

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Eight Months Ended
December 31, 2013

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Members of the Public Library Board
Deerfield Public Library
Deerfield, Illinois

We have audited the accompanying financial statements of the governmental activities and the major fund of the Deerfield Public Library (the Library), as of and for the eight months ended December 31, 2013, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Deerfield Public Library, as of December 31, 2013, and the respective changes in financial position, thereof for the eight months then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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



Naperville, Illinois
May 12, 2014

DEERFIELD PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

As the management of the Deerfield Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the eight-month fiscal period ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's financial statements (beginning on page 3).

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

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Historically, the primary focus of local government financial statements has been summarized by fund type information on a current financial resource basis. This approach was modified by Government Accounting Standards Board (GASB) Statement No. 34. Now, the Library's financial report presents two kinds of statements, each with a different snapshot of the Library's finances. The focus of the government-wide financial statements is on the Library as a whole on an accrual basis. The statements that show the Library as a major fund provide information on the financial resources available and used by the Library within this transitional eight-month fiscal period, May 1 to December 31, as we change our fiscal year to match the calendar year. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Library's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The focus of the *Statement of Net Position* (page 3) is to present information on all of the Library's assets and liabilities and deferred inflows, with the difference between the two reported as net position. The *Statement of Net Position* combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and the economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The *Statement of Activities* (page 4) presents information showing how the Library's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

These government-wide financial statements (see pages 3 and 4) describe functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and readers' services, youth and adult programs, interlibrary loan and outreach services, and its growing technological development which will provide an on-line and virtual library accessibility for its community patrons.

Fund Financial Statements

Fund financial statements (pages 5 to 8) will be more familiar to traditional users of governmental financial statements. The focus of the presentation is on the major fund rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The Library is presented as a single governmental fund. A governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* (page 5) and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* (page 7), provide a reconciliation to facilitate this comparison. They are:

- Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position (page 6), and
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Governmental Activities in the Statement of Activities (page 8).

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT (continued)

The Library adopts an annual budget for its governmental fund, as well as adopting an annual appropriation. For the transition from a fiscal year to a calendar year, the Library continued to use the annual budget as its budgetary guide, prorating operational expenses that occur throughout the year, such as payroll. Schedule demonstrating compliance with the budget can be found on pages 22 and 25 of this report.

Notes to the Financial Statement

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 21 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information reflecting the Library's progress in funding its expenditures and changes in fund balance. Required supplementary information can be found on pages 22 through 24 of this report.

Financial Analysis of the Library as a Whole

In accordance with GASB Statement No. 34, the Library presents here comparative financial information for governmental activities, net position, as well as the original appropriation to actual expenditures. In addition, the following information provides a brief financial analysis of the Library as a whole.

GOVERNMENT-WIDE STATEMENTS

Net Position

The Library's net position increased by about \$2 million during the eight-month fiscal period 2013A, ending December 31, 2013. The primary cause of this increase is the major library improvements which were primarily completed in June, 2013. Of the \$2 million increase, \$1.5 is an increase in capital assets, net of accumulated depreciation.

The table on the following page reflects a condensed *Statement of Net Position* as of April 30, 2013 and December 31, 2013, represented as 2013A. For more detailed information, see the Statement of Net Position on page 3.

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS (continued)

**Table 1
Statement of Net Position – Comparative Summaries**

Governmental Activity

Fiscal Year Ending April 30 th Eight-Month Fiscal Period Ending December 31st	<u>2013A</u>	<u>2013</u>
Assets		
Current and Other Assets	\$ 9,107,419	\$ 9,767,642
Capital Assets (Net of Accumulated Depreciation)	<u>13,559,831</u>	<u>12,039,952</u>
Total Assets	<u>22,667,250</u>	<u>21,807,594</u>
Liabilities and Deferred Inflows		
Long-Term Liabilities	10,837,102	10,808,170
Other Liabilities	138,892	1,482,751
Deferred Inflows	<u>4,274,572</u>	<u>4,121,113</u>
Total Liabilities and Deferred Inflows	<u>15,250,566</u>	<u>16,412,034</u>
Net Position		
Net Investment in Capital Assets	2,924,831	1,431,286
Unrestricted	<u>4,491,853</u>	<u>3,964,274</u>
Total Net Position	<u>\$ 7,416,684</u>	<u>\$ 5,395,560</u>

Total assets increased almost \$860,000 primarily because of the additional assets obtained at the completion of the major Library Improvement Project. The decrease in total liabilities and deferred inflows is also related to the renovation project. Total accounts payable were reduced by over \$1.3 million as the construction costs were paid and the Village provided the bond-related funding.

