

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2015



MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
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MOUNT PROSPECT, ILLINOIS
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**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

PRINCIPAL OFFICIALS

December 31, 2015

LIBRARY BOARD OF TRUSTEES

Sylvia M. Haas, President

Brian Gilligan, Vice President

Richard T. Tani, Secretary/Treasurer

Sylvia G. Fulk, Assistant Treasurer

Dale Barbara Draznin

Michael Duebner

Jane W. Everett

EXECUTIVE DIRECTOR

Marilyn G. Genter

INDEPENDENT AUDITOR'S REPORT



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Prospect Public Library (the Library) for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Prospect Public Library, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 11, the Library adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses, and modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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.

The Library has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and supplemental data are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and supplemental data are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and schedules and supplemental data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, appearing to read "J. J. J. LLP". The signature is written in a cursive, flowing style.

Naperville, Illinois
July 15, 2016

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities
ASSETS	
Cash and investments	\$ 7,887,521
Receivables (net where applicable of allowance for uncollectibles)	
Property taxes	11,079,030
Accrued interest	730
Intergovernmental	3,010
Other	9,156
Capital assets not being depreciated	677,552
Capital assets being depreciated (net of accumulated depreciation)	14,126,105
 Total assets	 33,783,104
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	2,052,780
LIABILITIES	
Accounts payable	277,700
Accrued payroll	82,715
Sales tax payable	84
Due to other governments	29,455
Long-term liabilities	
Due within one year	1,287,952
Due in more than one year	12,393,408
 Total liabilities	 14,071,314
DEFERRED INFLOWS OF RESOURCES	
Pension related items	241,809
Deferred revenue - property taxes	11,092,485
 Total deferred inflows of resources	 11,092,485
 Total liabilities and deferred inflows of resources	 25,163,799
NET POSITION	
Net investment in capital assets	4,523,657
Restricted	
Specific donor purposes	279,570
Working cash	2,093,685
Debt service	722,584
Unrestricted	3,052,589
 TOTAL NET POSITION	 \$ 10,672,085

See accompanying notes to financial statements.

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 8,364,385	\$ 207,380	\$ 82,353	\$ -	\$ (8,074,652)
Interest	413,751	-	-	-	(413,751)
Total governmental activities	8,778,136	207,380	82,353	-	(8,488,403)
TOTAL PRIMARY GOVERNMENT	\$ 8,778,136	\$ 207,380	\$ 82,353	\$ -	(8,488,403)
			General Revenues		
			Taxes		
			Property	10,360,470	
			Personal property replacement	49,439	
			Intergovernmental	194,765	
			Investment income	4,939	
			Miscellaneous	3,478	
			Total	10,613,091	
			CHANGE IN NET POSITION	2,124,688	
			NET POSITION, JANUARY 1	10,462,534	
			Prior period adjustment	(1,915,137)	
			NET POSITION, JANUARY 1, RESTATED	8,547,397	
			NET POSITION, DECEMBER 31	\$ 10,672,085	

See accompanying notes to financial statements.

