

ARLINGTON HEIGHTS MEMORIAL LIBRARY,  
ILLINOIS  
(A component unit of the Village of Arlington Heights, Illinois)

ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
APRIL 30, 2014

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

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## **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

August 15, 2014

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 year ended April 30, 2014, 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 April 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

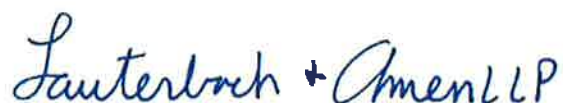
*Other Matters*

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's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison schedules 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 budgetary comparison schedules 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 fiscal year ended April 30, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information that is in the library's financial statements.

**Financial Highlights**

- According to the Statement of Net Position, the assets of the library exceeded its liabilities/deferred inflows at the close of the most recent fiscal year, April 30, 2014, by \$15,131,380. Of this amount, the net position of \$6,647,601 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, as of the close of the current fiscal year, the library's governmental funds reported a total fund balance of \$7,369,404 which will be spent in the following manner; \$180,495 in prepaid material, \$901,255 for capital improvements, \$200,000 for insurance reserves, \$1,400,000 for IMRF Unfunded Actuarial Accrued Liability reserves and the remaining \$4,687,654 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  
(See independent auditor's report)



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.

The library adopts an annual budget for the General Fund and Capital Projects Fund. A budgetary comparison schedule has been provided elsewhere in this report to demonstrate compliance with the budget.

### **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 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 revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

(See independent auditor's report)

## 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 9-23 of the financial report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the IMRF employee pension obligation and budgetary comparison schedules for our two major funds, which can be found on pages 24-29 of the financial report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the Arlington Heights Memorial Library, as the following table demonstrates, assets exceeded liabilities/deferred inflows by \$15,131,380 at the close of the most recent fiscal year.

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

	April 30	
	2014	2013
Current and Other Assets	\$ 21,449,632	\$ 20,247,964
Capital Assets, net of accumulated depreciation	8,483,779	9,038,167
<b>Total Assets</b>	<b>\$ 29,933,411</b>	<b>\$ 29,286,131</b>
Current and Other Liabilities	\$ 710,096	\$ 797,298
Noncurrent Liabilities	668,585	713,335
<b>Total Liabilities</b>	<b>\$ 1,378,681</b>	<b>\$ 1,510,633</b>
Unearned Property Tax	\$ 13,423,350	\$ 13,290,445
<b>Total Deferred Inflows of Revenue</b>	<b>\$ 13,423,350</b>	<b>\$ 13,290,445</b>
<u>Net Position</u>		
Invested in Capital Assets	\$ 8,483,779	\$ 9,038,167
Unrestricted for Culture, Recreation and Education	6,647,601	5,446,886
<b>Total Net Position</b>	<b>\$ 15,131,380</b>	<b>\$ 14,485,053</b>

(See independent auditor's report)

The largest portion of the library's net position, \$8,483,779, reflects its investment in capital assets (e.g. land, building and improvements, equipment, and furniture and fixtures.) The library uses these capital assets to provide services to citizens. The remaining balance of the net position of \$6,647,601 may be used to meet ongoing obligations to citizens and creditors.

### **Governmental Activities**

The following table summarizes the revenue and expenses of the library's governmental activities for fiscal year ended April 30, 2014. Governmental activities increased the library's net position by \$646,327.

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

	For the Year Ended April 30	
	2014	2013
<b>Revenue</b>		
Program Revenue		
Charges for Services	\$ 209,716	\$ 207,714
Operating Grants/Contributions	108,622	239,014
General Revenue		
Property Taxes	13,177,915	13,070,516
Interest	52,392	57,387
Miscellaneous	19,496	24,128
	<b>\$13,568,141</b>	<b>\$13,598,759</b>
<b>Expenses</b>		
Culture, Recreation and Education	\$12,921,814	\$13,330,715
	<b>\$12,921,814</b>	<b>\$13,330,715</b>
<b>Changes in Net Position</b>	<b>\$ 646,327</b>	<b>\$ 268,044</b>
<b>Total Net Position, Beginning of the Year</b>	<b>\$14,485,053</b>	<b>\$14,217,009</b>
<b>Total Net Position, End of the Year</b>	<b>\$15,131,380</b>	<b>\$14,485,053</b>

(See independent auditor's report)  
MD&A 4

**Governmental Funds Analysis**

All of the library’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and 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 annually by a transfer out from the General Fund.

