

FOX RIVER VALLEY PUBLIC
LIBRARY DISTRICT, ILLINOIS



Fox River Valley Libraries

Dundee Library • Randall Oaks Library

ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Library's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

September 17, 2014

Members of the Board of Trustees
Fox River Valley Public Library District
Dundee, Illinois

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fox River Valley Public Library District, Illinois, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fox River Valley Public Library District, Illinois', financial statements as a whole. The combining and individual fund financial statements and schedules and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

Our discussion and analysis of the Fox River Valley Public Library District's financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Library's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Library's net position increased from \$5,853,215 to \$5,996,976, an increase of \$143,761 or 2.5 percent.
- During the year, government-wide revenues totaled \$3,185,692, while government-wide expenses totaled \$3,041,931, resulting in an increase to net position of \$143,761.
- Total fund balances for the governmental funds were \$2,937,339 at June 30, 2014 compared to \$2,430,516 prior year balances, an increase of \$506,823 or 20.9 percent.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 5) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.

Fund financial statements begin on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operation in more detail than the government-wide statements by providing information about the Library's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Library's finances, in a matter similar to a private-sector business. The government-wide financial statements can be found on pages 3 - 5 of this report.

The Statement of Net Position reports information on all of the Library's assets and liabilities/deferred outflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Library's property tax base, is needed to assess the overall health of the Library.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

USING THIS ANNUAL FINANCIAL REPORT – Continued

Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements report functions of the Library that are principally supported by taxes and charges for services revenues (governmental activities). The governmental activities of the Library include public library.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library only maintains governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

USING THIS ANNUAL FINANCIAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The Library maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Building Maintenance Fund and Special Reserve Fund, all of which are considered major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

The Library adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 6 - 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 - 24 of this report.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Library, assets exceeded liabilities by \$5,996,976.

	Net Position	
	2014	2013
Current and Other Assets	\$ 6,084,271	5,552,045
Capital Assets	3,095,856	3,468,267
Total Assets	<u>9,180,127</u>	<u>9,020,312</u>
Long-Term Debt Outstanding	28,975	36,454
Other Liabilities	135,048	183,355
Deferred Inflows	3,019,128	2,947,288
Total Liabilities/Deferred Inflows	<u>3,183,151</u>	<u>3,167,097</u>
Net Position		
Investment in Capital Assets	3,095,856	3,468,267
Restricted	256,621	214,139
Unrestricted	<u>2,644,499</u>	<u>2,170,809</u>
Total Net Position	<u>5,996,976</u>	<u>5,853,215</u>

A large portion of the Library's net position (51.6 percent) reflects its investment in capital assets (for example, land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding.

The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion (4.3 percent) of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$2,644,499 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position	
	2014	2013
Revenues		
Program Revenues		
Charges for Services	\$ 94,816	97,532
Operating Grants/Contributions	71,255	76,922
General Revenues		
Property Taxes	2,937,125	2,833,544
Personal Property Replacement Taxes	48,867	42,728
Interest	18,088	794
Miscellaneous	15,541	-
Total Revenues	3,185,692	3,051,520
Expenses		
General Government	3,041,931	2,739,583
Change in Net Position	143,761	311,937
Net Position-Beginning	5,853,215	5,541,278
Net Position-Ending	5,996,976	5,853,215

Net position of the Library's governmental activities increased from \$5,853,215 to \$5,996,976.

Revenues of \$3,185,692 exceeded expenses of \$3,041,931, resulting in the increase to net position in the current year of \$143,761.

Governmental Activities

In the current year, governmental net position increased \$143,761, an increase of 2.5 percent. Property taxes increased \$103,581 over the prior year (\$2,937,125 in 2014 compared to \$2,833,544 in 2013) and personal property replacement taxes increased \$6,139 from the prior year (\$48,867 in 2014 compared to \$42,728 in 2013).

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$2,937,339, which is 20.9 percent higher than last year's ending fund balance of \$2,430,516.

In the current year, governmental fund balances increased by \$506,823. The General Fund reported a decrease of \$37,530, due primarily to a transfer out to the Special Reserve Fund for future capital projects. The Building Maintenance Fund reported an increase of \$811, due primarily to \$811 received in property tax revenue in the current fiscal year. The Special Reserve Fund reported an increase of \$501,746 due primarily to a transfer in from the General Fund for future capital project needs.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there were no supplemental amendments made to the budget for the General Fund.

