	-	143,967
Capital expenditures	9,175	-	-	9,175
Debt service:				
Principal	760,000	-	-	760,000
Interest	<u>241,587</u>	<u>-</u>	<u>-</u>	<u>241,587</u>
Total expenditures	<u>2,392,312</u>	<u>-</u>	<u>-</u>	<u>2,392,312</u>
Excess (deficiency) of revenues over expenditures	<u>(320,736)</u>	<u>11,348</u>	<u>791</u>	<u>(308,597)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	492,809	90,000	-	582,809
Transfers out	<u>(90,000)</u>	<u>(492,809)</u>	<u>-</u>	<u>(582,809)</u>
Total other financing sources (uses)	<u>402,809</u>	<u>(402,809)</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	82,073	(391,461)	791	(308,597)
FUND BALANCES, BEGINNING OF YEAR				
	<u>304,220</u>	<u>3,040,994</u>	<u>207,485</u>	<u>3,552,699</u>
FUND BALANCES, END OF YEAR				
	<u>\$ 386,293</u>	<u>\$ 2,649,533</u>	<u>\$ 208,276</u>	<u>\$ 3,244,102</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
RECONCILIATION OF COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year Ended June 30, 2015**

Net change in fund balances - total governmental funds	\$ (308,597)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Revenues, Expenses, and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
Depreciation expense	(520,167)
Capital outlay:	
Books included in general and administration expenditures	67,522
Sculpture costs included in capital expenditures	9,175
<p>Expenses related to the net pension liability are reported in the statement of activities and do not require the use of current financial resources, and therefore, are not reported as expenditures in the funds.</p>	
	(171,073)
<p>Amortization of deferred outflows of resources related to pensions are not recognized in the funds.</p>	
	157,171
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.</p>	
	760,000
<p>Interest expense on long-term debt is not recognized in the governmental funds until paid but is recognized as incurred in the statement of revenues, expenses, and changes in net position. This is the amount by which interest expense in the governmental funds exceeded interest expense in the business type funds.</p>	
	<u>1,141</u>
Change in net position of business-type activities (p. 2)	<u>\$ (4,828)</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (CASH BASIS) AND ACTUAL - GENERAL FUND
Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,943,000	\$ 1,838,028	\$ (104,972)
Replacement taxes	125,000	123,180	(1,820)
Fees, fines, and charges for services	17,000	40,195	23,195
Interest	5,000	3,499	(1,501)
Grants	35,000	29,443	(5,557)
Gifts and other	<u>60,000</u>	<u>36,448</u>	<u>(23,552)</u>
Total revenues	<u>2,185,000</u>	<u>2,070,793</u>	<u>(114,207)</u>
EXPENDITURES			
Current:			
General and administrative:			
Salaries and wages	810,000	734,268	75,732
Retirement expense, payroll taxes	134,000	126,108	7,892
Unemployment taxes	5,000	1,979	3,021
Employee benefits	160,000	118,851	41,149
Automated circulation control	30,000	21,000	9,000
OCLC cataloging	10,000	5,478	4,522
Insurance	18,000	15,844	2,156
Professional fees	36,000	22,411	13,589
Staff and Board development	9,000	7,140	1,860
Postage	7,000	7,786	(786)
Telephone	17,500	10,044	7,456
Miscellaneous	<u>2,325</u>	<u>14,281</u>	<u>(11,956)</u>
Total general and administrative	<u>1,238,825</u>	<u>1,085,190</u>	<u>153,635</u>
Library:			
Books and periodicals	103,000	90,372	12,628
Audio-visual	20,000	9,478	10,522
Technical supplies	23,000	14,946	8,054
Planning and programming	<u>15,000</u>	<u>9,730</u>	<u>5,270</u>
Total library	<u>161,000</u>	<u>124,526</u>	<u>36,474</u>
Building upkeep:			
Utilities	62,500	45,395	17,105
Repairs and maintenance	97,675	59,137	38,538
Improvements	<u>-</u>	<u>29,881</u>	<u>(29,881)</u>
Total building upkeep	<u>160,175</u>	<u>134,413</u>	<u>25,762</u>

**FONDULAC PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
BUDGET (CASH BASIS) AND ACTUAL - GENERAL FUND
Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED)			
Capital outlay:			
Equipment purchases	\$ 60,000	\$ 32,482	\$ 27,518
Building project and planning	-	5,326	(5,326)
Building	-	17,591	(17,591)
	<u>60,000</u>	<u>55,399</u>	<u>4,601</u>
Total capital outlay			
Debt service:			
Principal	550,000	760,000	(210,000)
Interest	-	241,587	(241,587)
	<u>550,000</u>	<u>1,001,587</u>	<u>(451,587)</u>
Total debt service			
Total expenditures	<u>2,170,000</u>	<u>2,401,115</u>	<u>(231,115)</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>(330,322)</u>	<u>(345,322)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	402,809	402,809
Transfers out	(15,000)	-	15,000
	<u>(15,000)</u>	<u>402,809</u>	<u>417,809</u>
Total other financing sources (uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>72,487</u>	<u>\$ 72,487</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS			
Net change resulting from recording of accounts receivable, payable, and other accrued items		<u>9,586</u>	
Excess of revenues over expenditures - modified accrual basis		82,073	
FUND BALANCES, BEGINNING OF YEAR		<u>304,220</u>	
FUND BALANCES, END OF YEAR		<u>\$ 386,293</u>	

**FONDULAC PUBLIC LIBRARY DISTRICT
TAX INFORMATION
Year Ended June 30, 2015**

The following is a summary of the tax settlement made by the County Collector of the 2013 District corporate tax and a five year comparison of tax rates and equalized assessed valuations.

Property Taxes Recognized as Revenue This Fiscal Year \$ 1,838,028

	<u>Tax Rate</u>	<u>Equalized Assessed Valuation</u>
2010	.2997	\$ 408,202,776
2011	.3058	\$ 409,639,359
2012	.4703	\$ 406,093,399
2013	.4598	\$ 402,773,147
2014	.4631	\$ 406,728,256