

**FONDULAC PUBLIC LIBRARY DISTRICT**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2016**



**CliftonLarsonAllen**

**FONDULAC PUBLIC LIBRARY DISTRICT  
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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 (the District), as of and for the year ended June 30, 2016, 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 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 District as of June 30, 2016, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the management discussion and analysis on pages 3 through 7, the schedule of changes in the net pension liability and related ratios on page 24, and the schedule of employer contributions on page 25 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 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*

**CliftonLarsonAllen LLP**

Peoria, Illinois  
September 29, 2016

**FONDULAC PUBLIC LIBRARY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016**

This discussion and analysis of Fondulac Public Library District (the District) offers readers the following narrative overview and analysis of our financial activities for the year ended June 30, 2016. 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 \$5,304,236.
- The library saw a decrease in net position of \$56,164.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net position (page 8) and the statement of revenues, expenses, and changes in net position (page 9) provide information about the activities of the library as a whole and present a long-term view of the District's finances. The statement of cash flows (page 10) reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period. 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 presents information that shows how the District's net position changed during the most recent fiscal year.

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.

**FONDULAC PUBLIC LIBRARY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016**

**Reporting on the Library as a Whole (Continued)**

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 \$4,800,000 of long-term debt (including \$275,000 current portion) for the issuance of General Obligation Building Bonds at the close of the prior fiscal year.

Approximately 57% 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.

**The Library as a Whole**

Condensed financial information from the statement of net position and statement of revenues, expenses, and changes in net position as of and for the years ended June 30 are as follows:

	<b>2016</b>	<b>2015</b>
Statement of Net Position		
Current Assets	\$ 4,528,719	\$ 5,225,960
Capital Assets (Net of Depreciation)	7,819,882	8,242,085
Total Assets	<u>12,348,601</u>	<u>13,468,045</u>
Deferred Outflows of Resources	<u>306,047</u>	<u>192,814</u>
Current and Other Liabilities	372,022	427,220
Long-Term Debt	5,048,735	5,989,477
Total Liabilities	<u>5,420,757</u>	<u>6,416,697</u>
Deferred Inflows of Resources	<u>1,929,655</u>	<u>1,883,762</u>

**FONDULAC PUBLIC LIBRARY DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Net Position:		
Net Investment in Capital Assets	\$ 3,019,882	\$ 2,252,085
Restricted	51,175	41,054
Unrestricted	2,233,179	3,067,261
Total Net Position	<u>\$ 5,304,236</u>	<u>\$ 5,360,400</u>
Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues:		
Fees, Fines, and Charges for Services	\$ 39,012	\$ 40,195
Operating Grants and Contributions	37,687	29,443
Total Operating Revenues	<u>76,699</u>	<u>69,638</u>
Operating Expenses:		
General and Administrative	1,206,662	1,021,478
Library Expenditures	91,806	162,485
Building Upkeep	136,924	143,967
Depreciation	514,595	520,167
Total Operating Expenses	<u>1,949,987</u>	<u>1,848,097</u>
Nonoperating Revenues (Expenses):		
Property Taxes	1,879,178	1,838,028
Other	128,061	176,049
Interest Expense	(190,115)	(240,446)
Total Nonoperating Revenues (Expenses)	<u>1,817,124</u>	<u>1,773,631</u>
Change in Net Position	<u>(56,164)</u>	<u>(4,828)</u>
Net Position - Beginning of Year, As Previously Reported	5,360,400	5,427,989
Prior Period Adjustment	<u>-</u>	<u>(62,761)</u>
Net Position - Beginning of Year, As Restated	<u>5,360,400</u>	<u>5,365,228</u>
Net Position - End of Year	<u>\$ 5,304,236</u>	<u>\$ 5,360,400</u>

Operating expenses increased from 2015 levels by \$101,890 or 5.5%. During 2016, the District incurred \$254,258 of expenses related to the pension liability compared to \$171,073 in 2015. This increase of \$83,185 is largely the reason for the increase of total operating expenses.

Total Nonoperating Revenues (Expenses) increased over 2015 levels by \$43,493 or 2.5%. The increase is primarily due to an increased property tax levy as well as a decrease in interest expenses on the bonds. These changes were offset by a decrease of gifts and replacement tax revenue as captured in the other revenue decrease of \$47,988.

