ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016



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1415 W. Diehl Road, Suite 400 Naperville, Illinois 60563 Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees Wilmette Public Library District Wilmette, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wilmette Public Library District (the District) as of and for the year ended June 30, 2016, and the related notes to 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 the modified cash basis and cash basis of accounting described in Note 1d; this includes determining that the modified cash basis and 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 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 District'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 District'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 modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Wilmette Public Library District, as of June 30, 2016, and the respective changes in modified cash basis financial position for the year then ended in accordance with modified cash basis of accounting described in Note 1.d.

Basis of Accounting

We draw attention to Note 1d of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis and cash basis of accounting, 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 that matter.

Other Matters

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 management discussion and analysis and combining and individual nonmajor fund financial statements and schedules and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management discussion and analysis and 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated September 25, 2015, which contained unmodified opinions on the respective financial statements - modified cash basis and cash basis of the governmental activities, each major fund and the aggregate remaining fund

information. The comparative data for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Sikich LLP

Naperville, Illinois November 4, 2016

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

Wilmette Public Library District Management's Discussion and Analysis For Fiscal Year Ended June 30, 2016

The discussion and analysis of the Wilmette Public Library District provides a general review of the financial activities for the year ended June 30, 2016. The information presented should be considered in conjunction with the financial statements as a whole.

Required Financial Statements

The basic financial statements are prepared using the modified-cash basis of accounting which more closely conforms to our monthly reports. These consist of three components:

- Government-wide financial statements:
- Fund financial statements;
- Notes to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide a synopsis of the District's finances.

The Statement of Net Positions presents information on all of the District's assets and liabilities arising from cash transactions adjusted for long term capital assets and depreciation expenses, with the difference reported as net positions. Over time, increases or decreases in net positions may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net positions changed during the reported fiscal year.

Fund financial statements

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements show amounts expended to provide Library services. Funds remaining are also shown. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's two major funds and the total of all other funds.

Notes to the basic financial statements

Notes to the financial statements provide additional information that is essential for a full understanding of the data in the basic financial statements. Required supplementary information consists of the Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Appropriation and Actual of the General Fund and the Special Reserve Funds and more detailed data concerning the District's contributions and funding progress of the Illinois Municipal Retirement Fund.

Government-Wide Financial Analysis

Statement of Net Positions

Condensed Statement of Net Positions					
June 30, 2016	Governmental Activities				
_	2016	2015			
Current Assets					
Cash and Investments	\$13,029,771	\$14,827,206			
Capital Assets, not depreciated	\$51,384	\$1,779,814			
Capital Assets, net of depreciation	\$8,932,517	\$4,382,210			
Total Assets	\$22,013,672	\$20,989,230			
Liabilities					
None	\$0	\$0			
Net positions:					
Net investment in capital assets	\$8,983,901	\$6,162,024			
Restricted (Special Reserve and other funds)	\$5,289,930	\$8,050,362			
Unrestricted	\$7,739,841	\$6,776,844			
Total Net Positions	\$22,013,672	\$20,989,230			

Changes in Net Positions

June 30, 2016	Governmental Activities		
	2016	2015	
Revenues Collected:			
Charges for Services	\$88,658	\$101,167	
Operating Grants	\$20,880	\$33,859	
Property and Replacement Taxes	\$6,081,381	\$5,991,286	
Investment Income	\$69,212	\$75,217	
Donations	\$484,512	\$59,960	
Miscellaneous	\$209,473	\$223,455	
Total Revenues	\$6,954,116	\$6,484,944	
Expenses Paid:			
Culture and Recreation	\$4,933,944	\$4,691,346	
Capital Outlay	\$3,817,607	\$1,728,430	
Total Expenses	\$8,751,551	\$6,419,776	
Increase (decrease) in Net Positions	(\$1,797,435)	\$65,168	

Financial Analysis

Revenues and Culture and Recreation expenses in governmental activities had moderate increases in the fiscal year ending June 30, 2016, but a large increase in Capital Outlay resulted in a decrease in net positions of \$1,797,435.

The Wilmette Public Library District's assets exceeded liabilities by \$22,013,672 for the year ended June 30, 2016 and \$20,989,230 for the year ended June 30, 2015.

A large portion (40.8 %) of the District's net positions reflects its investment in capital assets used in governmental activities. These assets cannot be liquidated for use in operations and therefore are unavailable.

A portion of the net positions is restricted for special projects. The District maintains sufficient unrestricted net positions to provide for normal Library operations in the near future. In addition, funds are available for expenses associated with periodic activities such as computer network upgrades and landscape and parking lots improvements.

General Fund Appropriation and Actual Comparison

The original appropriation was not amended during the year.

	2010	2015		
	Appropriation	Actual	Actual	
venues				
Property and Replacement Taxes	\$5,389,986	\$5,574,975	\$5,487,664	
Grant Income	\$33,859	\$20,880	\$33,859	
Investment Income Kenilworth Library Services	\$21,716	\$36,528	\$29,049	
Contract	\$189,237	\$186,264	\$190,407	
Fines and Fees	\$82,570	\$88,658	\$101,167	
Friends Donations	\$48,000	\$39,712	\$35,464	
Miscellaneous	\$50,826	\$468,009	\$57,544	
Total Revenues	\$5,816,194	\$6,415,026	\$5,935,154	
oenditures				
Personnel Services	\$3,625,300	\$3,024,991	\$2,860,831	
Patron Materials/Services	\$1,216,930	\$917,184	\$883,663	
Operation	\$858,801	\$509,854	\$474,039	
Contingency	-			
Total Expenditures	\$5,701,031	\$4,452,029	\$4,218,533	
ess (Deficiency) of Revenues				
Total Expenditures	\$5,701,031 \$115,163	\$4,452,029 \$1,962,997	_	

Actual revenues in governmental activities exceeded budgeted revenues by \$598,832 primarily due to an unrestricted gift of \$420,000 and also reflecting a slight increase in property and replacement taxes and increased income from the Kenilworth Library Services as well as investment income. The District spent \$1,249,002 less than the appropriated amount due to savings in every category.

At the end of fiscal year 2016, the District's governmental funds reported a balance of \$13,029,771, a decrease of \$1,797,435 over fiscal 2015.

Capital Assets

At the end of fiscal year 2016, Wilmette Public Library had total capital assets, net of depreciation, of \$8,983,901, invested in a large collection of library materials, computers and other electronics and the building which houses the Library operations.

Economic Factors on the District's Future

The Wilmette Public Library District is subject to the property tax caps in accordance with the state statutes. With the tax caps in place, the District is limited to the amount of increase they are able to obtain with the tax levy. In addition, the District is subject to tax rate objections and property tax assessment objections. These objections can erode the amount collected by the District with no recourse for collections. A potential decrease in the assessed valuation of property in the District may create a further decline in income.