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS (continued)

Activities

The following table summarizes the revenue and expenses of the Library for fiscal year 2012/13 ending April 30, 2013, and the eight-month period ending December 31, 2013, noted as 2013A. It also shows the change in net position of \$2.02 million and the elements that contributed to that change. Property taxes, which provide about 98% of the Library's funding, increased only \$224,509, but the current fiscal period is only eight months, instead of twelve, as the Library is changing to a December yearend.

**Table 2
Changes in Net Position**

Governmental Activity: Library

Fiscal Year Ending April 30 th		2013
Eight-Month Fiscal Period Ending December 31st	<u>2013A</u>	<u>2013</u>
Revenues		
Program Revenues		
Charges for Services	\$ 47,239	\$ 71,244
Operating Grants	18,729	18,690
Capital Grants	0	125,000
General Revenues		
Property Taxes	4,179,082	3,954,573
Replacement Tax	46,294	75,125
Investment Income	4,195	11,615
Gain on sale of surplus property	1,000	16,183
Miscellaneous	3,815	102,325
Total General Revenues	<u>4,234,386</u>	<u>4,159,824</u>
Total Revenues	<u>4,300,354</u>	<u>4,374,755</u>
Expenses		
Culture and Recreation	<u>2,279,230</u>	<u>3,587,502</u>
Total Expenses	<u>2,279,230</u>	<u>3,587,502</u>
Change in Net Position	2,021,124	787,253
Total Net Position, Beginning of Year	<u>5,395,560</u>	<u>4,608,307</u>
Total Net Position, End of Year	<u>\$ 7,416,684</u>	<u>\$ 5,395,560</u>

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

EIGHT-MONTH FISCAL PERIOD 2013A FINANCIAL OVERVIEW

The following schedule provides a summary of the Library's income by source, and the expenses by category during the eight-month fiscal period ending December 31, 2013.

INCOME SOURCES

Local Property and other Taxes	98.3%
Fees and Charges	1.1%
Grants, Gifts and Memorials	0.4%
Miscellaneous	0.1%
Investment Income	0.1%
Total Income:	\$ 4,300,354

EXPENSES BY CATEGORY

Culture and Recreation	100.0%
Total Expenses:	\$ 2,279,230

IMPACTS

Revenues

The financial statements show a decrease in revenues by about \$74,400. In fiscal year 2012/13, the Library had received a capital grant in the amount of \$125,000 and this was not repeated in the eight-month fiscal period 2013A. Replacement taxes are \$29,000 less than the amount received in the prior year, but this is due to the change of the fiscal year and the shorter duration of fiscal period 2013A. Property tax revenue increased by about \$224,500 for operating the renovated and expanded facility, and will need to cover the months of January through May, when property tax receipts are negligible. Property taxes levied for the 2011A and 2013 G.O. Bonds, issued by the Village for the Library Improvement Project, will remain relatively flat throughout the life of the debt service requirements. The Library received the State's Per Capita Grant, but it increased by only \$40 over the amount issued in the prior year. The Library was functioning in a temporary location until May of 2013, closed for a month to move back to the renovated building, and reopened in June, 2013.

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

EIGHT-MONTH FISCAL PERIOD 2013A FINANCIAL OVERVIEW (continued)

In fiscal year 2012/2013, the Village provided about \$10 million from the sale of G.O. Bonds for the Library Improvement Project construction costs. Another \$500,000 was received by the Library in the 2013A fiscal period. This source of funding is not shown in the *Statement of Activities* because it relates to the acquisition of a capital asset and an increase of a debt. The dollar-received for dollar-spent transactions between the Library and Village can be seen in the increases in long-term debt and the changes in construction-in-progress to capital assets on the Library's *Statement of Net Position*.

Expenses

Total expenses decreased by about \$1.3 million as the Library Improvement Project was finalized. As required by GASB Statement No. 34, depreciation expense, in the amount of \$80,671, is included in the *Statement of Activities*. The annual amount of depreciation expense will increase as assets acquired during the Library Improvement Project are added.

