



Phillips, Salmi & Associates, LLC
Certified Public Accountants

**PARLIN-INGERSOLL PUBLIC LIBRARY
CANTON, ILLINOIS**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2015**

TABLE OF CONTENTS

| | <u>PAGE NUMBER</u> |
|--|--------------------|
| INDEPENDENT AUDITORS' REPORT..... | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS..... | 3-7 |
| BASIC FINANCIAL STATEMENTS | |
| Statement of Net Position and Governmental Fund Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis..... | 8 |
| Statement of Activities – Modified Cash Basis – Governmental Fund..... | 9 |
| Notes to Financial Statements..... | 10-17 |
| OTHER INFORMATION | |
| Budgetary Comparison Schedule – General Fund..... | 18 |
| Comparative Statement of Revenues Received and Expenditures Disbursed..... | 19 |
| Schedule of Investments..... | 20- 21 |
| Schedule of Disbursements > \$2,500 and Schedule of Compensation..... | 22 |



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Parlin-Ingersoll Public Library
Canton, Illinois

We have audited the accompanying financial statements of the governmental activities of Parlin-Ingersoll Public Library (the "Library") as of and for the year ended May 31, 2015, and the related notes to the financial statements which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the Parlin-Ingersoll Public Library as of May 31, 2015, and the respective changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. As discussed in Note 1, Parlin-Ingersoll Public Library prepares its financial statements on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Parlin-Ingersoll Public Library's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3-7 and 18, which are the responsibility of management, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such 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 it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Parlin-Ingersoll Public Library's basic financial statements as a whole. The Comparative Statement of Revenues Received and Expenditures Disbursed, the Schedule of Investments, Schedule of Disbursement > \$2,500, and Schedule of Compensation are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Comparative Statement of Revenues Received and Expenditures Disbursed, the Schedule of Investments, Schedule of Disbursement > \$2,500, and Schedule of Compensation 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Phillips, Salmi & Associates, LLC

Washington, IL
September 15, 2015

PARLIN-INGERSOLL PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS: FY15

Our discussion and analysis of the Parlin-Ingersoll Public Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended May 31, 2015. Please review in conjunction with the Library's basic financial statements.

FINANCIAL HIGHLIGHTS AND OVERVIEW OF FINANCIAL STATEMENTS

- **Operations:** Total library expenditures were under revenue by \$40,623 and \$95,996 in FY14. This is compared to prior expenditures exceeding revenue by \$40,364 (FY13), \$60,311 (FY12), and \$110,456 (FY11). Operational expenditures alone were under our revenue by \$40,548 (FY15) and \$116,454 (FY14). This is compared to prior operational expenditures alone exceeding revenue by \$17,771 (FY13), \$34,258 (FY12), and \$20,861 (FY11).
- **Salary and Benefits:** Our total expenditure for salaries and benefits ended more than \$10,706 under budget and the total of "Payroll Expenses" ended more than \$8,383 under budget. We had a retirement in March with that position not getting filled for 1-2 months and two new employees with lower starting rates than their predecessors.
- **Material Expenditures:** The Library spent \$49,737 on print materials and digital resources, as well as \$21,558 on non-print materials. The print/database budget lines were \$6,763 under budget, while non-print budget line was \$2,242 under budget. Less monies were spent in adult print due to less demand for multiple copies and memorial donations. We are also starting to see less audiobooks are available in CD format as more audio is being available in downloadable MP3 format.
- **Other Expenditures:** In the 19 budget lines used in the audit, only 1 budget lines exceeded their original budget projections.
- **Capital Expenditures:** The library budgeted \$65,800 for capital expenditures in FY15. An upgrade to our Polaris library system was budgeted for \$60,000 and came in under at \$41,238. In addition, \$5800 was budgeted for parking lot blacktop seal coating, and it cost \$5,245 for a total cost under budget of \$19,317.
- **Ingersoll Income:** Charles D. Ingersoll Trust quarterly disbursements totaled \$616,256. This represents a 1.7% increase from the \$605,969 received in FY14 but an overall decrease from our FY09 distribution of \$660,340. The revenue decline has been due to investment losses in the Trust since 2008. However, the rolling-three year valuation average used to calculate trust distributions helps spread out the impact of these losses. In fact, the slight increase this year occurred from the drop off of 2011 (\$23,987,746) in the rolling-three year average. Hopefully, this upward trend, although slight, will continue.
- **State Grant:** The Library received an Illinois state per capita grant for FY15, administered by the Illinois State Library, in the amount of \$18,380. The state per capita grant monies are drawn from the State of Illinois' general tax fund and the Secretary of State's Live and Learn fees. These tax and fee monies are collected from all taxpayers in Illinois. Library participation in the per capita grant program recaptures tax and fee monies collected from Canton-area citizens. This is the only tax money collected by the Library and it represents only 2.7 percent of total income.

