

# **WESTMONT PUBLIC LIBRARY**

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report  
As of and for the Year Ended April 30, 2016

**WESTMONT PUBLIC LIBRARY**  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016  
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## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Members of the Public Library Board  
Village of Westmont  
Westmont, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Westmont Public Library, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise Westmont Public Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' 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 auditors' 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 Westmont Public 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 Westmont Public Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Westmont Public Library as of April 30, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Members of the Public Library Board  
Village of Westmont

### ***Emphasis of Matter***

As discussed in Note 1, Westmont Public Library adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective May 1, 2015. Net position as of May 1, 2015 has been restated as a result. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westmont Public Library's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 basic 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.



Oak Brook, Illinois  
October 28, 2016

## **BASIC FINANCIAL STATEMENTS**

# WESTMONT PUBLIC LIBRARY

## STATEMENT OF NET POSITION

AS OF APRIL 30, 2016

	GOVERNMENTAL ACTIVITIES
<b>Assets</b>	
Cash and cash equivalents	\$ 1,131,296
Investments	100,254
Receivables (net of allowance for uncollectibles):	
Property taxes	1,796,398
Intergovernmental	20,750
Other	643
Prepaid items	23,128
Capital assets	
Capital assets not being depreciated	450,000
Capital assets being depreciated, net of depreciation	<u>2,561,549</u>
Total assets	<u>6,084,018</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources related to pensions	<u>275,768</u>
Total Deferred Outflows of Resources	<u>275,768</u>
<b>Liabilities</b>	
Accounts payable	20,079
Due to other governments	55,000
Accrued payroll	36,216
Noncurrent liabilities	
Due within one year	13,119
Due in more than one year	<u>471,627</u>
Total liabilities	<u>596,041</u>
<b>Deferred inflows of resources</b>	
Property taxes levied for a future period	<u>1,796,398</u>
Total deferred inflows of resources	<u>1,796,398</u>
<b>Net position</b>	
Net investment in capital assets	3,004,413
Restricted for grant purposes	26,902
Restricted for capital improvements	545,826
Unrestricted	<u>390,206</u>
Total net position	<u>\$ 3,967,347</u>

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

**WESTMONT PUBLIC LIBRARY**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
					GOVERNMENTAL ACTIVITIES
<b>Primary Government</b>					
Governmental activities					
Culture and recreation	\$ 1,708,211	\$ 44,896	\$ 22,146	\$ 13,361	\$ (1,627,808)
Interest	<u>2,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,456)</u>
Total governmental activities	<u>\$ 1,710,667</u>	<u>\$ 44,896</u>	<u>\$ 22,146</u>	<u>\$ 13,361</u>	<u>(1,630,264)</u>
General revenues:					
Property taxes					1,783,341
Replacement taxes					10,389
Investment income					1,727
Miscellaneous					<u>67,556</u>
Total general revenues					<u>1,863,013</u>
Change in net position					232,749
Net position, beginning of year (as restated)					<u>3,734,598</u>
Net position, end of year					<u>\$ 3,967,347</u>

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



# WESTMONT PUBLIC LIBRARY

## BALANCE SHEET GOVERNMENTAL FUNDS AS OF APRIL 30, 2016

	GENERAL FUND	SPECIAL RESERVE FUND	TOTAL
<b>Assets</b>			
Cash and cash equivalents	\$ 706,293	\$ 425,003	\$ 1,131,296
Investments	50,152	50,102	100,254
Receivables (net of allowance for doubtful accounts):			
Property taxes	1,796,398	-	1,796,398
Intergovernmental	19,461	1,722	21,183
Other	106	104	210
Prepaid items	23,128	-	23,128
Due from General Fund	-	123,895	123,895
Total assets	<u>\$ 2,595,538</u>	<u>\$ 600,826</u>	<u>\$ 3,196,364</u>
<b>Liabilities, deferred inflows of resources, and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 20,079	\$ -	\$ 20,079
Due to other governments	-	55,000	55,000
Accrued payroll	36,216	-	36,216
Due to Special Reserve fund	123,895	-	123,895
Total liabilities	<u>180,190</u>	<u>55,000</u>	<u>235,190</u>
<b>Deferred inflows of resources</b>			
Property taxes levied for a future period	<u>1,796,398</u>	<u>-</u>	<u>1,796,398</u>
Total deferred inflows of resources	<u>1,796,398</u>	<u>-</u>	<u>1,796,398</u>
<b>Fund balance</b>			
Nonspendable for prepaid items	23,128	-	23,128
Restricted for capital improvements	-	545,826	545,826
Restricted for grant purposes	26,902	-	26,902
Unassigned	<u>568,920</u>	<u>-</u>	<u>568,920</u>
Total fund balance	<u>618,950</u>	<u>545,826</u>	<u>1,164,776</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,595,538</u>	<u>\$ 600,826</u>	<u>\$ 3,196,364</u>