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2015

	General	Debt Service	Working Cash	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,709,546	\$ 718,909	\$ -	\$ 1,459,066	\$ 7,887,521
Receivables					
Property taxes	9,173,997	1,709,669	-	195,364	11,079,030
Intergovernmental	3,010	-	-	-	3,010
Other	9,156	-	-	-	9,156
Interest	-	-	-	730	730
Advances to other funds	-	-	2,093,685	-	2,093,685
TOTAL ASSETS	\$ 14,895,709	\$ 2,428,578	\$ 2,093,685	\$ 1,655,160	\$ 21,073,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 107,778	\$ -	\$ -	\$ 169,922	\$ 277,700
Accrued payroll	82,715	-	-	-	82,715
Sales tax payable	84	-	-	-	84
Due to other governments	29,455	-	-	-	29,455
Advance from other funds	2,093,685	-	-	-	2,093,685
Total liabilities	2,313,717	-	-	169,922	2,483,639
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	9,144,682	1,705,994	-	-	10,850,676
Total deferred inflows of resources	9,144,682	1,705,994	-	-	10,850,676
Total liabilities and deferred inflows of resources	11,458,399	1,705,994	-	169,922	13,334,315
FUND BALANCES					
Restricted					
Specific donor purposes	-	-	-	279,570	279,570
Working cash	-	-	2,093,685	-	2,093,685
Debt service	-	722,584	-	-	722,584
Assigned					
Capital projects	-	-	-	1,205,668	1,205,668
Unassigned	3,437,310	-	-	-	3,437,310
Total fund balances	3,437,310	722,584	2,093,685	1,485,238	7,738,817
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 14,895,709	\$ 2,428,578	\$ 2,093,685	\$ 1,655,160	\$ 21,073,132

See accompanying notes to financial statements.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS

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

December 31, 2015

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 7,738,817
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	14,803,657
Differences between expected and actual experiences, assumptions changes, net differences between projected and actual earnings and calculations subsequent to the measurement date for IMRF are recognized as deferred outflows and inflows of resources on the statement of net position	1,810,971
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Intergovernmental payable	(10,280,000)
Compensated absences payable	(159,038)
Net pension liability	(3,156,543)
Net other postemployment benefits payable	<u>(85,779)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 10,672,085</u></u>

See accompanying notes to financial statements.

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	General	Debt Service	Working Cash	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 8,517,684	\$ 1,572,003	\$ -	\$ 270,783	\$ 10,360,470
Personal property replacement taxes	49,439	-	-	-	49,439
Charges for services	115,595	-	-	-	115,595
Gifts	-	-	-	7,032	7,032
Program reimbursements	91,785	-	-	-	91,785
Grants	75,321	-	-	-	75,321
Intergovernmental	-	-	-	194,765	194,765
Investment income	1,898	538	830	1,673	4,939
Miscellaneous	1,754	-	-	1,724	3,478
Total revenues	8,853,476	1,572,541	830	475,977	10,902,824
EXPENDITURES					
Current					
Culture and recreation					
Administration	7,069,756	-	-	-	7,069,756
Building	411,149	-	-	-	411,149
Books and materials	874,178	-	-	6,137	880,315
Capital outlay	-	-	-	786,872	786,872
Debt service					
Principal	-	1,155,000	-	-	1,155,000
Interest	-	413,751	-	-	413,751
Total expenditures	8,355,083	1,568,751	-	793,009	10,716,843
NET CHANGE IN FUND BALANCES	498,393	3,790	830	(317,032)	185,981
FUND BALANCES, JANUARY 1	2,938,917	718,794	2,092,855	1,802,270	7,552,836
FUND BALANCES, DECEMBER 31	\$ 3,437,310	\$ 722,584	\$ 2,093,685	\$ 1,485,238	\$ 7,738,817

See accompanying notes to financial statements.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS

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

For the Year Ended December 31, 2015

NET CHANGES IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 185,981
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities. This is the amount by which capital outlays exceeded depreciation and disposals in the current period	
Capital outlay	1,174,803
Depreciation and disposals	(915,620)
The change in deferred inflows and outflows of resources for IMRF is reported only in the statement of activities	1,810,971
The change in net pension liability is shown as an expense on the statement of activities	(1,241,406)
The repayment of the principal portion on long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	1,155,000
The change in compensated absences payable is shown as an expense on the statement of activities	(20,350)
The change in net other postemployment benefits payable is shown as an expense on the statement of activities	<u>(24,691)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,124,688</u>

See accompanying notes to financial statements.