Contact Information

This financial report is designed to provide the Wilmette Public Library District's citizens and taxpayers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you need additional information, contact the District:

Ellen B. Clark, Director Wilmette Public Library District 1242 Wilmette Avenue Wilmette, IL 60091-2558



STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 13,029,771
Capital assets not being depreciated	51,384
Capital assets (net of accumulated depreciation)	8,932,517
Total assets	22,013,672
LIABILITIES	
None	-
NET POSITION	
Invested in capital assets	8,983,901
Restricted for	
Audit	7,889
Liability insurance	34,700
Endowment	37,235
Capital improvements	4,555,565
Retirement	471,393
Specific programs	183,148
Unrestricted	7,739,841
TOTAL NET POSITION	\$ 22,013,672

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2016

				P		nm Revenu		apital	R	et (Expense) evenue and Change Net Position
			C	harges		ants and		ints and	Go	vernmental
FUNCTIONS/PROGRAMS	Expenses			Services	Con	tributions	Contributions			Activities
PRIMARY GOVERNMENT Governmental Activities										
Culture and recreation	\$	5,929,674	\$	88,658	\$	20,880	\$	-	\$	(5,820,136)
Total governmental activities		5,929,674		88,658		20,880		-		(5,820,136)
TOTAL PRIMARY GOVERNMENT	\$	5,929,674	\$	88,658	\$	20,880	\$	-		(5,820,136)
			Gene	eral Reven	ues					
				operty taxe						6,031,064
				placement						50,317
			Inv	estment ir	come	;				69,212
				scellaneou	IS					209,473
			Do	onations				•		484,512
			,	Total						6,844,578
			CHA	ANGE IN 1	NET I	POSITION				1,024,442
			NET	POSITIO	N, JU	JLY 1				20,989,230
			NET	POSITIO	ON, J	UNE 30		,	\$	22,013,672

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS GOVERNMENTAL FUNDS

June 30, 2016

			N	lonmajor		Total
		Special	Go	vernmental	Go	vernmental
	 General	Reserve		Funds		Funds
ASSETS						
Cash and investments	\$ 7,922,989	\$ 4,555,565	\$	551,217	\$	13,029,771
TOTAL ASSETS	\$ 7,922,989	\$ 4,555,565	\$	551,217	\$	13,029,771
LIABILITIES AND FUND BALANCES						
LIABILITIES						
None	\$ -	\$ -	\$	-	\$	
FUND BALANCES						
Nonspendable - endowment Restricted	-	-		37,235		37,235
Audit	_	_		7,889		7,889
Liability insurance	_	_		34,700		34,700
Retirement	_	_		471,393		471,393
Specific programs	183,148	_		-		183,148
Capital improvements	_	4,555,565		_		4,555,565
Unassigned		, ,				, ,
General Fund	7,739,841	-		-		7,739,841
Total fund balances	7,922,989	4,555,565		551,217		13,029,771
TOTAL LIABILITIES AND						
FUND BALANCES	\$ 7,922,989	\$ 4,555,565	\$	551,217	\$	13,029,771

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

For the Year Ended June 30, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 13,029,771
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	8,983,901
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 22,013,672

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES - CASH BASIS GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	General	Special Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES COLLECTED				
Property taxes	\$ 5,524,658	\$ -	\$ 506,406	\$ 6,031,064
Replacement taxes	50,317	-	-	50,317
Per capita grant	20,880	_	_	20,880
Investment income	36,528	32,283	401	69,212
Kenilworth Library services contract	186,264	_	-	186,264
Fines and fees	88,658	_	-	88,658
Friends donations	39,712	_	-	39,712
Miscellaneous	468,009	-	-	468,009
Total revenues collected	6,415,026	32,283	506,807	6,954,116
EXPENDITURES PAID Current Culture and recreation Capital outlay	4,452,029	- 3,817,607	481,915 -	4,933,944 3,817,607
Total expenditures paid	4,452,029	3,817,607	481,915	8,751,551
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	1,962,997	(3,785,324)	24,892	(1,797,435)
OTHER FINANCING SOURCES (USES)				
Transfers in	_	1,000,000	_	1,000,000
Transfers (out)	(1,000,000)	-	-	(1,000,000)
Total other financing sources (uses)	(1,000,000)	1,000,000	<u>-</u>	
NET CHANGE IN FUND BALANCES	962,997	(2,785,324)	24,892	(1,797,435)
FUND BALANCES, JULY 1	6,959,992	7,340,889	526,325	14,827,206
FUND BALANCES, JUNE 30	\$ 7,922,989	\$ 4,555,565	\$ 551,217	\$ 13,029,771

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,797,435)
Amounts reported for governmental activities in the statement of activities are different because:	
Gains (losses) on the disposal of capital assets are reported in the governmental activities	(130,502)
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	3,625,058
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(672,679)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,024,442

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wilmette Public Library District (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)) except for the basis of accounting described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The more significant of the accounting policies are described below.

a. Reporting Entity

The District is a body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected Board of Trustees. These financial statements present the District's reporting entity as required by generally accepted accounting principles. The District is considered to be a primary government since its board is separately elected and the District is fiscally independent. Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the District does not have any component units. The Friends of the Library, while a potential component unit, is not significant to the District and, therefore, has been excluded from its reporting entity.

b. Fund Accounting

The District uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following category: governmental.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of restricted, committed or assigned funds (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds), and management of funds held in trust that can be used for library services (permanent fund). The General Fund is used to account for all activities of the District not accounted for in some other fund. The District has no fiduciary funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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 activities of the District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The Special Reserve Fund is used to account for resources committed for capital improvements at the District.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and using the modified cash basis of accounting. The District reports capital assets and liabilities issued to acquire capital assets, not long-term operating liabilities. Revenues are recorded at the time of receipt by the District. Expenses are recorded when the funds are disbursed. Depreciation of capital assets has also been shown on the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recorded at the time of receipt by the District. Expenditures are recorded when the funds are disbursed.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

f. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year except for library materials. The District capitalizes all of its library materials. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Assets	Years
Buildings and building improvements	10-40
Furniture and equipment	3-20
Books and library materials	7

g. Fund Balance/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the District. Committed fund balance is constrained by formal actions of the District's Board of Trustees, which is considered the District's highest level of decision-making authority. Formal actions include ordinances

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Fund Balance/Net Position (Continued)

approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Director by the District Board of Trustees. Any residual General Fund fund balance is reported as unassigned. Any deficit fund balances in any other governmental funds are also reported as unassigned.