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

**WESTMONT PUBLIC LIBRARY**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
AS OF APRIL 30, 2016

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Total fund balances - governmental funds		\$ 1,164,776
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,011,549
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmentat Funds Balance Sheet.		275,768
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated absences	(29,914)	
Capital leases payable	(7,136)	
Net pension liability	<u>(447,696)</u>	
		<u>(484,746)</u>
Net position of governmental activities		<u>\$ 3,967,347</u>

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

**WESTMONT PUBLIC LIBRARY**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2016

	GENERAL FUND	SPECIAL RESERVE FUND	TOTAL
<b>Revenues</b>			
Taxes	\$ 1,783,341	\$ -	\$ 1,783,341
Intergovernmental	19,028	10,389	29,417
Fines and forfeitures	28,823	-	28,823
Charges for services	16,073	-	16,073
Investment income	1,224	503	1,727
Miscellaneous	<u>70,674</u>	<u>-</u>	<u>70,674</u>
Total revenues	<u>1,919,163</u>	<u>10,892</u>	<u>1,930,055</u>
<b>Expenditures</b>			
Current:			
Culture and recreation	1,585,955	-	1,585,955
Capital outlay	150,921	55,000	205,921
Debt service:			
Principal	16,532	82,213	98,745
Interest and fiscal charges	<u>808</u>	<u>1,648</u>	<u>2,456</u>
Total expenditures	<u>1,754,216</u>	<u>138,861</u>	<u>1,893,077</u>
Excess (Deficiency) of revenues over expenditures	<u>164,947</u>	<u>(127,969)</u>	<u>36,978</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	123,895	123,895
Transfers (out)	<u>(123,895)</u>	<u>-</u>	<u>(123,895)</u>
Total Other Financing Sources (Uses)	<u>(123,895)</u>	<u>123,895</u>	<u>-</u>
Change in fund balance	41,052	(4,074)	36,978
Fund balance, beginning of year	<u>577,898</u>	<u>549,900</u>	<u>1,127,798</u>
Fund balance, end of year	<u>\$ 618,950</u>	<u>\$ 545,826</u>	<u>\$ 1,164,776</u>

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

**WESTMONT PUBLIC LIBRARY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2016**

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Net change in fund balances - total governmental funds	\$	36,978
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized; and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation in the current period.		17,174
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The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net position.		(2,916)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments		82,213
Capital lease repayments		16,532

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		6,279
Net pension liability		(183,539)
Deferred outflows related to pensions		258,898
Accrued interest payable		1,130

Change in Net Position - governmental activities	\$	<u>232,749</u>
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The notes to the financial statements are an integral part of this statement.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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

The basic financial statements of the Westmont Public Library, Westmont, Illinois (the Library), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (hereinafter referred to as general accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

**Reporting Entity**

This report includes all of the funds of the Library. The reporting entity for the Library consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Library has not identified any organizations that meet this criteria.

**Changes in Accounting Principles**

In June 2012, the GASB issued statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented May 1, 2015.

**Basis of Presentation**

*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 nonfiduciary activities of the Library. Governmental activities normally are supported by taxes.

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 and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. 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.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

The Library reports the following major governmental funds:

General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Reserve Fund, a capital projects fund, is used to account for the financial resources that are restricted for use on the acquisition or construction of major capital facilities.

**Measurement Focus, Basis of Accounting, and Financial Statement Preparation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable, available, and earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Library recognizes property taxes when they become both measurable and available in the year intended to finance. The Library considers other revenue sources as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

**Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

*Deposits and Investments*

Cash and cash equivalents include amounts in demand deposits and investments with a maturity date of three months or less from the date acquired by the Library.

