

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

A component unit of the Village of Arlington Heights, Illinois

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ANNUAL FINANCIAL REPORT

FOR THE EIGHT MONTHS ENDED  
DECEMBER 31, 2015

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Table of Contents**

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|                                                                                                                                                         | <b>PAGE</b>            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b><u>FINANCIAL SECTION</u></b>                                                                                                                         |                        |
| <b>INDEPENDENT AUDITORS' REPORT .....</b>                                                                                                               | <b>1 - 2</b>           |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>                                                                                                       | <b>MD&amp;A 1 - 13</b> |
| <b>BASIC FINANCIAL STATEMENTS</b>                                                                                                                       |                        |
| Government-Wide Financial Statements                                                                                                                    |                        |
| Statement of Net Position .....                                                                                                                         | 3                      |
| Statement of Activities .....                                                                                                                           | 4                      |
| Fund Financial Statements                                                                                                                               |                        |
| Balance Sheet.....                                                                                                                                      | 5                      |
| Reconciliation of Total Governmental Fund Balance to Net Position – Governmental Activities .....                                                       | 6                      |
| Statement of Revenues, Expenditures and Changes in Fund Balances .....                                                                                  | 7                      |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in<br>Fund Balances to the Statement of Activities – Governmental Activities..... | 8                      |
| Notes to the Financial Statements.....                                                                                                                  | 9 - 27                 |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>                                                                                                               |                        |
| Schedule of Funding Progress and Employer Contributions                                                                                                 |                        |
| Other Post-Employment Benefits Plan .....                                                                                                               | 28                     |
| Schedule of Employer Contributions                                                                                                                      |                        |
| Illinois Municipal Retirement Fund.....                                                                                                                 | 29                     |
| Schedule of Changes in the Employer's Net Pension Liability                                                                                             |                        |
| Illinois Municipal Retirement Fund.....                                                                                                                 | 30                     |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual                                                                      |                        |
| General Fund.....                                                                                                                                       | 31                     |
| <b>OTHER SUPPLEMENTARY INFORMATION</b>                                                                                                                  |                        |
| Schedule of Expenditures – Budget and Actual – General Fund.....                                                                                        | 32 - 34                |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual                                                                      |                        |
| Capital Projects Fund.....                                                                                                                              | 35                     |

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Library's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

April 15, 2016

Members of the Board of Trustees  
Arlington Heights Memorial Library  
Arlington Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, as of and for the eight months ended December 31, 2015, and the related notes to the 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 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 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 Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, as of December 31, 2015, and the respective changes in financial position for the eight months then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 financial statements that collectively comprise the Arlington Heights Memorial Library, a component unit of the Village of Arlington Heights, Illinois, basic financial statements. The individual fund budgetary comparison schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 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 individual fund budgetary comparison schedules and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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**Introduction**

This is a narrative overview and analysis of the financial activities of the Arlington Heights Memorial Library for the most recent fiscal year, the 8-month period ended December 31, 2015. Readers are encouraged to consider the information presented here in conjunction with the information provided in the library’s financial statements.

**Change in Fiscal Year**

The Arlington Heights Memorial Library, as a discretely presented component unit of the Village of Arlington Heights (the village), has changed its fiscal year, in conjunction with the village. Effective January 1, 2016, the village and library changed from a May 1 – April 30 fiscal year to calendar year reporting. As a result, an 8-month fiscal year was required to make this transition. With the tax levy decision occurring in December, as required by the state, the village board approved the change to calendar year reporting to provide for a clearer budget process. Now, decisions on the tax levy and the upcoming year’s budget are made simultaneously.

The consequences of this change to the contents of this report are numerous. For all financial statements identifying the library’s position or status at a specific point in time, the measuring point has changed from April 30 to December 31. December 31 will be the measuring point for these statements going forward.

Within the Basic Financial Statements and Supplementary Information sections of the financial report, the statements which measure the library’s position at a point in time are:

- Statement of Net Position – page 3
- Balance Sheet – page 5
- Reconciliation of Total Governmental Fund Balance to Net Position – Governmental Activities – page 6
- Capital Assets – page 16
- Fund Balance Classifications – page 18
- Illinois Municipal Retirement Fund (IMRF) Liability – pages 20-24 and 29-30
- Net Other Post-Employment Benefits (OPEB) Obligation – pages 26 and 28
- Other Post-Employment Benefits Plan Funded Status – page 27

Within the Management Discussion & Analysis (MD&A) section, the statements which identify the library’s position at a point in time are:

- Table 1 (Summary of the Statement of Net Position) – page MD&A 5
- Table 4 (Capital Assets) – page MD&A 10

For all financial statements identifying library activity over a period of time, the period of time (fiscal year) for this report is 8 months rather than the normal 12 months. Within the Basic Financial Statements



and Supplementary Information sections of the financial report, the statements which measure the library's activity over a period of time are:

- Statement of Activities – page 4
- Statement of Revenues, Expenditures and Changes in Fund Balances – page 7
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities – page 8
- Interfund Transfers – page 16
- Long Term Liability Activity – page 17
- General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – page 31
- General Fund – Schedule of Expenditures – Budget and Actual – pages 32-34
- Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – page 35

Within the MD&A section, the statements which measure library activity over a period of time are:

- Table 2 (Changes in Net Position) – page MD&A 6
- Table 3 (Summary Statement of Revenues and Expenditures) – page MD&A 7
- Composition of Total Revenue pie chart – page MD&A 8
- Composition of Total Expenditures pie chart – page MD&A 9
- Capital Outlay – page MD&A 10
- Table 5 (General Fund) – page MD&A 11
- Table 6 (Capital Projects Fund) – page MD&A 12

The timing of revenues and expenditures within the year affects the statements which measure the library's position at a point in time. Real estate tax revenue is primarily received in two large blocs coinciding with the two payments made by taxpayers during the year. While some expenditures are seasonal, most expenditures, with the exception of expenditures for equipment or capital outlays, occur with relative regularity throughout the year.

All future financial reports will cover 12-month fiscal years, ending on December 31. This will allow for more useful comparisons of the library's financial position and activity from year to year.

### **GASB 68 and Net Position Restatement**

This report includes the implementation of Government Accounting Standards Board (GASB) Statement 68, which requires governmental entities that provide defined benefit pensions to recognize their long-term obligations for pension benefits for the first time. Eligible library employees contribute to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. The implementation of GASB 68 introduces two new supplemental schedules to this report (please see pages 29 and 30) as well as the addition of some IMRF specific line items to some of our existing financial schedules. Please review the IMRF portion of Note 4 (pages 19-24) in the Notes to Financial Statements for additional information.

The beginning net position for the library was restated by the amount of \$(1,985,515). Our net position decreased by \$2,392,476 due to the implementation of GASB 68, offset by an increase of \$406,961 due to a new actuarial study for our Other Post-Employment Benefits (OPEB).

(See independent auditor's report)

## **Financial Highlights**

- According to the Statement of Net Position, the assets/deferred outflows of the library exceeded its liabilities/deferred inflows at the close of the 8-month period ended December 31, 2015, by \$18,116,581. Of this amount, the net position of \$10,062,622 may be used to meet the library's ongoing services for Culture, Recreation and Education for citizens and obligations to creditors.
- According to the Balance Sheet of Governmental Funds, at the close of the 8-month period ended December 31, 2015, the library's governmental funds reported a total fund balance of \$13,818,398 which will be spent in the following manner; \$244,857 in prepaid items, \$301,728 restricted to Social Security expenditures, \$4,744,647 for capital improvements, \$200,000 for insurance reserves, \$1,400,000 for IMRF Unfunded Actuarial Accrued Liability reserves and the remaining \$6,927,166 may be used at the library's discretion.

This Management Discussion and Analysis is intended to serve as an introduction to the library's basic financial statements. The library's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the general purpose external financial statements.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the library's finances. The Statement of Net Position presents information about the library's assets and liabilities, with the difference between the two reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the library is improving or deteriorating.

The Statement of Activities presents information showing how the library's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement from some items that will only result in cash flows in future fiscal periods (e.g. unused compensated absences, other post-employment benefits payable, grant receivables and accrued interest expense.)

The government-wide financial statements distinguish functions of the library that are principally supported by taxes and intergovernmental revenue (governmental activities.) The governmental activities of the library reflect the library's services, including materials collections, audio/visual labs, computer training, reference and readers' services, programming and outreach services.

## **Fund Financial Statements**

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 in accordance with GASB Statement No. 54. The library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

(See independent auditor's report)

The library adopts an annual budget for the General Fund and Capital Projects Fund. Budgetary comparison schedules are provided to demonstrate compliance with the budget. See Table 5 and Table 6 in the MD&A and pages 31-35 in the Financial Report.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on near-term inflows and outflows of spendable resources, as well as on 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.

**Fund Balance** – the difference between assets/deferred outflows and liabilities/deferred inflows in a governmental fund.