**FONDULAC PUBLIC LIBRARY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016**

**Report of the Library's Most Significant Fund**

**Capital Assets**

At the end of the fiscal year 2016, the District had invested in a variety of capital assets, as reflected in the following schedule:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Not Depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Depreciated:				
Buildings and Improvements	6,766,281	-	-	6,766,281
Furniture and Equipment	1,064,356	16,287	-	1,080,643
Library Materials	898,057	76,105	97,674	876,488
Total Depreciated	<u>8,728,694</u>	<u>92,392</u>	<u>97,674</u>	<u>8,723,412</u>
Total Cost	<u>\$ 9,268,694</u>	<u>\$ 92,392</u>	<u>\$ 97,674</u>	<u>\$ 9,263,412</u>

Accumulated depreciation for the year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Buildings and Improvements	\$ 265,707	\$ 173,718	\$ -	\$ 439,425
Furniture and Equipment	373,442	180,801	-	554,243
Library Materials	387,460	160,076	97,674	449,862
Total Accumulated Depreciation	<u>\$ 1,026,609</u>	<u>\$ 514,595</u>	<u>\$ 97,674</u>	<u>\$ 1,443,530</u>

**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. In addition to the required fiscal year 2016 payments, the board also authorized two additional principal payments. Debt service payments totalled \$1,190,000 during fiscal year 2016.

**FONDULAC PUBLIC LIBRARY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016**

**Factors or Conditions Impacting Future Periods (Continued)**

Although the construction of the new and larger library facility that opened in 2013 was funded by the sale of bonds, as approved by a 2009 referendum, the library has not increased its operating and/or other levies. Many costs that were initially paid during construction, particularly those related to technology, are recurring. In addition, the library is determining future maintenance and replacement costs for facility features and equipment. The library anticipates these costs to come from the reserve fund.

**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](http://www.fondulaclibrary.org)

**FONDULAC PUBLIC LIBRARY DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,585,016
Property Taxes Receivable	1,910,462
Replacement Taxes Receivable	20,433
Gifts Receivable	2,500
Prepaid Insurance	10,308
Total Current Assets	<u>4,528,719</u>

**NONCURRENT ASSETS**

Capital Assets Not Being Depreciated	540,000
Capital Assets Being Depreciated	8,723,412
Less: Accumulated Depreciation	(1,443,530)
Total Noncurrent Assets	<u>7,819,882</u>
Total Assets	<u>12,348,601</u>

**DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS**

Total Assets and Deferred Outflows of Resources	<u>\$ 12,654,648</u>
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 33,851
Accrued and Withheld Payroll Taxes	2,599
Accrued Interest Payable	42,801
Unearned Grant Revenue	8,296
Funds Held for Others	9,475
Long-Term Debt, Current Portion	275,000
Total Current Liabilities	<u>372,022</u>

**LONG-TERM LIABILITIES**

Long-Term Debt	4,525,000
Net Pension Liability	523,735
Total Long-Term Liabilities	<u>5,048,735</u>
Total Liabilities	<u>5,420,757</u>

**DEFERRED INFLOWS OF RESOURCES**

Subsequent Year's Property Taxes	1,910,462
Deferred Inflows of Resources Related to Pensions	19,193
Total Deferred Inflows of Resources	<u>1,929,655</u>

**NET POSITION**

Net Investment in Capital Assets	3,019,882
Restricted for:	
Bahnfleth Memorial	51,175
Unrestricted	2,233,179
Total Net Position	<u>5,304,236</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND NET POSITION**

\$ 12,654,648

See accompanying Notes to Financial Statements.

