

**Gail Borden Public Library District
(Located within the State of Illinois)**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

Table of Contents

Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-7
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheets – Governmental Funds	10
Reconciliation of Total Governmental Fund Balance To Net Position of Governmental Activities	11
Statements of Revenues, Expenditures and Changes In Fund Balances – Governmental Activities	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14-24
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	25
Schedule of Funding Progress – Illinois Municipal Retirement Fund.....	26
Note to Required Supplementary Information	27
<u>Supplementary Information</u>	
Balance Sheets – Other Governmental Funds	28
Statements of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds.....	29

General Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	30
General Fund – Statement of Expenditures (and Comparison with Budget).....	31
Illinois Municipal Retirement Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	32
Social Security Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	33
Working Cash Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	34
Liability Insurance Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	35
Audit Fund – Statement of Revenues, Expenditures (and Comparison With Budget), and Changes in Fund Balance.....	36
Building and Equipment Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	37
Building Reserve Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	38
Gift Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance.....	39
Bond and Interest Fund – Statement of Revenues, Expenditures (and Comparison with Budget), and Changes in Fund Balance	40
<u>Additional Supplementary Information</u>	
Assessed Valuation and Tax Rates	41
Property Tax Collections by Year	42

Independent Auditor's Report

To the Board of Trustees of
Gail Borden Public Library District
Elgin, Illinois 60120

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Gail Borden Public Library District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe 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 Gail Borden Public Library District as of June 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and additional supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Tighe, Kress & Orr P.C.

Elgin, Illinois
August 29, 2014

**Gail Borden Public Library District
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

The management discussion and analysis of the Gail Borden Public Library District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please review it in conjunction with the District's basic financial statements, which begin on page 8.

Financial Highlights

Total net position decreased \$435,075 which represents a 0.9 percent decrease from 2013. General revenues accounted for \$13,767,783 in revenues or 95.09 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$711,068 or 4.91 percent of all revenues. The District had \$14,178,612 in expenses related to governmental activities with \$711,068 in program revenues to cover the cost of those programs. The excess expenses were paid by general revenue.

Government-wide financial statements (found on pages 8 and 9 of this report) – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District's improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the time of related cash flows. Thus, revenues and expenditures are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish the function of the District that is principally supported by taxes.

Fund financial statements (found on pages 10 and 12 of this report) – A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are 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 fund financial statements focus on near-term in flows 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.

**Gail Borden Public Library District
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

These two statements report the District's net position and changes in them. You can think of the District's net position, the difference between assets (what the District owns), and liabilities (what the District owes) as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's jurisdiction, the availability of capital projects and continuing local government support to assess the overall health of the District.

As indicated in Note 5 of the notes to financial statements, in 2014 the District issued \$1,845,000 of refinancing bonds for the purpose of refunding a portion of a previous bond issue (Series 2005A).

Reporting the District's Most Significant Funds

Fund Financial Statements

Major Funds

Our analysis of the District's major funds begins on page 5. The fund financial statements begin on page 10 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. However, the Board of Trustees establishes other funds to help control and manage money for particular purposes (ex. Capital projects fund). The District only has governmental funds.

- General
- Bond and interest
- Building and equipment
- Working cash
- Illinois Municipal Retirement Fund
- Social security
- Capital projects

Governmental Funds: The District's services are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

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 14 to 24 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents combining and individual fund statements and schedules which can be found on pages 28 to 40 of this report.

**Gail Borden Public Library District
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

The District as a Whole

The District's total net position deteriorated from a year ago, decreasing from 48.4 million to 48.1 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1
Statement of Net Position Fiscal Years ended June 30, 2014 and 2013
(in millions)

	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Current and other assets	19.6	19.0	Net position:		
Long term receivables	16.3	18.6	Net invested in capital		
Capital assets	31.5	32.3	assets	31.1	31.9
Total assets	<u>67.4</u>	<u>69.9</u>	Restricted	1.5	1.2
			Unrestricted	<u>15.5</u>	<u>15.3</u>
Other liabilities	2.8	2.5	Total net position	<u>48.1</u>	<u>48.4</u>
Long-term obligations	<u>16.5</u>	<u>19.0</u>			
Total liabilities	<u>19.3</u>	<u>21.5</u>			

Net position of the District's activities decreased .9 percent or \$435,075 due to a decrease in capital assets. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased \$359,223 during the year.

Table 2 compares the 2014 change in net position to the 2013 change in net position.

Table 2
Changes in Net Position for 2014
Compared with 2013 activity
(in thousands)

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Program Revenues:			
Charges for services	\$ 292.7	\$ 297.6	\$ (4.9)
Capital grants	418.3	328.7	89.6
General Revenues:			
General revenues	<u>13,767.8</u>	<u>12,039.7</u>	<u>1,728.1</u>
Total Revenues	\$ <u>14,478.8</u>	\$ <u>12,666.0</u>	\$ <u>1,812.8</u>
Program Expenses			
General government	\$ 14,178.6	\$ 13,715.8	\$ (462.8)
Interest of long-term debt	<u>735.3</u>	<u>834.7</u>	<u>99.4</u>
Total Expenses	<u>14,913.9</u>	<u>14,550.5</u>	<u>(363.4)</u>
Increase (decrease) in net position	\$ <u>(435.1)</u>	\$ <u>(1,884.5)</u>	\$ <u>2,176.2</u>

**Gail Borden Public Library District
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

The District's Funds

Table 3 presents the fund balances of the individual major funds and total non-major funds and an analysis of significant changes in the fund balances.

Table 3
Changes in Year End Fund Balance
(in thousands)

	2014	2013	Change
General	\$ 4,766.3	\$ 9,007.1	\$ (4,240.8)
Bond and interest	1,005.3	905.8	99.5
Building and equipment fund	(53.3)	110.8	(164.1)
Working cash	1,361.3	1,361.3	-
Social security	135.6	153.8	(18.2)
Illinois Municipal Retirement Fund	166.6	162.1	4.5
Nonmajor funds	4,578.7	468.3	4,110.4
Total Governmental Balances	<u>\$ 11,960.5</u>	<u>\$ 12,169.2</u>	<u>\$ (208.7)</u>

The decrease in the General Fund resulted from the transfer of funds to the Building Reserve Fund in order to better accommodate future expenses.