***Nonspendable Fund Balance*** - the portion of a Governmental Fund's fund balance that is not available to be spent, either short-term or long-term, in either form or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments.)

***Restricted Fund Balance*** - the portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions (e.g. grantor, contributors and property tax levies.)

***Unrestricted Fund Balance*** is made up of three sub-categories:

1. ***Committed Fund Balance*** - the portion of a Governmental Fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. The same action is required to remove the commitment of fund balance.
2. ***Assigned Fund Balance*** - the portion of a Governmental Fund's fund balance to denote an intended use of resources, but with no formal Board action required.
3. ***Unassigned Fund Balance*** - available expendable financial resources in a Governmental Fund that are not the object of any tentative management plan (i.e. assignments.)

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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The notes provide additional information that is essential to 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 9-27 of the financial report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning IMRF employee pension obligations and budgetary comparison schedules for our two major funds, which can be found on pages 28-35 of the financial report.

(See independent auditor's report)

## Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. For the library, as Table 1 demonstrates, assets exceeded liabilities/deferred inflows by \$18,116,581 at the close of the most recent fiscal year. The large increase in noncurrent liabilities is due primarily to the implementation of GASB 68. Please see page 3 of the financial report for more information.

**Table 1**  
**Summary of the Statement of Net Position**

|                                                            | As of                |                       |
|------------------------------------------------------------|----------------------|-----------------------|
|                                                            | 12/31/2015           | 4/30/2015             |
| Current and Other Assets                                   | \$ 28,180,226        | \$ 23,152,307         |
| Capital Assets, net of accumulated depreciation            | 7,752,231            | 7,934,132             |
| <b>Total Assets</b>                                        | <b>\$ 35,932,457</b> | <b>\$ 31,086,439</b>  |
| Deferred Outflows of Resources - IMRF                      | 1,769,125            | -                     |
| <b>Total Assets and Deferred Outflows of Resources</b>     | <b>\$ 37,701,582</b> | <b>\$ 31,086,439</b>  |
| Current and Other Liabilities                              | \$ 584,719           | \$ 747,782            |
| Noncurrent Liabilities                                     | 5,070,547            | 688,547               |
| <b>Total Liabilities</b>                                   | <b>\$ 5,655,266</b>  | <b>\$ 1,436,329</b>   |
| Unearned Property Tax                                      | \$ 13,830,091        | \$ 13,557,583         |
| Deferred Items - IMRF                                      | 99,644               | -                     |
| <b>Total Deferred Inflows of Resources</b>                 | <b>\$ 13,929,735</b> | <b>\$ 13,557,583</b>  |
| <b>Total Liabilities and Deferred Inflows of Resources</b> | <b>\$ 19,585,001</b> | <b>\$ 14,993,912</b>  |
| <u>Net Position</u>                                        |                      |                       |
| Invested in Capital Assets                                 | \$ 7,752,231         | \$ 7,934,132          |
| Restricted - Social Security                               | 301,728              | -                     |
| Unrestricted for Culture, Recreation and Education         | 10,062,622           | 8,158,395             |
| <b>Total Net Position, End of Year</b>                     | <b>\$ 18,116,581</b> | <b>\$ 16,092,527</b>  |
| <b>Net Position Restatement</b>                            | <b>\$ -</b>          | <b>\$ (1,985,515)</b> |
| <b>Total Net Position, End of the Year, Restated</b>       | <b>\$ 18,116,581</b> | <b>\$ 14,107,012</b>  |

(See independent auditor's report)

A portion of the library's net position, \$7,752,231, reflects its investment in capital assets (e.g. land; building and improvements; equipment, furniture and fixtures.) The library uses these capital assets to provide services to citizens. \$301,728 is restricted for the library's portion of Social Security expenses. The remaining balance of the net position, \$10,062,622, may be used to meet ongoing obligations to citizens and creditors.

### **Governmental Activities**

Table 2 summarizes the revenue and expenses of the library's governmental activities for the 8-month period ended December 31, 2015. Governmental activities increased the library's net position by \$4,009,569.

**Table 2**  
**Changes in Net Position**

|                                                      | For the 8 months<br>Ended<br>12/31/2015 | For the 12 months<br>Ended<br>4/30/2015 |
|------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Revenue</b>                                       |                                         |                                         |
| Program Revenue                                      |                                         |                                         |
| Charges for Services                                 | \$ 142,093                              | \$ 224,392                              |
| Operating Grants/Contributions                       | 156,255                                 | 230,626                                 |
| General Revenue                                      |                                         |                                         |
| Property Taxes                                       | 13,387,421                              | 13,274,084                              |
| Interest                                             | 33,839                                  | 53,784                                  |
| Miscellaneous                                        | 5,842                                   | 9,143                                   |
| <b>Total Revenue</b>                                 | <b>\$ 13,725,450</b>                    | <b>\$ 13,792,029</b>                    |
| <b>Expenses</b>                                      |                                         |                                         |
| Culture, Recreation and Education                    | \$ 9,715,881                            | \$ 12,816,041                           |
| <b>Total Expenses</b>                                | <b>\$ 9,715,881</b>                     | <b>\$ 12,816,041</b>                    |
| <b>Changes in Net Position</b>                       | <b>\$ 4,009,569</b>                     | <b>\$ 975,988</b>                       |
| <b>Total Net Position, Beginning of the Year</b>     | <b>\$ 14,107,012</b>                    | <b>\$ 15,116,539</b>                    |
| <b>Total Net Position, End of the Year</b>           | <b>\$ 18,116,581</b>                    | <b>\$ 16,092,527</b>                    |
| <b>Net Position Restatement</b>                      | <b>\$ -</b>                             | <b>\$ (1,985,515)</b>                   |
| <b>Total Net Position, End of the Year, Restated</b> | <b>\$ 18,116,581</b>                    | <b>\$ 14,107,012</b>                    |

(See independent auditor's report)

### **Governmental Funds Analysis – Table 3**

All of the library's basic services are reported in governmental funds, which focus on how money flows into and out of those funds, as well as the balances left at year-end that are available for spending. The General Fund (Fund 291) is the library's primary fund and is used for day-to-day services. The Capital Projects Fund (Fund 491) is funded by a transfer out from the General Fund. Expenditures in the Capital Projects Fund involve projects or items with a unit cost in excess of \$10,000.

For the 2015 levy, the Board of Library Trustees approved a 0% increase on the 2014 extended levy. Compared to FY14-15, Property Taxes were up \$113,337, while revenue from other sources was down due to the 8-month fiscal year. Total Revenue was down \$66,579 versus FY14-15. Total Expenditures were down \$3,450,755 for the 8-month period ending December 31, 2015 versus FY14-15. Except for expenditures for Equipment/Capital Outlay, all other expenditure categories were down due to the difference in time periods between the fiscal years.

**Table 3**  
**Summary Statement of Revenues and Expenditures**

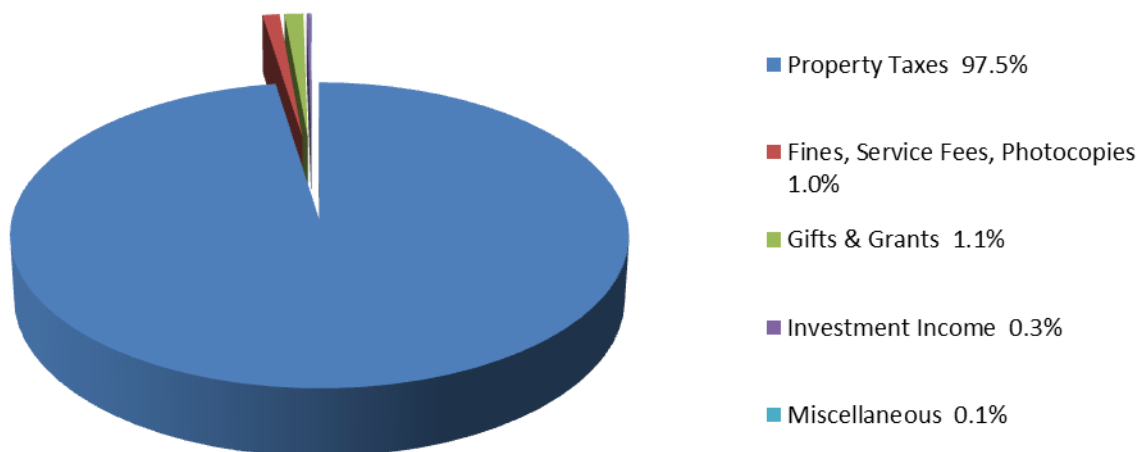
|                                         | For the 8 months ended |                   | For the 12 months ended |                   |
|-----------------------------------------|------------------------|-------------------|-------------------------|-------------------|
|                                         | 12/31/2015             | 12/31/2015        | 4/30/2015               | 4/30/2015         |
|                                         | <u>Fund 291</u>        | <u>Fund 491</u>   | <u>Fund 291</u>         | <u>Fund 491</u>   |
| <b>Revenue</b>                          |                        |                   |                         |                   |
| Property Taxes                          | \$ 13,387,421          |                   | \$ 13,274,084           | \$ -              |
| Fines, Service Fees, Photocopies        | 142,093                |                   | 224,392                 | -                 |
| Gifts & Grants                          | 156,255                |                   | 230,626                 | -                 |
| Investment Income                       | 28,800                 | 5,039             | 50,360                  | 3,424             |
| Miscellaneous                           | 5,842                  |                   | 9,143                   | -                 |
| <b>Total Revenue</b>                    | <b>\$ 13,720,411</b>   | <b>\$ 5,039</b>   | <b>\$ 13,788,605</b>    | <b>\$ 3,424</b>   |
| <b>Expenditures</b>                     |                        |                   |                         |                   |
| Salaries and Benefits                   | \$ 6,148,097           |                   | \$ 8,817,307            | \$ -              |
| Equipment/Capital Outlay                | 255,246                | 252,095           | 156,583                 | 108,174           |
| Printed Materials (Books & Periodicals) | 545,964                |                   | 747,578                 | -                 |
| Nonprint Materials/Electronic Resources | 475,439                |                   | 698,344                 | -                 |
| Public Programs/Services                | 252,717                |                   | 340,667                 | -                 |
| All other Operating Expenditures*       | 878,507                | 800               | 1,386,965               | 4,002             |
| <b>Total Expenditures</b>               | <b>\$ 8,555,970</b>    | <b>\$ 252,895</b> | <b>\$ 12,147,444</b>    | <b>\$ 112,176</b> |
| <b>Other Financing Sources/(Uses)</b>   |                        |                   |                         |                   |
| Transfer In                             |                        | \$ 2,450,000      |                         | \$ 649,702        |
| Transfer Out                            | \$ (2,450,000)         |                   | \$ (649,702)            |                   |