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value.

*Prepaid Items*

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

*Property Tax Revenues*

Property taxes for levy year 2015 attaches as an enforceable lien on January 1, 2015, on property values assessed as of the same date. Taxes are levied by December 31 by passage of a Tax Levy Ordinance. Tax bills are prepared by the county and issued on or about May 1, 2015, and are payable in two installments, on or about June 1, 2015 and September 1, 2015. The county collects such taxes and remits them periodically. The 2015 tax levy collections are intended to finance the 2017 fiscal year and are not considered available for current operation and are, therefore, shown as deferred inflows of resources. The 2016 tax levy, which attached as an enforceable lien on the property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016, as the tax has not yet been levied by the Village of Westmont and will not be levied until December 2016, and therefore, the levy is not measurable at April 30, 2016.

The allowance for uncollectible taxes has been stated at 1% of the tax levy or \$18,145 to reflect actual collection experience.

*Capital Assets*

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<b><u>Assets</u></b>	<b><u>Years</u></b>
Buildings	40
Building improvements	20-40
Furniture and equipment	5-12

*Deferred Outflows of Resources*

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

*Compensated Absences*

Vested or accumulated vacation leave, including related social security and medicare, that is owed retirees or terminated employees is reported as expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation leave of governmental activities at the government-wide level is recorded as expense and liability as the benefits accrue to employees.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

*Deferred Inflows of Resources*

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

*Fund Balance*

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the Library classifies governmental fund balance as follows:

*Nonspendable* - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory or pre-paid items).

*Restricted* - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, State and Federal Grant Funds).

*Committed* - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Library Board. This formal action (an ordinance) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Library Board that originally created the commitment.

*Assigned* - includes spendable fund balance amounts that are intended to be used for specific purposes determined by the Library Board or by an official that has been delegated authority to assign amounts that do not meet the criteria to be classified as restricted or committed. The Library Board may also take official action to assign amounts. Assignments may take place after the end of the reporting period.

*Unassigned* - includes negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The Library has a formal minimum fund balance policy. The policy has a goal to maintain an unassigned fund balance of 20% to 40%, with a target goal of 30%, of the overall fund balances. The policy is also to maintain a fund balance in the Special Reserve Fund of at least \$150,000.

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

**Budgetary Data**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts were not amended during the year by the Board of Trustees. All annual appropriations lapse at fiscal year end.

The Library submits to the Board of Trustees a proposed budget for the fiscal year. The operating budget includes proposed expenditures and means of financing them. Budget hearings are conducted. The budget is legally enacted through the passage of an ordinance by the Board of Trustees after approval through a motion. The budget may be amended by the Board of Trustees. Expenditures may not legally exceed budgeted appropriations at the fund level. The General Fund and Special Reserve Fund have legally adopted budgets.



**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

The Library has adopted an investment policy. That policy follows the state statute for allowable investments. Illinois Statutes authorize the Library's to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

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

For disclosure purposes, cash and investments are segregated into three components: 1) cash on hand 2) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit; and 3) investments, which consist of investments in the Illinois Funds, as follows:

	<i><b>Library</b></i>
Cash on hand	\$ 755
Deposits with financial institutions	1,130,541
Illinois Funds	<u>100,254</u>
Total	<u>\$ 1,231,550</u>
Reconciliation to financial statements	
Cash and cash equivalents	\$ 1,131,296
Investments	<u>100,254</u>
Total	<u>\$ 1,231,550</u>

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits its exposure to credit risk by only allowing investments in securities guaranteed by the U.S. government or by participating in the State of Illinois Public Treasurer's Investment Pool (Illinois Funds). Illinois Funds is rated AAAM.