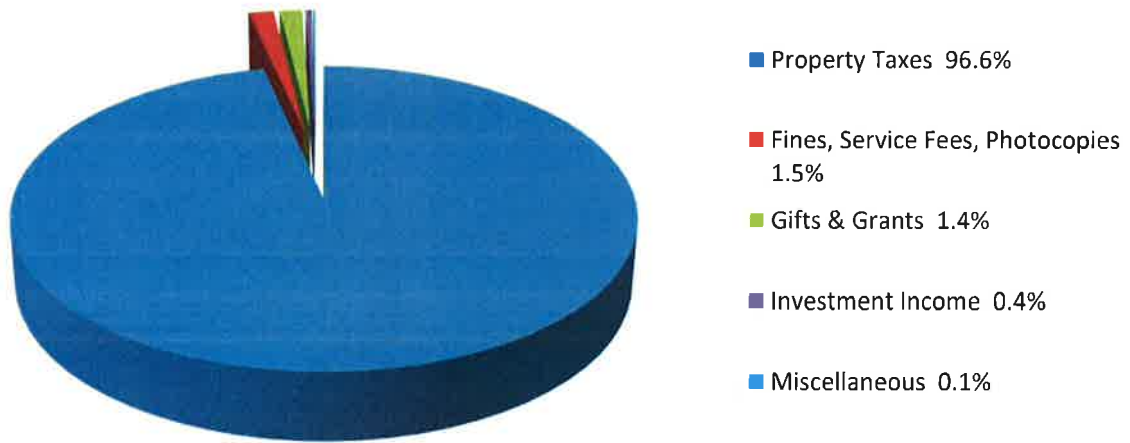
**Table 3**  
**Summary Statement of Revenues and Expenditures**

	For the Year Ended April 30			
	2014	2014	2013	2013
	<u>Fund 291</u>	<u>Fund 491</u>	<u>Fund 291</u>	<u>Fund 491</u>
<b>Revenue</b>				
Property Taxes	\$ 13,177,915	\$ -	\$13,070,516	\$ -
Fines, Service Fees, Photocopies	209,716	-	207,714	-
Gifts & Grants	185,800	-	238,852	-
Investment Income	52,036	356	57,387	-
Miscellaneous	19,496	-	24,128	-
<b>Total Revenue</b>	<b>\$ 13,644,963</b>	<b>\$ 356</b>	<b>\$13,598,597</b>	<b>\$ -</b>
<b>Expenditures</b>				
Salaries and Benefits	\$ 8,792,424	\$ -	\$ 9,118,930	\$ -
Capital Outlay	-	465,213	-	2,878,388
Printed Materials (Books & Periodicals)	749,646	-	821,852	-
Nonprint Materials/Electronic Resources	669,803	-	614,961	-
Public Programs/Services	344,367	-	264,676	-
All other Operating Expenditures*	1,337,505	-	1,362,281	-
<b>Total Expenditures</b>	<b>\$ 11,893,745</b>	<b>\$ 465,213</b>	<b>\$12,182,700</b>	<b>\$2,878,388</b>
<b>Other Financing Sources/(Uses)</b>				
Transfer In		\$ 715,874		\$2,878,924
Transfer Out	\$ (715,874)		\$ (2,878,924)	

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

The following charts show the composition of total revenues and total expenditures for the fiscal year ended April 30, 2014, as shown in Table 3.

### Composition of Total Revenue for the year ended April 30, 2014



### Composition of Total Expenditures for the year ended April 30, 2014



### Capital Outlay

The schedule below details the \$465,213 expended on Capital Outlay for the year ended April 30, 2014, as shown in Table 3.

Information Technology Equipment	\$ 185,981
Library Furniture/Shelving	136,850
New Telephone & Paging System	69,799
Interior Signage	24,073
Security Enhancements	30,920
Public Copiers	11,995
Elevator Upgrade	4,360
Provided by Friends of the Library	<u>1,234</u>
<b>Total</b>	<b>\$ 465,213</b>

### Capital Assets

The library's investment in capital assets for governmental activities at April 30, 2014, was \$8,483,779. This investment in capital assets includes land, building and improvements, equipment, and furniture and fixtures. See page 16 of the financial statements.