The General Fund actual revenues were higher than budgeted revenues. Actual revenues for the current year were \$2,916,526, compared to budgeted revenues of \$2,910,017. This resulted primarily from miscellaneous revenue of \$21,041 which was not budgeted for in the fiscal year.

The General Fund actual expenditures were lower than budgeted expenditures. Actual expenditures totaled \$2,454,056, while budgeted expenditures totaled \$3,695,830. This was due primarily to substantial savings realized versus the budget expenditures in the areas of personnel, operations and building maintenance, and along with smaller savings on other budget line items.

CAPITAL ASSETS

The Library's investment in capital assets for its governmental activities as of June 30, 2014 was \$3,095,856 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, furniture and equipment, vehicle, and books and library materials.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2014

CAPITAL ASSETS – Continued

The total decrease in the Library's investment in capital assets for the current fiscal year was \$372,411. This overall decrease is due to capital asset additions of \$313,208 that were lower than the depreciation expense of \$536,417 for the year. Net activity for disposals was a decrease of \$149,202. The depreciation expense was higher in the current fiscal year as a result of the Library implementing a new capital asset policy; completing a full inventory of assets, and removing assets that were below the capitalization threshold. This "cleaning up" of the capital asset list resulted in the unusually large amount of depreciation, which the Library does not anticipate replicating in future years.

	Capital Assets - Net of Depreciation	
	2014	2013
Land	\$ 58,000	58,000
Buildings and Improvements	1,582,734	1,746,937
Land Improvements	59,964	69,877
Furniture and Equipment	402,219	637,184
Vehicle	-	-
Books and Library Materials	992,939	956,269
Total	<u>3,095,856</u>	<u>3,468,267</u>

This year's additions to capital assets included \$20,437 in new furniture and equipment and \$292,771 in new library books and material collection.

Additional information on the Library's capital assets can be found in note 3 on page 18 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Library's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The Library is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation and unemployment rates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Fox River Valley Public Library District, 555 Barrington Avenue, Dundee, Illinois 60118.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Net Position
June 30, 2014**

See Following Page

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Net Position
June 30, 2014**

ASSETS

Current Assets

Cash and Investments	\$ 4,265,459
Receivables - Net of Allowances	1,517,493
Prepays	<u>301,319</u>
Total Current Assets	<u>6,084,271</u>

Noncurrent Assets

Capital Assets

Nondepreciable Capital Assets	58,000
Depreciable Capital Assets	6,618,404
Accumulated Depreciation	<u>(3,580,548)</u>
Total Noncurrent Assets	<u>3,095,856</u>
Total Assets	<u>9,180,127</u>

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

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 8,368
Accrued Payroll	32,763
Other Payables	86,673
Compensated Absences Payable	7,244
Total Current Liabilities	<u>135,048</u>
Noncurrent Liabilities	
Compensated Absences Payable	28,975
Total Liabilities	<u>164,023</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes	<u>3,019,128</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,183,151</u>

NET POSITION

Invested in Capital Assets	3,095,856
Restricted - Donations	2,153
Restricted - FICA	63,457
Restricted - Illinois Municipal Retirement	34,348
Restricted - Audit	2,054
Restricted - Liability Insurance	11,380
Restricted - Working Cash	143,229
Unrestricted	<u>2,644,499</u>
Total Net Position	<u>5,996,976</u>

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

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended June 30, 2014**

	Program Revenues		Net
	Charges for Services	Operating Grants/ Donations	(Expense) Revenue and Changes in Net Position
Expenses			
Governmental Activities			
Culture and Recreation	<u>\$ 3,041,931</u>	<u>89,316</u>	<u>71,255</u>
			<u>(2,881,360)</u>
General Revenues			
Taxes			
Property Taxes			2,937,125
Personal Property Replacement Taxes			48,867
Interest			18,088
Miscellaneous			21,041
			<u>3,025,121</u>
Change in Net Position			143,761
Net Position - Beginning			<u>5,853,215</u>
Net Position - Ending			<u>5,996,976</u>