Table 4
Total Governmental Fund Revenues
(in thousands)

Revenue Source	2013	2014	Percent of total	Increase (decrease) over 2013	Percentage Change from 2013
Intergovernmental	\$ 13,444.3	\$ 13,175.6	94.6%	(268.7)	(2.0)
Charges for services	321.4	292.7	2.1%	(28.7)	(8.9)
Investment earnings	7.0	7.0	0.1%	-	-
Grants and donations	328.7	418.3	3.0%	89.6	27.3
Other	27.4	39.2	0.3%	11.8	43.1
Total	<u>\$ 14,128.8</u>	<u>\$ 13,932.8</u>	<u>100.0%</u>	<u>(196.0)</u>	

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$31,427,213 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, computers, and book and library materials. The total decrease in District's

**Gail Borden Public Library District
Management's Discussion and Analysis
For the Year Ended June 30, 2014**

investment in capital assets for the current fiscal year was 2.83%. The decrease was due to disposals and depreciation expense being larger than additions during the year.

For more detail on capital assets please refer to the notes to the financial statements.

Long-Term Debt

The District has several general obligation bond due dates ranging from 2014 through 2021. The District made principal payments of \$3,685,375 on current portions of bonds due during the year. Interest expense was \$760,660 for the year ended June 30, 2014. For more detail on long term debt please refer to the notes to the financial statements.

Budgetary Highlights

Following is a comparison of the actual and budgeted items for the general fund.

Table 5
Final Budget versus Actual Results
General Fund
(in thousands)

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 9,523.0	\$ 8,775.4	\$ (747.6)
Charges for services	295.0	292.7	(2.3)
Investment earnings	15.0	1.4	(13.6)
Grants and donations	250.0	205.7	(44.3)
All other	35.5	38.6	3.1
Expenditures:			
Total general government	12,439.5	9,554.8	2,884.7

The variance in revenues compared to the budget resulted from levying less than budgeted for property taxes for the year ended June 30, 2014. The variance in expenditures resulted from the containment of costs, specifically in areas of personnel services, contingency and materials.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Gail Borden Public Library District, 270 North Grove, Elgin, Illinois 60120.

**Gail Borden Public Library District
Statement of Net Position
For the Year Ended June 30, 2014**

Assets	<u>Governmental Activities</u>
Current Assets:	
Cash and cash equivalents	\$ 10,695,456
Property tax receivable	6,925,948
Other receivables	35,702
Current portion of long-term receivables	1,990,000
Total Current Assets	<u>19,647,106</u>
Non-Current Assets:	
Long-term receivables-amount to be provided for payment of general obligation bonds	16,274,113
Accrued bond discount and costs	68,056
Land, buildings and equipment net of accumulated depreciation of \$10,627,980	31,427,213
Total Non-Current Assets	<u>47,769,382</u>
Total Assets	<u>\$ 67,416,488</u>
Liabilities and Net Position	
Current Liabilities:	
Accounts payable	\$ 348,505
Accrued expenses, including accrued interest of \$29,183	79,546
Compensated absences	253,181
Current portion of long-term debt	1,990,000
Current portion of equipment loan	145,058
Total Current Liabilities	<u>2,816,290</u>
Non-Current Liabilities:	
Long-term portion of equipment loan	164,455
General obligation bonds payable, net of current portion of long-term debt, including bond premium of \$207,831	16,342,169
Total Liabilities	<u>19,322,914</u>
Net Position:	
Net invested in capital assets	31,117,700
Restricted for:	
Debt service	1,005,281
District's audit cost	8,585
Insurance premium	144,773
Other purpose	17,597
Retirement fund obligations	166,570
Social security tax obligations	135,624
Unrestricted	15,497,444
Total Net Position	<u>\$ 48,093,574</u>

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements

**Gail Borden Public Library District
Statement of Activities
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue and Changes in Net Position
Primary Governments:					
General Government Activities	\$ 14,178,612	\$ 292,744	\$ 418,324	\$ -	\$ (13,467,544)
Interest on Long-Term Debt	735,314	-	-	-	(735,314)
Total Primary Government	<u>\$ 14,913,926</u>	<u>\$ 292,744</u>	<u>\$ 418,324</u>	<u>\$ -</u>	<u>(14,202,858)</u>
 General Revenues:					
Property Taxes					13,563,727
Replacement Taxes					157,889
Interest Income					6,954
Developer Fees					32,371
Miscellaneous					6,842
Total General Revenues					<u>13,767,783</u>
Change in Net Position					(435,075)
Net Position-Beginning					48,528,649
Net Position-Ending					<u>\$ 48,093,574</u>

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements

**Gail Borden Public Library District
Balance Sheets - Governmental Funds
For the Year Ended June 30, 2014**

	General Fund	Bond and Interest Fund	Building and Equipment Fund	Working Cash Fund	IMRF Fund	Social Security Fund	Other Government Funds	Total Government Funds
Assets								
Cash and cash equivalents	\$ 4,051,970	\$ 627,770	\$ -	\$ 1,361,346	\$ 59,178	\$ 98,521	\$ 4,561,198	\$ 10,759,983
Property tax receivable	4,594,512	1,387,734	241,052	-	397,681	218,787	86,182	6,925,948
Other receivable	28,626	-	-	-	919	-	6,157	35,702
Total Assets	<u>\$ 8,675,108</u>	<u>\$ 2,015,504</u>	<u>\$ 241,052</u>	<u>\$ 1,361,346</u>	<u>\$ 457,778</u>	<u>\$ 317,308</u>	<u>\$ 4,653,537</u>	<u>\$ 17,721,633</u>
Liabilities								
Checks in excess	\$ -	\$ -	\$ 64,527	\$ -	\$ -	\$ -	\$ -	\$ 64,527
Accounts payable	286,077	-	50,908	-	-	-	11,520	348,505
Accrued expenses	282,175	-	-	-	-	21,369	-	303,544
Deferred revenue	3,340,583	1,010,223	178,919	-	291,208	160,315	63,293	5,044,541
Total Liabilities	<u>3,908,835</u>	<u>1,010,223</u>	<u>294,354</u>	<u>-</u>	<u>291,208</u>	<u>181,684</u>	<u>74,813</u>	<u>5,761,117</u>
Fund Balances								
Nonspendable:	17,597	-	-	-	-	-	-	17,597
Restricted for:								
Debt service	-	1,005,281	-	-	-	-	-	1,005,281
District's audit cost	-	-	-	-	-	-	8,585	8,585
Insurance premium	-	-	-	-	-	-	144,773	144,773
Other purpose	-	-	-	-	-	-	-	-
Retirement fund obligations	-	-	-	-	166,570	-	-	166,570
Social security tax obligations	-	-	-	-	-	135,624	-	135,624
Committed for:	-	-	-	-	-	-	-	-
Assigned to:								
Capital projects	-	-	-	1,361,346	-	-	-	1,361,346
Physical plant expansion	-	-	-	-	-	-	4,183,276	4,183,276
Unassigned	4,748,676	-	(53,302)	-	-	-	242,090	4,937,464
Total Fund Balances	<u>4,766,273</u>	<u>1,005,281</u>	<u>(53,302)</u>	<u>1,361,346</u>	<u>166,570</u>	<u>135,624</u>	<u>4,578,724</u>	<u>11,960,516</u>
Total Liabilities and Fund Balances	<u>\$ 8,675,108</u>	<u>\$ 2,015,504</u>	<u>\$ 241,052</u>	<u>\$ 1,361,346</u>	<u>\$ 457,778</u>	<u>\$ 317,308</u>	<u>\$ 4,653,537</u>	<u>\$ 17,721,633</u>