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

	<u>April 30</u>	
	<u>2014</u>	<u>2013</u>
<b>Capital Assets</b>		
Land	\$ 142,378	\$ 142,378
Buildings and Improvements	14,676,864	14,676,864
Equipment, Furniture and Fixtures	<u>5,149,811</u>	<u>5,105,958</u>
<b>Total Capital Assets, Before Depreciation</b>	<b>\$19,969,053</b>	<b>\$19,925,200</b>
Less - Accumulated Depreciation	<u>(11,485,274)</u>	<u>(10,887,033)</u>
<b>Total Capital Assets, Net of Depreciation</b>	<b><u>\$ 8,483,779</u></b>	<b><u>\$ 9,038,167</u></b>

(See independent auditor's report)

**General Fund**

For the year ended April 30, 2014, the ending fund balance of the general fund was \$7,117,851, an increase of \$1,035,344 from the prior year. The General Fund (Fund 291) transferred \$715,874 to the Capital Projects Fund (Fund 491) during the year ended April 30, 2014.

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

	<u>For the Year Ended April 30, 2014</u>		
	<u>Original</u>	<u>Final</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Total Revenues	\$ 13,709,222	\$ 13,709,222	\$ 13,644,963
Total Expenditures	<u>12,991,846</u>	<u>12,991,846</u>	<u>11,893,745</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ 717,376</b>	<b>\$ 717,376</b>	<b>\$ 1,751,218</b>
Other Financing Sources (Uses)			
Transfer Out	<u>(715,874)</u>	<u>(715,874)</u>	<u>(715,874)</u>
<b>Net Change in Fund Balance</b>	<b>\$ 1,502</b>	<b>\$ 1,502</b>	<b>\$ 1,035,344</b>
<b>Fund Balance - May 1, 2013</b>			<u><b>\$ 6,082,507</b></u>
<b>Fund Balance - April 30, 2014</b>			<u><u><b>\$ 7,117,851</b></u></u>

**Capital Projects Fund**

For the year ended April 30, 2014, the ending fund balance of the Capital Projects Fund was \$251,553, an increase of \$251,017 from the prior year. The Capital Projects Fund (Fund 491) received a transfer in of \$715,874 from the General Fund (Fund 291).

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

	<u>For the Year Ended April 30, 2014</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	
Total Revenues	\$ -	\$ -	\$ 356
Total Expenditures	715,874	715,874	465,213
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (715,874)</b>	<b>\$ (715,874)</b>	<b>\$ (464,857)</b>
Other Financing Sources (Uses) Transfer In	715,874	715,874	715,874
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 251,017</b>
<b>Fund Balance - May 1, 2013</b>			<b>\$ 536</b>
<b>Fund Balance - April 30, 2014</b>			<b>\$ 251,553</b>

**Financial Outlook**

The library is currently considering a 0% increase for the aggregate 2014 tax levy. The Board of Library Trustees 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. The library receives 96.6% of its revenue from real estate taxes. The receipt of real estate taxes remained steady for the fiscal year ended April 30, 2014. 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 \$7,117,851. This amount would sustain the library's operations for six and one-half months, based on budgeted operating expenditures for the fiscal year ending April 30, 2015.



## **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  
April 30, 2014**

<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 14,862,227
Receivables - Net of Allowances	
Property Taxes	6,389,626
Accounts	7,135
Accrued Interest	10,149
Prepays	180,495
Total Current Assets	<u>21,449,632</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	142,378
Depreciable	19,826,675
Accumulated Depreciation	<u>(11,485,274)</u>
Total Noncurrent Assets	<u>8,483,779</u>
Total Assets	<u>29,933,411</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	302,031
Accrued Payroll	260,971
Other Payables	93,876
Compensated Absences Payable	53,218
Total Current Liabilities	<u>710,096</u>
Noncurrent Liabilities	
Compensated Absences Payable	212,873
Net Other Post-Employment Benefit Obligation Payable	<u>455,712</u>
Total Noncurrent Liabilities	<u>668,585</u>
Total Liabilities	1,378,681
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	13,423,350
Total Liabilities and Deferred Inflows of Resources	<u>14,802,031</u>
<b>NET POSITION</b>	
Investment in Capital Assets	8,483,779
Unrestricted	<u>6,647,601</u>
Total Net Position	<u>15,131,380</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 Fiscal Year Ended April 30, 2014**