- **Other Income:** The Library earned a total of \$26,288 in miscellaneous receipts. Miscellaneous income is derived from overdue fines, as well as cost-recovery fees for lost materials, photocopies, computer prints, donations, and so forth. We continue to see a decline in overdue fees which may be attributed to our Polaris system generating pre-overdue reminders via e-mail or text to patrons requesting this service.

OVERVIEW OF ASSETS

- **Changes in Savings and Investments:** The Library ended the fiscal year with \$834,960 in capital reserves at MidAmerica Bank. In addition, we had \$252,076 in checking account and petty cash as of May 31, 2015. The capital reserves are unrestricted funds. Of necessity, these unrestricted reserves have been used to cover the balance between operational expenditures and income, due to the economic downturn, as well as necessary capital improvements.
- **Capital Asset Investment:** The major capital addition was for the Polaris library system treated as a property or equipment investment.
- **Debt:** The Library has no short-term or long-term debt to service.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Library.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to patrons or the general public 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*.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. Fund financial statements reported in these sections tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's most financially significant funds.

The Parlin-Ingersoll Public Library, being an independent governing and non-tax levying body, only has governmental funds. *Governmental Funds:* The Library'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 cash basis of 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 Library'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 Library's programs. We described the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included in Notes 1, 2, and 3 in the Notes to 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 governmental-wide and fund financial statements. The notes to the financial statements can be found in a following section. Supplementary information on disbursements totaling => \$2,500 and salary ranges can be located in the back of these financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the major fund. A comparison of revenues received and expenditures disbursed for the years ended May 31, 2014, and 2015 can be found in the section titles "Comparative Statement of Revenues and Expenditures Disbursed." A "Schedule of Investments", "Schedule of Disbursements => \$2,500" and "Schedule of Compensation" can also be found.

PARLIN-INGERSOLL PUBLIC LIBRARY
For Year Ended May 31, 2015

Financial Analysis of the Library

| ASSETS: | 2015 | 2014 |
|--|----------------------------|----------------------------|
| Cash | \$ 252,076 | \$ 178,687 |
| Investments, at cost | 834,960 | 867,726 |
| Property and equipment, net of accumulated depreciation | <u>1,083,495</u> | <u>1,114,555</u> |
| Total assets | <u><u>2,170,531</u></u> | <u><u>2,160,968</u></u> |
| | | |
| Net position: | | |
| Invested in capital assets | 1,083,495 | 1,114,555 |
| Restricted | - | - |
| Unrestricted | <u>1,087,036</u> | <u>1,046,413</u> |
| Total net position | <u><u>\$ 2,170,531</u></u> | <u><u>\$ 2,160,968</u></u> |
| | | |
| Program revenues: | | |
| Charges for services | \$ 25,873 | \$ 26,444 |
| Grants | 18,380 | 20,111 |
| General revenue: | | |
| Charles D. Ingersoll Trust | 616,256 | 605,969 |
| Investment Earnings & Interest | 15,072 | 14,796 |
| Donations | 415 | 390 |
| Other | <u>-</u> | <u>47,815</u> |
| Total revenues | <u><u>675,996</u></u> | <u><u>715,525</u></u> |
| | | |
| Program expenses: | | |
| Cultural and recreational | <u>666,433</u> | <u>701,474</u> |
| Total expenses | <u><u>666,433</u></u> | <u><u>701,474</u></u> |
| | | |
| Increase in net position | <u><u>\$ 9,563</u></u> | <u><u>\$ 14,051</u></u> |

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report provides our citizens, taxpayers, patrons and creditors with a general overview of the Library's finances and addresses the Library's accountability for the money it receives. If there are any questions about this report or additional information that is needed please feel free to contact the Parlin-Ingersoll Public Library between 9 a.m. and 5 p.m. Monday through Friday.