\*Building insurance, building and equipment maintenance, general office supplies, processing costs, audit, professional fees, contractual services, utilities, IMET expense, contingencies, etc.

(See independent auditor's report)

The following charts show the composition of total revenues and total expenditures for the 8 months ended December 31, 2015, as identified in Table 3. For the most recent fiscal year, Property Taxes increased to 97.5% of Total Revenue from 96.2% in FY14-15 (May 1, 2014 through April 30, 2015), due to the shorter time period available to receive revenue from other sources.

### Composition of Total Revenue for the 8 months ended December 31, 2015



For the 8-month period ending December 31, 2015, salaries constituted 51.6% of the most recent fiscal year's total expenditures versus 53.8% in FY14-15. Expenditures for Personal Services [Salaries and Benefits] in the last fiscal year represented 69.7% of total expenditures versus 72.0% in FY 14-15. The percentage of total expenditures spent on Other Services also dropped to 10.0% from 11.3% in FY14-15. Spending on Equipment/Capital Outlay increased to 5.8% in the 8-month period ending December 31, 2015 versus 2.2% in FY14-15. On a percentage to total expenditures basis, the other expenditure categories remained roughly the same as experienced in FY14-15.

### Composition of Total Expenditures for the 8 months ended December 31, 2015





### Capital Outlay

The schedule below details the \$252,095 expended on Capital Outlay in the Capital Projects Fund for the 8 months ended December 31, 2015, as identified in Table 3.

|                                                        |                   |
|--------------------------------------------------------|-------------------|
| Replace Galvanized Pipe - 1968 Building                | \$ 110,082        |
| Replace Sump Pumps - Systems 1 & 2                     | \$ 49,135         |
| Fire Safety Enhancement Project                        | \$ 28,031         |
| Replace Uninterruptible Power Supply [UPS]             | \$ 32,498         |
| Consulting/Design Services for future capital projects | \$ 18,304         |
| Replace Generator on Bookmobile                        | \$ 14,045         |
| <b>Total</b>                                           | <b>\$ 252,095</b> |

### Capital Assets

The library's investment in capital assets for governmental activities at December 31, 2015, was \$7,752,231, down \$181,901 from Total Capital Assets, net of depreciation at April 30, 2015. This investment in capital assets includes land; building and improvements; and equipment, furniture and fixtures. Refer to page 16 of the financial statements for more detail.

**Table 4**  
**Capital Assets**

|                                                  | As of               |                     |
|--------------------------------------------------|---------------------|---------------------|
|                                                  | 12/31/2015          | 4/30/2015           |
| <b>Capital Assets</b>                            |                     |                     |
| Land                                             | \$ 142,378          | \$ 142,378          |
| Construction in Progress                         | 78,539              | 71,030              |
| Buildings and Improvements                       | 14,882,932          | 14,694,508          |
| Equipment, Furniture and Fixtures                | 3,561,381           | 3,514,837           |
| <b>Total Capital Assets, before depreciation</b> | <b>\$18,665,230</b> | <b>\$18,422,753</b> |
| Less - Accumulated Depreciation                  | (10,912,999)        | (10,488,621)        |
| <b>Total Capital Assets, net of depreciation</b> | <b>\$ 7,752,231</b> | <b>\$ 7,934,132</b> |

**General Fund**

For the 8 months ended December 31, 2015, the ending fund balance of the General Fund was \$10,823,751, an increase of \$2,714,441 from the fund balance at the close of business on April 30, 2015. As a comparison, the fund balance at December 31, 2014 was \$11,803,420. Total Revenues were \$136,372 (1.0%) less than budgeted and Total Expenditures were \$771,097 (8.3%) less than budgeted. The library transferred \$2,450,000 from the General Fund (Fund 291) to the Capital Projects Fund (Fund 491) during the 8-month period ended December 31, 2015.

**Table 5**  
**General Fund**

|                                                              | <u>For the 8 months Ended December 31, 2015</u> |                     |                                   |
|--------------------------------------------------------------|-------------------------------------------------|---------------------|-----------------------------------|
|                                                              | <u>Original</u>                                 | <u>Final</u>        |                                   |
|                                                              | <u>Budget</u>                                   | <u>Budget</u>       | <u>Actual</u>                     |
| Total Revenues                                               | \$ 13,856,783                                   | \$ 13,856,783       | \$ 13,720,411                     |
| Total Expenditures                                           | \$ 9,006,273                                    | \$ 9,327,067        | \$ 8,555,970                      |
| <b>Excess/(Deficiency) of<br/>Revenues Over Expenditures</b> | <b>\$ 4,850,510</b>                             | <b>\$ 4,529,716</b> | <b>\$ 5,164,441</b>               |
| Other Financing Sources (Uses)                               |                                                 |                     |                                   |
| Transfer Out                                                 | <u>(1,750,000)</u>                              | <u>(2,450,000)</u>  | <u>(2,450,000)</u>                |
| <b>Net Change in Fund Balance</b>                            | <b>\$ 3,100,510</b>                             | <b>\$ 2,079,716</b> | <b>\$ 2,714,441</b>               |
| <b>Fund Balance - May 1, 2015</b>                            |                                                 |                     | <u><b>\$ 8,109,310</b></u>        |
| <b>Fund Balance - December 31, 2015</b>                      |                                                 |                     | <u><u><b>\$10,823,751</b></u></u> |

**Capital Projects Fund**

For the 8 months ended December 31, 2015, the ending fund balance of the Capital Projects Fund was \$2,994,647, an increase of \$2,202,144 from the fund balance at the close of business on April 30, 2015. As a comparison, the fund balance at December 31, 2014 was \$758,973. Total Expenditures were \$709,105 less than budgeted as three large projects were rescheduled to future years. The Capital Projects Fund (Fund 491) received a transfer in of \$2,450,000 from the General Fund (Fund 291).

**Table 6**  
**Capital Projects Fund**

|                                                              | <u>For the 8 months Ended December 31, 2015</u> |                     |                     |
|--------------------------------------------------------------|-------------------------------------------------|---------------------|---------------------|
|                                                              | <u>Original</u>                                 | <u>Final</u>        |                     |
|                                                              | <u>Budget</u>                                   | <u>Budget</u>       | <u>Actual</u>       |
| Total Revenues                                               | \$ -                                            | \$ -                | \$ 5,039            |
| Total Expenditures                                           | 1,282,794                                       | 962,000             | 252,895             |
| <b>Excess/(Deficiency) of<br/>Revenues Over Expenditures</b> | <b>\$ (1,282,794)</b>                           | <b>\$ (962,000)</b> | <b>\$ (247,856)</b> |
| Other Financing Sources (Uses)                               |                                                 |                     |                     |
| Transfer In                                                  | 1,750,000                                       | 2,450,000           | 2,450,000           |
| <b>Net Change in Fund Balance</b>                            | <b>\$ 467,206</b>                               | <b>\$ 1,488,000</b> | <b>\$ 2,202,144</b> |
| <b>Fund Balance - May 1, 2015</b>                            |                                                 |                     | <b>\$ 792,503</b>   |
| <b>Fund Balance - December 31, 2015</b>                      |                                                 |                     | <b>\$ 2,994,647</b> |

## **Budget Amendments**

During the fiscal year, the Board of Library Trustees approved two budget amendments. The first budget amendment adjusted the General Fund expenditure budget and the Capital Projects Fund expenditure budget. The General Fund expenditure budget was increased by \$320,794 and the Capital Projects Fund expenditure budget was decreased by \$320,794 resulting in no net change in budgeted expenditures overall. This amendment was made to classify the budget for non-capitalized capital asset purchases in the General Fund rather than the Capital Projects Fund, to match our updated policy.