	Expenses	Program Revenues		Net
		Charges for Services	Operating Grants/ Contributions	(Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental Activities				
Culture, Recreation and Education	\$ 12,921,814	209,716	108,622	(12,603,476)
		General Revenues		
		Property Taxes		13,177,915
		Interest		52,392
		Miscellaneous		19,496
				<u>13,249,803</u>
		Change in Net Position		646,327
		Net Position - Beginning		<u>14,485,053</u>
		Net Position - Ending		<u><u>15,131,380</u></u>

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

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

**Balance Sheet  
April 30, 2014**

	General	Capital Projects	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 14,542,244	319,983	14,862,227
Receivables - Net of Allowances			
Property Taxes	6,389,626	-	6,389,626
Accounts	7,135	-	7,135
Accrued Interest	10,149	-	10,149
Prepays	180,495	-	180,495
Total Assets	21,129,649	319,983	21,449,632
<b>LIABILITIES</b>			
Accounts Payable	233,601	68,430	302,031
Accrued Payroll	260,971	-	260,971
Other Payables	93,876	-	93,876
Total Liabilities	588,448	68,430	656,878
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	13,423,350	-	13,423,350
Total Liabilities and Deferred Inflows of Resources	14,011,798	68,430	14,080,228
<b>FUND BALANCES</b>			
Nonspendable	180,495	-	180,495
Assigned	2,249,702	251,553	2,501,255
Unassigned	4,687,654	-	4,687,654
Total Fund Balances	7,117,851	251,553	7,369,404
Total Liabilities, Deferred Inflows of Resources and Fund Balances	21,129,649	319,983	21,449,632

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  
April 30, 2014**

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**Total Governmental Fund Balances** \$ 7,369,404

Amounts reported in the Statement of Net Position  
are different because:

Capital assets are not financial resources and therefore,  
are not reported in the funds. 8,483,779

Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported in the funds.

Compensated Absences Payable (266,091)  
Net Other Post-Employment Benefit Obligation Payable (455,712)

**Net Position of Governmental Activities** 15,131,380

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 Fiscal Year Ended April 30, 2014**

	General	Capital Projects	Totals
<b>Revenues</b>			
Taxes	\$ 13,177,915	-	13,177,915
Intergovernmental	135,167	-	135,167
Charges for Services	39,568	-	39,568
Fines and Fees	170,148	-	170,148
Interest	52,036	356	52,392
Miscellaneous	70,129	-	70,129
<b>Total Revenues</b>	<b>13,644,963</b>	<b>356</b>	<b>13,645,319</b>
<b>Expenditures</b>			
Culture, Recreation and Education	11,893,745	-	11,893,745
Capital Outlay	-	465,213	465,213
<b>Total Expenditures</b>	<b>11,893,745</b>	<b>465,213</b>	<b>12,358,958</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,751,218</b>	<b>(464,857)</b>	<b>1,286,361</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	715,874	715,874
Transfers Out	(715,874)	-	(715,874)
	<b>(715,874)</b>	<b>715,874</b>	<b>-</b>
<b>Changes in Fund Balance</b>	<b>1,035,344</b>	<b>251,017</b>	<b>1,286,361</b>
<b>Fund Balance - Beginning</b>	<b>6,082,507</b>	<b>536</b>	<b>6,083,043</b>
<b>Fund Balance - Ending</b>	<b>7,117,851</b>	<b>251,553</b>	<b>7,369,404</b>

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 Fiscal Year Ended April 30, 2014**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,286,361

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	150,218
Depreciation Expense	(704,606)

Grant revenues that were recognized in the prior year on the Statement of Activities  
that were deferred at the fund level until the current year. (77,178)

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.

Deductions to Compensated Absences Payable	10,728
Additions to Net Other Post-Employment Benefit Obligation Payable	<u>(19,196)</u>

**Changes in Net Position of Governmental Activities** 646,327



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

**Notes to the Financial Statements  
April 30, 2014**

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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 year ended April 30, 2014.

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. 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  
April 30, 2014**

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

**BASIS OF PRESENTATION – Continued**

**Governmental Funds – Continued**

**Capital projects funds** account 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  
April 30, 2014**

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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. Prepays 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  
April 30, 2014**

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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 are 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:

<u>Capital Asset</u>	<u>Years</u>
Buildings and Improvements	40
Equipment, Furniture and Fixtures	3 - 10

**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.

**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.

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

**Notes to the Financial Statements  
April 30, 2014**

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

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

**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 hold public meetings and may add to, subtract from, or change appropriations. The budget may be amended by the governing body, but no amendments were made during the 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  
April 30, 2014**

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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), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company.