**FONDULAC PUBLIC LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016**

**OPERATING REVENUES**

Fees, Fines, and Charges for Services	\$ 39,012
Operating Grants and Contributions	37,687
Total Operating Revenues	<u>76,699</u>

**OPERATING EXPENSES**

General and Administrative	1,206,662
Library Expenses	91,806
Building Upkeep	136,924
Depreciation	514,595
Total Operating Expenses	<u>1,949,987</u>

**OPERATING GAIN (LOSS)**

(1,873,288)

**NONOPERATING INCOME (EXPENSES)**

Property Taxes	1,371,677
Property Taxes - Bonds and Interest	507,501
Replacement Taxes	99,052
Investment Earnings	13,392
Gifts	15,617
Interest Expense	(190,115)
Total Nonoperating Income (Expenses)	<u>1,817,124</u>

**INCREASE (DECREASE) IN NET POSITION**

(56,164)

Net Position - Beginning of Year

5,360,400

**NET POSITION - END OF YEAR**

\$ 5,304,236

**FONDULAC PUBLIC LIBRARY DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 56,552
Payments to Suppliers	(475,334)
Payments to Employees	(825,852)
Net Cash Used by Operating Activities	<u>(1,244,634)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property Taxes	1,879,178
Other Nonoperating Revenue	116,012
Net Cash Provided by Noncapital Financing Activities	<u>1,995,190</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(90,602)
Principal Paid on Bonds	(1,190,000)
Interest Paid on Bonds	(206,438)
Net Cash Used by Capital and Related Financing Activities	<u>(1,487,040)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on Investments	<u>13,392</u>
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**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents - Beginning of Year	<u>3,308,108</u>
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**CASH AND CASH EQUIVALENTS - END OF YEAR**

<u>\$ 2,585,016</u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH**

**USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (1,873,288)
Adjustments to Reconcile Operating Loss to Net Cash Used by	
Operating Activities:	
Depreciation	514,595
Effects of Changes in Operating Assets and Liabilities:	
Prepaid Expenses	933
Deferred Outflows of Resources Related to Pensions	(113,233)
Deferred Inflows of Resources Related to Pensions	19,193
Net Pension Liability	254,258
Unearned Revenue	(20,147)
Accounts Payable and Accrued Liabilities	(26,945)
Net Cash Used by Operating Activities	<u>\$ (1,244,634)</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL ACTIVITIES**

At June 30, 2016, \$1,790 of capital assets acquired were included in accounts payable.

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The purpose of the Fondulac Public Library District (the 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 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 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 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, 2016**

**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 ended 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, 2016 represents installments of the 2014 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 2015, for which an enforceable lien exists at year-end, but is levied for the fiscal year 2017 budget.

**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.

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 compiled 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 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 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

**Grants**

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

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2016, 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 District first applies 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 statement 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, 2015, the end of the plan's fiscal year. The District made contributions to the pension plan during the period January 1, 2016 through June 30, 2016.

**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 two types of items that are deferred inflows of resources. One type of item occurs related to revenue recognition, because property tax receivables are recorded in the current year, but a portion of the revenue will be recorded in the subsequent year, as it is not received before use is permitted as of fiscal year end. A second type of item occurs related to its net pension liability, because the actuary noted a difference between the expected and actual experience of the pension activity.

**Pensions**

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

**Classification of Revenues and Expenses**

The 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 District's ongoing 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, 2016**

**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 District does not have a deposit policy for custodial credit risk. As of June 30, 2016, none of the District's bank balance of \$2,602,417 was exposed to custodial credit risk. This bank balance is made up as follows:

	Carrying Amount	Bank Balance
Savings/Money Market Deposits	\$ 2,564,025	\$ 2,602,417
Petty Cash	50	N/A
Total	<u>\$ 2,564,075</u>	<u>\$ 2,602,417</u>

**Illinois Funds**

At June 30, 2016, the District had amounts in the Illinois Funds as follows:

Investment	Maturities	Fair Value*
Illinois Funds	60-Month Average	<u>\$ 20,941</u>

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. It acts as a money market fund that maintains a \$1 per share value. There are no limitations or restrictions on participant withdrawals.