FINANCIAL ANALYSIS OF THE LIBRARY FUND

The Deerfield Public Library has one fund, a governmental fund, named the Library Fund. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. As of December 31, 2013, the Library Fund (as presented on the *Balance Sheet*, page 5) has a fund balance of \$4,693,955, showing an increase of \$530,177. This increase will help provide funding for the months of January through May, when property tax receipts are negligible.

For six of the eight-months in the 2013A transitional fiscal period, Library operations were expanded to meet the needs of the newly renovated building. Major construction costs started winding down and, for the most part, are substantially completed. There are a few renovation items that not yet been completed, and some funding has been held in fund balance to address these in the new fiscal year.

Other financing sources include the bond proceeds contributed by the Village toward the library improvement project; and, the other financing uses represent the principal payments provided to the Village

The schedule on the following page, Table 3, provides a comparison of the Library's Original Appropriation to Actual, as of December 31, 2013, and a summary of the change in fund balance.

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

**Table 3
Eight-Month Fiscal Period 2013A General Fund Budgetary Highlights**

		<u>Actual</u>
Revenues		
Taxes		\$ 4,225,376
Investment Income		4,195
Charges for Services (fines, fees, copying/printing)		47,239
Grants		18,729
Gifts and Other		<u>3,815</u>
Total Revenues		4,299,354
Other Financing Sources		<u>542,334</u>
Total Revenues & Other Financing Sources		<u>\$ 4,841,688</u>
	<u>Original Appropriation</u>	
Expenditures		
Culture and Recreation	\$ 3,522,637	\$ 1,999,187
Debt Service – Interest		227,476
Capital Outlay	<u>4,087,633</u>	<u>1,569,848</u>
Total Expenditures	<u>\$ 7,610,270</u>	3,796,511
Other Financing Uses		<u>515,000</u>
Total Expenses & Other Financing Uses		<u>4,311,511</u>
Change in Fund Balance		<u><u>\$ 530,177</u></u>

The Library Board of Trustees decided to use the original budget, planned for fiscal year 2013/14, as a budgetary guide for the eight-month transition period ending December 31, 2013.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Capital Assets

In fiscal year 2012/13, the Library's investment in governmental activity capital assets (net of accumulated depreciation) increased by almost \$10.8 million, from \$1.2 million to over \$12 million. By December 31, 2013, it increased by another \$1.5 million. At the end of fiscal year 2012/13, Construction in Progress was shown in excess of \$11.6 million. Now it has been reduced to zero. Building has increased by over \$12 million, and equipment increased by over \$1 million. These increases are due to the Library Improvement Project. See Note 4 for further information regarding capital assets.

The following schedule reflects the Library's capital asset balances as of December 31, 2013.

**Table 4
Balance of Capital Assets at the End of the Eight-Month Fiscal Period
December 31, 2013**

Governmental Activity – Library	
Capital Assets Not Being Depreciated	
Land	\$ 65,493
Construction in Progress	<u>0</u>
Total Capital Assets Not Being Depreciated	<u>65,493</u>
Capital Assets Being Depreciated	
Building	13,111,558
Equipment	<u>1,632,190</u>
Total Capital Assets Being Depreciated	<u>14,743,748</u>
Less accumulated depreciation for	
Building	1,026,664
Equipment	<u>222,746</u>
Total Accumulated Depreciation	<u>1,249,410</u>
Total Capital Assets Being Depreciated, Net	<u>13,494,338</u>
Governmental Activity - Library Capital Assets, Net	<u><u>\$ 13,559,831</u></u>

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Long-Term Debt (continued)

Table 5, on the next page, summarizes the Library's outstanding long-term debt, as of December 31, 2013. In fiscal year 2012/13, the Library's long-term debt increased by \$9.8 million as the Library continued to get funding from the Village for the on-going renovation and construction. The Village provided the funding from G.O. Bonds it had issued for the Library Improvement Project. These bond issuances are recognized as Village debt, but starting June 1, 2012, the Library began to receive the property taxes levied for the G.O. debt and will pay the principle and interest to the Village as it comes due.

**Table 5
Balance of Long-Term Debt at the End of
The Eight-Month Fiscal Period and the Prior Fiscal Year**

	December 31 2013	April 30 2013
Compensated absences	\$ 112,158	\$ 113,906
Due to Village	10,635,000	10,608,666
Other Postemployment Benefit Obligations	89,944	85,598
	\$ 10,837,102	\$ 10,808,170
Total Long-Term Liabilities	\$ 10,837,102	\$ 10,808,170

Please see Note 5 for further information regarding the Library's long-term debt.