The Board of Library Trustees also approved an amendment to the General Fund expenditure budget and the Capital Projects revenue budget to increase the amount of budgeted transfer by \$700,000. This amendment was made to budget the transfer of additional funds from the General Fund into the Capital Projects Fund in anticipation of upcoming capital projects as planned in our Long Range Fiscal Plan.

These changes are shown in Table 5 and Table 6 in the MD&A above and in the Supplementary Information on pages 32-35.

## **Financial Outlook**

For the 2016 tax levy, the Board of Library Trustees is currently considering a 0% increase on the 2015 extended levy. The Board feels this is responsive to residents' concerns in the current economic climate while maintaining the Five Star quality of library services that is expected by the residents. For the 8-month fiscal year ended December 31, 2015, the library received 97.5% of its revenue from real estate taxes. The real estate tax payments were received in a normal manner with no delay or interruption. The library continues to annually apply for and receive per capita grants from the State of Illinois. The library's General Fund has a fund balance of \$10,823,751. This amount would sustain the library's operations for just under nine months, based on budgeted operating expenditures for calendar year 2016. For additional information regarding the components of the library's fund balance, please review page 18 in the financial report.

## **Requests for Information**

This financial report is designed to provide a general overview of Arlington Heights Memorial Library's finances. Questions and comments concerning any information provided in this report should be addressed to

Michael L. Kelly  
Director of Finance  
Arlington Heights Memorial Library  
500 North Dunton Avenue  
Arlington Heights, Illinois 60004

or via email at [mkelly@ahml.info](mailto:mkelly@ahml.info).

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Net Position**  
**December 31, 2015**

| <b>ASSETS</b>                                        |                   |
|------------------------------------------------------|-------------------|
| Current Assets                                       |                   |
| Cash and Investments                                 | \$ 14,027,457     |
| Receivables - Net of Allowances                      |                   |
| Property Taxes                                       | 13,830,091        |
| Accounts                                             | 69,361            |
| Accrued Interest                                     | 8,460             |
| Prepays                                              | 244,857           |
| Total Current Assets                                 | <u>28,180,226</u> |
| Noncurrent Assets                                    |                   |
| Capital Assets                                       |                   |
| Nondepreciable                                       | 220,917           |
| Depreciable                                          | 18,444,313        |
| Accumulated Depreciation                             | (10,912,999)      |
| Total Noncurrent Assets                              | <u>7,752,231</u>  |
| Total Assets                                         | <u>35,932,457</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                   |
| Deferred Items - IMRF                                | <u>1,769,125</u>  |
| Total Assets and Deferred Outflows of Resources      | <u>37,701,582</u> |
| <b>LIABILITIES</b>                                   |                   |
| Current Liabilities                                  |                   |
| Accounts Payable                                     | 348,891           |
| Accrued Payroll                                      | 181,306           |
| Other Payables                                       | 1,540             |
| Compensated Absences Payable                         | 52,982            |
| Total Current Liabilities                            | <u>584,719</u>    |
| Noncurrent Liabilities                               |                   |
| Compensated Absences Payable                         | 211,927           |
| Net Pension Liability - IMRF                         | 4,783,152         |
| Net Other Post-Employment Benefit Obligation Payable | 75,468            |
| Total Noncurrent Liabilities                         | <u>5,070,547</u>  |
| Total Liabilities                                    | <u>5,655,266</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                   |
| Property Taxes                                       | 13,830,091        |
| Deferred Items - IMRF                                | 99,644            |
| Total Deferred Inflows of Resources                  | <u>13,929,735</u> |
| Total Liabilities and Deferred Inflows of Resources  | <u>19,585,001</u> |
| <b>NET POSITION</b>                                  |                   |
| Investment in Capital Assets                         | 7,752,231         |
| Restricted - Social Security                         | 301,728           |
| Unrestricted                                         | <u>10,062,622</u> |
| Total Net Position                                   | <u>18,116,581</u> |

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Activities  
For the Eight Months Ended December 31, 2015**

|                                   | Expenses     | Program Revenues                     |                                       | Net<br>(Expense)<br>Revenue and<br>Changes in<br>Net Position |
|-----------------------------------|--------------|--------------------------------------|---------------------------------------|---------------------------------------------------------------|
|                                   |              | Charges<br>for<br>Services           | Operating<br>Grants/<br>Contributions |                                                               |
| Functions/Programs                |              |                                      |                                       |                                                               |
| Governmental Activities           |              |                                      |                                       |                                                               |
| Culture, Recreation and Education | \$ 9,715,881 | 142,093                              | 156,255                               | (9,417,533)                                                   |
|                                   |              |                                      |                                       |                                                               |
|                                   |              | General Revenues                     |                                       |                                                               |
|                                   |              | Property Taxes                       |                                       | 13,387,421                                                    |
|                                   |              | Interest                             |                                       | 33,839                                                        |
|                                   |              | Miscellaneous                        |                                       | 5,842                                                         |
|                                   |              |                                      |                                       | <u>13,427,102</u>                                             |
|                                   |              | Change in Net Position               |                                       | 4,009,569                                                     |
|                                   |              | Net Position - Beginning as Restated |                                       | <u>14,107,012</u>                                             |
|                                   |              | Net Position - Ending                |                                       | <u><u>18,116,581</u></u>                                      |

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Balance Sheet  
December 31, 2015**

|                                                                           | General               | Capital<br>Projects  | Totals                |
|---------------------------------------------------------------------------|-----------------------|----------------------|-----------------------|
| <b>ASSETS</b>                                                             |                       |                      |                       |
| Cash and Investments                                                      | \$ 10,935,935         | 3,091,522            | 14,027,457            |
| Receivables - Net of Allowances                                           |                       |                      |                       |
| Property Taxes                                                            | 13,830,091            | -                    | 13,830,091            |
| Accounts                                                                  | 66,556                | 2,805                | 69,361                |
| Accrued Interest                                                          | 8,460                 | -                    | 8,460                 |
| Prepays                                                                   | 244,857               | -                    | 244,857               |
| <br>Total Assets                                                          | <br><u>25,085,899</u> | <br><u>3,094,327</u> | <br><u>28,180,226</u> |
| <b>LIABILITIES</b>                                                        |                       |                      |                       |
| Accounts Payable                                                          | 249,211               | 99,680               | 348,891               |
| Accrued Payroll                                                           | 181,306               | -                    | 181,306               |
| Other Payables                                                            | 1,540                 | -                    | 1,540                 |
| Total Liabilities                                                         | <u>432,057</u>        | <u>99,680</u>        | <u>531,737</u>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                       |                      |                       |
| Property Taxes                                                            | 13,830,091            | -                    | 13,830,091            |
| Total Liabilities and Deferred Inflows<br>of Resources                    | <u>14,262,148</u>     | <u>99,680</u>        | <u>14,361,828</u>     |
| <b>FUND BALANCES</b>                                                      |                       |                      |                       |
| Nonspendable                                                              | 244,857               | -                    | 244,857               |
| Restricted                                                                | 301,728               | -                    | 301,728               |
| Assigned                                                                  | 3,350,000             | 2,994,647            | 6,344,647             |
| Unassigned                                                                | 6,927,166             | -                    | 6,927,166             |
| Total Fund Balances                                                       | <u>10,823,751</u>     | <u>2,994,647</u>     | <u>13,818,398</u>     |
| <br>Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <br><u>25,085,899</u> | <br><u>3,094,327</u> | <br><u>28,180,226</u> |

The notes to the financial statements are an integral part of this statement.