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.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the District. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

2. DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net position as cash and investments.

The District's investment policy allows the District to make deposits/invest in accordance with ILCS, namely in interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investment constituting direct obligations of any institution as defined by the Illinois Banking Act and is insured by the Federal Depository Insurance Corporation (FDIC) and Illinois Funds.

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the 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.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the District's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral held by an independent third party in the name of the District.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

Concentration of credit risk is the risk that the District has too high a percentage of their investments invested in one type of investment. The District's investment policy does not require diversification of investment to avoid unreasonable risk.

In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds based on the time line for the funds use. Unless matched to a specific cash flow, the District will not directly invest in certificates of deposit with a maturity of greater than three years from the date of purchase.

As of June 30, 2016, the District had the following investments and maturities:

	Investment Maturities (in Years)								
Investment Type	_]	Fair Value	L	ess Than 1	1-5	6-10		Greater that	an 10
Negotiable certificates of deposit	\$	8,678,492	\$	4,850,544 \$	3,827,948 \$		_	\$	
TOTAL	\$	8,678,492	\$	4,850,544 \$	3,827,948 \$		-	\$	

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016: Negotiable Certificates of Deposit of \$8.68 million are significant other observable outputs and are part of a limited secondary market (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide the highest investment return using authorized instruments, with maximum investment security, while meeting the District's daily cash flow demands and conforming to all state statutes government the investment of public funds.

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit. The U.S. agency securities are not rated. The investment policy does not include any limitations on how much of any type of security can be held in the portfolio.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy does not define procedures to reducing custodial credit risk.

3. CAPITAL ASSETS

Capital asset activity, resulting from modified cash transactions, for the year ended June 30, 2016 was as follows:

		Balances		_				Balances
		July 1		Increases	Decreases			June 30
GOVERNMENTAL ACTIVITIES								
Capital assets not being depreciated	Φ.	71.001	Φ.		Φ.		Φ.	71.001
Land	\$	51,384	\$	-	\$.	\$	51,384
Construction in progress		1,728,430		-		1,728,430		=
Total capital assets not being depreciated	-	1,779,814		-		1,728,430		51,384
Capital assets being depreciated								
Buildings and improvements		8,332,626		5,151,973		295,442		13,189,157
Furniture and equipment		831,453		-		418,623		412,830
Library materials		4,964,824		201,515		258,883		4,907,456
Total capital assets being depreciated		14,128,903		5,353,488		972,948		18,509,443
Less accumulated depreciation for								
Buildings and building improvements		4,759,980		399,175		181,764		4,977,391
Furniture and equipment		772,886		13,749		401,799		384,836
Library materials		4,213,827		259,755		258,883		4,214,699
Total accumulated depreciation		9,746,693		672,679		842,446		9,576,926
Total capital assets being depreciated, net		4,382,210		4,680,809		130,502		8,932,517
GOVERNMENTAL ACTIVITIES								
CAPITAL ASSETS, NET	\$	6,162,024	\$	4,680,809	\$	1,858,932	\$	8,983,901

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES

Culture and recreation

\$ 672,679

NOTES TO FINANCIAL STATEMENTS (Continued)

4. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the government.

- The property tax lien date is January 1;
- The annual tax levy ordinance for 2015 was passed September 15, 2015;
- Property taxes are due to the County Collector in two installments, March 1 and September 1 or within 30 days of the County issuing the final property tax bills; and
- Property taxes for 2015 are normally received monthly beginning in March 2016 and generally ending by January 2017.

5. INDIVIDUAL FUND DISCLOSURES

During fiscal year 2016, the District made the following operating transfers:

Transferred To	Transferred To Transferred From				
Special Reserve Fund	General Fund	\$	1,000,000		
TOTAL		\$	1,000,000		

The interfund transaction between the General Fund and Special Reserve Fund was to fund current and future capital projects of the District.

6. RISK MANAGEMENT

The District is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers' compensation, illnesses of employees and public officials' liability. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year or prior two fiscal years.

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The District's defined benefit pension plan (the Plan), Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the Plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the Plan as a whole but not by individual employer. That report may be obtained at www.imrf.org or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	20
Active employees	43
TOTAL	105

Benefits

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

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RETIREMENT FUND COMMITMENTS (Continued)

<u>Illinois Municipal Retirement Fund</u> (Continued)

Benefits (Continued)

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

Contributions

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rates for calendar year 2015 and 2016 were 11.92% and 12.26% of payroll, respectively. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date December 31, 2015

Actuarial cost method Entry-age
Normal

Norma

Assumptions

Inflation 3.00%

Salary increases 4.40% to 16.00%

Interest rate 7.50%

Asset valuation method Market value

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RETIREMENT FUND COMMITMENTS (Continued)

<u>Illinois Municipal Retirement Fund</u> (Continued)

Actuarial Assumptions (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the total pension liability was 7.47%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015, to arrive at a discount rate of 7.47% used to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RETIREMENT FUND COMMITMENTS (Continued)

<u>Illinois Municipal Retirement Fund</u> (Continued)

Changes in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
BALANCES AT			
JANUARY 1, 2015	\$ 11,764,554	\$ 10,767,931	\$ 996,623
Changes for the period			
Service cost	223,722	-	223,722
Interest	864,059	-	864,059
Difference between expected	•		ŕ
and actual experience	(198,907)	-	(198,907)
Changes in assumptions	12,088	-	12,088
Employer contributions	-	238,069	(238,069)
Employee contributions	-	90,708	(90,708)
Net investment income	-	53,037	(53,037)
Benefit payments and refunds	(649,641)	(649,641)	-
Administrative expense	-	-	-
Other (net transfer)		94,607	(94,607)
Net changes	251,321	(173,220)	424,541
DALANGEG AT			
BALANCES AT	¢ 12.015.075	¢ 10.504.711	¢ 1.401.164
DECEMBER 31, 2015	\$ 12,015,875	\$ 10,594,711	\$ 1,421,164

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RETIREMENT FUND COMMITMENTS (Continued)

<u>Illinois Municipal Retirement Fund</u> (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.47% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.47%) or 1 percentage point higher (8.47%) than the current rate:

		Current						
	1	% Decrease (6.47%)	iscount Rate (7.47%)	1	% Increase (8.47%)			
Net pension liability	\$	2,717,322	\$	1,421,164	\$	326,766		

The net pension liability, deferred outflows of resources and deferred inflows of resources are not reported on the District's financial statements on the modified cash basis of accounting as discussed in Note 1d.