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The Library is governed by a seven-member Library Board of Trustees that are separately elected. The Library Board of Trustees selects management staff and directs the affairs of the Library. As required by generally accepted accounting principles, these financial statements include all funds of the Library. Management has also considered all potential component units. Criteria for including a component unit in the Library's reporting entity principally consist of the potential component unit's financial interdependency and accountability to the Library. Based upon those criteria, there are no potential component units to be included in the reporting entity. Additionally, based on the same criteria, the Library has been determined not to be a component unit of the Village of Mount Prospect, Illinois (the Village).

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and management requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary. All of the Library's funds are governmental funds.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted, or assigned for the servicing of long-term debt (debt service funds), and the management of funds held in trust that can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the Library not accounted for in some other fund.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Debt Service Fund accounts for the accumulation of resources restricted or assigned for the payment of principal, interest, and related costs of general long-term debt.

The Working Cash Fund accounts for the amounts maintained to provide a source of cash for interfund borrowing.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. The Library recognizes property taxes when they become both measurable and available in the period the tax is intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and miscellaneous revenues are considered to be measurable and available only when cash is received by the Library.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Library; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

e. Investments

Investments with a maturity of one year or less are stated at cost or amortized cost. Investments with a maturity greater than one year are stated at fair value in accordance with GASB Statement No. 31.

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost in excess of \$3,000 (excluding the Library's book collection) and an estimated useful life in excess of one year.

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

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

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

	Years
Buildings and improvements	40
Equipment	5-10
Books	5

g. Compensated Absences

Vested or accumulated vacation leave in governmental activities is recorded as an expense and liability on the statement of net position as the benefits accrue to employees.

h. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

k. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balance/Net Position (Continued)

purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represent amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance resides with the Board of Trustees. Any residual fund balance in the General Fund is reported as unassigned.

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

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the net position is restricted as a result of enabling legislation adopted by the Library. Net investment in capital assets is the book value of capital assets less outstanding principal balances of debt that was issued to construct the capital assets.

l. Interfund Transactions

Interfund transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

m. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

If applicable, advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. 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 amount 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes and the Library's investment policy authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

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, which is the price for which the investment could be sold.

a. Library Deposits with Financial Institutions

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

The Library's deposits with financial institutions were covered either by FDIC or collateral pledged to the Library with the exception of one financial institution for which approximately \$18,976 was exposed to custodial credit risk.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Library Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety of principal, liquidity, return on investment, and simplicity of management. The investment policy does not limit the maturity lengths of library investments.

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in the Illinois Funds. Illinois Funds are rated AAA by Standard and Poor’s.

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

Concentration of Credit Risk - The Library places no limit on the amount that may be invested in any one issuer, stating only that the Library diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds.

3. PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, 2015 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2016 and August 1, 2016 and are payable in two installments, on or about March 1, 2016 and September 1, 2016. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 2% of the tax levy, to reflect actual collection experience. Since the 2015 levy is intended to fund the 2016 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the Library for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 677,552	\$ -	\$ -	\$ 677,552
Total capital assets not being depreciated	677,552	-	-	677,552
Capital assets being depreciated				
Buildings and improvements	17,543,076	760,862	-	18,303,938
Equipment	1,223,380	61,012	28,980	1,255,412
Books	6,415,190	352,929	574,226	6,193,893
Total capital assets being depreciated	25,181,646	1,174,803	603,206	25,753,243
Less accumulated depreciation for				
Buildings and improvements	4,894,496	440,763	-	5,335,259
Equipment	948,828	91,141	28,058	1,011,911
Books	5,471,400	382,794	574,226	5,279,968
Total accumulated depreciation	11,314,724	914,698	602,284	11,627,138
Total capital assets being depreciated, net	13,866,922	260,105	922	14,126,105
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 14,544,474	\$ 260,105	\$ 922	\$ 14,803,657

5. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. Effective January 1, 2014, the Library became a member of the Libraries of Illinois Risk Agency (LIRA), which is a consortium of 24 charter member libraries that provides risk management services and coverages to the pool of member libraries. Premiums have been displayed as expenditures in appropriate funds. Medical insurance is through the Village with third-party indemnity coverage. Losses have not exceeded coverage for the last three years.