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to Net Position - Governmental Activities  
December 31, 2015**

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|                                                                                                                       |                          |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Total Governmental Fund Balances</b>                                                                               | <b>\$ 13,818,398</b>     |
| Amounts reported in the Statement of Net Position<br>are different because:                                           |                          |
| Capital assets are not financial resources and therefore,<br>are not reported in the funds.                           | 7,752,231                |
| Deferred outflows (inflows) of resources related to the pensions not reported in the funds.<br>Deferred Items - IMRF  | 1,669,481                |
| Long-term liabilities are not due and payable in the current period and,<br>therefore, are not reported in the funds. |                          |
| Compensated Absences Payable                                                                                          | (264,909)                |
| Net Pension Liability - IMRF                                                                                          | (4,783,152)              |
| Net Other Post-Employment Benefit Obligation Payable                                                                  | <u>(75,468)</u>          |
| <b>Net Position of Governmental Activities</b>                                                                        | <b><u>18,116,581</u></b> |

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Eight Months Ended December 31, 2015**

|                                                              | General           | Capital<br>Projects | Totals            |
|--------------------------------------------------------------|-------------------|---------------------|-------------------|
| <b>Revenues</b>                                              |                   |                     |                   |
| Taxes                                                        | \$ 13,387,421     | -                   | 13,387,421        |
| Intergovernmental                                            | 104,490           | -                   | 104,490           |
| Charges for Services                                         | 26,518            | -                   | 26,518            |
| Fines and Fees                                               | 115,575           | -                   | 115,575           |
| Interest                                                     | 28,800            | 5,039               | 33,839            |
| Miscellaneous                                                | 57,607            | -                   | 57,607            |
| <b>Total Revenues</b>                                        | <b>13,720,411</b> | <b>5,039</b>        | <b>13,725,450</b> |
| <b>Expenditures</b>                                          |                   |                     |                   |
| Culture, Recreation and Education                            | 8,555,970         | 800                 | 8,556,770         |
| Capital Outlay                                               | -                 | 252,095             | 252,095           |
| <b>Total Expenditures</b>                                    | <b>8,555,970</b>  | <b>252,895</b>      | <b>8,808,865</b>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 5,164,441         | (247,856)           | 4,916,585         |
| <b>Other Financing Sources (Uses)</b>                        |                   |                     |                   |
| Transfers In                                                 | -                 | 2,450,000           | 2,450,000         |
| Transfers Out                                                | (2,450,000)       | -                   | (2,450,000)       |
|                                                              | (2,450,000)       | 2,450,000           | -                 |
| Changes in Fund Balances                                     | 2,714,441         | 2,202,144           | 4,916,585         |
| Fund Balances - Beginning                                    | 8,109,310         | 792,503             | 8,901,813         |
| Fund Balances - Ending                                       | 10,823,751        | 2,994,647           | 13,818,398        |

The notes to the financial statements are an integral part of this statement.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities  
For the Eight Months Ended December 31, 2015**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 4,916,585

Amounts reported in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

|                      |           |
|----------------------|-----------|
| Capital Outlays      | 242,477   |
| Depreciation Expense | (424,378) |

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

|                                 |           |
|---------------------------------|-----------|
| Change in Deferred Items - IMRF | 1,004,102 |
|---------------------------------|-----------|

The increases to long-term liabilities provides current financial resources to  
governmental funds, while the reduction of the balances  
consumes the current financial resources of the governmental funds.

|                                                                   |                 |
|-------------------------------------------------------------------|-----------------|
| Decrease to Compensated Absences Payable                          | 9,444           |
| Increase to Net Pension Liability - IMRF                          | (1,725,297)     |
| Increases to Net Other Post-Employment Benefit Obligation Payable | <u>(13,364)</u> |

**Changes in Net Position of Governmental Activities** 4,009,569

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Arlington Heights Memorial Library (the Library) operates and maintains the public library within the Village of Arlington Heights (the Village). The government-wide financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP in the United States and used by the Library are described below.

**REPORTING ENTITY**

The Library is a legally separate entity whose Board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval, and its property tax levy is incorporated with the Village's levy. The Library is reported as a discretely presented component unit of the Village of Arlington Heights, Illinois. This report represents the financial activity of the Library for the eight months ended December 31, 2015.

The Library is a Public Library operating in accordance with the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq.

**BASIS OF PRESENTATION**

**Government-Wide and Fund Financial Statements**

The government-wide Statement of Activities reports both the gross and net cost of the Library's functions. The Library's activities are primarily supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

A fund is a separate accounting entity with a self-balancing set of accounts. Separate financial statements are provided for the general fund and capital projects fund. The Library only maintains governmental funds.

**Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

**General fund** is the general operating fund of the Library. It is used to account for all financial resources, except for those required or desired to be accounted for in another fund. The General Fund is a major fund.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**BASIS OF PRESENTATION – Continued**

**Governmental Funds – Continued**

**Capital projects fund** accounts for financial resources that are restricted, committed or assigned to expenditure for capital outlays. Major projects include renovation of the Library. The Capital Projects Fund is treated as a major fund.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the Library utilizes a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

**Basis of Accounting – Continued**

The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Position, the Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have any established market, if any, are reported at estimated fair value.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

**Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables balances include property taxes.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

| Capital Asset                     | Years  |
|-----------------------------------|--------|
| Buildings and Improvements        | 40     |
| Equipment, Furniture and Fixtures | 3 - 10 |

**Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow or resources (expense)/inflow of resources (revenue) until that future time.

**Compensated Absences**

The Library accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Long-Term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position.

**Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared for the General and Capital Projects funds by function and activity, and include information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Board of Library Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. Both the General Fund and the Capital Projects Fund were amended by the governing body in the current fiscal year. 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.



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**DEPOSITS AND INVESTMENTS**

Permitted Deposits and Investments – The Library’s investment policy authorizes 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 with the three highest classifications by at least two standard rating services and Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a \$1 share value), and the Illinois Metropolitan Investment Fund (IMET).

Illinois Funds is an investment pool managed by the Illinois public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments held by the Illinois Funds are valued at the share price, the price for which the investment could be sold.

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

**Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end the carrying amount of the Library’s deposits totaled \$14,027,457 and the bank balances totaled \$14,053,876.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, it is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and yield. The Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations and investing in short-term securities, money market funds, or similar investment pools.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits its exposure to credit risk by limiting investments to the safest types of securities pre-qualifying the financial institutions, intermediaries, and advisors with which the Library will conduct business, and diversifying the investment portfolio so that potential losses on individual investments will be minimized.

*Custodial Credit Risk.* In the case of deposits, this 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 the pledging of collateral with a fair value of not less than 110% of the funds secured for all bank balances in excess of federal depository insurance, with the collateral held by an independent third party or the Federal Reserve Bank of Chicago for the account of the Village. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Library's investment policy requires all securities transactions that are exposed to custodial credit risk be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts and a written custodial agreement.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pool (LGIPD) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations.

**PROPERTY TAXES**

Property taxes for 2015 attach as an enforceable lien on January 1, 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 County and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically to the Library. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect projected collection experience. The uncollected portion of the 2015 tax levy less the allowance has been recorded as a receivable; the entire 2015 tax levy has been recorded as unavailable revenue at year-end.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2015**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**INTERFUND TRANSFERS**

Interfund transfers for the year consisted of the following:

| Transfers In     | Transfers Out | Amount              |
|------------------|---------------|---------------------|
| Capital Projects | General       | <u>\$ 2,450,000</u> |

Transfers are used to move unrestricted revenues collected in the General Fund to finance capital projects in accordance with budgetary authorizations.

**CAPITAL ASSETS**

Capital asset activity for the eight months ended December 31, 2015 was as follows:

|                                      | Beginning<br>Balances | Additions        | Deductions    | Ending<br>Balances |
|--------------------------------------|-----------------------|------------------|---------------|--------------------|
| <b>Nondepreciable Capital Assets</b> |                       |                  |               |                    |
| Land                                 | \$ 142,378            | -                | -             | 142,378            |
| Construction in Progress             | 71,030                | 18,985           | 11,476        | 78,539             |
|                                      | <u>213,408</u>        | <u>18,985</u>    | <u>11,476</u> | <u>220,917</u>     |
| <b>Depreciable Capital Assets</b>    |                       |                  |               |                    |
| Buildings and Improvements           | 14,694,508            | 188,424          | -             | 14,882,932         |
| Equipment, Furniture and Fixtures    | 3,514,837             | 46,544           | -             | 3,561,381          |
|                                      | <u>18,209,345</u>     | <u>234,968</u>   | <u>-</u>      | <u>18,444,313</u>  |
| <b>Less Accumulated Depreciation</b> |                       |                  |               |                    |
| Buildings and Improvements           | 8,598,971             | 272,449          | -             | 8,871,420          |
| Equipment, Furniture and Fixtures    | 1,889,650             | 151,929          | -             | 2,041,579          |
|                                      | <u>10,488,621</u>     | <u>424,378</u>   | <u>-</u>      | <u>10,912,999</u>  |
| Total Net Depreciable Capital Assets | <u>7,720,724</u>      | <u>(189,410)</u> | <u>-</u>      | <u>7,531,314</u>   |
| Total Net Capital Assets             | <u>7,934,132</u>      | <u>(170,425)</u> | <u>11,476</u> | <u>7,752,231</u>   |

Depreciation expense of \$424,378 was charged to the culture, recreation and education function.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM LIABILITY ACTIVITY**

Changes in long-term liabilities during the fiscal year were as follows:

| Type of Debt                                    | Beginning<br>Balances<br>as Restated | Additions        | Deductions    | Ending<br>Balances | Amounts<br>Due within<br>One Year |
|-------------------------------------------------|--------------------------------------|------------------|---------------|--------------------|-----------------------------------|
| Compensated Absences                            | \$ 274,353                           | 9,442            | 18,886        | 264,909            | 52,982                            |
| Net Pension Liability                           | 3,057,855                            | 1,725,297        | -             | 4,783,152          | -                                 |
| Net Other Post-Employment<br>Benefit Obligation | 62,104                               | 13,364           | -             | 75,468             | -                                 |
|                                                 | <u>3,394,312</u>                     | <u>1,748,103</u> | <u>18,886</u> | <u>5,123,529</u>   | <u>52,982</u>                     |

The compensated absences, the net pension liability, and the net other post-employment benefit obligation are generally liquidated by the General Fund.