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 non-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 \$14,862,227 and the bank balances totaled \$14,893,652.

*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  
April 30, 2014**

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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.

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 2013 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 2013 tax levy less the allowance has been recorded as a receivable; the entire 2013 tax levy has been recorded as unavailable revenue at year-end.

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

**Notes to the Financial Statements  
April 30, 2014**

**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>\$ 715,874</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 year ended April 30, 2014 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 142,378	-	-	142,378
Depreciable Capital Assets				
Buildings and Improvements	14,676,864	-	-	14,676,864
Equipment, Furniture and Fixtures	5,105,958	150,218	106,365	5,149,811
	<u>19,782,822</u>	<u>150,218</u>	<u>106,365</u>	<u>19,826,675</u>
Less Accumulated Depreciation				
Buildings and Improvements	7,786,450	405,980	-	8,192,430
Equipment, Furniture and Fixtures	3,100,583	298,626	106,365	3,292,844
	<u>10,887,033</u>	<u>704,606</u>	<u>106,365</u>	<u>11,485,274</u>
Total Net Depreciable Capital Assets	<u>8,895,789</u>	<u>(554,388)</u>	<u>-</u>	<u>8,341,401</u>
Total Net Capital Assets	<u>9,038,167</u>	<u>(554,388)</u>	<u>-</u>	<u>8,483,779</u>

Depreciation expense of \$704,606 was charged to the culture, recreation and education function.



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

**Notes to the Financial Statements  
April 30, 2014**

**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 Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 276,819	10,728	21,456	266,091	53,218
Net Other Post-Employment Benefit Obligation	436,516	19,196	-	455,712	-
	<u>713,335</u>	<u>29,924</u>	<u>21,456</u>	<u>721,803</u>	<u>53,218</u>

Compensated absences and the net other post-employment benefit obligation are generally liquidated by the General Fund.

**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 balance is available. The Library first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

**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.

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

**Notes to the Financial Statements  
April 30, 2014**

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

**FUND BALANCE CLASSIFICATIONS – Continued**

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

	General	Capital Projects	Totals
Fund Balances			
Nonspendable			
Prepays	\$ 180,495		180,495
Assigned			
Capital Projects	649,702	251,553	901,255
IMRF UAAL	1,400,000	-	1,400,000
Insurance Reserves	200,000	-	200,000
	<u>2,249,702</u>	<u>251,553</u>	<u>2,501,255</u>
Unassigned	<u>4,687,654</u>	-	<u>4,687,654</u>
Total Fund Balances	<u>7,117,851</u>	<u>251,553</u>	<u>7,369,404</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  
April 30, 2014**

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**NOTE 4 – OTHER INFORMATION – Continued**

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

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 and can only be amended by the Illinois General Assembly.

**Plan Descriptions, Provisions and Funding Policies**

**Illinois Municipal Retirement Fund**

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. Participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Library is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute.

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

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

**Notes to the Financial Statements  
April 30, 2014**

**NOTE 4 – OTHER INFORMATION – Continued**

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

**Plan Descriptions, Provisions and Funding Policies – Continued**

**Illinois Municipal Retirement Fund – Continued**

Fiscal Year	Actuarial Valuation Dec. 31,	Total Village	Library Portion*
<b>Actuarial Accrued Liability (AAL)</b>			
2012	2011	\$ 72,973,641	\$ 19,265,041
2013	2012	71,966,783	15,235,368
2014	2013	73,416,479	15,542,269
<b>Actuarial Value of Assets</b>			
2012	2011	\$ 49,241,073	\$ 12,999,644
2013	2012	49,110,516	10,396,696
2014	2013	54,268,943	11,488,735
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>			
2012	2011	\$ 23,732,568	\$ 6,265,398
2013	2012	22,856,267	4,838,672
2014	2013	19,147,536	4,053,534
<b>Funded Ratio</b>			
2012	2011	67.48%	67.48%
2013	2012	68.24%	68.24%
2014	2013	73.92%	73.92%
<b>Covered Payroll (Active Plan Members)</b>			
2012	2011	\$ 22,580,121	\$ 5,961,152
2013	2012	22,540,828	4,771,893
2014	2013	23,242,652	4,920,469
<b>UAAL as a Percentage of Covered Payroll</b>			
2012	2011	105.10%	105.10%
2013	2012	101.40%	101.40%
2014	2013	82.38%	82.38%

\* Allocation based on Library contribution rate to total Village and Library contribution for 2012. For 2013 and 2014, the Library allocation is based on the present value of benefits for active and inactive members. The effects of the early retirement incentive have been excluded from the calculation.