6. CONTINGENT LIABILITIES - GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the Library expects such amounts, if any, to be immaterial.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. CHANGES IN LONG-TERM LIABILITIES

Issue	Balances January 1, restated	Increases	Decreases	Balances December 31	Current Portion
Intergovernmental payable	\$ 11,435,000	\$ -	\$ 1,155,000	\$ 10,280,000	\$ 1,280,000
Net other postemployment benefits payable	61,088	24,691	-	85,779	-
Net pension liability	1,915,137	1,241,406	-	3,156,543	-
Compensated absences payable	138,688	27,284	6,934	159,038	7,952
TOTAL	<u>\$ 13,549,913</u>	<u>\$ 1,293,381</u>	<u>\$ 1,161,934</u>	<u>\$ 13,681,360</u>	<u>\$ 1,287,952</u>

The intergovernmental payable represents the principal outstanding on the Village's Series 2006 Refunding and Series 2011A Taxable General Obligation Bonds which were issued for library purposes and are being repaid by the Library.

The annual debt service requirements are as follows:

Year Ending	Principal	Interest	Total
2016	\$ 1,280,000	\$ 392,043	\$ 1,672,043
2017	1,360,000	358,265	1,718,265
2018	1,410,000	305,905	1,715,905
2019	1,465,000	250,915	1,715,915
2020	1,525,000	193,048	1,718,048
2021	1,585,000	132,048	1,717,048
2022	1,655,000	67,855	1,722,855
TOTAL	<u>\$ 10,280,000</u>	<u>\$ 1,700,079</u>	<u>\$ 11,980,079</u>

8. EMPLOYEE RETIREMENT SYSTEM

The Library contributes, through the Village, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. All disclosures for an agent plan can be found in the Village's comprehensive annual financial report.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. Investments are reported at fair value.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2015 was 11.55% of covered payroll. For the year ended December 31, 2015, salaries totaling \$4,333,255 were paid that required employer contributions of \$500,591, which was equal to the Library's actual contributions.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

At December 31, 2015, the Library reported a liability of \$3,156,543 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based in the Library's actual contribution to the plan for the year ended December 31, 2015 relative to the contributions of the Village, actuarially determined. At December 31, 2015, the Library's proportion was 26.87% of the total contribution to the plan.

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	5.00%
Discount rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund (Continued)

Investment Rate

The discount rate used to measure the total pension liability was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2015, the Library recognized pension expense of \$569,565. At December 31, 2015, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 216,617	\$ 241,809
Changes in assumption	450,395	-
Net difference between projected and actual earnings on pension plan investments	1,385,837	-
TOTAL	\$ 2,052,849	\$ 241,809

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

<u>Year Ending December 31,</u>	
2016	\$ 597,794
2017	597,794
2018	312,538
2019	302,914
TOTAL	\$ 1,811,040

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Library calculated using the discount rate of 7.48% as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension liability (asset)	\$ 6,447,088	\$ 3,156,543	\$ 446,830

9. INDIVIDUAL FUND DISCLOSURES

Individual fund advances are as follows:

	Advance To	Advance From
General	\$ -	\$ 2,093,685
Nonmajor Governmental Working Cash	2,093,685	-
TOTAL	\$ 2,093,685	\$ 2,093,685

The \$2,093,685 advance from the Working Cash Fund to the General Fund is to act as a funding source to provide cash flow when property tax collections are low.