\* 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, 2016, the District's investment in the Illinois funds was rated AAA 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, 2016**

**NOTE 3 CAPITAL ASSETS**

Changes in the various capital asset categories during the year ended June 30, 2016 were as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Not Depreciated:				
Land	\$ 540,000	\$ -	\$ -	\$ 540,000
Depreciated:				
Buildings and Improvements	6,766,281	-	-	6,766,281
Furniture and Equipment	1,064,356	16,287	-	1,080,643
Library Materials	898,057	76,105	97,674	876,488
Total Depreciated	<u>8,728,694</u>	<u>92,392</u>	<u>97,674</u>	<u>8,723,412</u>
Total Cost	<u>\$ 9,268,694</u>	<u>\$ 92,392</u>	<u>\$ 97,674</u>	<u>\$ 9,263,412</u>

Accumulated depreciation for the year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Buildings and Improvements	\$ 265,707	\$ 173,718	\$ -	\$ 439,425
Furniture and Equipment	373,442	180,801	-	554,243
Library Materials	<u>387,460</u>	<u>160,076</u>	<u>97,674</u>	<u>449,862</u>
Total Accumulated Depreciation	<u>\$ 1,026,609</u>	<u>\$ 514,595</u>	<u>\$ 97,674</u>	<u>\$ 1,443,530</u>

**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, 2016:

	General Obligation Building Bonds Series 2012
Balance - July 1, 2015	\$ 5,990,000
Bonds Paid	1,190,000
Bonds Issued	-
Balance - June 30, 2016	4,800,000
Less: Current Portion	275,000
Long-Term Debt, Net of Current Portion	<u>\$ 4,525,000</u>

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 LONG-TERM BONDED DEBT (CONTINUED)**

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 4.15%. Original issue was \$7,000,000. Final payment is due October 1, 2029.

Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 275,000	\$ 168,208	\$ 443,208
2018	285,000	161,734	446,734
2019	290,000	154,240	444,240
2020	300,000	145,574	445,574
2021	310,000	135,731	445,731
2022-2026	1,715,000	499,617	2,214,617
2027-2030	1,625,000	136,797	1,761,797
<b>Total</b>	<b>\$ 4,800,000</b>	<b>\$ 1,401,901</b>	<b>\$ 6,201,901</b>

**Legal Debt Margin**

The legal debt margin of the District at June 30, 2016 is as follows:

Assessed Valuation 2015	<u>\$ 411,506,822</u>
Statutory Debt Limitation (2.875% of Assessed Valuation)	\$ 11,830,821
Less: Total Debt	4,800,000
Legal Debt Margin	<u>\$ 7,030,821</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, a multi-employer agent 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 online at [www.imrf.org](http://www.imrf.org).

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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  $1\frac{2}{3}\%$  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  $1\frac{1}{3}\%$  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
- one half of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2015, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries Currently Receiving Benefits	10
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	7
Active Plan Members	14
Total	<b>31</b>

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 2015 was 11.14%. For the fiscal year ended 2016, the District contributed \$69,751 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, 2015. 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, 2015:

- 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 2.75%.
- Salary increases were expected to be 3.75% to 14.50%, including inflation.
- The investment rate of return was assumed to be 7.47%.
- 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 nondisabled 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 nondisabled 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, 2016**

**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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38.0%	7.39%
International Equity	17.0%	7.59%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	6.00%
Alternative Investments	9.0%	2.75 to 8.15%
Cash Equivalents	1.0%	2.25%
Total	<u>100.0%</u>	

**Single Discount Rate**

A single discount rate of 7.47% 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 the 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:

1. 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
2. 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 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 3.57%, and the resulting single discount rate is 7.47%.

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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)
Balance - December 31, 2014	\$ 2,826,812	\$ 2,557,335	\$ 269,477
Changes for the Year:			
Service Cost	70,545	-	70,545
Interest on the Total Pension Liability	212,614	-	212,614
Differences Between Expected and Actual Experience of the Total Pension Liability	(23,931)	-	(23,931)
Changes of Assumptions	8,614	-	8,614
Contributions - Employer	-	67,141	(67,141)
Contributions - Employees	-	34,672	(34,672)
Net Investment Income	-	12,924	(12,924)
Benefit Payments, Including Refunds of Employee Contributions	(46,901)	(46,901)	-
Other (Net Transfer)	-	(101,153)	101,153
Net Changes	220,941	(33,317)	254,258
Balance - December 31, 2015	<u>\$ 3,047,753</u>	<u>\$ 2,524,018</u>	<u>\$ 523,735</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 7.47%, 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 (6.47%)	Current Discount (7.47%)	1% Higher (8.47%)
Net Pension Liability	<u>\$ 992,731</u>	<u>\$ 523,735</u>	<u>\$ 141,079</u>