8. OPERATING LEASES

The District is committed under various leases for copiers and postage equipment. The leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2016 amounted to \$3,528. Future minimum lease payment for this lease is as follows:

Year Ending June 30		
2017	_\$	882
TOTAL	\$	882

9. JOINTLY GOVERNED ORGANIZATION

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental entity formed by library members of the North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2016 were \$74,955.

NOTES TO FINANCIAL STATEMENTS (Continued)

10. KENILWORTH CONTRACT

The Kenilworth Public Library District entered into a contract with the District and the Winnetka-Northfield Public Library District to pay for services provided to Kenilworth District residents. The amounts to be paid are based on an agreed-upon amount, adjusted for inflation, divided between the two libraries based on their proportion of circulation.

11. OTHER POSTEMPLOYMENT BENEFITS

The District has evaluated its potential other postemployment benefits liability. The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statues, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, one former employee has chosen to stay in the District's health insurance plan. Therefore, there has been minimal utilization and, therefore, no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the District has no former employees for whom the District was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the District has not recorded any postemployment benefit liability as of June 30, 2016.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL - CASH BASIS - GENERAL FUND

For the Year Ended June 30, 2016 (with comparative actual)

			2016		
	 Original		Final		2015
	propriation	Ap		Actual	Actual
		_			
REVENUES COLLECTED					
Property taxes	\$ 5,353,895	\$	5,353,895	\$ 5,524,658	\$ 5,433,005
Replacement taxes	36,091		36,091	50,317	54,659
Grant	33,859		33,859	20,880	33,859
Investment income	21,716		21,716	36,528	29,049
Kenilworth Library services contract	189,237		189,237	186,264	190,407
Fines and fees	82,570		82,570	88,658	101,167
Friends donations	48,000		48,000	39,712	35,464
Miscellaneous					
Gifts	27,000		27,000	444,800	24,496
Other	23,826		23,826	23,209	33,048
Total revenues collected	 5,816,194		5,816,194	6,415,026	5,935,154
EXPENDITURES PAID					
Current					
Culture and recreation					
Personnel services	3,625,300		3,625,300	3,024,991	2,860,831
Patron materials/services	1,216,930		1,216,930	917,184	883,663
Operation	858,801		858,801	509,854	474,039
Total expenditures paid	5,701,031		5,701,031	4,452,029	4,218,533
1					
EXCESS (DEFICIENCY) OF REVENUES					
COLLECTED OVER EXPENDITURES PAID	115,163		115,163	1,962,997	1,716,621
OTHER FINANCING SOURCES (USES)				(1,000,000)	(1,000,000)
Transfers (out)	 		-	(1,000,000)	(1,000,000)
Total other financing sources (uses)	-		-	(1,000,000)	(1,000,000)
NET CHANGE IN FUND BALANCE	\$ 115,163	\$	115,163	962,997	716,621
FUND BALANCE, JULY 1				6,959,992	6,243,371
FUND BALANCE, JUNE 30				\$ 7,922,989	\$ 6,959,992

NOTES TO SUPPLEMENTARY INFORMATION

June 30, 2016

BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. The Board of Trustees prepares a Combined Annual Budget and Appropriation Ordinance for all funds.
- 2. Budget hearings are conducted.
- 3. The budget is legally enacted through passage of an ordinance.
- 4. The budget may be amended by the Board of Trustees. No supplemental appropriations were adopted by the Board of Trustees in the current fiscal year.
- 5. Budgets are adopted on the modified cash basis.
- 6. The level of control (level at which expenditures/expenses may not exceed appropriations) is the fund level. All appropriations lapse at year end.



SCHEDULE OF EXPENDITURES PAID - APPROPRIATION AND ACTUAL - CASH BASIS - GENERAL FUND

	Original	2016 Final		2015
	_	Appropriation	Actual	Actual
PERSONNEL SERVICES				
Salaries				
Librarian	\$ 1,304,792	\$ 1,304,792	\$ 1,220,535	\$ 1,141,091
Nonlibrarian	1,548,106	1,548,106	1,169,625	1,117,026
Custodial	164,557	164,557	161,799	150,132
Professional memberships	7,000	7,000	5,792	5,173
Registrations	6,365	6,365	3,129	2,048
Travel - mileage	25,000	25,000	12,575	10,581
Staff development	40,000	40,000	17,427	9,798
Insurance - employee	529,480	529,480	434,109	424,982
Total personnel services	3,625,300	3,625,300	3,024,991	2,860,831
PATRON MATERIALS/SERVICES				
Books and continuations	391,493	391,493	303,894	288,002
Audio visual materials	159,612	159,612	114,589	105,999
Periodicals	75,980	75,980	47,163	56,018
Electronic resources	325,000	325,000	263,211	243,491
Computer software	35,000	35,000	3,804	6,680
Electronic service providers	106,000	106,000	96,154	95,096
Programming	17,393	17,393	8,867	14,301
Friends purchases	39,250	39,250	39,232	30,122
Web design	4,000	4,000	1,358	4,011
Newsletter	49,086	49,086	29,674	36,047
Promotion	9,000	9,000	9,238	3,896
Grant expenses	5,116	5,116	-	-
-				
Total patron materials/services	1,216,930	1,216,930	917,184	883,663
OPERATION				
Accounting	9,500	9,500	6,604	7,965
Professional fees	21,000	21,000	10,020	13,610
Library supplies	34,000	34,000	34,540	18,497
Office supplies	32,740	32,740	28,244	18,926
Copiers	32,000	32,000	29,071	26,433
Printing	10,000	10,000	8,224	4,908
Postage and shipping	15,000	15,000	8,243	9,489
Telephone	20,000	20,000	8,703	9,202
Equipment/furniture/computers	150,000	150,000	113,562	5,547

SCHEDULE OF EXPENDITURES PAID - APPROPRIATION AND ACTUAL - CASH BASIS - GENERAL FUND (Continued)

		Original		Final				2015
	Ap	propriation	Ap	propriation		Actual		Actual
OPERATION (Continued)								
Equipment/computer maintenance	\$	91,139	\$	91,139	\$	71,684	\$	74,991
Insurance - property/casualty		25,000		25,000		24,523		23,235
Building improvements		100,000		100,000		102		39,272
Building supplies		34,322		34,322		18,672		25,745
Building maintenance		55,000		55,000		32,834		35,774
Building maintenance contracts		110,000		110,000		61,471		93,688
Grounds maintenance		50,000		50,000		17,200		13,774
Parking lot rental		12,000		12,000		11,400		11,564
Miscellaneous		9,100		9,100		2,323		3,054
Utilities		48,000		48,000		22,434		38,365
Total operation		858,801		858,801		509,854		474,039
TOTAL EXPENDITURES PAID	\$	5,701,031	\$	5,701,031	\$	4,452,029	\$	4,218,533