Respectfully submitted,

Kimberly S. Bunner

Kimberly S. Bunner, Director

9-15-2015

Date

PARLIN-INGERSOLL PUBLIC LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS
MAY 31, 2015

| | <u>Governmental Fund</u> | <u>Adjustments (Note 2)</u> | <u>Statement of Net Position</u> |
|---|------------------------------|---------------------------------|--------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Unrestricted cash and cash equivalents | \$ 252,076 | \$ - | \$ 252,076 |
| Investments, at cost | 834,960 | - | 834,960 |
| Capital Assets | | | |
| Non-depreciable | - | 205,328 | 205,328 |
| Depreciable, net | - | 878,167 | 878,167 |
| Total Assets | <u><u>\$ 1,087,036</u></u> | <u><u>\$ 1,083,495</u></u> | <u><u>\$ 2,170,531</u></u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payroll taxes payable | \$ 1 | \$ - | \$ 1 |
| FUND BALANCE / NET POSITION | | | |
| Net investment in capital assets | - | 1,083,495 | 1,083,495 |
| Unrestricted | <u>1,087,035</u> | <u>-</u> | <u>1,087,035</u> |
| Total Fund Balance / Net Position | <u>1,087,035</u> | <u>1,083,495</u> | <u>2,170,530</u> |
| Total Liabilities and Net Position | <u><u>\$ 1,087,036</u></u> | <u><u>\$ 1,083,495</u></u> | <u><u>\$ 2,170,531</u></u> |

See accompanying notes.

**PARLIN-INGERSOLL PUBLIC LIBRARY
STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS - GOVERNMENTAL FUND
FOR THE YEAR ENDED MAY 31, 2015**

| | Governmental Fund | Adjustments (Note 3) | Statement of Activities |
|--|----------------------|-------------------------|-------------------------------|
| EXPENDITURES/EXPENSES | | | |
| Current cultural and recreation | \$ 583,079 | \$ 83,354 | \$ 666,433 |
| Capital outlay | 52,294 | (52,294) | - |
| Total expenditures/expenses | 635,373 | 31,060 | 666,433 |
| PROGRAM REVENUES | | | |
| Charges for services | 25,873 | - | 25,873 |
| Grants | 18,380 | - | 18,380 |
| Total program revenues | 44,253 | - | 44,253 |
| Net program expense | | | (622,180) |
| GENERAL REVENUES | | | |
| Charles D. Ingersoll Trust | 616,256 | - | 616,256 |
| Investment earnings & interest | 15,072 | - | 15,072 |
| Donations | 415 | - | 415 |
| Total general revenues | 631,743 | - | 631,743 |
| Change in fund balance / net position | 40,623 | (31,060) | 9,563 |
| Fund Balance / Net Position - Beginning | 1,046,412 | 1,114,555 | 2,160,967 |
| Fund Balance / Net Position - Ending | \$ 1,087,035 | \$ 1,083,495 | \$ 2,170,530 |

See accompanying notes.

**PARLIN-INGERSOLL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. NATURE OF OPERATIONS, REPORTING ENTITY, DESCRIPTION OF FUNDS AND ACCOUNT GROUPS, AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Parlin-Ingersoll Public Library is an information center which offers to its patrons, of all ages, a broad range of books, materials and services. These include books for leisure reading and education, professional reference assistance in person or over the telephone, audiovisual materials, computer and internet access, DVD media and magazines. The Library supplements and enhances its services through membership in the RAILS Library System that provides inter-library loan delivery and other services.

Reporting Entity

The criteria of oversight responsibility, special financing relationships and scope of public service was used in determining if any agencies or entities should be included as component units within the Library's reporting entity. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, the Library has no component units.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 patrons or the general public 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*.

Equity Classification

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

- a. Invested 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributed to capital assets and related debt.
- b. Restricted – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “restricted” or “invested in capital assets, net of related debt components of net position.”

Government fund equity is classified as fund balance in the fund financial statements.

Fund Balances

In the government fund financial statements the fund balance is reported in five classifications:

1. Non-spendable includes amounts that are required to be maintained intact. The Library does not have any non-spendable fund balances this fiscal year.
2. Restricted includes amounts constrained to specific purposes by their providers (such as grantors, donors, and higher level of government), through constitutional provisions or by enabling legislation. The Library does not have any restricted fund balance this fiscal year.
3. Committed is that portion of the fund balance that can only be used for specific purposes as determined by a formal action that has been approved by the highest level of authority (i.e. the Library's Board of Trustees). The Library does not have any committed fund balance this fiscal year.
4. Assigned includes amount the government *intends* to use for a specific purpose; intent can be expressed by the Board of Trustees or by an official or body to which the Board delegates the authority. The Library does not have assigned fund balance this fiscal year.
5. Unassigned includes amounts that are available for any purposes. These amounts are reported in the General Fund.