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements

**Gail Borden Public Library District
Reconciliation of Total Governmental Fund Balance
To Net Position of Governmental Activities
For the Year Ended June 30, 2014**

Total Governmental Fund Balance \$ 11,960,516

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

Capital assets at historical cost, net accumulated depreciation,
used in governmental activities are not financial resources and
therefore are not reported in the governmental funds statement. 31,427,213

Long term receivables are not available to pay for current
period expenditures and therefore are deferred in the
governmental funds statement. 16,274,113

Deferred revenue is not reflected in Statement of Position. 5,044,541

Interest payable used in governmental activities are not payable
from current resources and therefore are not accrued in
the governmental funds statement. (29,183)

Long-term liabilities including bonds payable are not due
and payable in the current period and therefore are not
reported in the governmental funds statement. (16,342,169)

Bond costs and bond discounts are reported in governmental
funds as expenditures. However, in the Statement of Net
Position, the costs are accrued. 68,056

Long-term liabilities including notes payable are not due
and payable in the current period and therefore are not
reported in the governmental funds statement. (309,513)

Net Position \$ 48,093,574

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements

Gail Borden Public Library District
Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Activities
For the Year Ended June 30, 2014

	General Fund	Bond & Interest Fund	Building & Equipment Fund	Working Cash Fund	IMRF Fund	Social Security Fund	Other Government Funds	Total Government Funds
Revenues:								
Property taxes	\$ 8,622,954	\$ 2,561,632	\$ 483,078	\$ -	\$ 772,559	\$ 409,157	\$ 168,317	\$ 13,017,697
Replacement taxes	152,474	-	-	-	5,415	-	-	157,889
Charge for services	292,744	-	-	-	-	-	-	292,744
Interest income	1,396	-	-	-	-	-	5,558	6,954
Grants and donations	205,746	-	-	-	-	-	212,578	418,324
Other	38,644	569	-	-	-	-	-	39,213
Total Revenue	<u>9,313,958</u>	<u>2,562,201</u>	<u>483,078</u>	<u>-</u>	<u>777,974</u>	<u>409,157</u>	<u>386,453</u>	<u>13,932,821</u>
Expenditures:								
Current:								
General Government	9,033,589	48,603	647,137	-	773,466	427,330	276,062	11,206,187
Capital Outlay	521,158	-	-	-	-	-	-	521,158
Debt Service:								
Principal	-	3,685,375	-	-	-	-	-	3,685,375
Interest	-	760,660	-	-	-	-	-	760,660
Total Expenditures	<u>9,554,747</u>	<u>4,494,638</u>	<u>647,137</u>	<u>-</u>	<u>773,466</u>	<u>427,330</u>	<u>276,062</u>	<u>16,173,380</u>
Excess (deficiency) of revenues over (under) expenditures:	(240,789)	(1,932,437)	(164,059)	-	4,508	(18,173)	110,391	(2,240,559)
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	4,000,000	4,000,000
Transfers out	(4,000,000)	-	-	-	-	-	-	(4,000,000)
Bond Proceeds	-	2,031,881	-	-	-	-	-	2,031,881
Total Other Financing Sources (Uses)	<u>(4,000,000)</u>	<u>2,031,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>2,031,881</u>
Net change in fund balances	(4,240,789)	99,444	(164,059)	-	4,508	(18,173)	4,110,391	(208,678)
Fund Balances-Beginning	9,007,062	905,837	110,757	1,361,346	162,062	153,797	468,333	12,169,194
Fund Balances-Ending	<u>\$ 4,766,273</u>	<u>\$ 1,005,281</u>	<u>\$ (53,302)</u>	<u>\$ 1,361,346</u>	<u>\$ 166,570</u>	<u>\$ 135,624</u>	<u>\$ 4,578,724</u>	<u>\$ 11,960,516</u>

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements

Gail Borden Public Library District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net Change in Governmental Fund Balance	\$	(208,678)
Amounts reported in governmental activities in the Statement of Net Position are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,060,411) did exceed capitalized fixed assets and disposals (\$144,546) in the period.		(915,865)
Property tax revenue on a full accrual basis that is deferred on the modified accrual basis in the Statement of Revenues and Expenditures.		546,030
Loan expenses that on a full accrual basis is a liability on the modified accrual basis in the Statement of Revenues and Expenditures.		139,341
Interest accrued on general obligation bonds is not an expenditure in the governmental funds statement.		4,097
Transfer of long-term receivables related to payment on bonds is not an expenditure in the government fund report.		(1,674,743)
Amortization of bond premiums is not revenue in the governmental funds statement.		21,249
Principal payments on bonds is an expenditure in the government fund report.		3,685,375
Bond proceeds are not revenue in the governmental funds statement.		(2,031,881)
Change in Net Position of Governmental Activities	\$	(435,075)

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 1 – Statement of Significant Accounting Policies

Gail Borden Public Library District is located in Elgin, Illinois. The District was incorporated under the provisions of the constitution and general statute of the State of Illinois. The District was organized to provide cultural services to its local residents.