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care insurance benefits (OPEB) for its eligible retired employees through a cost-sharing multiple employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Library's governmental activities.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Library provides pre and post-Medicare postemployment healthcare benefits to all retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the Library's retirement plan. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

All health care benefits are provided through the Village's health insurance plans. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

c. Funding Policy

All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees via the health insurance plan, which results in an implicit subsidy to the Library as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. For the fiscal year ending December 31, 2015, retirees contributed \$22,078 to the plan. Active employees do not contribute to the plan until retirement.

d. Membership

At December 31, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	5
Active employees	62
	<hr/>
TOTAL	67
	<hr/>
Participating employers	1
	<hr/> <hr/>

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligations

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 46,768	\$ 22,078	47.20%	\$ 85,779
2014	30,863	34,157	110.67%	61,088
2013	29,675	27,220	91.73%	64,382

The net OPEB obligation (NOPEBO) as of December 31, 2015 was calculated as follows:

Annual required contribution	\$ 46,603
Interest on net OPEB obligation	2,138
Adjustment to annual required contribution	<u>(1,973)</u>
Annual OPEB cost	29,675
Contributions made	<u>27,220</u>
Increase (decrease) in net OPEB obligation	24,691
Net OPEB obligation, beginning of year	<u>61,088</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 85,779</u>

The funded status of the plan as of December 31, 2015 was as follows:

Actuarial accrued liability (AAL)	\$ 537,331
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	537,331
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 4,008,252
UAAL as a percentage of covered payroll	13.41%

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligations (Continued)

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

f. Actuarial Methods and Assumptions

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

In the December 31, 2015 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 2.1% and an ultimate healthcare cost trend rate of 5.5%. These rates include a 4.0% inflation assumption for assumed compensation increases. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

11. RESTATEMENT

In 2015, the Library adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*.

The new standards require the Library to recognize a liability in its government-wide financial statements for the net pension liability associated with IMRF.

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. RESTATEMENT (Continued)

The governmental fund financial statements are not affected by the new standards. Pension expenditures in the governmental funds continue to be recognized equal to the total of (a) amounts paid by the Library to the pension plan and b) the change between the beginning and ending balances of amounts of contributions currently payable to the pension.

The beginning net position reported in the government-wide financial statements has been restated to reflect the new guidance as follows:

	<u>Governmental Activities</u>
NET POSITION, JANUARY 1, 2015, AS PREVIOUSLY REPORTED	\$ 10,462,534
IMRF net pension liability, beginning	<u>(1,915,137)</u>
NET POSITION, JANUARY 1, 2015, AS RESTATED	<u>\$ 8,547,397</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

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

For the Year Ended December 31, 2015

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property taxes	\$ 8,572,810	\$ 8,517,684
Personal property replacement taxes	51,250	49,439
Grants	67,160	75,321
Charges for services		
Fines	83,053	96,193
Copier income	22,393	19,402
Investment income	607	1,898
Program reimbursements	95,581	91,785
Miscellaneous	20,317	1,754
	8,913,171	8,853,476
EXPENDITURES		
Culture and recreation		
Administration	7,420,520	7,069,756
Building	517,400	411,149
Book and library materials	894,740	874,178
	8,832,660	8,355,083
NET CHANGE IN FUND BALANCE	\$ 80,511	498,393
FUND BALANCE, JANUARY 1		2,938,917
FUND BALANCE, DECEMBER 31		\$ 3,437,310

(See independent auditor's report.)

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2015

	<u>2015</u>
Actuarially determined contribution	\$ 495,291
Contributions in relation to the actuarially determined contribution	<u>500,591</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ (5,300)</u></u>
Covered-employee payroll	\$ 4,333,255
Contributions as a percentage of covered-employee payroll	11.55%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was 5-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 5.00% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2015

	<u>2015</u>
Employer's proportion of net pension liability	26.87%
Employer's proportionate share of net pension liability	\$ 3,156,543
Employer's covered-employee payroll	4,333,255
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.84%
Plan fiduciary net position as a percentage of the total pension liability	87.23%

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2015

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded (AAL) (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	\$ -	\$ 121,939	0.00%	\$ 121,939	\$ 4,626,300	2.64%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$ -	\$ 398,458	0.00%	\$ 398,458	\$ 4,857,641	8.20%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	\$ -	\$ 537,331	0.00%	\$ 537,331	\$ 4,008,252	13.41%