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE - CASH BASIS SPECIAL RESERVE FUND

	0::1	2016	
	Original and Final		2015
	Appropriations	Actual	Actual
REVENUES COLLECTED	¢	¢ 22.292	\$ 45,850
Investment income	\$ -	\$ 32,283	\$ 45,850
Total revenues collected		32,283	45,850
EXPENDITURES PAID			
Current			
Capital outlay	8,000,000	3,817,607	1,728,430
Total expenditures paid	8,000,000	3,817,607	1,728,430
EXCESS (DEFICIENCY) OF REVENUES			
COLLECTED OVER EXPENDITURES PAID	(8,000,000)	(3,785,324)	(1,682,580)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000,000	1,000,000	1,000,000
Total other financing sources (uses)	1,000,000	1,000,000	1,000,000
NET CHANGE IN FUND BALANCE	\$ (7,000,000)	(2,785,324)	(682,580)
FUND BALANCE, JULY 1		7,340,889	8,023,469
FUND BALANCE, JUNE 30		\$ 4,555,565	\$ 7,340,889



COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

		\$	Spec	ial Revenu					
			_			Liability		manent	
	Re	etirement		Audit	Insurance		Endowment		Total
ASSETS									
Cash and investments	\$	471,393	\$	7,889	\$	34,700	\$	37,235	\$ 551,217
TOTAL ASSETS	\$	471,393	\$	7,889	\$	34,700	\$	37,235	\$ 551,217
LIABILITIES AND FUND BALANCES									
LIABILITIES									
None	\$	-	\$	-	\$	-	\$	-	\$ -
Total liabilities		-		-		-		-	
FUND BALANCES									
Nonspendable - endowment Restricted		-		-		-		37,235	37,235
Audit		_		7,889		-		-	7,889
Liability insurance		_		_		34,700		-	34,700
Retirement		471,393		-		-		-	471,393
Total fund balances		471,393		7,889		34,700		37,235	551,217
TOTAL LIABILITIES AND FUND BALANCES	\$	471,393	\$	7,889	\$	34,700	\$	37,235	\$ 551,217

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES - CASH BASIS NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

		5	Spec	cial Revenue						
					L	iability	Permanent		-	
	Re	etirement		Audit	In	surance	Endowment			Total
REVENUES COLLECTED										
Property taxes	\$	451,690	\$	8,521	\$	46,195	\$	_	\$	506,406
Investment income		363			· .	-		38		401
Total revenues collected		452,053		8,521		46,195		38		506,807
EXPENDITURES PAID										
Current										
Culture and recreation										
Fringe benefits										
IMRF		248,140		-		-		-		248,140
FICA		190,449		-		-		-		190,449
Liability insurance		-		-		18,754		-		18,754
Unemployment insurance		-		-		15,557		-		15,557
Audit		-		9,000		-		-		9,000
Miscellaneous		-		-		-		15		15
Total expenditures paid	-	438,589		9,000		34,311		15		481,915
NET CHANGE IN FUND BALANCES		13,464		(479)		11,884		23		24,892
FUND BALANCES, JULY 1		457,929		8,368		22,816		37,212		526,325
FUND BALANCES, JUNE 30	\$	471,393	\$	7,889	\$	34,700	\$	37,235	\$	551,217

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL - CASH BASIS - RETIREMENT FUND

	a	Original nd Final	 2015		
	App	ropriation	Actual	Actual	
REVENUES COLLECTED					
Property taxes	\$	480,000	\$	451,690	\$ 449,077
Investment income		-		363	287
Total revenues collected		480,000		452,053	449,364
EXPENDITURES PAID					
Current					
Culture and recreation					
Personnel services					
Fringe benefits					
IMRF		288,000		248,140	246,059
FICA		192,000		190,449	179,872
Total expenditures paid		480,000		438,589	425,931
NET CHANGE IN FUND BALANCE	\$:	13,464	23,433
FUND BALANCE, JULY 1				457,929	434,496
FUND BALANCE, JUNE 30			\$	471,393	\$ 457,929

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL - CASH BASIS - AUDIT FUND

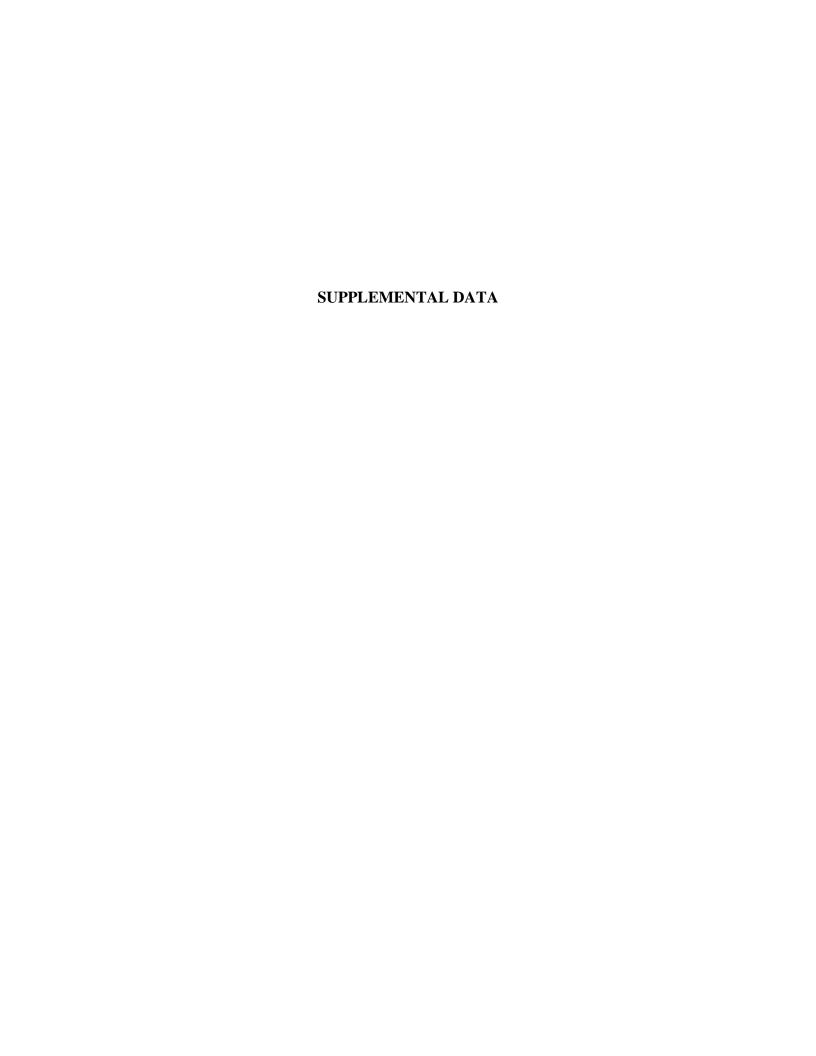
	an	riginal d Final opriation	A	Actual	2015 Actual
		•			
REVENUES COLLECTED					
Property taxes	\$	9,000	\$	8,521	\$ 8,617
Total revenues collected		9,000		8,521	8,617
EXPENDITURES PAID					
Current					
Culture and recreation					
Miscellaneous					
Audit		9,000		9,000	8,750
Total expenditures paid		9,000		9,000	8,750
Total expenditules paid		2,000		7,000	0,730
NET CHANGE IN FUND BALANCE	\$			(479)	(133)
FUND BALANCE, JULY 1		_		8,368	8,501
FUND BALANCE, JUNE 30		_	\$	7,889	\$ 8,368