***Custodial Credit Risk - Deposits***

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. As of April 30, 2016, all the Library deposits were covered under FDIC insurance. The Library's investment policy requires the Library to invest in FDIC or FSLIC insured institutions.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

**NOTE 4 – CAPITAL ASSETS**

The Library's capital asset activity for the year ended April 30, 2016, was as follows:

	<i><b>Beginning Balance</b></i>	<i><b>Increases</b></i>	<i><b>Decreases</b></i>	<i><b>Ending Balance</b></i>
Capital assets not being depreciated:				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Total capital assets not being depreciated	450,000	-	-	450,000
Capital assets being depreciated:				
Buildings and improvements	5,131,939	137,619	-	5,269,558
Furniture and equipment	409,854	68,361	9,669	468,546
Total capital assets being depreciated	5,541,793	205,980	9,669	5,738,104
Less accumulated depreciation for:				
Buildings and improvements	2,750,828	150,682	-	2,901,510
Furniture and equipment	243,674	38,124	6,753	275,045
Total accumulated depreciation	2,994,502	188,806	6,753	3,176,555
Net capital assets being depreciated	2,547,291	17,174	2,916	2,561,549
Library activities capital assets, net	<u>\$ 2,997,291</u>	<u>\$ 17,174</u>	<u>\$ 2,916</u>	<u>\$ 3,011,549</u>

The entire depreciation expense was charged to the culture and recreation function.

**NOTE 5 – LONG-TERM LIABILITIES**

During the year ended April 30, 2016, the following is the long-term liability activity for the Library:

	<i><b>Beginning Balance (as restated)</b></i>	<i><b>Additions</b></i>	<i><b>Reductions</b></i>	<i><b>Ending Balance</b></i>	<i><b>Due Within One Year</b></i>
Library activities:					
2009 General Obligation Debt					
Certificates	\$ 82,213	\$ -	\$ 82,213	\$ -	-
Capital lease	23,668	-	16,532	7,136	7,136
Compensated absences	36,193	-	6,279	29,914	5,983
Net pension liability-IMRF	264,157	300,511	116,972	447,696	-
	<u>\$ 406,231</u>	<u>\$ 300,511</u>	<u>\$ 221,996</u>	<u>\$ 484,746</u>	<u>\$ 13,119</u>

The compensated absences, capital lease, and net pension liability will be paid out of the general fund.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 5 – LONG-TERM LIABILITIES - CONT'D**

*Capital Lease*

On October 30, 2012, the Library entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At April 30, 2016, \$62,746 of amounts included in capital assets were acquired via this capital lease. The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2016, are as follows:

	<i><b>Total</b></i>
2017	\$ 7,225
Total minimum lease payments	7,225
Less: amount representing interest	(89)
Present value of minimum lease payments	\$ 7,136

**NOTE 6 – RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settles claims from these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 7 – RETIREMENT SYSTEMS**

***ILLINOIS MUNICIPAL RETIREMENT FUND***

The Library contributes to the Illinois Municipal Retirement Fund (IMRF) an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois through the Village of Westmont. 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 required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

The employees of the Library are pooled with the employees of Village of Westmont for purposes of actuarial valuation. As the Library is participating under the Village's employer number, IMRF is considered to be a cost-sharing plan for the Library.

*Plan Description.* All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 7 – RETIREMENT SYSTEMS – CONT'D**

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

*Contributions.* As set by statute, Library employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Library to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's actuarially determined contribution rate for calendar year 2015 was 31.56% percent of annual covered payroll. The Library also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Fiduciary Net Position.* Detailed information about the IMRF fiduciary net position as of December 31, 2015 is available in the separately issued Village of Westmont, Illinois Comprehensive Annual Financial Report as of and for the year ended April 30, 2016.

*Net Pension Liability.* At April 30, 2016, the Library reported a liability for its proportionate share of the net pension liability that reflected the Library's portion of the total net pension liability associated with the Village's employer number. The amount recognized by the Library as its proportionate share of the net pension liability, the Village's share of the net pension liability, and the total net pension liability associated with the Village's employer number were as follows:

Library's proportionate share of the collective net pension liability	\$ 447,696
Village's proportionate share of the collective net pension liability	<u>5,995,356</u>
Total	<u>\$ 6,443,052</u>

The net pension liability was measured as of December 31, 2015. The Library's proportion of the net pension liability was based on the Library's share of contributions to IMRF for the fiscal year ended April 30, 2016, relative to the total contributions of the Library and Village during that period. At April 30, 2016, the Library's proportion was 6.95%. The Library's proportion at April 30, 2015 was 6.95%.