The significant accounting policies followed by the Gail Borden Public Library District (the “District”) are presented to assist the reader in evaluating the financial statements.

Principles determining scope of reporting entity:

The financial statements of the District consist only of the governmental funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or are dependent on the District. Control or dependence is determined on the basis of taxing authority and appointment of respective governing boards.

Fund accounting:

The accounts of the District are organized on the basis of funds, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. In the financial statements in this report, the funds of the District are grouped in into various fund types as follows:

Governmental Funds – General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources relating to the normal daily operations of the District.

Governmental Funds – Bond and Interest Fund – This fund is used to reflect the repayment of principal and interest on the general obligation bonds issued to build the new library building.

Governmental Funds – Building and Equipment Fund – This fund is used to pay for equipment repairs and acquisition.

Governmental Funds – Working Cash Fund – This fund is used to supply the District with emergency cash needs during periods of cash flow deficiencies.

Governmental Funds – Illinois Municipal Retirement Fund – This fund is used for paying the District’s portion of the Illinois Municipal Retirement Fund obligation.

Governmental Funds – Social Security Fund – This fund is used for paying the District’s portion of Social Security tax for employees of the District.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 1 – Statement of Significant Accounting Policies (continued)

Fund accounting (continued):

Governmental Funds – Audit Fund – This fund is used to pay for the performance of the District’s annual certified audit.

Governmental Funds – Liability and Risk Fund – This fund is used to pay insurance premiums for liability and workmen’s compensation insurance coverage for the District.

Governmental Funds – Building Reserve Fund – This fund is used to accumulate resources to expand the Library’s physical plant.

Governmental Funds – Gift Fund – This fund is used to pay for special non-operating expenses of the District.

Government-wide fund financial statements:

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as unrestricted revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 1 – Statement of Significant Accounting Policies (continued)

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Revenue recognition – property taxes:

Property taxes are levied by the District in both Kane and Cook Counties and become a lien on January 1. These levies are made in the fall of the year (2013) and the taxes are payable as follows:

Kane County:

One half of the property taxes assessed are due and payable on June 1, and the remaining half is due and payable on September 1.

Cook County:

A preliminary billing (based on the prior year) is due and payable on March 1 of each year and the balance of the taxes are due and payable on August 1 of each year.

Property tax revenues are recognized when they become available. Receipts within 60 days of year-end are considered available. The balance of the property tax receivable which will be collected subsequent to 60 days after year-end is reflected in the accompanying financial statements as deferred revenue.

Compensated absence:

The District provides their full-time employees with paid vacation days each year. The vested portion of unpaid vacation days is reflected as a liability in the accompanying financial statements.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 1 – Statement of Significant Accounting Policies (continued)

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when acquired.

Investments:

The Library limits the exposure to credit risk by primarily investing in U.S. agency obligations and the money market funds. Investments in the governmental funds are stated at cost or amortized cost, which approximate market.

Inventories and Prepaid items:

Governmental fund inventory items are charged to expenditure account when purchased. Year end inventory was not significant. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide.

Capital Assets:

Capital assets, which include land, buildings, improvements, vehicles and equipment, are reported in the government-wide fund statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000. These assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method with useful lives of 7-40 years. Fixed asset acquisitions net of disposals were \$144,546 for the year ended June 30, 2014 these are reflected as expenditures in the Governmental Funds. Depreciation expense as reflected in the statement of activities for the year ended June 30, 2014 was \$1,060,411.

Fund Balance:

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. When both restricted and unrestricted funds are both available, restricted resources will be used first. The following classifications describe the relative strength of the spending constraints:

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 1 – Statement of Significant Accounting Policies (continued)

Nonspendable fund balance - amounts that are not in a nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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

Note 2 – Pension Plan

Plan Description: The employer'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 employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 2 – Pension Plan (continued)

Funding Policy: As set by statute, the employer Regular plan members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2013 was 16.05 percent. The employer also contributes for the 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost: The required contribution for calendar year 2013 was \$760,569.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 760,569	100%	\$ 0
12/31/2012	\$ 692,445	100%	\$ 0
12/31/2011	\$ 639,282	100%	\$ 0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of the employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funding Status and Funding Progress: As of December 31, 2013 the most recent actuarial valuation date, the Regular plan was 67.89 percent funded. The actuarial accrued liability for benefits was \$12,698,594 and the actuarial value of assets was \$8,620,486, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,078,108. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$4,738,749 and the ratio of the UAAL to the covered payroll was 86 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 3 – Deposits and Investments

Bank Deposits:

Deposits of the governmental funds of the District at June 30, 2014 consist of the following, less petty cash amount of \$3,308:

	<u>Bank Balances</u>	<u>Carrying Amount</u>
Checking accounts	\$ 5,173,619	\$ 4,977,769
Savings accounts	15,748	15,748
State Treasurer's investment pool	5,698,631	5,698,631
	\$ 10,887,998	\$ 10,692,148

All deposits are insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the bank maintains collateral in their name for the credit of Gail Borden Library for the amounts in excess of FDIC limits.

Investment Funds:

Investment Fund deposits with financial institutions had carrying amounts of \$3,997,693 at June 30, 2014. Carrying amounts are recorded at fair market value.

	<u>Fair Value</u>	<u>Bank Balance</u>
Level 1	\$ 3,997,693	\$ 3,997,693
Level 2	-	-
Level 3	-	-
Investment in Illinois Funds	-	-
	\$ 3,997,693	\$ 3,997,693

In accordance with FASB ASC 820, the District classifies its investments into Level 1, which refers to securities traded in an active market. Level 2, which refers to securities not traded on an active market, but for which observable market inputs are readily available. Level 2 can also refer to Level 1 securities where there is a contractual restriction. And level 3, which refers to securities not traded in an active market and for which no significant observable market inputs are available. As required by FASB ASC 820 at June 30, 2014, the District's portfolio investments were classified, based on fair values.

Policies for Investments:

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

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 3 – Deposits and Investments (continued)

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral held by a third party in the District's name. At year end the District was not in compliance with this policy.