For purposes of fund balance classification, expenditures are to be from restricted fund balances first, followed in order by committed fund balances, assigned fund balance and lastly unassigned fund balance.

Description of Funds

The accounts of the Library are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenue and expenditures. The Library has only one fund as follows:

Governmental Fund Types

General Fund – Accounts for all financial resources and transactions except those required to be accounted for in other funds or account groups. Certain resources obtained from state grants and used to support general library activities are accounted for in the General Fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government wide financial statements are reported using the *modified cash basis of accounting*. Revenues are recorded when received and expenses are recorded when paid. In addition, fixed assets are capitalized and depreciated over their estimated lives.

Governmental fund financial statements are reported using the *cash basis of accounting*. Revenues are recognized when received. Expenditures are recorded when paid.

Significant Accounting Policies

Significant accounting policies followed by the Library are as follows:

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition or management's discussion and analysis, library-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that library-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The GASB model integrates fund-based financial reporting and library-wide financial reporting as complementary components of a single comprehensive financial reporting model.

Investments - Investments are accounted for as cost which approximates market or fair value. Gains and losses on investments are recorded at disposal.

Books and other library materials - are accounted for as expenditures in the year of purchase. The Library has elected not to capitalize books and other library materials.

Budget - The Board adopts a budget during the last quarter of the prior fiscal year. The budget for fiscal year 2015 was approved May 21, 2014. The Library does not levy any property taxes, and therefore, does not issue a tax levy ordinance nor an appropriation ordinance.

Net position – Present the difference between assets plus deferred outflows less liabilities and deferred inflows of resources in the Statement of Net Position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are legal limitations imposed on their use by Library legislation or external restriction by creditors, grantors, laws or regulations of other governments.

Estimates – Preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Capital assets – Include land, buildings, furniture, and equipment that are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of \$2,500 or more and an estimated useful life excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Land improvements, buildings, furniture and equipment of the Library are depreciated using the straight line method over the following estimated useful lives.

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 35 |
| Building improvements | 20 to 30 |
| Furniture | 7 to 20 |
| Office equipment | 5 |
| Computer automation | 5 |
| Other equipment | 5 |

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES – MODIFIED CASH BASIS AND THE STATEMENT OF NET POSITION

The Library’s governmental fund balance of \$1,087,035 differs from the “net position” of \$2,170,530 from governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheets. The differences are explained below:

| | |
|---|---------------------|
| Governmental Funds fund balance: | \$ 1,087,035 |
| Governmental funds report capital outlays as expenditures: However, the Statement of Net Position includes capital outlays, net accumulated depreciation, in the assets of the Library as a whole. | <u>1,083,495</u> |
| Net position of government funds: | <u>\$ 2,170,530</u> |

NOTE 3. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND CHANGE IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES CHANGE IN NET POSITION

The “net change in fund balances” for governmental funds of \$40,623 differs from the “change in net position” of \$9,563 from governmental activities reported in the Statement of Activities. The differences arise primarily from long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the difference is explained below:

| | |
|--|-----------------|
| Net change in governmental fund balances for the year ended May 31, 2015: | \$ 40,623 |
| Capital assets purchased are reported as expenditures in the governmental funds. However, the cost of these are added to the capital assets and depreciated in the Statement of Activities. Accordingly, the depreciation of the total capital asset of (\$83,354) exceeded the current year capital outlay expenditures. | <u>(31,060)</u> |
| Net change in position on the Statement of Activities for the year ended May 31, 2015: | <u>\$ 9,563</u> |

NOTE 4. CASH AND INVESTMENTS

Cash and Investments – Statutes authorize the Library to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, pre-refunded municipal obligations, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loans associations that are continuously and fully insured, corporate debt guaranteed by any corporation that is rated by Moody’s and S&P in their two highest rating categories, repurchase agreements with maturities of 30 days or less, prime commercial paper of a United States corporation, public

housing bonds issued by public agencies, shares of a diversified open-end management investment company, or state pooled investment funds. The Library's investment policy requires financial institutions to restrict investments to mature within 5 years.