Economic Factors

The Deerfield Public Library is a village library, whose boundaries match those of the Village of Deerfield, and it shares the same taxing capabilities of the Village, a home-rule entity. The Library automatically grows when the Village annexes additional properties. The Library Board annually reviews the policy of allowing non-residents in nearby areas to purchase library services. For many years, the areas without other access to library service have included residents in Bannockburn, Riverwoods, and unincorporated Deerfield. This policy was in effect during the eight-month fiscal period.

The community of Deerfield passed a popular referendum during fiscal year 2010/11 which allowed the Library to proceed with a major building improvement plan. The voter-approved plan included the use of fund balance and general obligation debt, issued by the Village, to fund the project. The Village was able to issue the bonds in 2011 and 2013 with rates much lower than originally anticipated.

(See independent auditor's report)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY FUND (continued)

Economic Factors (continued)

During the 2012 and 2013 renovation, the Library moved to a temporary location which was smaller than the original site. It reduced programs, condensed the collections, and trimmed all other operating costs, leaving many positions unfilled.

The open house for the new facility was held in June 2013, and it was grandly supported by community members, local businesses, and political representatives. The Library's collections and their usage are growing, staffing has been reestablished, and the new focus is on programs and technological accessibility. Relatively minor renovations, such as adjustments to furnishings and signage, continue to be addressed. The Friends of the Deerfield Library, an independent, community-based, non-profit support group, has grown tenfold. It is their goal to support and promote the Library's mission in the community and their enthusiasm reflects the community's support for the Library.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Mary Pergander, Library Director, at Deerfield Public Library, 920 Waukegan Road, Deerfield, Illinois, 60015.

(See independent auditor's report)

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**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,722,648
Receivables, net of allowance where applicable	
Property taxes	4,274,572
Due from other government	2,165
Interest receivable	2,052
Prepaid items	105,982
Capital assets	
Capital assets not being depreciated	65,493
Capital assets being depreciated, net of accumulated depreciation	<u>13,494,338</u>
 Total assets	 <u>22,667,250</u>
LIABILITIES	
Accounts payable	85,119
Accrued payroll	53,773
Noncurrent liabilities	
Due within one year	90,084
Due in more than one-year	<u>10,747,018</u>
 Total liabilities	 <u>10,975,994</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable property taxes	<u>4,274,572</u>
 Total deferred inflows of resources	 <u>4,274,572</u>
 Total liabilities and deferred inflows of resources	 <u>15,250,566</u>
NET POSITION	
Net investment in capital assets	2,924,831
Unrestricted	<u>4,491,853</u>
 TOTAL NET POSITION	 <u>\$ 7,416,684</u>

See accompanying notes to financial statements.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Eight Months Ended December 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants	Capital Grants	Revenue and Change in Net Position Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation	\$ 2,279,230	\$ 47,239	\$ 18,729	\$ -	\$ (2,213,262)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,279,230	\$ 47,239	\$ 18,729	\$ -	(2,213,262)
		General Revenues			
		Taxes			
		Property			4,179,082
		Replacement			46,294
		Investment income			4,195
		Gain on sale of surplus property			1,000
		Miscellaneous			3,815
		Total			4,234,386
		CHANGE IN NET POSITION			2,021,124
		NET POSITION, MAY 1			5,395,560
		NET POSITION, DECEMBER 31			\$ 7,416,684

See accompanying notes to financial statements.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUND**

December 31, 2013

	General
ASSETS	
Cash and investments	\$ 4,722,648
Property taxes receivable	4,274,572
Due from other government	2,165
Interest receivable	2,052
Prepaid items	<u>105,982</u>
TOTAL ASSETS	<u><u>\$ 9,107,419</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 85,119
Accrued payroll	<u>53,773</u>
Total liabilities	<u>138,892</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable property taxes	<u>4,274,572</u>
Total deferred inflows of resources	<u>4,274,572</u>
Total liabilities and deferred inflows of resources	<u>4,413,464</u>
FUND BALANCE	
Nonspendable	105,982
Unrestricted	
Assigned - Jack Hicks Scholarship Fund	2,006
Unassigned	<u>4,585,967</u>
Total fund balance	<u>4,693,955</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 9,107,419</u></u>

See accompanying notes to financial statements.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