Note 4 – Land, Building and Equipment

The following summarizes fixed asset purchases and disposals for the year ended June 30, 2014:

	Governmental Activities			Balance June 30, 2014
	Balance July 1 2013	Additions	Deletions	
Non-depreciable:				
Land	\$ 1,767,516	\$ -	\$ -	\$ 1,767,516
Depreciable:				
Buildings and improvements	35,445,097	234,972	-	35,680,069
Equipment	1,134,521	-	-	1,134,521
Computer	1,645,949	-	-	1,645,949
Books and library materials	1,917,564	301,521	(391,947)	1,827,138
Accumulated depreciation	(9,567,569)	(1,060,411)	-	(10,627,980)
Total Fixed Assets	<u>\$ 32,343,078</u>	<u>\$ (523,918)</u>	<u>\$ (391,947)</u>	<u>\$ 31,427,213</u>

Depreciation expense for the year ended June 30, 2014 totaled \$1,060,411.

Note 5 – Bonds Payable

During the year ended June 30, 2001, a tax referendum was passed by the voters of the District. This referendum enabled the District to issue general obligation bonds to finance a new library building on property the library had purchased immediately north of the existing library building.

Four separate series of bonds were issued:

Series 2005A	\$ 10,000,000
Series 2005B	10,000,000
Series 2002	4,000,000
Series 2012	2,755,000
Series 2014	1,845,000
	<u>\$ 28,600,000</u>

In September of 2005, the District issued an additional \$4,000,000 of bonds (Series 2005 A). The proceeds from these bonds were used to construct a separate library building in the western section of

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 5 – Bonds Payable (continued)

the District. The proceeds were invested with the State of Illinois Public Treasurer Pool as part of the project fund.

In April of 2012, the District refinanced the 2002 Series bond. The amount of the refinance totaled \$2,755,000. Of that amount, \$2,669,767 was put into escrow to repay the bonds when they are due. Bond costs and underwriter discount totaled \$85,233. There was an estimated economic gain of \$593,000 due to lower interest cost.

In May of 2014, the District refinanced the 2005A Series bond. The amount of the refinance totaled \$2,031,881. Of that amount, \$1,983,279 was put into escrow to repay the bonds when they are due. Bond costs and underwriter discount totaled \$48,602. There was an estimated economic gain of \$72,055 due to lower interest cost.

A summary of the bonds outstanding at June 30, 2014 are as follows:

Year	Series 2012		Series 2005		Series 2005A		Series 2014A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
12/15/14	\$ 180,000	\$ 25,010	\$ 1,475,000	\$ 289,749	\$ 290,000	\$ 6,163	\$ 45,000	\$ 35,438
06/15/15	-	24,245		257,299		-	-	30,150
12/15/15	225,000	24,245	1,615,000	257,299	-	-	170,000	30,150
06/15/16	-	22,951		216,924		-	-	29,300
12/15/16	270,000	22,951	1,820,000	216,924	-	-	70,000	29,300
06/15/17	-	21,264		182,344		-	-	28,950
12/15/17	215,000	21,264	1,900,000	182,344	-	-	150,000	28,950
6/15/18	-	19,705	-	145,294	-	-	-	28,200
12/15/18	205,000	19,705	2,230,000	145,294	-	-	-	28,200
6/15/19	-	17,860	-	100,694	-	-	-	28,200
12/15/19 - 12/15/21	1,390,000	79,448	4,880,000	205,882	-	-	1,410,000	141,000
Total	\$ 2,485,000	\$ 298,648	\$ 13,920,000	\$ 2,200,045	\$ 290,000	\$ 6,163	\$ 1,845,000	\$ 437,838

These bonds will be repaid from property tax revenue as levied by the District on an annual basis.

The total principal bond liability at June 30, 2013 was \$20,380,000. Principal payments of \$3,685,375 were made throughout the June 30, 2014 fiscal year. The total principal bond liability at June 30, 2014 is \$18,540,000.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 6 – Legal Compliance and Accountability

Illinois Library Districts have no debt limit for bonds. The debt limit obligations, other than bonds is 2.875% of the District's equalized assessed valuation.

Legal Debt Margin

Assessed Valuation – 2013 Tax Levy	<u>\$ 2,626,815,784</u>
Statutory Limit – 2.875% of Assessed Valuation (70 ILCS 705/12)	75,520,954
Equipment Loan	<u>(309,513)</u>
Legal Debt Margin	<u>\$ 75,211,441</u>

The District is within the Legal Debt Margin issued by the state.

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 8 – Long-term Liabilities

The District entered into a loan for \$700,000 at 4.25% interest during the current year to purchase an electronic book sorter. The District made \$139,341 in principle payments and \$16,861 in interest payments. Monthly payments of \$12,991 are made. The loan comes due in 2016. The balance at June 30, 2014 is \$309,513 with \$145,058 due for fiscal the year ended June 30, 2015.

Note 9 – Interfund Balance Transfers

A transfer was made in 2014 from the General Fund to the Building Reserve Fund for \$4,000,000 to cover future costs.

Note 10 – Expenditures Over Budget

For the year ending June 30, 2014, the District's general fund had individual line expenditures over budget. The total expenditures were under budget.

**Gail Borden Public Library District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Note 11 – Compensated Absences

The compensated absences currently outstanding are as follows:

	Fund Debt Retired by	Balance, July 1	Additions	Reductions	Balance June 30	Due Within One Year
Compensated Absences	General	\$ 270,884	\$ 337,971	\$ (355,674)	\$ 253,181	\$ 253,181
Total		<u>\$ 270,884</u>	<u>\$ 337,971</u>	<u>\$ (355,674)</u>	<u>\$ 253,181</u>	<u>\$ 253,181</u>

Note 12 – Date of Managements Review

Subsequent events have been evaluated through the date of this report. It was concluded that there are no subsequent events required to disclose.