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

For the year ended June 30, 2016, the District recognized pension expense of \$160,218. At June 30, 2016, the District reported deferred outflows of resources related to pensions from the following sources:

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)**

Deferred Amounts Related to Pensions	Deferred Outflows of Resources (A)	Deferred Inflows of Resources (B)	Net Deferred Outflows of Resources (A) - (B)
Deferred Amounts to be Recognized in Pension Expense in Future Periods:			
Differences Between Expected and Actual Experience	\$ 39,554	\$ 19,193	\$ 20,361
Changes of Assumptions	70,204	-	70,204
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>161,749</u>	<u>-</u>	<u>161,749</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	271,507	19,193	252,314
Pension Contributions Made Subsequent to the Measurement Date	<u>34,540</u>	<u>-</u>	<u>34,540</u>
Total Deferred Amounts Related to Pensions	<u>\$ 306,047</u>	<u>\$ 19,193</u>	<u>\$ 286,854</u>

\$34,540 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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>
2016	\$ 70,395
2017	70,395
2018	70,395
2019	41,283
2020	(154)
Thereafter	-
<b>Total</b>	<b><u>\$ 252,314</u></b>

**FONDULAC PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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% 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, 2016, the cost for healthcare benefits for retirees was \$4,119. At June 30, 2016, 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.

**FONDULAC PUBLIC LIBRARY DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND –  
SCHEDULE OF CHANGES IN THE NET PENSION  
LIABILITY AND RELATED RATIOS (UNAUDITED)  
YEAR ENDED JUNE 30, 2016**

<u>Calendar Year Ending December 31</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>		
Service Cost	\$ 70,545	\$ 69,734
Interest on Total Pension Liability	212,614	184,302
Difference Between Expected and Actual Experience	(23,931)	63,646
Assumption Changes	8,614	101,845
Benefit Payments and Refunds	(46,901)	(30,413)
Net Change in Total Pension Liability	<u>220,941</u>	<u>389,114</u>
 Total Pension Liability - Beginning	2,826,812	2,437,698
Total Pension Liability - Ending (A)	<u>3,047,753</u>	<u>2,826,812</u>
 <b>Plan Fiduciary Net Position:</b>		
Employer Contributions	67,141	71,280
Employee Contributions	34,672	28,112
Pension Plan Net Investment Income	12,924	144,801
Benefit Payments and Refunds	(46,901)	(30,413)
Other	(101,153)	4,261
Net Change in Plan Fiduciary Net Position	<u>(33,317)</u>	<u>218,041</u>
 Plan Fiduciary Net Position - Beginning	2,557,335	2,339,294
Plan Fiduciary Net Position - Ending (B)	<u>2,524,018</u>	<u>2,557,335</u>
 Net Pension Liability - Ending (A) - (B)	<u>\$ 523,735</u>	<u>\$ 269,477</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.82%	90.47%
 Covered Valuation Payroll	602,703	624,723
 Net Pension Liability as a Percentage of Covered Valuation Payroll	86.90%	43.14%

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

**FONDULAC PUBLIC LIBRARY DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND –  
SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)  
YEAR ENDED JUNE 30, 2016**

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 71,281	\$ 71,280	\$ 1	\$ 624,723	11.41%
2015	67,141	67,141	-	602,703	11.14%

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, 2016**

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION  
OF THE 2015 CONTRIBUTION RATE\***

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2015 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>	28-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% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to nondisabled 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, 2013 actuarial valuation.

**FONDULAC PUBLIC LIBRARY DISTRICT  
FUND BALANCE CLASSIFICATION  
JUNE 30, 2016**

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, 2016.
- 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, 2016**