**NET POSITION RESTATEMENT**

Net position from April 30, 2015, was restated due to the implementation of GASB Statement No. 68 and new actuary study for Net Other Post-Employment Benefit Obligations. The following is a summary of the net position as originally reported and as restated:

| Net Position            | As Reported   | As Restated | (Decrease)  |
|-------------------------|---------------|-------------|-------------|
| Governmental Activities | \$ 16,092,527 | 14,107,012  | (1,985,515) |

**FUND BALANCE CLASSIFICATIONS**

In the governmental funds financial statements, the Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The Library first utilizes committed, then assigned and then unassigned fund balances when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE CLASSIFICATIONS – Continued**

**Assigned Fund Balance.** The Library reports assigned fund balance in the General and Capital Projects funds, both major funds. Assigned fund balance represents amounts constrained by the Library’s intent to use them for a specific purpose.

**Minimum Fund Balance Policy.** The Library’s policy manual states that the General Fund should maintain a minimum fund balance equal to 4 months of budgeted operating expenditures.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

|                     | General           | Capital<br>Projects | Totals            |
|---------------------|-------------------|---------------------|-------------------|
| Fund Balances       |                   |                     |                   |
| Nonspendable        |                   |                     |                   |
| Prepays             | \$ 244,857        | -                   | 244,857           |
| Restricted          |                   |                     |                   |
| Social Security     | 301,728           |                     | 301,728           |
| Assigned            |                   |                     |                   |
| Capital Projects    | 1,750,000         | 2,994,647           | 4,744,647         |
| IMRF UAAL           | 1,400,000         | -                   | 1,400,000         |
| Insurance Reserves  | 200,000           | -                   | 200,000           |
|                     | <u>3,350,000</u>  | <u>2,994,647</u>    | <u>6,344,647</u>  |
| Unassigned          | 6,927,166         | -                   | 6,927,166         |
| Total Fund Balances | <u>10,823,751</u> | <u>2,994,647</u>    | <u>13,818,398</u> |

**NOTE 4 – OTHER INFORMATION**

**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 the Library’s employees. These risks are provided for through insurance from private insurance companies. The Library currently reports all its risk management activities in the General Fund. Claims incurred have not exceeded purchased coverage during the current and three previous fiscal years. The Library participates in the Village insurance program with respect to employee health risks.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN**

**Illinois Municipal Retirement Fund (IMRF)**

Library employees contribute to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. Participating employees are covered by IMRF through the Village. Contributions are paid by the Village and are reimbursed by the Library. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

**Plan Description**

*Plan Administration.* The Library’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Library’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

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

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Description – Continued**

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

*Plan Membership.* As of December 31, 2015, the following employees were covered by the benefit terms:

Active Plan Members

161

A detailed breakdown of IMRF membership for the Village and the Library combined is available in the Village of Arlington Height’s comprehensive annual financial report.

*Contributions.* As set by statute, the Library’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library’s annual contribution rate for calendar year 2015 was 12.96%. For the eight months ended December 31, 2015, the Library contributed \$665,380 to the plan. The Library also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability.* The Library’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Description – Continued**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

|                            |                     |
|----------------------------|---------------------|
| Actuarial Valuation Date   | 12/31/2015          |
| Actuarial Cost Method      | Entry Age<br>Normal |
| Asset Valuation Method     | Market              |
| Actuarial Assumptions      |                     |
| Interest Rate              | 7.47%               |
| Salary Increases           | 3.75% - 14.50%      |
| Cost of Living Adjustments | 2.75%               |
| Inflation                  | 2.75%               |

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 tables 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.



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Discount Rate**

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members’ contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

**Discount Rate Sensitivity**

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

|                       | 1% Decrease<br>(6.47%) | Current<br>Discount Rate<br>(7.47%) | 1% Increase<br>(8.47%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 9,278,055           | 4,783,152                           | 1,063,162              |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2015**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Changes in the Net Pension Liability**

|                                                                                     | Liability<br>(A) | Net Position<br>(B) | Liability<br>(A) - (B) |
|-------------------------------------------------------------------------------------|------------------|---------------------|------------------------|
| Balances at April 30, 2015                                                          | \$ 33,827,914    | 30,770,060          | 3,057,854              |
| Changes for the Year:                                                               |                  |                     |                        |
| Service Cost                                                                        | 554,539          | -                   | 554,539                |
| Interest on the Total Pension Liability                                             | 2,492,496        | -                   | 2,492,496              |
| Difference Between Expected and Actual<br>Experience of the Total Pension Liability | (136,273)        | -                   | (136,273)              |
| Changes of Assumptions                                                              | 82,983           | -                   | 82,983                 |
| Contributions - Employer                                                            | -                | 665,380             | (665,380)              |
| Contributions - Employees                                                           | -                | 248,358             | (248,358)              |
| Net Investment Income                                                               | -                | 151,997             | (151,997)              |
| Benefit Payments, including Refunds<br>of Employee Contributions                    | (1,655,072)      | (1,655,072)         | -                      |
| Other (Net Transfer)                                                                | -                | 202,712             | (202,712)              |
| Net Changes                                                                         | 1,338,673        | (386,625)           | 1,725,298              |
| Balances at December 31, 2015                                                       | 35,166,587       | 30,383,435          | 4,783,152              |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement – Continued**

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

For the eight months ended December 31, 2015, the Library recognized pension expense of \$721,195. At December 31, 2015, the Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals           |
|-------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|------------------|
| Difference Between Expected and Actual Experience                                   | \$ -                                 | (99,644)                            | (99,644)         |
| Change in Assumptions                                                               | 60,678                               | -                                   | 60,678           |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments | 1,708,447                            | -                                   | 1,708,447        |
| Total Deferred Amounts Related to IMRF                                              | <u>1,769,125</u>                     | <u>(99,644)</u>                     | <u>1,669,481</u> |

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

| Fiscal<br>Year | Net Deferred<br>Outflows<br>of Resources |
|----------------|------------------------------------------|
| 2015           | \$ 412,788                               |
| 2016           | 412,788                                  |
| 2017           | 416,793                                  |
| 2018           | 427,112                                  |
| 2019           | -                                        |
| Thereafter     | -                                        |
| Total          | <u>1,669,481</u>                         |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

---

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

**Plan Descriptions, Provisions and Funding Policies**

In addition to providing the pension benefits described, the Library offers pre and post-Medicare post-retirement health insurance to retirees, their spouses, and dependents (enrolled at the time of employee’s retirement). To be eligible for benefits, the employee must qualify for retirement under the Library’s retirement plan. If the retiree elects to participate, the retiree pays the current full blended premium. There is no explicit subsidy as defined by GASB Statement No. 45 as the retiree pays the same premium as an active employee. 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.

The post-employment health care benefits (OPEB) for retired employees are offered through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee/retiree contributions, and employer contributions are governed by the Village/Library and can be amended by the Village/Library through their personnel manuals. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Library is not required to, and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. The Plan does not issue a separate report. The activity of the Plan is reported in the Library’s governmental activities.