Required Supplementary Information

Gail Borden Public Library District
Budgetary Comparison Schedule of Revenues,
Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Actual	Original and Final Budget	Positive/ (Negative)
Revenue:			
Property taxes	\$ 8,622,954	\$ 9,373,000	\$ (750,046)
Replacement taxes	152,474	150,000	2,474
Charges for services	292,744	295,000	(2,256)
Investment earnings	1,396	15,000	(13,604)
Grants and donations	205,746	250,000	(44,254)
Other	38,644	35,500	3,144
Total Revenue	<u>9,313,958</u>	<u>10,118,500</u>	<u>(804,542)</u>
Expenditures:			
Current:			
General government			
Personnel services	6,479,119	8,375,500	1,896,381
Contractual services	1,350,978	1,850,000	499,022
Supplies	155,669	204,000	48,331
Materials	884,656	1,211,000	326,344
Capital outlay	521,158	611,500	90,342
Loan expenses	163,167	187,500	24,333
Total Expenditures	<u>9,554,747</u>	<u>12,439,500</u>	<u>2,884,753</u>
Other Financing Activities			
Transfers out	<u>(4,000,000)</u>	<u>-</u>	<u>(4,000,000)</u>
Net Change in Fund Balance	<u>\$ (4,240,789)</u>	<u>\$ (2,321,000)</u>	<u>\$ (1,919,789)</u>

The Accompanying Note to the Required Supplementary Information is an Integral Part of These Statements

**Gail Borden Public Library District
Schedule of Funding Progress - Illinois Municipal Retirement Fund
For the Year Ended June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	8,620,486	12,698,594	4,078,108	67.89	4,738,749	86.06%
12/31/2012	6,957,969	11,700,290	4,742,321	59.47	4,607,087	102.94%
12/31/2011	5,893,546	10,807,568	4,914,022	54.53	4,476,763	109.77%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$10,324,937.
On a market basis, the funded ratio would be 81.31%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Gail Borden Public Library District. They do not include amounts for retirees.
The actuarial accrued liability for retirees is 100% funded.

Supplementary Information

**Gail Borden Public Library District
Note to Required Supplementary Information
For the Year Ended June 30, 2014**

Note 1 – Summary of Significant Accounting Policies

Budgetary Process:

The District follows these procedures in establishing the budget data reflected in the required supplementary information.

1. The Board of Trustees appoints the Director to prepare the operating budget and a schedule of estimated revenues.
2. The proposed budget is reviewed by the Trustees and approved.

Budgeted figures are computed on the modified accrual basis of accounting.

There were no revisions to the original budget.

**Gail Borden Public Library District
Balance Sheets - Other Governmental Funds
For the Year Ended June 30, 2014**

	Special Revenue Funds				Total Other Governmental Funds
	Audit Fund	Liability and Risk Fund	Building Reserve Fund	Gift Fund	
Assets					
Cash and cash equivalents	\$ 6,550	\$ 135,439	\$ 4,177,119	\$ 242,090	\$ 4,561,198
Property tax receivable	7,891	78,291	-	-	86,182
Accrued Interest Investment	-	-	6,157	-	6,157
Total Assets	\$ <u>14,441</u>	\$ <u>213,730</u>	\$ <u>4,183,276</u>	\$ <u>242,090</u>	\$ <u>4,653,537</u>
Liabilities					
Liabilities:					
Accounts payable	\$ -	\$ 11,520	\$ -	\$ -	\$ 11,520
Deferred revenue	5,856	57,437	-	-	63,293
Total Liabilities	<u>5,856</u>	<u>68,957</u>	<u>-</u>	<u>-</u>	<u>74,813</u>
Fund Balances					
Nonspendable:	-	-	-	-	-
Restricted for:					
District's audit cost	8,585	-	-	-	8,585
Insurance premiums	-	144,773	-	-	144,773
Other purpose	-	-	-	-	-
Committed for:	-	-	-	-	-
Assigned to:					
Physical plant expansion	-	-	4,183,276	-	4,183,276
Unassigned	-	-	-	242,090	242,090
Total Fund Balance	<u>8,585</u>	<u>144,773</u>	<u>4,183,276</u>	<u>242,090</u>	<u>4,578,724</u>
Total Liabilities and Fund Balance	\$ <u>14,441</u>	\$ <u>213,730</u>	\$ <u>4,183,276</u>	\$ <u>242,090</u>	\$ <u>4,653,537</u>

**Gail Borden Public Library District
Statements of Revenues, Expenditures and Changes
in Fund Balances - Other Governmental Funds
For the Year Ended June 30, 2014**

	Special Revenue Funds				Total Other Governmental Funds
	Audit Fund	Liability Insurance Fund	Building Reserve Fund	Gift Fund	
Revenues:					
Property taxes	\$ 14,529	\$ 153,788	\$ -	\$ -	\$ 168,317
Interest income	-	-	5,326	232	5,558
Grants and donations	-	-	-	212,578	212,578
Total Revenue	<u>14,529</u>	<u>153,788</u>	<u>5,326</u>	<u>212,810</u>	<u>386,453</u>
Expenditures:					
Current:					
General government	15,000	141,607	1,297	118,158	276,062
Total Expenditures	<u>15,000</u>	<u>141,607</u>	<u>1,297</u>	<u>118,158</u>	<u>276,062</u>
Other Financing Activities					
Transfers in	-	-	4,000,000	-	-
Net Change in Fund Balance	(471)	12,181	4,004,029	94,652	4,110,391
Fund Balance-Beginning	<u>9,056</u>	<u>132,592</u>	<u>179,247</u>	<u>147,438</u>	<u>468,333</u>
Fund Balance-Ending	<u>\$ 8,585</u>	<u>\$ 144,773</u>	<u>\$ 4,183,276</u>	<u>\$ 242,090</u>	<u>\$ 4,578,724</u>

**Gail Borden Public Library District
General Fund
Statement of Revenue, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance to Final Budget</u>
Revenues:			
Property taxes, 2013 levy less provision for uncollectible of \$46,409	\$ 8,622,954	\$ 9,373,000	\$ (750,046)
State income taxes (personal property replacement taxes)	152,474	150,000	2,474
Fines, gifts, grants, interest and other income	538,530	595,500	(56,970)
 Total Revenue	 <u>9,313,958</u>	 <u>10,118,500</u>	 <u>(804,542)</u>
Expenditures:			
Personnel services	6,479,119	8,375,500	1,896,381
Contractual services	1,350,978	1,850,000	499,022
Supplies	155,669	204,000	48,331
Material	884,656	1,211,000	326,344
Capital improvements	521,158	611,500	90,342
Loan expenses	163,167	187,500	24,333
Total Expenditures	<u>9,554,747</u>	<u>12,439,500</u>	<u>2,884,753</u>
Other Financing Activities:			
Transfers out	<u>(4,000,000)</u>	<u>-</u>	<u>(4,000,000)</u>
 Net Change in Fund Balance	 (4,240,789)	 <u><u>(2,321,000)</u></u>	 <u><u>(1,919,789)</u></u>
 Fund balance, July 1, 2013	 <u>9,007,062</u>		
 Fund balance, June 30, 2014	 <u><u>\$ 4,766,273</u></u>		