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

**Notes to the Financial Statements  
April 30, 2014**

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**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 postretirement 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 then 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 postemployment 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 April 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	37
Active Employees	<u>68</u>
Total	<u>105</u>
Participating Employers	1

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

**Notes to the Financial Statements  
April 30, 2014**

**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of April 30, 2014, was calculated as follows:

Annual Required Contribution	\$ 90,441
Interest on the NOPEBO	19,090
Adjustment to the ARC	<u>(27,756)</u>
Annual OPEB Cost	81,775
Actual Contribution	<u>62,579</u>
Increase in the NPO	19,196
NOPEBO - Beginning	<u>436,516</u>
NOPEBO - Ending	<u><u>455,712</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 Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 97,418	\$ 73,229	75.17%	\$ 413,798
2013	96,611	73,894	76.49%	436,516
2014	81,775	62,579	76.53%	455,712

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

**Notes to the Financial Statements  
April 30, 2014**

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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 April 30, 2014, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,545,146
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,545,146
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 6,505,722
UAAL as a Percentage of Covered Payroll	23.75%

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 April 30, 2014 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 7.0% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014, 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 Benefits Plan
- 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  
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**Other Post-Employment Benefits Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2014**

<b>Funding Progress</b>						(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	
2009	\$ -	\$ 2,386,457	0.00%	\$ 2,386,457	\$ 6,288,263	37.95%
2010	-	1,564,397	0.00%	1,564,397	4,589,180	34.09%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	1,669,900	0.00%	1,669,900	4,045,543	41.28%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	1,545,146	0.00%	1,545,146	6,505,722	23.75%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 21,578	\$ 201,826	10.69%
2010	23,520	201,826	11.65%
2011	67,183	94,079	71.41%
2012	73,229	94,079	77.84%
2013	73,894	93,064	79.40%
2014	62,579	90,441	69.19%

N/A - Not Available

The Library Implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. The Library is required to have an actuarial valuations biennially. The amounts above are allocated based on the Library's portion of the total Village net other post-employment obligation.

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

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes - General	\$ 11,978,818	11,978,818	11,801,992
Property Taxes - IMRF	797,079	797,079	844,595
Property Taxes - FICA	514,550	514,550	531,328
Intergovernmental			
State Grants	93,000	93,000	135,167
Charges for Services			
Copier and Film Printer Fees	34,000	34,000	39,568
Fines and Fees	169,775	169,775	170,148
Interest	45,000	45,000	52,036
Miscellaneous			
Donations	66,500	66,500	50,633
Miscellaneous	10,500	10,500	19,496
Total Revenues	<u>13,709,222</u>	<u>13,709,222</u>	<u>13,644,963</u>
Expenditures			
Culture, Recreation and Education			
Executive Office	4,563,484	4,563,484	4,193,941
User Services	8,428,362	8,428,362	7,699,804
Total Expenditures	<u>12,991,846</u>	<u>12,991,846</u>	<u>11,893,745</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	717,376	717,376	1,751,218
Other Financing (Uses)			
Transfers Out	<u>(715,874)</u>	<u>(715,874)</u>	<u>(715,874)</u>
Changes in Fund Balance	<u>1,502</u>	<u>1,502</u>	1,035,344
Fund Balance - Beginning			<u>6,082,507</u>
Fund Balance - Ending			<u>7,117,851</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 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**

The 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.