Deposits – The Library's deposits with financial institutions, consisting of cash are covered by federal depository insurance. On May 31, 2015, the carrying amount of the Library's bank deposits was \$252,076 which includes a petty cash fund totaling \$250. Deposits are categorized in accordance with risk factors created by governmental deposits of the Library as of May 31, 2015:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--|----------------------------|-------------------------|
| Category 1 – Deposits covered by depository insurance or collateral held by the Library or by its agent in the Library's name. | \$ 252,076 | \$ 268,766 |
| Category 2 – Deposits covered by collateral held by financial institution's trust department in the Library's name. | - | - |
| Category 3 – Uninsured, Uncollateralized Deposits or for which collateral has been pledged, but not in the Library's name. | <u>-</u> | <u>-</u> |
| TOTAL: | <u>\$ 252,076</u> | <u>\$ 268,766</u> |

Investments – Investments are stated at original cost. The Library's investments are categorized to give an indication of the level of risk assumed at year end. All of the Library's investments are Category 3 investments. The categories are as follows:

- Category 1 - Includes investments that are insured or registered or for which securities are held by the Library or its agent in the Library's name.
- Category 2 - Includes uninsured and unregistered investments for which the securities are held by a broker or dealer or its trust department or agent in the Library's name.
- Category 3 - Includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or its trust department or agent but not in the Library's name.

Investments are as follows:

| | <u>Carrying Amount</u> | <u>Market Value</u> | <u>Maturity in Years</u> | | | |
|--------------------------|----------------------------|-------------------------|--------------------------|-------------------|----------------------|-------------------|
| | | | <u>< 1 yr</u> | <u>1 – 5 yr</u> | <u>6 – 10 yr</u> | <u>> 10 yr</u> |
| Money market account | \$ 369,866 | \$ 369,866 | \$ 369,866 | \$ - | \$ - | \$ - |
| F.H.L.B. bonds | 49,850 | 49,729 | - | 49,850 | - | - |
| Municipal bonds | 263,112 | 251,975 | 52,641 | 210,471 | - | - |
| Certificates of Deposit | 102,132 | 102,132 | 102,132 | - | - | - |
| F.F.C.B. bonds | <u>50,000</u> | <u>50,293</u> | <u>-</u> | <u>50,000</u> | <u>-</u> | <u>-</u> |
| Total investments | <u>\$ 834,960</u> | <u>\$ 823,995</u> | <u>\$ 524,639</u> | <u>\$ 310,321</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 5. CAPITAL ASSET ACTIVITY

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

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--------------------------------------|----------------------|-------------|-------------|-------------------|
| <u>Governmental activities:</u> | | | | |
| Land | \$ 205,328 | \$ - | \$ - | \$ 205,328 |
| Buildings and improvements | 2,050,970 | 5,245 | - | 2,056,215 |
| Equipment | 62,013 | - | - | 62,013 |
| Furniture and fixtures | 169,122 | - | - | 169,122 |
| Computer automation | 228,365 | 47,049 | - | 275,414 |
| | <hr/> | | | |
| Total at historic cost | 2,715,798 | 52,294 | - | 2,768,092 |
| | <hr/> | | | |
| <u>Less accumulated depreciation</u> | | | | |
| <u>for:</u> | | | | |
| Building and improvements | 1,196,700 | 52,370 | - | 1,249,070 |
| Equipment | 51,731 | 6,811 | - | 58,542 |
| Furniture and fixtures | 152,745 | 1,685 | - | 154,430 |
| Computer automation | 200,067 | 22,488 | - | 222,555 |
| | <hr/> | | | |
| | 1,601,243 | 83,354 | - | 1,684,597 |
| | <hr/> | | | |
| Net capital assets | \$ 1,114,555 | \$ (31,060) | \$ - | \$ 1,083,495 |
| | <hr/> | | | |

NOTE 6. ILLINOIS MUNICIPAL RETIREMENT SYSTEM

The Library is participating in the Illinois Municipal Retirement Fund (IMRF) retirement plan in conjunction with the employees of the City of Canton. The Library withholds the employee's share of contributions and pays the employer's contribution to the City who remits the amounts to IMRF along with its employees' benefits. The information given below includes the City of Canton retirement plan. Of the total covered payroll for the calendar year 2014, the Library's portion was \$283,229. The Library's share of pension expense was \$38,406 for calendar year 2014 and \$38,684 for the fiscal year ending May 31, 2015.