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

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Balance Sheet
June 30, 2014**

	General	Special Revenue Building Maintenance	Capital Projects Special Reserve	Nonmajor	Total
ASSETS					
Cash and Investments	\$ 3,193,751	954	699,165	371,589	4,265,459
Receivables - Net of Allowances					
Property Taxes	1,393,937	-	-	117,877	1,511,814
Accrued Interest	4,714	-	562	403	5,679
Prepays	301,319	-	-	-	301,319
Total Assets	4,893,721	954	699,727	489,869	6,084,271
LIABILITIES					
Accounts Payable	8,368	-	-	-	8,368
Accrued Payroll	32,763	-	-	-	32,763
Other Payables	86,673	-	-	-	86,673
Total Liabilities	127,804	-	-	-	127,804
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	2,783,727	-	-	235,401	3,019,128
Total Liabilities and Deferred Inflows of Resources	2,911,531	-	-	235,401	3,146,932
FUND BALANCES					
Nonspendable	301,319	-	-	-	301,319
Restricted	2,153	-	-	254,468	256,621
Committed	-	-	699,727	-	699,727
Unassigned	1,678,718	954	-	-	1,679,672
Total Fund Balances	1,982,190	954	699,727	254,468	2,937,339
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,893,721	954	699,727	489,869	6,084,271

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

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Reconciliation of Total Fund Balances to the
Statement of Net Position**

June 30, 2014

Total Fund Balances	\$ 2,937,339
Amounts reported in the Statement of Net Position are different because:	
Capital assets are not financial resources and therefore, are not reported in the funds.	3,095,856
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable	<u>(36,219)</u>
Net Position	<u><u>5,996,976</u></u>

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

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014**

	General	Special Revenue Building Maintenance	Capital Projects Special Reserve	Nonmajor	Total
Revenues					
Taxes	\$ 2,719,877	811	-	265,304	2,985,992
Charges for Services	25,995	-	-	-	25,995
Fines and Forfeitures	68,821	-	-	-	68,821
Grants and Donations	71,255	-	-	-	71,255
Interest	15,037	-	1,746	1,305	18,088
Miscellaneous	15,541	-	-	-	15,541
Total Revenues	<u>2,916,526</u>	<u>811</u>	<u>1,746</u>	<u>266,609</u>	<u>3,185,692</u>
Expenditures					
Current					
Culture and Recreation	2,389,064	-	-	224,813	2,613,877
Capital Outlay	64,992	-	-	-	64,992
Total Expenditures	<u>2,454,056</u>	<u>-</u>	<u>-</u>	<u>224,813</u>	<u>2,678,869</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>462,470</u>	<u>811</u>	<u>1,746</u>	<u>41,796</u>	<u>506,823</u>
Other Financing Sources (Uses)					
Transfers In	-	-	500,000	-	500,000
Transfers Out	(500,000)	-	-	-	(500,000)
	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances					
	(37,530)	811	501,746	41,796	506,823
Fund Balances - Beginning					
	<u>2,019,720</u>	<u>143</u>	<u>197,981</u>	<u>212,672</u>	<u>2,430,516</u>
Fund Balances - Ending					
	<u>1,982,190</u>	<u>954</u>	<u>699,727</u>	<u>254,468</u>	<u>2,937,339</u>

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

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities**

For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances	\$ 506,823
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Amounts reported in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	313,208
Depreciation Expense	(536,417)

The net effect of various miscellaneous transactions involving capital assets
is to decrease net assets.

Disposals - Cost	(694,314)
Disposals - Accumulated Depreciation	545,112

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	<u>9,349</u>
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Changes in Net Position	<u><u>143,761</u></u>
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FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fox River Valley Public Library District (Library) of Illinois serves nearly 70,000 residents in the communities of East Dundee, West Dundee, Carpentersville, Gilberts, Sleepy Hollow, and parts of Algonquin, Barrington Hills, and Elgin. Formerly known as the Dundee Township Public Library District, the Library's history as a tax supported entity reaches back to the 1870's. The purpose of the Library is to provide an environment of intellectual freedom for the diverse community it serves by providing the services, programs, materials and information needed to remember the past, live in the present and strive for the future.