*Summary of Significant Accounting Policies.* For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 7 – RETIREMENT SYSTEMS – CONT'D**

*Actuarial Assumptions.* The assumptions used to measure the total pension liability in the December 31, 2015 annual actuarial valuation included a 7.48% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

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

*Long-Term Expected Real Rate of Return.* The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Returns/Risks</u>	
		<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	38.00%	8.85%	7.39%
International Equities	17.00%	9.55%	7.59%
Fixed Income	27.00%	3.05%	3.00%
Real Estate	8.00%	7.20%	6.00%
Alternatives	4.50%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1.00%	2.25%	2.25%

*Discount Rate.* The discount rate used to measure the total collective pension liability for IMRF was 7.48%. The discount rate calculated using the December 31, 2014 measurement date was 7.49%. 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 Library's 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 investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability. The year ending December 31, 2087 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

**NOTE 7 – RETIREMENT SYSTEMS – CONT'D**

*Discount Rate Sensitivity.* The following is a sensitivity analysis of the Library's proportionate share of the net pension liability / (asset) to changes in the discount rate. The table below presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.48% as well as what the Library's proportionate share of the net pension liability / (asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Library's proportionate share of the collective net pension liability	\$ 838,647	\$ 447,696	\$ 128,286

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended April 30, 2016, the Library recognized pension expense of \$40,120. The Library reported deferred outflows and inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 116,048	\$ -
Changes in assumptions	2,726	-
Net difference between projected and actual earnings on pension plan investments	141,625	-
Contributions subsequent to the measurement date	15,369	-
Total	<u>\$ 275,768</u>	<u>\$ -</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2016. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$260,399) will be recognized in pension expense as follows:

<b>Year Ending December 31</b>	<b>Amount</b>
2016	\$ 73,067
2017	73,067
2018	73,067
2019	41,198
Total	<u>\$ 260,399</u>

**WESTMONT PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

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**NOTE 8 – RESTATEMENT**

Net position has been restated due to the implementation of GASB Statement No. 68 and GASB Statement No. 71. The restatement is necessary to record the prior year net pension liability as well as deferred outflows of resources related to employer contributions after the measurement date.

	<u>Governmental Activities</u>
Net position as of April 30, 2015 (as reported)	3,981,885
Adjustment to record the net pension liability as of April 30, 2015	(264,157)
Adjustment to record deferred outflows of resources related to pensions as of April 30, 2015	16,870
Net position as of April 30, 2015 (as restated)	<u><u>\$ 3,734,598</u></u>

**WESTMONT PUBLIC LIBRARY**  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016

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**NOTE 9 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 72, *Fair Value Measurement and Application*
- > 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*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

When they become effective, application of these standards may restate portions of these financial statements.



**WESTMONT PUBLIC LIBRARY**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
 SCHEDULE OF LIBRARY'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY AND LIBRARY CONTRIBUTIONS  
 Most Recent Fiscal Year

	<u><b>2016</b></u>
Library's proportion of the net pension liability	6.95%
Library's proportionate share of the net pension liability	\$ 447,696
Village's proportionate share of the net pension liability	<u>5,995,356</u>
Total net pension liability	<u><u>\$ 6,443,052</u></u>
Covered-employee payroll	\$ 370,636
Library's proportionate share of the net pension liability as a percentage of covered payroll	120.79%
Plan fiduciary net position as a percentage of the total pension liability	85.12%
Contractually required contribution	\$ 49,999
Contributions in relation to the contractually required contribution	<u>(116,972)</u>
Contribution deficiency (excess)	<u><u>\$ (66,973)</u></u>
Contributions as a percentage of covered employee payroll	31.56%

Note: The Library implemented GASB 68 in 2016. Information for fiscal years prior to 2016 is not applicable.

**Notes to Schedule:**

Amounts reported in 2016 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increase assumption of 4.4 percent to 16.0 percent including inflation.

See independent auditors' report and accompanying notes to required supplementary information.