Plan Description. The Library's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), and 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 (RSI). The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your 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 contribution rate for calendar year 2014 used by the employer was 13.56 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2014 was 13.63 percent. The employer also contributes for disability

benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For calendar year ending December 31, 2014, the employer's actual contributions for pension cost for the Regular were \$458,238. Its required contribution for calendar year 2014 was \$458,238.

THREE-YEAR Trend Information for the Regular Plan

| Calendar Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------|---------------------------|-------------------------------|------------------------|
| 12/31/2014 | \$ 458,238 | 100% | \$ - |
| 12/31/2013 | 463,206 | 93% | - |
| 12/31/2012 | 446,848 | 88% | - |

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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% depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of your 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funding Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 69.11 percent funded. The actuarial accrued liability for benefits was \$10,810,899 and the actuarial value of assets was \$7,471,451, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,339,448. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$3,379,334 and the ratio of the UAAL to the covered payroll was 99 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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

| 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) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 12/31/2014 | \$7,471,451 | \$10,810,899 | \$ 3,339,448 | 69.11% | \$ 3,379,334 | 98.82% |
| 12/31/2013 | 6,772,934 | 10,062,416 | 3,289,482 | 67.31 | 3,487,998 | 94.31 |
| 12/31/2012 | 6,581,636 | 9,843,591 | 3,261,955 | 66.86 | 3,312,437 | 98.48 |

On a market value basis, the actuarial value of assets as of December 31, 2014, is \$9,042,638. On a market basis, the funded ratio would be 83.64%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Canton. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

NOTE 7. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Commercial insurance is carried for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Library currently reports all of its risk management activities in the General Fund.

NOTE 8. SOCIAL SECURITY

Employees, paid on a regular payroll from Library funds, are also covered under the Federal Insurance Compensation Act (Social Security). The current contribution under this act provides for 7.65% withheld from each employee on annual gross pay under \$118,500 and with an additional 7.65% from the Library. The Library's share of social security for the year ended May 31, 2015, was \$21,433. Total covered payroll for the fiscal year was \$297,894.

NOTE 9. PROPERTY TAXES

The Library did not levy any property taxes in the past two years. Thus, these financial statements do not include any property tax receipts or property tax levy data.

NOTE 10. TRUST

The Library receives monies for the Charles D Ingersoll Trust. The Ingersoll Trust stipulates that the Library is to receive 50% of the annual distributions from the Trust in quarterly distributions. The original Trust instrument states that the Trust principal is to be maintained inviolate and only income from the investments of the Trust may be disbursed to the Library. The Trust, with consent of its beneficiaries, changed its' distribution policy to five percent of assets annually during the fiscal year ending May 31, 2003.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions for potential recognition or disclosure September 15, 2015, which is the date the financial statements were available to be issued. No items requiring disclosure were identified.

OTHER INFORMATION

**PARLIN-INGERSOLL PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED MAY 31, 2015**

| | Original & Final Budget | Actual Revenues & Expenses | Variance from Final Budget Over (Under) |
|--|-------------------------------|----------------------------------|--|
| RESOURCES (INFLOWS) | | | |
| Charles D. Ingersoll Trust | \$ 611,000 | \$ 616,256 | \$ (5,256) |
| Grants | 18,380 | 18,380 | - |
| Interest | 10,500 | 14,997 | (4,497) |
| Other receipts | 25,000 | 26,288 | (1,288) |
| Total revenues received | 664,880 | 675,921 | (11,041) |
| EXPENDITURES DISBURSED (OUTFLOWS) | | | |
| Salaries & wages | 308,600 | 297,894 | 10,706 |
| Payroll taxes | 22,000 | 21,433 | 567 |
| Pension expense | 41,500 | 38,674 | 2,826 |
| Health insurance | 34,000 | 29,010 | 4,990 |
| Utilities, telephone, & internet | 32,870 | 23,647 | 9,223 |
| Insurance | 11,620 | 10,201 | 1,419 |
| Print materials | 56,500 | 49,737 | 6,763 |
| Non-print materials | 23,800 | 21,558 | 2,242 |
| Databases & digital resources | 2,375 | 2,375 | - |
| Programs | 6,500 | 5,588 | 912 |
| O.C.L.C. expense | 8,263 | 8,263 | - |
| Building & grounds maintenance | 22,205 | 18,093 | 4,112 |
| Office supplies & equipment maintenance | 22,750 | 18,666 | 4,084 |
| Printing and advertising | 250 | 268 | (18) |
| Professional development | 1,500 | 956 | 544 |
| Capital & non-capital purchases | 72,300 | 52,294 | 20,006 |
| ISL automation maintenance | 20,670 | 18,224 | 2,446 |
| Other disbursements | 22,505 | 18,492 | 4,013 |
| Total expenditures disbursed | 710,208 | 635,373 | 74,835 |
| Excess (deficiency) of revenues received other expenditures disbursed | (45,328) | 40,548 | (85,876) |
| OTHER FINANCING SOURCES (USES) | | | |
| Net gain (loss) on investment redemptions | - | 75 | (75) |
| Excess (deficiency) of revenues received & other sources over expenditures disbursed & other uses | <u>\$ (45,328)</u> | <u>\$ 40,623</u> | <u>\$ (85,951)</u> |