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

December 31, 2013

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 4,693,955
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	13,559,831
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(112,158)
Due to the Village	(10,635,000)
Other postemployment benefit obligation	<u>(89,944)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,416,684</u></u>

See accompanying notes to financial statements.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

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

For the Eight Months Ended December 31, 2013

	<u>General</u>
REVENUES	
Taxes	
Property	\$ 4,179,082
Replacement	46,294
Intergovernmental	
Grants	18,729
Charges for services	
Nonresident fees	2,942
Fees, fines and penalties	40,447
Photocopying	3,850
Investment income	4,195
Miscellaneous	
Other	21
Gifts	3,794
	<hr/>
Total revenues	4,299,354
	<hr/>
EXPENDITURES	
Culture and recreation	3,569,035
Debt service	
Interest	227,476
	<hr/>
Total expenditures	3,796,511
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	502,843
	<hr/>
OTHER FINANCING SOURCES (USES)	
Sale of surplus property	1,000
Loan proceeds from the Village	541,334
Contributions to the Village - principal	(515,000)
	<hr/>
Total other financing sources (uses)	27,334
	<hr/>
NET CHANGE IN FUND BALANCE	530,177
	<hr/>
FUND BALANCE, MAY 1	4,163,778
	<hr/>
FUND BALANCE, DECEMBER 31	\$ 4,693,955
	<hr/> <hr/>

See accompanying notes to financial statements.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

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

For the Eight Months Ended December 31, 2013

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 530,177
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	1,600,550
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds	(80,671)
Bonds issued by the Village on behalf of the Library and remitted to the Library are reported as an other financing source in the governmental funds, but not on the statement of activities	(541,334)
Payments made to the Village to pay for the principal due on the bonds issued by the Village on behalf of the Library are reported as an other financing use in the governmental funds, but not on the statement of activities	515,000
The change in compensated absences payable is reported as an expenditure when paid in governmental funds but as a change in compensated absences payable and expenses in the statement of activities	1,748
The change in other postemployment benefit obligation is reported as an expenditure when paid in governmental funds but as an increase of other postemployment benefit and expense in the statement of activities	<u>(4,346)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,021,124</u></u>

See accompanying notes to financial statements.

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Library is a library corporation governed by a seven member board of trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Village of Deerfield, 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 number of funds are maintained consistent with legal and managerial requirements.

Funds are classified as governmental funds.

The General Fund, a governmental fund, is used to account for all of the Library's general activities.

c. Government-Wide and Fund Financial Statements

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

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. 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 fund:

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

d. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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 recognizes property taxes when they become both measurable and available in the year intended to finance. A one-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

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

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting (Continued)

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

e. Investments

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value.

f. Capital Assets

Capital assets, which include land, buildings and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one-year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	45
Equipment	7

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Compensated Absences

Vested or accumulated vacation and sick leave, including related social security and medicare, that is owed retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and sick leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees.

h. Deferred Outflows/Inflows of Resources

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

i. Fund Equity/Net Position

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

Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Library Director through the approved fund balance policy of the Library. Any residual fund balance of the General Fund and any deficits in other funds, if any, is reported as unassigned.

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

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Equity/Net Position (Continued)

In the government-wide and proprietary fund financial statements, restricted net position is legally restricted by outside parties for a specific purpose. At December 31, 2013, no net position restrictions were the result of enabling legislation adopted by the Library. Net investment in capital assets represents the Library's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net position consists of net position that does not meet the definition of restricted or net investments in capital assets.

2. DEPOSITS AND INVESTMENTS

a. Deposits with Financial Institutions

Permitted Deposits and Investments - The Illinois Compiled Statutes (ILCS) 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 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 Fund's share price, which is the price the investment could be sold for.

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

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral held by the Library's agent with a fair value of 100% of all bank balances in excess of federal depository insurance. At December 31, 2013, all of the Library's bank balances were insured or collateralized.

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

In accordance with the Library's investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields. The investment policy limits the maximum maturity length of investments to one year from date of purchase, unless matched to a specific cash flow. Reserve funds may be invested in securities exceeding one year if the maturity of such funds are made to coincide as nearly as practicable with the expected use of the funds.

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 Illinois Funds, which is 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 possession of an outside party. Illinois Funds is not subject to custodial credit risk.