N/A - actuarial valuation not performed

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2015

<u>Year Ended December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2010	\$ 7,958	\$ 10,507	75.74%
2011	7,985	12,996	61.44%
2012	7,985	12,996	61.44%
2013	27,220	29,499	92.27%
2014	34,157	30,679	111.34%
2015	22,078	46,603	47.37%

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is prepared for the General Fund, Gift Fund, Debt Service Fund, and Building and Equipment Fund by function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Library Board of Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. The budget may be amended by the governing body. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were necessary.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

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

For the Year Ended December 31, 2015

	Original and Final Budget	Actual
CULTURE AND RECREATION		
Administration		
Salaries	\$ 5,340,300	\$ 5,116,049
FICA taxes	407,300	368,180
Unemployment taxes	10,000	7,087
IMRF employer contributions	501,300	496,591
Insurance - medical/life	659,000	632,966
Sales tax	150	84
Audit	5,000	5,850
Legal fees	40,000	27,326
Printing	36,600	36,576
Marketing	61,800	61,090
Resources	16,700	4,515
Dues and membership fees	7,000	5,284
Board training and development	4,000	955
Human resources	68,000	67,908
Other operating expenditures	7,100	7,364
Telecommunications	35,600	31,793
Insurance	76,000	69,668
Office supplies	26,000	17,861
Library supplies	20,000	14,738
Postage	17,700	17,068
Contract services	27,370	26,934
IT services	53,600	53,869
	<hr/>	<hr/>
Total administration	7,420,520	7,069,756
	<hr/>	<hr/>
Building		
Building maintenance	119,000	103,736
Equipment maintenance	108,000	71,730
Equipment rental	1,900	1,668
Janitorial supplies	57,000	48,918
Equipment	174,000	150,387
Utilities	57,500	34,710
	<hr/>	<hr/>
Total building	517,400	411,149
	<hr/>	<hr/>
Books and library materials		
Adult books	224,300	223,098
Adult audio	73,900	67,950
Youth books	130,000	129,071
Youth audio	40,900	40,358
Subscriptions	22,800	20,186
Electronic resources	163,000	166,611
Electronic media	36,000	35,249
Electronic services	9,600	8,749
Microform	11,500	10,349
Processing supplies	35,000	32,861
Programs	45,000	40,103
Miscellaneous programs	102,740	99,593
	<hr/>	<hr/>
Total books and library materials	894,740	874,178
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 8,832,660	\$ 8,355,083

(See independent auditor's report.)

MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS

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

For the Year Ended December 31, 2015

	Final Budget	Actual
REVENUES		
Property taxes	\$ 1,584,231	\$ 1,572,003
Investment income	160	538
	1,584,391	1,572,541
Total revenues	1,584,391	1,572,541
EXPENDITURES		
Debt service		
Principal retirement	1,155,000	1,155,000
Interest and fiscal charges	413,856	413,751
	1,568,856	1,568,751
Total expenditures	1,568,856	1,568,751
NET CHANGE IN FUND BALANCE	\$ 15,535	3,790
FUND BALANCE, JANUARY 1		718,794
FUND BALANCE, DECEMBER 31		\$ 722,584