REPORTING ENTITY

In determining the financial reporting entity, the Library complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Library. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). The Library only reports governmental activities.

In the government-wide Statement of Net Position, the governmental activities is (a) presented on a consolidated basis, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Library's net position is reported in three parts: net investment in capital assets, restricted; and unrestricted. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are supported by general government revenues (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property and personal property replacement taxes, certain intergovernmental revenues, interest income, etc.).

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The Library does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

General fund is the general operating fund of the Library. It accounts for all revenues and expenditures of the Library which are not accounted for in other funds. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Library maintains one major and four nonmajor special revenue funds. The Building Maintenance Fund, a major fund, is used to account for maintenance and repair costs for the Library.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Library maintains one Capital Projects Fund. The Special Reserve Fund, a major fund, is used to account for capital improvements of the Library.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. The Library maintains one nonmajor permanent fund.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental funds are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus is utilized.

The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

Cash and Investments

For purpose of the Statement of Net Position, the Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Prepays

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Capital Assets

Capital assets purchased or acquired with an original cost of more than \$2,000, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	5 - 50 Years
Land Improvements	7 - 20 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 Years
Books and Library Materials	7 Years

Compensated Absences

The Library accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the governmental activities statement of net position.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a modified cash basis. Annual appropriated budgets are adopted for the General Fund, the special revenue funds and the capital projects fund. All annual appropriations lapse at fiscal year end. No supplemental appropriations were necessary in the current fiscal year.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Library maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the Library's funds.

Permitted Deposits and Investments – Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk

Deposits. At year-end, the carrying amount of the Library’s deposits totaled \$3,428,105 and the bank balances totaled \$3,507,981.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury and Agency Obligations	\$ 725,019	-	725,019	-	-
Municipal Bonds	72,956	-	72,956	-	-
Money Market	9,809	9,809	-	-	-
Illinois Funds	29,570	29,570	-	-	-
	837,354	39,379	797,975	-	-

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is the policy of the Library to limit its exposure to interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Library’s investment policy does not specifically limit the maximum maturity length of investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library’s investment policy states the Library will minimize credit risk by limiting investments to the types of securities permitted under Illinois Public Funds Investment Act, 30ILCS 235/1 and diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. At year-end, the Library’s investments in the U.S. Government Agencies and municipal bonds were all rated AAA by Standard & Poor’s and the Illinois Funds were rated AAAM by Standard & Poor’s.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk – Continued

Concentration Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy does not mitigate concentration risk. At year-end, the Fund's investment in the Federal National Mortgage Association of \$250,000 and Federal Home Loan Bank of \$475,000 represent more than 5% of the total cash and investment portfolio of the Fund.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy states the Library will minimize custodial risk by maintaining a list of public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services and further states that all public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At year-end, the Library's investments in the Illinois Funds are not subject to custodial credit risk.

PROPERTY TAXES

Property taxes for 2013 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Special Reserve	General	<u>\$ 500,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 58,000	-	-	58,000
Depreciable Capital Assets				
Buildings and Improvements	2,987,588	-	7,718	2,979,870
Land Improvements	211,461	-	-	211,461
Furniture and Equipment	1,076,336	20,437	413,293	683,480
Vehicle	20,587	-	-	20,587
Books and Library Materials	2,703,538	292,771	273,303	2,723,006
	<u>6,999,510</u>	<u>313,208</u>	<u>694,314</u>	<u>6,618,404</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,240,651	162,400	5,915	1,397,136
Land Improvements	141,584	9,913	-	151,497
Furniture and Equipment	439,152	108,003	265,894	281,261
Vehicle	20,587	-	-	20,587
Books and Library Materials	1,747,269	256,101	273,303	1,730,067
	<u>3,589,243</u>	<u>536,417</u>	<u>545,112</u>	<u>3,580,548</u>
Total Depreciable Capital Assets	<u>3,410,267</u>	<u>(223,209)</u>	<u>149,202</u>	<u>3,037,856</u>
Total Capital Assets	<u>3,468,267</u>	<u>(223,209)</u>	<u>149,202</u>	<u>3,095,856</u>

Depreciation expense of \$536,417 was charged to the culture and recreation function.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 45,568	9,349	18,698	36,219	7,244

For the governmental activities, the compensated absences are generally liquidated by the General Fund.