3. RECEIVABLES - TAXES

Property taxes for the 2013 levy year attach as an enforceable lien on January 1, 2013 on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the Cook County and issued on or about February 1, 2014 and August 1, 2014 and are payable in two installments, on or about March 1, 2014 and September 1, 2014. Tax bills are prepared by Lake County and are issued on or about May and August 1 and are payable in two installments, on or about June 1 and September 1. The Counties collect such taxes and remit them periodically.

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 65,493	\$ -	\$ -	\$ 65,493
Construction in progress	11,541,494	-	11,541,494	-
Total capital assets not being depreciated	11,606,987	-	11,541,494	65,493
Capital assets being depreciated				
Buildings	1,050,000	12,061,558	-	13,111,558
Equipment	551,704	1,080,486	-	1,632,190
Total capital assets being depreciated	1,601,704	13,142,044	-	14,743,748
Less accumulated depreciation for				
Buildings	1,003,331	23,333	-	1,026,664
Equipment	165,408	57,338	-	222,746
Total accumulated depreciation	1,168,739	80,671	-	1,249,410
Total capital assets being depreciated, net	432,965	13,061,373	-	13,494,338
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$12,039,952	\$13,061,373	\$11,541,494	\$13,559,831

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES		
Culture and recreation		<u>\$ 80,671</u>

5. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the eight months ended December 31, 2013:

	Balance, May 1	Additions	Retirements	Balance, December 31	Current Portion
Compensated absences	\$ 113,906	\$ 95,995	\$ 97,743	\$ 112,158	\$ 90,084
Due to Village	10,608,666	541,334	515,000	10,635,000	-
Other postemployment benefit obligation	85,598	4,346	-	89,944	-
TOTAL LONG-TERM LIABILITIES	\$10,808,170	\$ 641,675	\$ 612,743	\$ 10,837,102	\$ 90,084

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

Due to the Village

On October 17, 2011, the Village issued \$9,900,000 in General Obligation Bonds, Series 2011A, of which \$5,900,000 was for the Library Improvement Project. On January 3, 2013, the Village issued \$9,075,000 in General Obligation Bonds, Series 2013, of which \$5,875,000 was for the Library Improvement Project. These bonds are in the Village's name and are a liability of the Village. As funds are needed for the renovation project, money is transferred from the Village to the Library. The Library receives property tax collections to pay for the bond principal and interest and then remits the funds to the Village as the principal and interest payments become due.

The amount due to the Village as of December 31, 2013 reflects total principal due less cash on hand held by the Village.

The Library will be levying the required amount annually and remitting the funds to the Village for principal and interest payments as follows:

Fiscal Year	2011A Principal	2011A Interest	2013 Principal	2013 Interest	Total
2014	\$ 245,000	\$ 114,780	\$ 255,000	\$ 115,601	\$ 730,381
2015	250,000	112,330	260,000	110,501	732,831
2016	250,000	109,830	265,000	105,301	730,131
2017	255,000	106,705	265,000	100,001	726,706
2018	260,000	102,880	270,000	94,701	727,581
2019	265,000	98,330	275,000	89,301	727,631
2020	270,000	93,030	280,000	83,801	726,831
2021	280,000	87,630	285,000	78,201	730,831
2022	285,000	82,030	290,000	72,501	729,531
2023	295,000	75,618	295,000	66,701	732,319
2024	305,000	68,538	300,000	60,801	734,339
2025	315,000	60,913	305,000	54,801	735,714
2026	325,000	52,408	310,000	48,701	736,109
2027	335,000	43,470	320,000	42,501	740,971
2028	350,000	33,420	325,000	36,101	744,521
2029	365,000	22,920	335,000	29,195	752,115
2030	380,000	11,970	340,000	21,825	753,795
2031	-	-	630,000	14,175	644,175
TOTAL	\$ 5,030,000	\$ 1,276,802	\$ 5,605,000	\$ 1,224,710	\$ 13,136,512

6. RISK MANAGEMENT

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

7. PENSION COMMITMENTS

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

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

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

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

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

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Library, under the sponsorship of the Village, is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. For the calendar year ended December 31, 2013, the employer rate was 14.09% of covered payroll of \$979,583. Total payroll for the year was \$991,131. A separate actuarial valuation for library employees is not performed. Actuarial information regarding IMRF is presented in the Village's Comprehensive Annual Financial Report.