PARLIN-INGERSOLL PUBLIC LIBRARY
COMPARATIVE STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
FOR THE YEAR ENDED MAY 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> | <u>Increase (Decrease)</u> |
|--|------------------|------------------|--------------------------------|
| REVENUES RECEIVED | | | |
| Charles D. Ingersoll Trust | \$ 616,256 | \$ 605,969 | \$ 10,287 |
| Grants | 18,380 | 20,111 | (1,731) |
| Interest | 14,997 | 14,796 | 201 |
| Other receipts | 26,288 | 74,649 | (48,361) |
| Total revenues received | <u>675,921</u> | <u>715,525</u> | <u>(39,604)</u> |
| EXPENDITURES DISBURSED | | | |
| Salaries & wages | 297,894 | 291,204 | 6,690 |
| Payroll taxes | 21,433 | 21,042 | 391 |
| Pension expense | 38,674 | 36,953 | 1,721 |
| Health insurance | 29,010 | 25,146 | 3,864 |
| Utilities, telephone, & internet | 23,647 | 28,187 | (4,540) |
| Insurance | 10,201 | 10,058 | 143 |
| Print materials | 49,737 | 59,201 | (9,464) |
| Non-print materials | 21,558 | 22,853 | (1,295) |
| Databases & digital resources | 2,375 | 2,305 | 70 |
| Programs | 5,588 | 3,612 | 1,976 |
| O.C.L.C. expense | 8,263 | 8,263 | 0 |
| Building & grounds maintenance | 18,093 | 18,698 | (605) |
| Office supplies & equipment maintenance | 18,666 | 19,427 | (761) |
| Printing and advertising | 268 | 190 | 78 |
| Professional development | 956 | 1,555 | (599) |
| Capital & non-capital purchases | 52,294 | 5,689 | 46,605 |
| ISL automation maintenance | 18,224 | 14,527 | 3,697 |
| Other disbursements | 18,492 | 30,161 | (11,669) |
| Total expenditures disbursed | <u>635,373</u> | <u>599,071</u> | <u>36,302</u> |
| Excess (deficiency) of revenues received over expenditures disbursed | 40,548 | 116,454 | (75,906) |
| OTHER FINANCING SOURCES (USES) | | | |
| Net gain (loss) on investment redemptions | <u>75</u> | <u>(20,458)</u> | <u>20,533</u> |
| Excess (deficiency) of revenues received & other sources over expenditures disbursed & other uses | <u>\$ 40,623</u> | <u>\$ 95,996</u> | <u>\$ (55,373)</u> |