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

**General Fund**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Culture, Recreation and Education			
Executive Office			
Administration			
Salaries	\$ 463,072	463,072	403,356
Benefits	315,809	315,809	165,411
Contractual Services	445,554	445,554	364,262
Commodities	10,995	10,995	8,668
Other Charges	20,000	20,000	19,858
	<u>1,255,430</u>	<u>1,255,430</u>	<u>961,555</u>
Communication and Marketing			
Salaries	264,314	264,314	265,224
Benefits	100,692	100,692	91,324
Contractual Services	150,898	150,898	112,619
Commodities	32,176	32,176	26,152
	<u>548,080</u>	<u>548,080</u>	<u>495,319</u>
Human Resources			
Salaries	114,678	114,678	124,319
Benefits	31,261	31,261	32,787
Contractual Services	23,205	23,205	17,903
Commodities	4,000	4,000	1,914
Other Charges	9,500	9,500	4,446
	<u>182,644</u>	<u>182,644</u>	<u>181,369</u>
Paid by Gifts and Grants			
Contractual Services	5,000	5,000	12,346
Commodities	45,000	45,000	24,033
	<u>50,000</u>	<u>50,000</u>	<u>36,379</u>
Finance			
Salaries	189,980	189,980	140,451
Benefits	84,476	84,476	66,373
Contractual Services	35,874	35,874	78,483
Commodities	500	500	397
	<u>310,830</u>	<u>310,830</u>	<u>285,704</u>

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

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
<b>Culture, Recreation and Education - Continued</b>			
Executive Office - Continued			
Information Technology			
Salaries	\$ 487,922	487,922	485,648
Benefits	219,380	219,380	198,866
Contractual Services	122,130	122,130	139,068
Commodities	184,981	184,981	186,401
	<u>1,014,413</u>	<u>1,014,413</u>	<u>1,009,983</u>
Security			
Salaries	205,808	205,808	205,886
Benefits	86,714	86,714	77,472
Contractual Services	500	500	66
Commodities	225	225	271
	<u>293,247</u>	<u>293,247</u>	<u>283,695</u>
Facilities			
Salaries	366,242	366,242	367,498
Benefits	159,614	159,614	143,739
Contractual Services	263,584	263,584	306,033
Commodities	119,400	119,400	122,667
	<u>908,840</u>	<u>908,840</u>	<u>939,937</u>
Total Executive Office	<u>4,563,484</u>	<u>4,563,484</u>	<u>4,193,941</u>
User Services			
Children's Services			
Salaries	689,942	689,942	630,102
Benefits	212,857	212,857	189,326
Contractual Services	20,467	20,467	17,238
Commodities	35,013	35,013	41,642
	<u>958,279</u>	<u>958,279</u>	<u>878,308</u>

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

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
<b>Culture, Recreation and Education - Continued</b>			
<b>User Services - Continued</b>			
<b>Program Services</b>			
Salaries	\$ 522,192	522,192	518,798
Benefits	205,535	205,535	192,342
Contractual Services	89,566	89,566	49,574
Commodities	25,428	25,428	16,854
	<u>842,721</u>	<u>842,721</u>	<u>777,568</u>
<b>Customer Services</b>			
Salaries	1,857,470	1,857,470	1,801,554
Benefits	563,368	563,368	503,021
Contractual Services	16,740	16,740	13,781
Commodities	20,542	20,542	14,313
	<u>2,458,120</u>	<u>2,458,120</u>	<u>2,332,669</u>
<b>Digital Services</b>			
Salaries	473,606	473,606	416,467
Benefits	171,418	171,418	146,731
Contractual Services	4,965	4,965	5,536
Commodities	302,783	302,783	280,709
	<u>952,772</u>	<u>952,772</u>	<u>849,443</u>
<b>Collection Services</b>			
Salaries	1,307,878	1,307,878	1,214,712
Benefits	465,343	465,343	411,017
Contractual Services	131,361	131,361	68,226
Commodities	1,311,888	1,311,888	1,167,861
	<u>3,216,470</u>	<u>3,216,470</u>	<u>2,861,816</u>
<b>Total User Services</b>	<u>8,428,362</u>	<u>8,428,362</u>	<u>7,699,804</u>
<b>Total Expenditures</b>	<u>12,991,846</u>	<u>12,991,846</u>	<u>11,893,745</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 Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Interest	-	-	356
Expenditures			
Capital Outlay			
Administration	154,946	154,946	156,180
Paid by Gifts and Grants	15,000	15,000	1,234
Information Technology	215,160	215,160	199,152
Facilities	330,768	330,768	108,647
Total Expenditures	715,874	715,874	465,213
Excess (Deficiency) of Revenues Over (Under) Expenditures	(715,874)	(715,874)	(464,857)
Other Financing Sources			
Transfers In	715,874	715,874	715,874
Changes in Fund Balance	-	-	251,017
Fund Balance - Beginning			536
Fund Balance - Ending			251,553