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. PENSION COMMITMENTS (Continued)

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

The actuarial accrued liability for the Village as a whole as of December 31, 2013 and 2012 was \$20,224,889 and \$19,697,729, respectively. The actuarial value of assets at these dates was \$12,514,897 and \$13,985,637, respectively, resulting in an unfunded actuarial accrued liability as of December 31, 2013 and 2012 of \$6,239,252 and \$7,182,832, respectively. The Library's contribution for the eight month period ended December 31, 2013 and year ended April 30, 2013 represented 20.00% and 18.00%, respectively, of the total amount contributed by the Village.

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual. 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.

b. Benefits Provided

The Library provides pre and post-Medicare postretirement health insurance to 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. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At December 31, 2013 membership consisted of:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>20</u>
TOTAL	<u>21</u>
Participating employers	<u>1</u>

d. Funding Policy

The Library is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2012	\$ 16,952	\$ 2,406	14.19%	\$ 70,955
4/30/2013	17,049	2,406	14.11%	85,598
12/31/2013	8,687	4,344	50.00%	89,944

DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of December 31, 2013, was calculated as follows:

Annual required contribution	\$ 8,116
Interest on net OPEB obligation	3,424
Adjustment to annual required contribution	<u>(2,853)</u>
Annual OPEB cost	8,687
Contributions made	<u>4,341</u>
Increase in net OPEB obligation	4,346
Net OPEB obligation, beginning of year	<u>85,598</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 89,944</u>

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

Actuarial accrued liability (AAL)	\$ 56,664
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	56,664
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,440,178
UAAL as a percentage of covered payroll	3.93%

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.

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

In the April 30, 2013 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return and an initial healthcare cost trend rate of 8.00% with an ultimate healthcare inflation rate of 6.00%. Both rates include a 3.00% inflation assumption and 4.00% wage inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013, was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

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

For the Eight Months Ended December 31, 2013

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property	\$ 4,105,867	\$ 4,179,082
Replacement	40,000	46,294
Intergovernmental		
Grants	18,000	18,729
Charges for services		
Nonresident fees	10,000	2,942
Fees, fines and penalties	45,000	40,447
Photocopying	7,000	3,850
Investment income	7,000	4,195
Miscellaneous		
Other	1,875,000	21
Gifts	10,000	3,794
	<u>6,117,867</u>	<u>4,299,354</u>
EXPENDITURES		
Culture and recreation	7,610,270	3,569,035
Debt service		
Interest	727,230	227,476
	<u>8,337,500</u>	<u>3,796,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,219,633)</u>	<u>502,843</u>
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	3,000	1,000
Loan proceeds from the Village	1,875,000	541,334
Contributions to the Village - principal	-	(515,000)
	<u>1,878,000</u>	<u>27,334</u>
NET CHANGE IN FUND BALANCE	<u>\$ (341,633)</u>	<u>530,177</u>
FUND BALANCE, MAY 1		<u>4,163,778</u>
FUND BALANCE, DECEMBER 31		<u>\$ 4,693,955</u>

(See independent auditor's report.)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2013

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 83,630	0.00%	\$ 83,630	\$ 1,126,697	7.42%
2010	-	99,307	0.00%	99,307	1,171,765	8.47%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	56,664	0.00%	56,664	1,440,178	3.93%
2013A	-	56,664	0.00%	56,664	1,440,178	3.93%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 200	\$ 14,000	1.43%
2010	664	15,544	4.27%
2011	2,406	16,576	14.51%
2012	2,406	16,576	14.51%
2013	2,406	16,576	14.51%
2013A	4,341	8,116	53.49%

N/A - Information not available

A - The Village changed fiscal year ends from April 30 to December 31 as of 2013.

(See independent auditor's report.)

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

The budget is adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted at the fund level for the General Fund. All annual appropriations lapse at fiscal year end.

The Library Board has the authority to approve the budget for the General (Public Library) Fund; the Village Board approves the tax levy for that fund. 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 supplemental appropriations were necessary.

SUPPLEMENTAL DATA

**DEERFIELD PUBLIC LIBRARY
DEERFIELD, ILLINOIS**

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

For the Eight Months Ended December 31, 2013

	Original and Final Budget	Actual
CULTURE AND RECREATION		
Personnel services	\$ 2,420,094	\$ 1,351,900
Training and development	33,000	12,441
Contractual services	549,043	368,196
Commodities	520,500	244,340
Utilities	-	22,310
Capital outlay	4,087,633	1,569,848
TOTAL CULTURE AND RECREATION	\$ 7,610,270	\$ 3,569,035

(See independent auditor's report.)