NET POSITION/FUND BALANCES

Net Position

Net investment in capital assets was comprised of the following as of June 30, 2014:

Governmental Activities	
Net Investment in Capital Assets	<u>\$ 3,095,856</u>

Fund Balance Classifications

In the governmental funds financial statements, the Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Library first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

Minimum Fund Balance Policy. The Library policy manual states that the General Fund should maintain minimum fund balance equal to 25% and no more than twenty-four months of budgeted operating expenditures. Fund balances in excess of said levels may be transferred to the Capital Projects fund.

Committed Fund Balance. The Library reports committed fund balance in the Special Reserve, a major fund. The Library’s Board/management, through formal board action (ordinance and/or resolution), has committed the funds in this fund to future capital improvement projects, equipment and vehicle purchases based on approved Board/management expenditures as determined through the annual budget process, as applicable. Formal Board action is required to establish, modify, or rescind a fund balance commitment.

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

	General	Building Maintenance	Capital Projects Special Reserve	Nonmajor	Total
Fund Balances					
Nonspendable	\$ 301,319	-	-	-	301,319
Restricted					
Donations	2,153	-	-	-	2,153
FICA	-	-	-	63,457	63,457
Illinois Municipal Retirement	-	-	-	34,348	34,348
Audit	-	-	-	2,054	2,054
Liability Insurance	-	-	-	11,380	11,380
Working Cash	-	-	-	143,229	143,229
	2,153	-	-	254,468	256,621
Committed					
Capital Projects	-	-	699,727	-	699,727
Unassigned	1,678,718	954	-	-	1,679,672
Total Fund Balances	1,982,190	954	699,727	254,468	2,937,339

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 4 – OTHER INFORMATION

CONTINGENT LIABILITIES

Litigation

The Library is not involved in any lawsuits.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Library expects such amounts, if any, to be immaterial.

JOINTLY GOVERNED ORGANIZATIONS

The Library participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality 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 Library's expenditures to CCS for the year ended June 30, 2014 was \$58,762.

RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Library's employees. These risks are provided for through insurance from private insurance companies. The Library currently reports all its risk management activities in the General Fund and the Liability Insurance Fund. The Library increased insurance coverages from the prior year to account for improvements made to the Library and settlements did not exceed insurance coverage in any of the past three fiscal years.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Plan Descriptions, Provisions and Funding Policies

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter.

The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Library is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2013 was 11.39 percent.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funding Policy and Annual Pension Cost

For June 30, 2014, the Library's annual pension cost of \$126,196 was equal to the Library's required and actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year, depending on age and service, attributable to seniority/merit, (d) post-retirement benefit increases of 3.0% annually and (e) an inflation rate of 4.0%. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 116,626	100.00%	None
2013	117,307	100.00%	None
2014	126,196	100.00%	None

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funded Status and Funding Progress

The Library's funded status for the current year and related information for the plan is as follows:

Actuarial Valuation Date	12/31/13
Percent Funded	77.00%
Actuarial Accrued Liability for Benefits	\$2,556,303
Actuarial Value of Assets	\$1,968,325
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$587,978)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$1,107,951
Ratio of UAAL to Covered Payroll	53.07%

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

OTHER POST-EMPLOYMENT BENEFITS

The Library has evaluated its current potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Library are required to pay 100% of the current premium. One former employee has chosen to stay on the Library District's health insurance plan, but this amount has been calculated to be immaterial in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Library had no former employees for which the Library was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Library has not recorded any postemployment benefit liability as of June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (GASB) but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General Fund
Building Maintenance – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Illinois Municipal Retirement Fund

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

Funding Progress

Actuarial Valuation Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 1,810,783	\$ 2,160,181	83.83%	\$ 349,398	\$ 873,257	40.01%
2009	1,915,959	2,345,167	81.70%	429,208	971,834	44.16%
2010	2,145,586	2,640,416	81.26%	494,830	1,039,600	47.60%
2011	1,961,567	2,498,470	78.51%	536,903	1,074,890	49.95%
2012	2,249,212	2,781,479	80.86%	532,267	1,074,240	49.55%
2013	1,968,325	2,556,303	77.00%	587,978	1,107,951	53.07%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 82,938	\$ 82,938	100.00%
2010	88,534	88,534	100.00%
2011	110,821	110,821	100.00%
2012	116,626	116,626	100.00%
2013	117,307	117,307	100.00%
2014	126,195	126,195	100.00%