At December 31, 2015, membership consisted of:

|                                                                                                                                   |            |
|-----------------------------------------------------------------------------------------------------------------------------------|------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them. | 35         |
| Active Employees                                                                                                                  | <u>70</u>  |
| Total                                                                                                                             | <u>105</u> |
| Participating Employers                                                                                                           | 1          |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY**  
**ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2015**

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

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

|                                |                      |
|--------------------------------|----------------------|
| Annual Required Contribution   | \$ 18,990            |
| Interest on the NOPEBO         | 1,863                |
| Adjustment to the ARC          | <u>(2,432)</u>       |
| Annual OPEB Cost               | 18,421               |
| Actual Contribution            | <u>5,057</u>         |
| Change in NOPEBO               | 13,364               |
| NOPEBO - Beginning as Restated | <u>62,104</u>        |
| NOPEBO - Ending                | <u><u>75,468</u></u> |

**Trend Information**

The Library's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

| Fiscal<br>Year | Annual<br>OPEB<br>Cost | Actual<br>Contributions | Percentage<br>of OPEB<br>Cost Contributed | Net<br>OPEB<br>Obligation |
|----------------|------------------------|-------------------------|-------------------------------------------|---------------------------|
| 4/30/2014      | \$ 81,775              | \$ 62,579               | 76.53%                                    | \$ 455,712                |
| 4/30/2015      | 60,933                 | 47,580                  | 78.09%                                    | 469,065                   |
| 12/31/2015     | 18,421                 | 5,057                   | 27.45%                                    | 75,468                    |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Funded Status and Funding Progress**

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

|                                                   |              |
|---------------------------------------------------|--------------|
| Actuarial Accrued Liability (AAL)                 | \$ 207,012   |
| Actuarial Value of Plan Assets                    | \$ -         |
| Unfunded Actuarial Accrued Liability (UAAL)       | \$ 207,012   |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0.00%        |
| Covered Payroll (Active Plan Members)             | \$ 3,972,722 |
| UAAL as a Percentage of Covered Payroll           | 5.21%        |

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 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 the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

In the December 31, 2015 actuarial valuation the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return, projected salary increases of 3.0% and an initial healthcare cost trend rate of 8.0% reduced to an ultimate healthcare inflation rate of 4.5% after eight years. Both rates include a 2.5% 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 dollar amount on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions  
Other Post-Employment Benefit Plan
- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule  
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Other Post-Employment Benefits Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2015**

| <b>Funding Progress</b>        |                                                |                                                                  |                                     |                                                                                   |                                     |  | (6)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) ÷ (5) |
|--------------------------------|------------------------------------------------|------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------|
| Actuarial<br>Valuation<br>Date | (1)<br>Actuarial<br>Value<br>of Plan<br>Assets | (2)<br>Actuarial<br>Accrued<br>Liability<br>(AAL)<br>- Entry Age | (3)<br>Funded<br>Ratio<br>(1) ÷ (2) | (4)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>(2) - (1) | (5)<br>Annual<br>Covered<br>Payroll |  |                                                                                                                                  |
| 4/30/11                        | \$ N/A                                         | \$ N/A                                                           | N/A                                 | \$ N/A                                                                            | \$ N/A                              |  | N/A                                                                                                                              |
| 4/30/12                        | -                                              | 1,669,900                                                        | 0.00%                               | 1,669,900                                                                         | 4,045,543                           |  | 41.28%                                                                                                                           |
| 4/30/13                        | N/A                                            | N/A                                                              | N/A                                 | N/A                                                                               | N/A                                 |  | N/A                                                                                                                              |
| 4/30/14                        | -                                              | 1,545,146                                                        | 0.00%                               | 1,545,146                                                                         | 6,505,722                           |  | 23.75%                                                                                                                           |
| 4/30/15                        | -                                              | 1,322,810                                                        | 0.00%                               | 1,322,810                                                                         | 6,498,209                           |  | 20.36%                                                                                                                           |
| 12/31/15                       | -                                              | 207,012                                                          | 0.00%                               | 207,012                                                                           | 3,972,722                           |  | 5.21%                                                                                                                            |

**Employer Contributions**

| Fiscal<br>Year | Employer<br>Contributions | Annual<br>Required<br>Contribution | Percent<br>Contributed |
|----------------|---------------------------|------------------------------------|------------------------|
| 4/30/11        | \$ 67,183                 | \$ 94,079                          | 71.41%                 |
| 4/30/12        | 73,229                    | 94,079                             | 77.84%                 |
| 4/30/13        | 73,894                    | 93,064                             | 79.40%                 |
| 4/30/14        | 62,579                    | 90,441                             | 69.19%                 |
| 4/30/15        | 47,580                    | 80,529                             | 59.08%                 |
| 12/31/15       | 5,057                     | 18,990                             | 26.63%                 |

N/A - Not Available

The Library is required to have an actuarial valuation biennially. The amounts above are allocated based on the Library's portion of the total Village net other post-employment benefit obligation.



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2015**

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| Fiscal<br>Year | Actuarially<br>Determined<br>Contribution | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contribution | Contribution<br>Excess/<br>(Deficiency) | Covered-<br>Employee<br>Payroll | Contributions as<br>a Percentage of<br>Covered-Employee<br>Payroll |
|----------------|-------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------|---------------------------------|--------------------------------------------------------------------|
| 12/31/2015     | \$ 663,537                                | \$ 665,380                                                                       | \$ 1,843                                | \$ 5,119,881                    | 13.0%                                                              |

Notes to the Required Supplementary Information:

|                               |                                           |
|-------------------------------|-------------------------------------------|
| Actuarial Valuation Date      | December 31, 2015                         |
| Actuarial Cost Method         | Entry Age Normal                          |
| Amortization Method           | Level % Pay (Closed)                      |
| Remaining Amortization Period | 28 Years                                  |
| Asset Valuation Method        | 5-Year Smoothed Market                    |
| Inflation                     | 3.0%                                      |
| Salary Increases              | 4.40% - 16.00%                            |
| Investment Rate of Return     | 7.50%                                     |
| Retirement Age                | See the Notes to the Financial Statements |
| Mortality                     | RP-2000 Combined Healthy Mortality Table  |

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2015**

|                                                                              | <u>2015</u>                |
|------------------------------------------------------------------------------|----------------------------|
| Total Pension Liability                                                      |                            |
| Service Cost                                                                 | \$ 554,539                 |
| Interest                                                                     | 2,492,496                  |
| Changes in Benefit Terms                                                     | -                          |
| Differences Between Expected and Actual Experience                           | (136,273)                  |
| Change of Assumptions                                                        | 82,983                     |
| Benefit Payments, Including Refunds of Member Contributions                  | <u>(1,655,072)</u>         |
| Net Change in Total Pension Liability                                        | 1,338,672                  |
| Total Pension Liability - Beginning                                          | <u>33,827,914</u>          |
| Total Pension Liability - Ending                                             | <u><u>35,166,587</u></u>   |
| Plan Fiduciary Net Position                                                  |                            |
| Contributions - Employer                                                     | \$ 665,380                 |
| Contributions - Members                                                      | 248,358                    |
| Net Investment Income                                                        | 151,997                    |
| Benefit Payments, Including Refunds of Member Contributions                  | (1,655,072)                |
| Administrative Expense                                                       | <u>202,712</u>             |
| Net Change in Plan Fiduciary Net Position                                    | (386,625)                  |
| Plan Net Position - Beginning                                                | <u>30,770,060</u>          |
| Plan Net Position - Ending                                                   | <u><u>30,383,435</u></u>   |
| Employer's Net Pension Liability                                             | <u><u>\$ 4,783,152</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 86.40%                     |
| Covered-Employee Payroll                                                     | \$ 5,119,881               |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | 93.42%                     |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Eight Months Ended December 31, 2015**

|                                                              | Budget             |                    | Actual                   |
|--------------------------------------------------------------|--------------------|--------------------|--------------------------|
|                                                              | Original           | Final              |                          |
| Revenues                                                     |                    |                    |                          |
| Taxes                                                        |                    |                    |                          |
| Property Taxes - General                                     | \$ 12,153,852      | 12,153,852         | 12,001,309               |
| Property Taxes - IMRF                                        | 865,388            | 865,388            | 854,526                  |
| Property Taxes - FICA                                        | 538,343            | 538,343            | 531,586                  |
| Intergovernmental                                            |                    |                    |                          |
| State Grants                                                 | 97,000             | 97,000             | 104,490                  |
| Charges for Services                                         |                    |                    |                          |
| Copier and Film Printer Fees                                 | 25,300             | 25,300             | 26,518                   |
| Fines and Fees                                               | 109,600            | 109,600            | 115,575                  |
| Interest                                                     | 17,000             | 17,000             | 28,800                   |
| Miscellaneous                                                |                    |                    |                          |
| Donations                                                    | 45,000             | 45,000             | 51,765                   |
| Miscellaneous                                                | 5,300              | 5,300              | 5,842                    |
| Total Revenues                                               | <u>13,856,783</u>  | <u>13,856,783</u>  | <u>13,720,411</u>        |
| Expenditures                                                 |                    |                    |                          |
| Culture, Recreation and Education                            |                    |                    |                          |
| Executive Office                                             | 3,319,361          | 3,640,155          | 3,250,340                |
| User Services                                                | 5,686,912          | 5,686,912          | 5,286,864                |
| Other Charges                                                | -                  | -                  | 18,766                   |
| Total Expenditures                                           | <u>9,006,273</u>   | <u>9,327,067</u>   | <u>8,555,970</u>         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 4,850,510          | 4,529,716          | 5,164,441                |
| Other Financing (Uses)                                       |                    |                    |                          |
| Transfers Out                                                | <u>(1,750,000)</u> | <u>(2,450,000)</u> | <u>(2,450,000)</u>       |
| Changes in Fund Balance                                      | <u>3,100,510</u>   | <u>2,079,716</u>   | 2,714,441                |
| Fund Balance - Beginning                                     |                    |                    | <u>8,109,310</u>         |
| Fund Balance - Ending                                        |                    |                    | <u><u>10,823,751</u></u> |