	General Fund	Reserve Fund	Working Cash Fund	Total
<b>ASSETS</b>				
Cash on Hand and in Bank	\$ 515,050	\$ 1,851,420	\$ 209,071	\$ 2,575,541
Property Taxes Receivable	1,910,462	-	-	1,910,462
Replacement Taxes Receivable	20,433	-	-	20,433
Gifts Receivable	2,500	-	-	2,500
Due from Other Funds	3,225	-	-	3,225
Prepaid Insurance	10,308	-	-	10,308
Total Assets	<u>\$ 2,461,978</u>	<u>\$ 1,851,420</u>	<u>\$ 209,071</u>	<u>\$ 4,522,469</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 33,851	\$ -	\$ -	\$ 33,851
Accrued and Withheld Payroll Taxes	2,599	-	-	2,599
Unearned Grant Revenue	8,296	-	-	8,296
Due to Other Funds	-	3,225	-	3,225
Total Liabilities	<u>44,746</u>	<u>3,225</u>	<u>-</u>	<u>47,971</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Subsequent Year's Property Taxes	1,910,462	-	-	1,910,462
<b>FUND BALANCE</b>				
Nonspendable	10,308	-	-	10,308
Restricted	51,175	-	-	51,175
Committed	-	1,848,195	209,071	2,057,266
Unassigned	445,287	-	-	445,287
Total Fund Balance	<u>506,770</u>	<u>1,848,195</u>	<u>209,071</u>	<u>2,564,036</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,461,978</u>	<u>\$ 1,851,420</u>	<u>\$ 209,071</u>	<u>\$ 4,522,469</u>

**FONDULAC PUBLIC LIBRARY DISTRICT  
RECONCILIATION OF THE COMBINING BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Total Fund Balances - Governmental Funds \$ 2,564,036

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 \$9,263,412 and is reported net of accumulated depreciation of \$1,443,530.

7,819,882

Deferred outflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds.

306,047

Deferred inflows of resources related to pensions are applicable to future periods, therefore, are not reported in the funds.

(19,193)

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.

(5,323,735)

Interest payable on debt is not reported in the funds if payments are due subsequent to the year-end.

(42,801)

Agency Fund:

Assets	\$ 9,475	
Liabilities	<u>(9,475)</u>	-

Total Net Position - Business-Type Activities

\$ 5,304,236

**FONDULAC PUBLIC LIBRARY DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – ALL FUND TYPES**  
**YEAR ENDED JUNE 30, 2016**

	General Fund	Reserve Fund	Working Cash Fund	Total
<b>REVENUES</b>				
Property Taxes	\$ 1,371,677	\$ -	\$ -	\$ 1,371,677
Property Taxes - Bonds and Interest	507,501	-	-	507,501
Replacement Taxes	99,052	-	-	99,052
Fees, Fines, and Charges for Services	39,012	-	-	39,012
Interest	3,976	8,621	795	13,392
Grants	37,687	-	-	37,687
Gifts	15,617	-	-	15,617
Total Revenues	<u>2,074,522</u>	<u>8,621</u>	<u>795</u>	<u>2,083,938</u>
<b>EXPENDITURES</b>				
Current:				
General and Administration	1,046,444	-	-	1,046,444
Library Expenditures	167,911	-	-	167,911
Building Upkeep	136,924	-	-	136,924
Capital Expenditures	16,287	-	-	16,287
Debt Service:				
Principal	1,190,000	-	-	1,190,000
Interest	206,438	-	-	206,438
Total Expenditures	<u>2,764,004</u>	<u>-</u>	<u>-</u>	<u>2,764,004</u>
Excess (Deficiency) of Revenues Over Expenditures	(689,482)	8,621	795	(680,066)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	939,959	130,000	-	1,069,959
Transfers Out	(130,000)	(939,959)	-	(1,069,959)
Total Other Financing Sources (Uses)	<u>809,959</u>	<u>(809,959)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	120,477	(801,338)	795	(680,066)
Fund Balance - Beginning of Year	<u>386,293</u>	<u>2,649,533</u>	<u>208,276</u>	<u>3,244,102</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 506,770</u></b>	<b><u>\$ 1,848,195</u></b>	<b><u>\$ 209,071</u></b>	<b><u>\$ 2,564,036</u></b>

**FONDULAC PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT**  
**OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balance - Total Governmental Funds	\$ (680,066)
Governmental funds report capital outlays as expenditures. However, in the statement of revenues, expenses, and changes in net position, the cost of those assets are allocated over their estimated useful lives as depreciation expense.	
Depreciation Expense	(514,595)
Capital Outlay:	
Book costs included in library expenditures	76,105
Equipment costs included in capital expenditures	16,287
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.	(254,258)
Amortization of deferred outflows of resources related to pensions are not recognized in the funds.	113,233
Amortization of deferred inflows of resources related to pensions are not recognized in the funds.	(19,193)
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.	1,190,000
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.	<u>16,323</u>
Change in Net Position of Business-Type Activities	<u>\$ (56,164)</u>