# WESTMONT PUBLIC LIBRARY

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE OVER (UNDER)
<b>Revenues</b>			
Public library			
Taxes			
Property	\$ 1,788,939	\$ 1,783,341	\$ (5,598)
Intergovernmental	51,608	19,028	(32,580)
Fines and forfeitures	32,000	28,823	(3,177)
Charges for services	16,000	16,073	73
Investment income	250	1,224	974
Miscellaneous	37,530	70,674	33,144
	<u>1,926,327</u>	<u>1,919,163</u>	<u>(7,164)</u>
Total Revenues			
	<u>1,926,327</u>	<u>1,919,163</u>	<u>(7,164)</u>
<b>Expenditures</b>			
Public library			
Culture and recreation			
Wages	890,000	844,869	(45,131)
Health insurance	96,100	83,410	(12,690)
FICA expenditures	68,000	63,498	(4,502)
IMRF expenditures	95,000	89,534	(5,466)
Unemployment insurance	2,000	1,493	(507)
Conferences and training	7,000	6,796	(204)
Professional memberships	2,400	2,358	(42)
Travel	1,500	1,139	(361)
Staff appreciation	1,400	1,168	(232)
Board expenses	1,000	962	(38)
Books	258,000	88,839	(169,161)
AV materials	-	73,008	73,008
Electronic resources	-	41,402	41,402
Periodicals	-	11,102	11,102
Delivery and bindery	100	-	(100)
RBP IL replacement	900	1,198	298
Automation services	45,256	42,663	(2,593)
Supplies	17,868	16,746	(1,122)
Postage	6,000	4,683	(1,317)
Custodial supplies	2,900	3,085	185
Programs	50,752	48,489	(2,263)
Public communications	26,006	22,289	(3,717)
Maintenance services - building	67,000	49,159	(17,841)
Maintenance services - equipment	25,300	23,064	(2,236)

See independent auditors' report and accompanying notes to required supplementary information.

# WESTMONT PUBLIC LIBRARY

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE OVER (UNDER)
Utilities	\$ 21,575	\$ 13,775	\$ (7,800)
Copier and printer	18,000	591	(17,409)
Furniture and equipment	3,000	2,846	(154)
Professional services	18,670	15,075	(3,595)
Insurance	15,600	14,944	(656)
Miscellaneous	-	1,349	1,349
Digital Content	<u>-</u>	<u>16,421</u>	<u>16,421</u>
Total Culture and recreation	<u>1,741,327</u>	<u>1,585,955</u>	<u>(155,372)</u>
Capital Outlay	165,000	150,921	
Debt Service			
Principal	-	16,532	16,532
Interest and fiscal charges	<u>-</u>	<u>808</u>	<u>808</u>
Total Debt service	<u>-</u>	<u>17,340</u>	<u>17,340</u>
Total expenditures	<u>1,906,327</u>	<u>1,754,216</u>	<u>(152,111)</u>
Excess (Deficiency) of revenues over expenditures	<u>20,000</u>	<u>164,947</u>	<u>144,947</u>
Other financing sources (uses)			
Transfers out	<u>(20,000)</u>	<u>(123,895)</u>	<u>(103,895)</u>
Total Other financing sources (uses)	<u>(20,000)</u>	<u>(123,895)</u>	<u>(103,895)</u>
Net change in fund balance	<u>\$ -</u>	\$ 41,052	<u>\$ 41,052</u>
Fund balance, beginning of year		<u>577,898</u>	
Fund balance, end of year		<u>\$ 618,950</u>	

See independent auditors' report and accompanying notes to required supplementary information.

**WESTMONT PUBLIC LIBRARY**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016

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**Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

**WESTMONT PUBLIC LIBRARY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL RESERVE FUND**  
**FOR THE YEAR ENDED APRIL 30, 2016**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE OVER (UNDER)
<b>Revenues</b>			
Intergovernmental			
Replacement tax	\$ -	\$ 10,389	\$ 10,389
Investment income	-	503	503
Total revenues	-	10,892	10,892
<b>Expenditures</b>			
Capital Outlay	155,000	55,000	(100,000)
Debt Service			
Principal	88,352	82,213	(6,139)
Interest and fiscal charges	1,648	1,648	-
Total Debt service	90,000	83,861	(6,139)
Total expenditures	245,000	138,861	(106,139)
Excess (Deficiency) of revenues over expenditures	(245,000)	(127,969)	117,031
Other financing sources (uses)			
Transfers in	-	123,895	123,895
Total Other financing sources (uses)	-	123,895	123,895
Net change in fund balance	\$ (245,000)	\$ (4,074)	\$ 240,926
Fund balance, beginning of year		549,900	
Fund balance, end of year		\$ 545,826	