**PARLIN-INGERSOLL PUBLIC LIBRARY
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED MAY 31, 2015**

| | <u>Date Acquired</u> | <u>Date Mature</u> | <u>Outstanding 5/31/2014</u> | <u>Additions</u> | <u>Sold or Matured</u> | <u>Outstanding 5/31/2015</u> |
|---|--------------------------|------------------------|----------------------------------|-------------------|----------------------------|----------------------------------|
| Money Market Funds | | | | | | |
| GS Financial Federal SQ | N/A | N/A | \$ 363,118 | \$ 775,640 | \$ 768,892 | \$ 369,866 |
| Bank Certificates of Deposit | | | | | | |
| ISB | 5/22/2013 | 11/22/2015 | 101,106 | 1,026 | - | 102,132 |
| Municipal Bonds & Notes | | | | | | |
| Monmouth City, NJ | 1/29/2013 | 11/1/2017 | 55,987 | - | - | 55,987 |
| Cook #83 | 2/4/2013 | 12/1/2015 | 52,641 | - | - | 52,641 |
| Cook #84 | 3/25/2013 | 12/1/2018 | 43,415 | 1,815 | - | 45,230 |
| Macon Co | 3/6/2013 | 12/1/2017 | 51,534 | 3,579 | 625 | 54,488 |
| Oswego | 8/18/2014 | 12/15/2018 | - | 54,766 | - | 54,766 |
| US Government & Agent Securities | | | | | | |
| FHLB | 8/14/2013 | 6/13/2017 | 99,925 | - | 99,925 | - |
| FFCB | 11/5/2013 | 11/5/2018 | 100,000 | - | 100,000 | - |
| FHLMC | 8/18/2014 | 9/30/2019 | - | 50,000 | 50,000 | - |
| FFCB | 2/18/2015 | 2/18/2020 | - | 50,000 | - | 50,000 |
| FHLB | 4/1/2015 | 11/21/2019 | - | 49,850 | - | 49,850 |
| GRAND TOTAL | | | <u>\$ 867,726</u> | <u>\$ 986,676</u> | <u>\$ 1,019,442</u> | <u>\$ 834,960</u> |

| <u>Gain/Loss</u> | <u>Interest Rate</u> | <u>Interest Received</u> | <u>Accrued Interest Purchased</u> | <u>Net Interest Received</u> | <u>Value</u> |
|------------------|----------------------|--------------------------|-----------------------------------|------------------------------|-------------------|
| \$ - | Various | \$ 21 | \$ - | \$ 21 | \$ 369,866 |
| - | 1.10 | 1,026 | - | 1,026 | 102,132 |
| - | 3.85 | 1,925 | - | 1,925 | 53,207 |
| - | 2.85 | 1,425 | - | 1,425 | 50,492 |
| - | - | - | - | - | 45,417 |
| - | 4.80 | 2,160 | - | 2,160 | 48,738 |
| - | 4.45 | 1,112 | (390) | 722 | 54,121 |
| 75 | 1.19 | 559 | - | 559 | - |
| - | 1.70 | 1,280 | - | 1,280 | - |
| - | 2.00 | 750 | - | 750 | - |
| - | 1.94 | - | - | - | 50,293 |
| - | 1.53 | 383 | (276) | 107 | 49,729 |
| <u>\$ 75</u> | | <u>\$ 10,641</u> | <u>\$ (666)</u> | <u>\$ 9,975</u> | <u>\$ 823,995</u> |

PARLIN-INGERSOLL PUBLIC LIBRARY
SCHEDULE OF DISBURSEMENTS => \$2,500 AND SCHEDULE OF COMPENSATION
YEAR ENDED MAY 31, 2015

SCHEDULE OF DISBURSEMENTS

Disbursements in Excess of \$2,500 per Payee in the aggregate:

Advanced Workstations in Education, Inc.: \$2,943.00
Ameren CIPS: \$18,450.42
American Express: \$17,965.50
 Dell computers in above: \$5,811.48
American Pest Control: \$2,649.00
AT&T: \$7,021.31
Baker & Taylor Books, Inc.: \$34,309.39
BlueCross/BlueShield Illinois: \$24,012.80
Brodart Co.: \$2,621.30
City of Canton Treasurer: \$4,997.13
City of Canton, IMRF: \$38,674.14
Claude Garzee: \$3,558.40
Country Mutual Insurance Company: \$8,345.81
DH/Mechanical: \$3,806.42
Ebsco: \$3,471.02
Ethostream: \$2,631.06
GIS Information Systems, Inc.: \$34,269.75
Hocker and Fitzjarrald, CPA: \$3,965.00
IHLS-OCLC: \$8,263.00
Ingram: \$6,303.57
Midwest Tape: \$7,967.20
OverDrive, Inc.: \$7,000.00
PTC Select: \$2,928.00
Quality Blacktop: \$4,900.00
Staples: \$9,640.11
Supply Works: \$2,760.92
Weblinx Inc.: \$4,020.00

COMPENSATION SUMMARY:

Disbursements for Compensation:

Under \$25,000: V. Beckner; S. Carmack; J. Hart; E. Henderson; R. Henderson; R. Kapala; S. Linder; M. Markello; A. Moll; L. Postin; I. Raymer; M. Raymer; M. Shelby; B. Smith; K. Smith

\$25,000 to 49,999.99: C. Calvert; B. Hadsell; D. Massey; D. Sorrill

\$50,000.00 to \$74,999.99: K. Bunner