**Gail Borden Public Library District
General Fund
Statement of Expenditures
(and Comparison with Budget)
For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ (Negative)
Personnel services:			
Salaries	\$ 5,743,556	\$ 7,065,500	\$ 1,321,944
Employee insurance	735,563	935,000	199,437
Contingency	-	375,000	375,000
	<u>6,479,119</u>	<u>8,375,500</u>	<u>1,896,381</u>
Contractual services:			
Utilities	335,239	442,500	107,261
Communications	39,902	64,000	24,098
Collection agency	15,806	32,000	16,194
Newspaper publications/Public relations	22,738	5,000	(17,738)
Public Relations	85,621	132,000	46,379
Consultant services	67,235	159,000	91,765
Programming	47,879	74,000	26,121
Printing	7,409	12,000	4,591
Copier lease maintenance	36,064	36,000	(64)
Binding	4,104	7,000	2,896
Material processing services	120,698	192,500	71,802
Computer maintenance	323,159	374,500	51,341
Small equipment maintenance	39,995	13,500	(26,495)
Vehicle maintenance	5,307	5,000	(307)
Payroll processing	8,982	14,500	5,518
Continuing education	79,376	104,000	24,624
Contingency	15,242	70,000	54,758
Dues and membership	17,497	23,500	6,003
Computer on-line services	78,725	89,000	10,275
	<u>1,350,978</u>	<u>1,850,000</u>	<u>499,022</u>
Supplies:			
Office supplies	52,297	78,000	25,703
Library supplies	29,993	35,500	5,507
Consumable supplies	68,278	83,000	14,722
Miscellaneous supplies	5,101	7,500	2,399
	<u>155,669</u>	<u>204,000</u>	<u>48,331</u>
Materials:			
Books	364,550	445,500	80,950
Periodicals	26,189	45,000	18,811
Audio visual materials	258,444	351,000	92,556
Microfilm	3,223	3,500	277
Electronic media	232,250	306,000	73,750
Contingency	-	60,000	-
	<u>884,656</u>	<u>1,211,000</u>	<u>326,344</u>
Loan expenditures	<u>163,167</u>	<u>187,500</u>	<u>24,333</u>
Capital improvements	<u>521,158</u>	<u>611,500</u>	<u>90,342</u>
Total Expenditures	<u>\$ 9,554,747</u>	<u>\$ 12,439,500</u>	<u>\$ 2,884,753</u>

**Gail Borden Public Library District
 Illinois Municipal Retirement Fund
 Statement of Revenues, Expenditures (and Comparison
 with Budget), and Changes in Fund Balance
 For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Positive/ (Negative)</u>
Revenues:			
Property taxes, 2013 levy less provision for uncollectible of \$4,017	\$ 772,559	\$ 863,500	\$ (90,941)
State income taxes (personal property replacement taxes)	5,415	5,000	415
Total Revenue	<u>777,974</u>	<u>868,500</u>	<u>(90,526)</u>
Expenditures:			
District's contribution to retirement fund	773,466	948,000	174,534
	<u>773,466</u>	<u>948,000</u>	<u>174,534</u>
Other Financing Sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	4,508	<u><u>\$ (79,500)</u></u>	<u><u>\$ 84,008</u></u>
Fund balance, July 1, 2013	<u>162,062</u>		
Fund balance, June 30, 2014	<u><u>\$ 166,570</u></u>		

**Gail Borden Public Library District
Social Security Fund
Statement of Revenues, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ (Negative)
Revenues:			
Property taxes, 2013 levy less provision for uncollectible of \$2,210	\$ 409,157	\$ 442,000	\$ (32,843)
Expenditures:			
District's contribution to social security fund	427,330	540,500	113,170
Net Change in Fund Balance	(18,173)	\$ (98,500)	\$ 80,327
Fund balance, July 1, 2013	153,797		
Fund balance, June 30, 2014	\$ 135,624		

**Gail Borden Public Library District
Working Cash Fund
Statement of Revenues, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ (Negative)
Revenue:			
Interest income	\$ -	\$ -	\$ -
Expenditures:			
General Government	-	1,350,000	1,350,000
Net Change in Fund Balance	-	\$ <u>(1,350,000)</u>	\$ <u>(1,350,000)</u>
Fund balance, July 1, 2013	<u>1,361,346</u>		
Fund balance, June 30, 2014	\$ <u><u>1,361,346</u></u>		

**Gail Borden Public Library District
Liability Insurance Fund
Statement of Revenues, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ (Negative)
Revenues:			
Property taxes, 2013 levy less provision for uncollectible of \$791	\$ 153,788	\$ 173,500	\$ (19,712)
Expenditures:			
Liability insurance:			
General insurance	72,850	86,500	13,650
Employer insurance	45,023	58,000	12,977
Risk management	23,734	47,000	23,266
	141,607	191,500	49,893
Net Change in Fund Balance	12,181	\$ (18,000)	\$ 30,181
Fund balance, July 1, 2013	132,592		
Fund balance, June 30, 2014	\$ 144,773		

**Gail Borden Public Library District
Audit Fund
Statement of Revenues, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ (Negative)
Revenues:			
Property taxes, 2013 levy less provision for uncollectible of \$80	\$ 14,529	\$ 16,000	\$ (1,471)
Expenditures:			
Audit fees	15,000	18,000	3,000
Net Change in Fund Balance	(471)	<u>(2,000)</u>	<u>1,529</u>
Fund balance, July 1, 2013	<u>9,056</u>		
Fund balance, June 30, 2014	<u><u>\$ 8,585</u></u>		

**Gail Borden Public Library District
 Building and Equipment Fund
 Statement of Revenues, Expenditures (and Comparison
 with Budget), and Changes in Fund Balance
 For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ Negative
Revenues:			
Property taxes, 2013 levy less provision for uncollectible of \$2,435	\$ 483,078	\$ 555,000	\$ (71,922)
Grants and donations	-	-	-
Total Revenue	483,078	555,000	(71,922)
Expenditures:			
Repairs and maintenance	638,877	763,000	124,123
Equipment	-	4,500	4,500
Contingency	8,260	26,000	17,740
Total Expenditures	647,137	793,500	146,363
Net Change in Fund Balance	(164,059) \$	(238,500) \$	74,441
Fund balance, July 1, 2013	110,757		
Fund balance, June 30, 2014	\$ (53,302)		