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL - CASH BASIS - LIABILITY INSURANCE FUND

	O	2015			
	Appr	ropriation		Actual	Actual
REVENUES COLLECTED					
Property taxes	\$	56,000	\$	46,195	\$ 45,928
Total revenues collected		56,000		46,195	45,928
EXPENDITURES PAID					
Current					
Culture and recreation					
Fringe benefits					
Liability insurance		28,000		18,754	31,128
Unemployment insurance		28,000		15,557	6,981
Total expenditures paid		56,000		34,311	38,109
NET CHANGE IN FUND BALANCE	\$	-	:	11,884	7,819
FUND BALANCE, JULY 1			22,816	14,997	
FUND BALANCE, JUNE 30			\$	34,700	\$ 22,816

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE - CASH BASIS - ENDOWMENT FUND

	,	2016	2015
		ctual	Actual
REVENUES COLLECTED Investment income	\$	38	\$ 31
Total revenues collected		38	31
EXPENDITURES PAID Current Culture and recreation Miscellaneous		15	23
Total expenditures paid		15	23
NET CHANGE IN FUND BALANCE		23	8
FUND BALANCE, JULY 1		37,212	37,204
FUND BALANCE, JUNE 30	\$	37,235	\$ 37,212



PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS

Last Ten Levy Years

TAX LEVY YEAR		2015	2014		2013		2012		2011	
ASSESSED VALUATION	\$	1,540,264,790	\$	1,583,111,678	\$	1,559,393,904	\$	1,733,948,674	\$	1,868,468,004
	Rate*	Amount								
TAX EXTENSIONS										
General	0.3612	\$ 5,563,200	0.3487	\$ 5,519,541	0.3474	\$ 5,417,334	0.3068	\$ 5,139,550	0.2768	\$ 5,171,990
IMRF	0.0128	197,760	0.0172	271,920	0.0169		0.0138	239,259	0.0006	10,300
FICA	0.0166	255,440	0.0115	181,280	0.0122	190,246	0.0100	173,256	0.0215	402,215
Liability insurance	0.0030	46,350	0.0029	46,350	0.0037	57,697	0.0030	51,500	0.0025	46,350
Audit	0.0006	8,549	0.0005	8,549	0.0006	9,356	0.0005	8,858	0.0005	8,858
TOTAL TAX EXTENSIONS	0.3942	\$ 6,071,299	0.3808	\$ 6,027,640	0.3808	\$ 5,938,170	0.3341	\$ 5,612,423	0.3019	\$ 5,639,713
TOTAL TAX COLLECTIONS		\$ 3,266,690	ı	\$ 5,948,702	ı	\$ 5,771,752	ı	\$ 5,610,642		\$ 5,557,633
PERCENT COLLECTED		53.81%		98.69%	i	97.20%	i	99.97%	ī	98.54%

^{*} Property tax rates are per \$100 of assessed valuation.

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (Continued)

Last Ten Levy Years

TAX LEVY YEAR		2010 2009			09	2008 2007						2006		
ASSESSED VALUATION	\$	2,0	078,041,264	\$	2,3	326,682,126	\$	2,	,192,828,423	\$	2,054,841,887		\$	1,621,005,521
	Rate*		Amount	Rate*		Amount	Rate [;]	*	Amount	Rate*		Amount	Rate*	Amount
TAX EXTENSIONS														
General	0.2430	\$	5,049,730	0.2129	\$	4,952,493	0.222	26	\$ 4,880,175	0.2226	\$	4,635,747	0.2790	\$ 4,522,680
IMRF	0.0124		258,273	0.0071	·	166,304	0.007		170,980	0.0093		191,332	0.0094	
FICA	0.0086		179,478	0.0072		168,446	0.007	75	163,770	0.0095		194,918	0.0071	
Liability insurance	0.0015		30,900	0.0018		41,200	0.001	19	41,200	0.0030		61,800	0.0016	25,750
Audit	0.0002		5,150	0.0002		5,150	0.000)5	10,300	0.0005		10,300	0.0006	10,300
TOTAL TAX EXTENSIONS	0.2657	\$	5,523,531	0.2292	\$	5,333,593	0.240	03	\$ 5,266,425	0.2449	\$	5,094,097	0.2977	\$ 4,826,530
TOTAL TAX COLLECTIONS		\$	5,449,491		\$	5,252,554	ı	=	\$ 5,166,067		\$	4,946,586		\$ 4,640,925
PERCENT COLLECTED			98.66%			98.48%	ı	=	98.09%			97.10%		96.15%

SCHEDULE OF EMPLOYER CONTRIBUTIONS ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2016

	2015	2016
Actuarially determined contribution	\$ 244,487	\$ 249,594
Contributions in relation to the actuarially determined contribution	 244,487	249,594
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -
Covered-employee payroll	\$ 1,980,561	\$ 1,997,222
Contributions as a percentage of covered-employee payroll	12.34%	12.50%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013 and 2012. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2016

		2014		2015*
TOTAL PENSION LIABILITY				
Service cost	\$	221,975	\$	223,722
Interest	Ψ	789,283	Ψ	864,059
Changes of benefit terms		-		-
Differences between expected and actual experience		10,152		(198,907)
Changes of assumptions		653,312		12,088
Benefit payments, including refunds of member contributions		(645,909)		(649,641)
Net change in total pension liability		1,028,813		251,321
Total pension liability - beginning		10,735,741		11,764,554
TOTAL PENSION LIABILITY - ENDING	\$	11,764,554	\$	12,015,875
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$	245,788	\$	238,069
Contributions - member		100,484		90,708
Net investment income		630,484		53,037
Benefit payments, including refunds of member contributions		(645,909)		(649,641)
Other		(48,545)		94,307
Net change in plan fiduciary net position		282,302		(173,520)
Plan fiduciary net position - beginning		10,485,629		10,767,931
PLAN FIDUCIARY NET POSITION - ENDING	\$	10,767,931	\$	10,594,411
EMPLOYER'S NET PENSION LIABILITY	\$	996,623	\$	1,421,464
Plan fiduciary net position as a percentage of the total pension liability		91.50%		88.20%
Processings of the form process,		, -10 0,70		00.2070
Covered-employee payroll	\$	1,980,561	\$	1,997,222
Employer's net pension liability				
as a percentage of covered-employee payroll		50.30%		71.20%

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

^{*}IMRF's measurement date is December 31; therefore information above is presented for the calendar year noted above.

AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES

For the Year Ended June 30, 2016



AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES TABLE OF CONTENTS

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FIRM PROFILE	





1415 W. Diehl Road, Suite 400 Naperville, Illinois 60563 Certified Public Accountants & Advisors

Members of American Institute of Certified Public Accountants

November 4, 2016

The Honorable President Members of the Board of Trustees Wilmette Public Library District 1242 Wilmette Avenue Wilmette, Illinois 60091

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on July 15, 2016.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect Wilmette Public Library District, are enclosed within this document.

This information is intended solely for the use of the President, the Board of Trustees and management of the Wilmette Public Library District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Sikich LLP

By: Daniel A. Berg, CPA

Sikich LLP

Partner





1415 W. Diehl Road, Suite 400 Naperville, Illinois 60563 Certified Public Accountants & Advisors

Members of American Institute of Certified Public Accountants

November 4, 2016

Members of the Board of Trustees Wilmette Public Library District Wilmette, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the of the governmental activities, each major fund, and the aggregate remaining fund information of Wilmette Public Library District (the District) for the year ended June 30, 2016 and have issued our report thereon dated November 4, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2016, with the exception of the implementation of GASB Statement No. 72, Fair Value Measurement and Application and GASB Statement No. 79, Certain External Investment Pools and Pool Participants. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements except for the actuarial valuations and related estimates for the pension plan.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, AJE#01 of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on supplementary information, which accompany the financial statements but are not required supplementary information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplementary information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Wilmette Public Library District and is not intended nor should it be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the District and those associated with it during our audit for this year. If you have any questions regarding the purpose of this letter or the requirement mentioned, please give me a call.

Sincerely,

Sikich LLP

By: Daniel A. Berg, CPA

Sikich LLP

Partner

WILMETTE PUBLIC LIBRARY DISTRICT

Year End: June 30, 2016
Adjusting Journal Entries
Date: 7/1/2015 To 6/30/2016

Number	Date	Name	Account No	Amount
AJE #01	6/30/2016	Land	30-1051 GF-30	51,384.00
AJE #01	6/30/2016	Building and Improvement	30-1502 GF-30	13,189,156.17
AJE #01	6/30/2016	Furniture and Fixtures	30-1503 GF-30	412,830.00
AJE #01	6/30/2016	Library Materials Collection	30-1506 GF-30	4,907,457.00
AJE #01	6/30/2016	Bulding and Improvements A/D	30-2052 GF-30	(4,977,655.59)
AJE #01	6/30/2016	Furniture and Fixtures A/D	30-2503 GF-30	(384,570.64)
AJE #01	6/30/2016	Library Materials Collection A/D	30-2506 GF-30	(4,214,699.00)
AJE #01	6/30/2016	Invested in capital assets	30-3001 GF-30	(6,162,024.19)
AJE #01	6/30/2016	Culture and Recreation Expense	30-5000 GF-30	(3,625,058.00)
AJE #01	6/30/2016	Gain/Loss on Disposal	30-5001 GF-30	130,501.81
AJE #01	6/30/2016	Depreciation Expense - Culture	30-6000 GF-30	672,678.44
		To record capital asset activity for FY 16		

Wilmette Public Library District

GOVERNMENTAL TYPE ACTIVITIES

(CLIENT)

AND GENERAL FUND (FUND OR FUND TYPE)

For the Year Ended

6/30/2016

All entries posted as Debit (Credit)

	2 111 011111	es posica as 2 co	()			
Description	Workpaper Reference	Assets	(Lia	abilities)	(Retained Earnings/Fund Balance)	(Profit) Loss
To record the market value of General Fund CD investments	3105\$	S4,3	23 \$	\$_		\$(4,323
To record the market value of Special Reserve CD investments	3105	4,3	82		-	(4,382
	P		handadeen de la companya de la compa			
				-		4.1
	Market State Committee Com	E				
			<u> </u>			
Totals	\$	8,7	05 \$	\$_		\$ (8,705

PASSED ADJUSTMENTS

	Wilme	tte Pu	ıblic Libra	ry I	District		GENERAL - 01				
	(CLIENT)						(FUND OR FUND TYPE)				
	For the Year Ended			_	6/30/2016						
	Aller	All entries posted as Debit (Credit)									
Description	Workpaper Reference		Assets		(Liabilities)		(Retained Earnings/Fund Balance)		(Profit) Loss		
To record the market value of General Fund CD investments	3105	_ \$	4,323	. \$	-	. \$ _	-	\$	(4,323)		
,	EAST-COLUMN TO THE COLUMN TO T	-	- WHAT AND	. –							
	,										
		-		-				-			
								. —			
				_							
						-					
	-							-			
				. —							
Totals											

PASSED ADJUSTMENTS

TABLE ALICOTALIA	Wilmette Public Library District						SPECIAL RESERVE - 06			
		(CLIENT)				(FUND OR FUND TYPE)				
	For th	e Year	Ended	-	6/30/2016	_				
	All er	ntries pe	osted as Debit (0	Credi	t)					
Description	Workpaper Reference		Assets	_	(Liabilities)		(Retained Earnings/Fund Balance)	-	(Profit) Loss	
To record the market value of Special Reserve CD investments	3105	_ \$	4,382	. \$. \$_		- \$ _	(4,382)	
						· -				
				- - –						
				. <u> </u>						
						· -				
The second of th				· –						
Totals								_	(1292)	

MANAGEMENT LETTER

June 30, 2016



630.566.8400 // www.sikich.com



1415 W. Diehl Road, Suite 400 Naperville, Illinois 60563 Certified Public Accountants & Advisors Members of American Institute of Certified Public Accountants

Members of the Board of Trustees Wilmette Public Library District Wilmette, Illinois

In planning and performing our audit of the financial statements - modified cash basis and cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilmette Public Library District (the District) as of and for the year ended June 30, 2016, in accordance with the modified cash basis and cash basis of accounting, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the its internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weakness. We identified certain matters that are opportunities for strengthening internal controls and operating efficiency, of which management should be aware. In addition, we reviewed the status of the recommendations dated June 30, 2015. The status of these recommendations is included in Appendix A.