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
  - General Fund
  - Capital Projects Fund

## **INDIVIDUAL FUND SCHEDULES**

### **GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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### **CAPITAL PROJECTS FUND**

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

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**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
For the Eight Months Ended December 31, 2015**

|                                          | Budget         |                  | Actual         |
|------------------------------------------|----------------|------------------|----------------|
|                                          | Original       | Final            |                |
| <b>Culture, Recreation and Education</b> |                |                  |                |
| Executive Office                         |                |                  |                |
| Administration                           |                |                  |                |
| Salaries                                 | \$ 227,957     | 227,957          | 230,190        |
| Benefits                                 | 215,946        | 215,946          | 97,302         |
| Contractual Services                     | 315,067        | 315,067          | 277,136        |
| Commodities                              | 42,007         | 42,007           | 17,825         |
| Other Charges                            | 13,400         | 13,400           | -              |
| Other Equipment                          | -              | 214,639          | 158,726        |
|                                          | <u>814,377</u> | <u>1,029,016</u> | <u>781,179</u> |
| Communication and Marketing              |                |                  |                |
| Salaries                                 | 185,757        | 185,757          | 184,853        |
| Benefits                                 | 69,964         | 69,964           | 69,529         |
| Contractual Services                     | 118,653        | 118,653          | 89,999         |
| Commodities                              | 21,429         | 21,429           | 13,474         |
|                                          | <u>395,803</u> | <u>395,803</u>   | <u>357,855</u> |
| Human Resources                          |                |                  |                |
| Salaries                                 | 101,502        | 101,502          | 102,911        |
| Benefits                                 | 42,718         | 42,718           | 42,191         |
| Contractual Services                     | 11,237         | 11,237           | 9,613          |
| Commodities                              | 1,000          | 1,000            | 248            |
| Other Charges                            | 10,100         | 10,100           | 4,459          |
|                                          | <u>166,557</u> | <u>166,557</u>   | <u>159,422</u> |
| Paid by Gifts and Grants                 |                |                  |                |
| Contractual Services                     | 3,350          | 3,350            | 18,657         |
| Commodities                              | 30,150         | 30,150           | 13,012         |
| Other Equipment                          | -              | 10,000           | -              |
|                                          | <u>33,500</u>  | <u>43,500</u>    | <u>31,669</u>  |
| Finance                                  |                |                  |                |
| Salaries                                 | 153,374        | 153,374          | 150,546        |
| Benefits                                 | 46,851         | 46,851           | 43,708         |
| Contractual Services                     | 43,150         | 43,150           | 28,419         |
|                                          | <u>243,375</u> | <u>243,375</u>   | <u>222,673</u> |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Eight Months Ended December 31, 2015**

|                                               | Budget           |                  | Actual           |
|-----------------------------------------------|------------------|------------------|------------------|
|                                               | Original         | Final            |                  |
| Culture, Recreation and Education - Continued |                  |                  |                  |
| Executive Office - Continued                  |                  |                  |                  |
| Information Technology                        |                  |                  |                  |
| Salaries                                      | \$ 389,558       | 389,558          | 391,597          |
| Benefits                                      | 176,820          | 176,820          | 175,713          |
| Contractual Services                          | 91,796           | 91,796           | 89,456           |
| Commodities                                   | 140,600          | 140,600          | 106,033          |
| Other Equipment                               | -                | 72,950           | 76,508           |
|                                               | <u>798,774</u>   | <u>871,724</u>   | <u>839,307</u>   |
| Security                                      |                  |                  |                  |
| Salaries                                      | 142,389          | 142,389          | 147,523          |
| Benefits                                      | 60,675           | 60,675           | 60,789           |
| Contractual Services                          | 637              | 637              | 353              |
| Commodities                                   | 1,026            | 1,026            | 1,198            |
|                                               | <u>204,727</u>   | <u>204,727</u>   | <u>209,863</u>   |
| Facilities                                    |                  |                  |                  |
| Salaries                                      | 252,994          | 252,994          | 253,694          |
| Benefits                                      | 121,090          | 121,090          | 119,194          |
| Contractual Services                          | 227,369          | 227,369          | 201,642          |
| Commodities                                   | 60,795           | 60,795           | 53,830           |
| Other Equipment                               | -                | 23,205           | 20,012           |
|                                               | <u>662,248</u>   | <u>685,453</u>   | <u>648,372</u>   |
| Total Executive Office                        | <u>3,319,361</u> | <u>3,640,155</u> | <u>3,250,340</u> |
| User Services                                 |                  |                  |                  |
| Children's Services                           |                  |                  |                  |
| Salaries                                      | 523,879          | 523,879          | 489,279          |
| Benefits                                      | 149,168          | 149,168          | 141,357          |
| Contractual Services                          | 24,386           | 24,386           | 25,369           |
| Commodities                                   | 29,505           | 29,505           | 29,778           |
|                                               | <u>726,938</u>   | <u>726,938</u>   | <u>685,783</u>   |

**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Eight Months Ended December 31, 2015**

|                                                      | Budget           |                  | Actual           |
|------------------------------------------------------|------------------|------------------|------------------|
|                                                      | Original         | Final            |                  |
| <b>Culture, Recreation and Education - Continued</b> |                  |                  |                  |
| <b>User Services - Continued</b>                     |                  |                  |                  |
| <b>Program Services</b>                              |                  |                  |                  |
| Salaries                                             | \$ 286,505       | 286,505          | 256,013          |
| Benefits                                             | 96,607           | 96,607           | 89,396           |
| Contractual Services                                 | 11,468           | 11,468           | 5,629            |
| Commodities                                          | 7,905            | 7,905            | 6,731            |
|                                                      | <u>402,485</u>   | <u>402,485</u>   | <u>357,769</u>   |
| <b>Customer Services</b>                             |                  |                  |                  |
| Salaries                                             | 1,579,281        | 1,579,281        | 1,499,819        |
| Benefits                                             | 442,134          | 442,134          | 431,282          |
| Contractual Services                                 | 31,299           | 31,299           | 17,828           |
| Commodities                                          | 21,081           | 21,081           | 15,587           |
|                                                      | <u>2,073,795</u> | <u>2,073,795</u> | <u>1,964,516</u> |
| <b>Digital Services</b>                              |                  |                  |                  |
| Salaries                                             | 309,286          | 309,286          | 301,280          |
| Benefits                                             | 91,410           | 91,410           | 90,409           |
| Contractual Services                                 | 5,870            | 5,870            | 5,734            |
| Commodities                                          | 213,212          | 213,212          | 196,826          |
|                                                      | <u>619,778</u>   | <u>619,778</u>   | <u>594,249</u>   |
| <b>Collection Services</b>                           |                  |                  |                  |
| Salaries                                             | 543,266          | 543,266          | 541,579          |
| Benefits                                             | 241,475          | 241,475          | 237,943          |
| Contractual Services                                 | 114,643          | 114,643          | 56,810           |
| Commodities                                          | 964,532          | 964,532          | 848,215          |
|                                                      | <u>1,863,916</u> | <u>1,863,916</u> | <u>1,684,547</u> |
| <b>Total User Services</b>                           | <u>5,686,912</u> | <u>5,686,912</u> | <u>5,286,864</u> |
| <b>Other Charges</b>                                 | <u>-</u>         | <u>-</u>         | <u>18,766</u>    |
| <b>Total Expenditures</b>                            | <u>9,006,273</u> | <u>9,327,067</u> | <u>8,555,970</u> |



**ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS**

**Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Eight Months Ended December 31, 2015**

|                                                              | Budget      |           | Actual    |
|--------------------------------------------------------------|-------------|-----------|-----------|
|                                                              | Original    | Final     |           |
| Revenues                                                     |             |           |           |
| Interest                                                     | \$ -        | -         | 5,039     |
| Expenditures                                                 |             |           |           |
| Culture, Recreation and Education                            |             |           |           |
| Other Charges                                                | -           | -         | 800       |
| Capital Outlay                                               |             |           |           |
| Administration                                               | 714,639     | 500,000   | 14,045    |
| Paid by Gifts and Grants                                     | 10,000      | -         | -         |
| Information Technology                                       | 72,950      | -         | -         |
| Facilities                                                   | 485,205     | 462,000   | 238,050   |
| Total Capital Outlay                                         | 1,282,794   | 962,000   | 252,095   |
| Total Expenditures                                           | 1,282,794   | 962,000   | 252,895   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,282,794) | (962,000) | (247,856) |
| Other Financing Sources                                      |             |           |           |
| Transfers In                                                 | 1,750,000   | 2,450,000 | 2,450,000 |
| Changes in Fund Balance                                      | 467,206     | 1,488,000 | 2,202,144 |
| Fund Balance - Beginning                                     |             |           | 792,503   |
| Fund Balance - Ending                                        |             |           | 2,994,647 |