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$		
Property	2,680,252	2,680,252	2,671,010
Personal Property Replacement	44,000	44,000	48,867
Charges for Services	27,950	27,950	20,495
Fines and Forfeitures	76,500	76,500	68,821
Grants and Donations	71,255	71,255	71,255
Interest	10,060	10,060	15,037
Miscellaneous	-	-	21,041
Total Revenues	<u>2,910,017</u>	<u>2,910,017</u>	<u>2,916,526</u>
Expenditures			
Culture and Recreation			
Personnel and Benefits	1,987,345	1,987,345	1,442,572
Library Materials	516,725	516,725	406,153
Utilities	53,400	53,400	50,499
Operating	650,360	650,360	353,040
Maintenance and Equipment	291,000	291,000	123,345
Capital Outlay			
Building Repairs	-	-	13,455
Furniture and Equipment	197,000	197,000	64,992
Total Expenditures	<u>3,695,830</u>	<u>3,695,830</u>	<u>2,454,056</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(785,813)	(785,813)	462,470
Other Financing (Uses)			
Transfers Out	-	-	(500,000)
Net Change in Fund Balance	<u>(785,813)</u>	<u>(785,813)</u>	(37,530)
Fund Balance - Beginning			<u>2,019,720</u>
Fund Balance - Ending			<u>1,982,190</u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Building Maintenance - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 814	814	811
Interest	-	-	-
Total Revenues	<u>814</u>	<u>814</u>	<u>811</u>
Expenditures			
Culture and Recreation			
Maintenance and Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>814</u>	<u>814</u>	811
Fund Balance - Beginning			<u>143</u>
Fund Balance - Ending			<u>954</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board (GASB), nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule – Major Governmental Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Building Maintenance Fund

The Building Maintenance Fund is used to account for maintenance and repair costs of the Library.

FICA Fund

The FICA Fund is used to account for the Library's portion of Social Security and Medicare paid on behalf of its employees. Financing is provided by a specific annual property tax levy which produces a sufficient amount to pay the Library's portion.

Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund is used to account for the Library's participation in the Illinois Municipal Retirement Fund. Financing is provided by a specific annual property tax levy which produces a sufficient amount to pay the Library's contributions to the fund on behalf of its employees.

Audit Fund

The Audit Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies for the annual audit of the Library.

Liability Insurance Fund

The Liability Insurance Fund is used to account for the operations of the Library's insurance and risk management activities. Financing is provided by a specific annual levy.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

Special Reserve Fund

The Special Reserve Fund is used to account for future capital improvements at the Library.

PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Working Cash Fund

The Working Cash Fund is used to account for payments for general government expenditures if tax revenue is temporarily unavailable. Upon receipt of tax revenues, the general fund must repay this permanent fund.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Special Reserve - Capital Projects Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 100	100	1,746
Expenditures			
Culture and Recreation			
Miscellaneous	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	100	1,746
Other Financing Sources			
Transfers In	-	-	500,000
Net Change in Fund Balance	<u>100</u>	<u>100</u>	501,746
Fund Balance - Beginning			<u>197,981</u>
Fund Balance - Ending			<u><u>699,727</u></u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2014

	<u>FICA</u>
ASSETS	
Cash and Investments	\$ 111,087
Receivables - Net of Allowances	
Property Taxes	47,773
Accrued Interest	<u>-</u>
Total Assets	<u><u>158,860</u></u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	95,403
FUND BALANCES	
Restricted	<u>63,457</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>158,860</u></u>

<u>Special Revenue</u>				
<u>Illinois Municipal Retirement</u>	<u>Audit</u>	<u>Liability Insurance</u>	<u>Permanent Working Cash</u>	<u>Total</u>
104,242	2,054	11,380	142,826	371,589
70,104	-	-	-	117,877
-	-	-	403	403
<u>174,346</u>	<u>2,054</u>	<u>11,380</u>	<u>143,229</u>	<u>489,869</u>
139,998	-	-	-	235,401
<u>34,348</u>	<u>2,054</u>	<u>11,380</u>	<u>143,229</u>	<u>254,468</u>
<u>174,346</u>	<u>2,054</u>	<u>11,380</u>	<u>143,229</u>	<u>489,869</u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014**