This report is intended solely for the information and use of the President, the Board of Trustees and Management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois November 4, 2016

OTHER COMMENTS

1. Market Value of Investments

We noted during our procedures on investments that the Library did not adjust its negotiable certificate of deposit balances to market value at June 30, 2016. This is a requirement of GASB Statement No. 31 for any investments that have a maturity date greater than one year from the date of purchase. For the Library, multiple negotiable certificates of deposit had maturity dates greater than one year, however the total investment value difference was immaterial to the financial statements and thus no adjustment was posted. We recommend that the Library review it's year end investment statement and adjust the necessary investment balances to market value at year end.

2. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the District in the future.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal year ending June 30, 2017.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for the fiscal year ending June 30, 2017.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing

OTHER COMMENTS (Continued)

2. Future Accounting Pronouncements (Continued)

defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 75 are effective for the fiscal year ending June 30, 2018.

GASB Statement No. 77, Tax Abatement Disclosures, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this statement are effective for financial statements for the fiscal year ending June 30, 2017.

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, establishes requirements for pensions provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provided defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. The requirements of this statement are effective for the fiscal year ending June 30, 2018.

GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this standard are effective for the fiscal year ending June 30, 2018. Earlier application is encouraged.

APPENDIX A STATUS OF COMMENTS FROM JUNE 30, 2015

SIGNIFICANT DEFICIENCY

Segregation of Duties

A system of internal control provides for a proper segregation of the accounting functions. This system would segregate recording of transactions, custody of assets, and authorization of transactions. Proper segregation is not always possible in smaller entities, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. At the District, there is a lack of segregation of duties due to the number of personnel performing the accounting functions. The Business Manager and Accounting Assistant conduct the vast majority of data entry, processing and reconciliations of the various transaction cycles. The District does have significant compensating controls, such as Board approval of bills lists and Director review and approval of payroll transactions, accounts payable invoices and checks, and monthly bank reconciliations. We recommend that management continuously review the current assignments of accounting functions and, when possible, segregate duties and/or implement compensating controls to reduce the risk of errors or fraud.

Status: Comment still applicable at June 30, 2016.

OTHER COMMENT

Reporting on the Modified Cash Basis

The District currently records and reports their financial activity on the Modified Cash Basis of Accounting, which is another comprehensive basis of accounting that is not a generally accepted accounting principle (GAAP). GAAP requires that governmental agencies report their governmental funds on the modified accrual basis of accounting, which require the recognition of revenues when they are both measurable and available and expenditures when they are due and payable, rather than when the cash comes in or out of the District. The modified cash basis of accounting is frequently used by smaller governmental entities in the State of Illinois. The District has determined that the needs and requirements of the external report users (i.e. the Board of Trustee, citizens of the District and the various State agencies) are being met with the modified cash basis of accounting. The District's current reporting is acceptable and allows the financial records to be reported fairly in accordance with the modified cash basis of accounting. If the District were to seek to issue debt in order to finance a project, we would encourage the District to seek the advice of a bond consultant to determine if a change in accounting basis is warranted.

Status: Comment still applicable at June 30, 2016.

Sikich Snapshot

Organization

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has more than 750 employees throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 35 Certified Public Accounting firms and is among the top 10 of all enterprise resource planning solution partners in the country. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

Industries

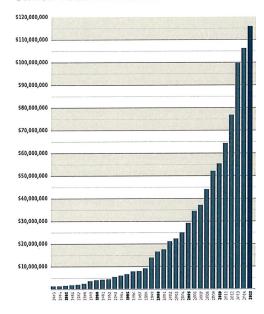
Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

- Agriculture
- · Construction & Real Estate
- Energy
- Government
- Manufacturing & Distribution
- Not-for-Profit

Statistics

2015 Revenues \$116.6N	Λ
Total Partners 10	6
Total Employees 68	8
Total Personnel 79	4
Personnel count as of July 13, 2016	

Sikich Total Revenues



SERVICES

- Accounting, Audit, Assurance & Tax
- Business Valuation
- Dispute Advisory
- ERP & CRM Software
- Human Resources Consulting
- Insurance Services
- Investment Banking & Corporate Finance
- IT Services
- Marketing & Public Relations
- Retirement Planning
- Supply Chain
- Wealth Management

Awards_

- Vault Accounting Top Ranked 2017
- Accounting Today Top 100 Firms: ranked 31st nationally, 2016
- Accounting Today Regional Leaders Top Firms: Great Lakes: ranked 4th, 2016
- Milwaukee Business Journal Largest Management Consulting Firms: ranked 10th, 2016
- Milwaukee Business Journal Largest Milwaukee-Area Accounting Firms: ranked 11th, 2016
- INSIDE Public Accounting Top 50 Largest Accounting Firms: ranked 31st nationally, 2016
- When Work Works Award, 2016
- WorldatWork Work-Life 2016 Seal of Distinction
- Best Places to Work in Illinois, 2016
- Best Places to Work in Indiana, 2016

- Chicago's 101 Best and Brightest Companies to Work For®, 2016
- Milwaukee's 101 Best and Brightest Companies to Work For[®], 2016
- WICPA Excellence Award Public Service Award (Firm), 2016
- Accounting Today Top 100 Value Added Reseller: ranked 7th, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2016
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- . Inc. 5000: ranked #4344, 2015
- Crain's List Chicago's Largest Privately Held Companies: ranked #250, 2015

- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2015
- National Best & Brightest Companies to Work For®, 2015
- Chicago's 101 Best and Brightest Companies to Work For[®], 2015
- National Best & Brightest in Wellness, 2015
- · Chicago Tribune's Top Workplaces, 2015
- Edge Award 2015 Community Service
- Microsoft Dynamics Inner Circle and President's Club, 2014



877.279.1900 | info@sikich.com www.sikich.com

Sikich Snapshot

Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.



Microsoft Partner

Gold Enterprise Resource Planning

Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- Microsoft Small Business Specialist
- MCP (Microsoft Certified Professional)
- MCSE (Microsoft Certified System Engineer)
- CCNA (Cisco Certified Network Associate)
- CCDA (Certified Cisco Design Associate)
- CCEA (Citrix Certified Enterprise Administrator)
- , MRMS (Microsoft Retail Management Systems)
- CISA (Certified Information Systems Auditor)
- · CNE (Certified Novell Engineer)
- MS CSM (Microsoft Customer Service Manager)
- MS CAE (Microsoft Certified Account Executive)
- MCDBA (Microsoft Certified Database Admin.)



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The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm. *International Accounting Bulletin, 2011



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