**Gail Borden Public Library District
 Building Reserve Fund
 Statement of Revenues, Expenditures (and Comparison
 with Budget), and Changes in Fund Balance
 For the Year Ended June 30, 2014**

	Actual	Original and Final Budget	Positive/ (Negative)
Revenues:			
Interest income	\$ 5,326	\$ 170	\$ 5,156
Expenditures:			
Repairs and Maintenance	1,297	178,000	176,703
Excess (deficiency) of revenues over (under) expenditures:	4,029	(177,830)	181,859
Other Financing Sources (Uses):			
Transfers in	4,000,000	-	4,000,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	4,000,000	-	4,000,000
Net Change in Fund Balance	4,004,029	\$ (177,830)	\$ 4,181,859
Fund balance, July 1, 2013	179,247		
Fund balance, June 30, 2014	\$ 4,183,276		

**Gail Borden Public Library District
Gift Fund
Statement of Revenues, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Positive/ (Negative)</u>
Revenues:			
Gifts received	\$ 212,578	\$ 300,000	\$ (87,422)
Interest Income	232	10,000	(9,768)
Total Revenues	<u>212,810</u>	<u>310,000</u>	<u>(97,190)</u>
Expenditures:			
Gift fund expenditures	<u>118,158</u>	<u>441,000</u>	<u>322,842</u>
Total Expenditures	<u>118,158</u>	<u>441,000</u>	<u>322,842</u>
Net Change in Fund Balance	94,652	\$ <u><u>(131,000)</u></u>	<u><u>225,652</u></u>
Fund balance, July 1, 2013	<u>147,438</u>		
Fund balance, June 30, 2014	\$ <u><u>242,090</u></u>		

**Gail Borden Public Library District
Bond and Interest Fund
Statement of Revenues, Expenditures (and Comparison
with Budget), and Changes in Fund Balance
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Positive/ (Negative)</u>
Revenue:			
Property taxes, 2013 levy less provision for uncollectible of \$14,018	\$ 2,561,632	\$ 2,606,000	\$ (44,368)
Interest income	-	-	-
Other	569	-	569
Total Revenues	<u>2,562,201</u>	<u>2,606,000</u>	<u>(43,799)</u>
Expenditures:			
Bond principal paid and bond interest	4,446,035	3,005,000	(1,441,035)
Bank charges	48,603	-	(48,603)
Total Expenditures	<u>4,494,638</u>	<u>3,005,000</u>	<u>(1,489,638)</u>
Excess (deficiency) of revenues over (under) expenditures:	<u>(1,932,437)</u>	<u>(399,000)</u>	<u>(1,533,437)</u>
Other Financing Sources (Uses):			
Transfers out	-	-	-
Bond Proceeds	2,031,881	-	2,031,881
Payment to refunded bonds escrows agent	-	-	-
Total Other Financing Sources (Uses)	<u>2,031,881</u>	<u>-</u>	<u>(2,031,881)</u>
Net Change in Fund Balance	99,444	<u>\$ (399,000)</u>	<u>\$ (3,565,318)</u>
Fund balance, July 1, 2013	<u>905,837</u>		
Fund balance, June 30, 2014	<u>\$ 1,005,281</u>		

Additional Supplementary Information

**Gail Borden Public Library District
Assessed Valuation and Tax Rates
For the Year Ended June 30, 2014**

<u>Tax Year Levy</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Assessed Valuation</u>	2,626,815,784	2,891,916,111	3,246,462,602	3,581,824,783	3,640,709,406
	Combined (Blended) Cook and Kane County Tax Rates				
Tax Rates by Fund					
Corporate (General)	0.3012	0.2991	0.2661	0.2346	0.2399
Illinois Municipal Retirement	0.0261	0.0257	0.0194	0.0184	0.0155
Social Security	0.0144	0.0139	0.0120	0.0103	0.0099
Audit	0.0005	0.0005	0.0004	0.0004	0.0003
Building and Equipment	0.0159	0.0182	0.0174	0.0150	0.0139
Liability Insurance	0.0051	0.0050	0.0038	0.0034	0.0031
Bond and Interest	0.0910	0.0865	0.0767	0.0656	0.0578
	<u>0.4543</u>	<u>0.4489</u>	<u>0.3958</u>	<u>0.3477</u>	<u>0.3404</u>
<u>Tax Year Levy</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Assessed Valuation</u>	3,575,105,931	3,279,827,876	3,102,029,435	2,663,449,581	2,386,280,401
	Combined (Blended) Cook and Kane County Tax Rates				
Tax Rates by Fund					
Corporate (General)	0.2342	0.2486	0.2341	0.2300	0.2552
Illinois Municipal Retirement	0.0147	0.0149	0.0140	0.0154	0.0151
Social Security	0.0094	0.0094	0.0100	0.0109	0.0121
Audit	0.0003	0.0004	0.0004	0.0005	0.0006
Building and Equipment	0.0106	0.0107	0.0128	0.0155	0.0176
Liability Insurance	0.0032	0.0037	0.0043	0.0051	0.0056
Bond and Interest	0.0534	0.0552	0.0602	0.0555	0.0571
	<u>0.3258</u>	<u>0.3429</u>	<u>0.3358</u>	<u>0.3329</u>	<u>0.3633</u>

**Gail Borden Public Library District
Property Tax Collections by Year
For the Year Ended June 30, 2014**

	Combined (Blended) Cook and Kane				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Extensions	\$ 13,138,028	\$ 13,738,430	\$ 12,948,712	\$ 12,727,123	\$ 12,342,295
Collected through June 30, 2014	\$ 8,093,514	\$ 13,503,933	\$ 12,874,686	\$ 12,650,844	\$ 12,257,384
Percentage collected	61.60%	98.29%	99.43%	99.40%	99.31%

	Combined (Blended) Cook and Kane				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Extensions	\$ 11,747,672	\$ 11,013,072	\$ 10,564,884	\$ 8,867,556	\$ 9,111,976
Collected through June 30, 2014	\$ 11,640,070	\$ 10,885,090	\$ 10,493,316	\$ 8,750,948	\$ 8,960,874
Percentage collected	99.08%	98.84%	99.32%	98.69%	98.34%