	<u>FICA</u>
Revenues	
Property Taxes	\$ 109,634
Interest	<u>28</u>
Total Revenues	109,662
Expenditures	
Culture and Recreation	<u>94,195</u>
Net Change in Fund Balances	15,467
Fund Balances - Beginning	<u>47,990</u>
Fund Balances - Ending	<u><u>63,457</u></u>

<u>Special Revenue</u>				
<u>Illinois Municipal Retirement</u>	<u>Audit</u>	<u>Liability Insurance</u>	<u>Permanent Working Cash</u>	<u>Total</u>
154,049	810	811	-	265,304
23	1	2	1,251	1,305
154,072	811	813	1,251	266,609
130,618	-	-	-	224,813
23,454	811	813	1,251	41,796
10,894	1,243	10,567	141,978	212,672
34,348	2,054	11,380	143,229	254,468

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

FICA - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 110,013	110,013	109,634
Interest	50	50	28
Total Revenues	<u>110,063</u>	<u>110,063</u>	<u>109,662</u>
Expenditures			
Culture and Recreation			
FICA	<u>126,000</u>	<u>126,000</u>	<u>94,195</u>
Net Change in Fund Balance	<u>(15,937)</u>	<u>(15,937)</u>	<u>15,467</u>
Fund Balance - Beginning			<u>47,990</u>
Fund Balance - Ending			<u><u>63,457</u></u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Illinois Municipal Retirement - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 154,581	154,581	154,049
Interest	50	50	23
Total Revenues	<u>154,631</u>	<u>154,631</u>	<u>154,072</u>
Expenditures			
Culture and Recreation			
Illinois Municipal Retirement	<u>159,000</u>	<u>159,000</u>	<u>130,618</u>
Net Change in Fund Balance	<u>(4,369)</u>	<u>(4,369)</u>	23,454
Fund Balance - Beginning			<u>10,894</u>
Fund Balance - Ending			<u><u>34,348</u></u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Audit - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 814	814	810
Interest	-	-	1
Total Revenues	<u>814</u>	<u>814</u>	<u>811</u>
Expenditures			
Culture and Recreation Audit	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>814</u>	<u>814</u>	811
Fund Balance - Beginning			<u>1,243</u>
Fund Balance - Ending			<u>2,054</u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Liability Insurance - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 814	814	811
Interest	-	-	2
Total Revenues	<u>814</u>	<u>814</u>	<u>813</u>
Expenditures			
Culture and Recreation			
Liability Insurance	-	-	-
Net Change in Fund Balance	<u>814</u>	<u>814</u>	813
Fund Balance - Beginning			<u>10,567</u>
Fund Balance - Ending			<u>11,380</u>

SUPPLEMENTAL SCHEDULES

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Schedule of General Property Tax Data - Last Three Tax Levy Years
June 30, 2014**

	2011	2012	2013
Assessed Valuations	\$ 1,799,475,402	1,627,166,346	1,465,027,023
Tax Rates			
General	0.147082	0.164719	0.190012
FICA	0.005500	0.006761	0.006512
IMRF	0.005500	0.009500	0.009556
Audit	0.000046	0.000050	-
Liability Insurance	0.000046	0.000050	-
Building Maintenance	0.000046	0.000050	-
Total Tax Rates	0.158220	0.181130	0.206080
Tax Extensions			
General	\$ 2,646,704	2,680,252	2,783,727
FICA	98,971	110,013	95,403
IMRF	98,971	154,581	139,998
Audit	828	814	-
Liability Insurance	828	814	-
Building Maintenance	828	814	-
Total Tax Extensions	2,847,130	2,947,286	3,019,128
Total Collections	\$ 2,833,544	2,937,125	1,507,314
Percentage of Taxes Collected to Taxes Extended	99.52%	99.66%	49.93%

* Remaining 2013 levy to be collected in FY2015.