**FONDULAC PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET (CASH BASIS) AND ACTUAL – GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,443,570	\$ 1,879,178	\$ 435,608
Replacement Taxes	130,000	113,403	(16,597)
Fees, Fines, and Charges for Services	25,000	39,012	14,012
Interest	4,000	3,976	(24)
Grants	33,000	17,540	(15,460)
Gifts and Other	28,000	15,617	(12,383)
Total Revenues	<u>1,663,570</u>	<u>2,068,726</u>	<u>405,156</u>
<b>EXPENDITURES</b>			
Current:			
General and Administrative:			
Salaries and Wages	815,000	747,438	67,562
Retirement Expense, Payroll Taxes	136,500	125,859	10,641
Unemployment Taxes	5,000	1,745	3,255
Employee Benefits	160,000	111,983	48,017
Automated Circulation Control	30,000	21,000	9,000
OCLC Cataloging	10,000	5,399	4,601
Insurance	19,000	14,073	4,927
Professional Fees	32,000	18,674	13,326
Staff and Board Development	10,000	7,061	2,939
Postage	7,000	5,980	1,020
Telephone	15,450	9,643	5,807
Miscellaneous	9,070	5,642	3,428
Contingency	30,000	-	30,000
Total General and Administrative	<u>1,279,020</u>	<u>1,074,497</u>	<u>204,523</u>
Library:			
Books and Periodicals	98,000	98,896	(896)
Audio-Visual	21,000	11,372	9,628
Technical Supplies	23,000	17,023	5,977
Planning and Programming	18,000	9,469	8,531
Total Library	<u>160,000</u>	<u>136,760</u>	<u>23,240</u>
Building Upkeep:			
Utilities	56,550	61,059	(4,509)
Repairs and Maintenance	108,000	65,678	42,322
Improvements	-	7,454	(7,454)
Total Building Upkeep	<u>164,550</u>	<u>134,191</u>	<u>30,359</u>

**FONDULAC PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET (CASH BASIS) AND ACTUAL – GENERAL FUND (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Capital Outlay:			
Equipment Purchases	\$ 60,000	\$ 57,897	\$ 2,103
Building Project and Planning	-	2,877	(2,877)
Total Capital Outlay	<u>60,000</u>	<u>60,774</u>	<u>(774)</u>
Debt Service:			
Principal	950,000	1,190,000	(240,000)
Interest	-	206,438	(206,438)
Total Debt Service	<u>950,000</u>	<u>1,396,438</u>	<u>(446,438)</u>
Total Expenditures	<u>2,613,570</u>	<u>2,802,660</u>	<u>(189,090)</u>
Excess (Deficiency) of Revenues Over Expenditures	(950,000)	(733,934)	216,066
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	1,150,000	939,959	(210,041)
Transfers Out	(200,000)	(130,000)	70,000
Total Other Financing Sources (Uses)	<u>950,000</u>	<u>809,959</u>	<u>(140,041)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>76,025</u>	<u>\$ 76,025</u>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS</b>			
Net Change Resulting From Recording of Accounts Receivable, Payable, and Other Accrued Items.		<u>44,452</u>	
Excess of Revenues Over Expenditures - Modified Accrual Basis		120,477	
Fund Balance - Beginning of Year		<u>386,293</u>	
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 506,770</u></b>		

**FONDULAC PUBLIC LIBRARY DISTRICT  
TAX INFORMATION  
YEAR ENDED JUNE 30, 2016**

The following is a summary of the tax settlement made by the County Collector of the 2014 District corporate tax and a five-year comparison of tax rates and equalized assessed valuations.

Property Taxes Recognized as Revenue This Fiscal Year			<u>\$ 1,879,178</u>
Tax Year	Tax Rate	Equalized Assessed Valuation	
2011	.3058	409,639,359	
2012	.4703	406,093,399	
2013	.4598	402,773,147	
2014	.4631	406,728,256	
2015	.4643	411,506,822	