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

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

For the Year Ended December 31, 2015

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 830	\$ 830
EXPENDITURES		
None	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 830</u>	830
FUND BALANCE, JANUARY 1		<u>2,092,855</u>
FUND BALANCE, DECEMBER 31		<u>\$ 2,093,685</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	Special Revenue	Capital Projects		Total
	Gift	Building and Equipment		
ASSETS				
Cash and investments	\$ 278,840	\$ 1,180,226	\$	1,459,066
Due from other governments	-	195,364		195,364
Interest receivable	730	-		730
TOTAL ASSETS	\$ 279,570	\$ 1,375,590	\$	1,655,160
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 169,922	\$	169,922
Total liabilities	-	169,922		169,922
DEFERRED INFLOWS OF RESOURCES				
None	-	-		-
Total deferred inflows of resources	-	-		-
Total liabilities and deferred inflows of resources	-	169,922		169,922
FUND BALANCES				
Restricted				
Specific donor purposes	279,570	-		279,570
Assigned				
Capital projects	-	1,205,668		1,205,668
Total fund balances	279,570	1,205,668		1,485,238
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 279,570	\$ 1,375,590	\$	1,655,160

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	Special Revenue	Capital Projects	
	Gift	Building and Equipment	Total
REVENUES			
Property taxes	\$ -	\$ 270,783	\$ 270,783
Intergovernmental	-	194,765	194,765
Gifts	7,032	-	7,032
Investment income	1,057	616	1,673
Miscellaneous income	1,724	-	1,724
 Total revenues	 9,813	 466,164	 475,977
EXPENDITURES			
Current			
Culture and recreation	6,137	-	6,137
Capital outlay	-	786,872	786,872
 Total expenditures	 6,137	 786,872	 793,009
 NET CHANGE IN FUND BALANCES	 3,676	 (320,708)	 (317,032)
 FUND BALANCE, JANUARY 1	 275,894	 1,526,376	 1,802,270
 FUND BALANCE, DECEMBER 31	 \$ 279,570	 \$ 1,205,668	 \$ 1,485,238

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

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

For the Year Ended December 31, 2015

	Original and Final Budget	Actual
REVENUES		
Gifts	\$ -	\$ 7,032
Investment income	-	1,057
Miscellaneous income	-	1,724
	-	9,813
Total revenues	-	9,813
EXPENDITURES		
Current		
Culture and recreation	60,000	6,137
Total expenditures	60,000	6,137
NET CHANGE IN FUND BALANCE	\$ (60,000)	3,676
FUND BALANCE, JANUARY 1		275,894
FUND BALANCE, DECEMBER 31		\$ 279,570

(See independent auditor's report.)

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

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

For the Year Ended December 31, 2015

	Final Budget	Actual
REVENUES		
Property taxes	\$ 272,250	\$ 270,783
Intergovernmental	191,159	194,765
Investment income	314	616
	<hr/>	<hr/>
Total revenues	463,723	466,164
	<hr/>	<hr/>
EXPENDITURES		
Capital outlay	500,000	786,872
	<hr/>	<hr/>
Total expenditures	500,000	786,872
	<hr/>	<hr/>
NET CHANGES IN FUND BALANCE	<u>\$ (36,277)</u>	(320,708)
FUND BALANCE, JANUARY 1		<hr/> 1,526,376
FUND BALANCE, DECEMBER 31		<hr/> \$ 1,205,668 <hr/>

(See independent auditor's report.)

SUPPLEMENTAL DATA

**MOUNT PROSPECT PUBLIC LIBRARY
MOUNT PROSPECT, ILLINOIS**

COMBINED SCHEDULE OF CASH AND INVESTMENTS
ALL FUNDS

December 31, 2015

Fund	Cash on Hand	Deposits			Investments		Total
		JPMorgan Chase Demand	JPMorgan Chase Savings	MB Financial Bank Demand	Illinois Funds	Certificate of Deposit	
General	\$ 1,950	\$ 119,067	\$ 100,052	\$ -	\$ 5,488,477	\$ -	\$ 5,709,546
Special Revenue Gift	-	-	-	63,840	-	215,000	278,840
Debt Service	-	-	-	-	718,909	-	718,909
Capital Projects Building and Equipment	-	-	-	-	1,180,226	-	1,180,226
TOTAL	\$ 1,950	\$ 119,067	\$ 100,052	\$ 63,840	\$ 7,387,612	\$ 215,000	\$ 7,887,521

(See independent auditor's report.)