

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

ANNUAL FINANCIAL REPORT



Fox River Valley Libraries

Dundee Library • Randall Oaks Library

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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 14, 2016

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, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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', basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules, 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 budgetary comparison 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 budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2016

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, 2016. Please read it in conjunction with the Library's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Library's net position decreased from \$5,890,239 to \$5,778,174, a decrease of \$112,065 or 1.9 percent.
- During the year, government-wide revenues totaled \$3,432,454, while government-wide expenses totaled \$3,544,519, resulting in a decrease to net position of \$112,065.
- Total fund balances for the governmental funds were \$3,395,414 at June 30, 2016 compared to \$3,208,519 prior year balances, an increase of \$186,895 or 5.8 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/deferred outflows and liabilities/deferred inflows, 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, 2016

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, 2016

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 statements 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 - 28 of this report.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2016

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 \$5,778,174.

	Net Position	
	2016	2015
Current Assets	\$ 6,736,405	6,454,116
Capital Assets	2,709,319	2,920,597
Deferred Outflows	543,398	326,282
Total Assets/Deferred Outflows	9,989,122	9,700,995
Long-Term Debt Outstanding	858,601	553,961
Other Liabilities	196,573	162,748
Deferred Inflows	3,155,774	3,094,047
Total Liabilities/Deferred Inflows	4,210,948	3,810,756
Net Position		
Investment in Capital Assets	2,709,319	2,920,597
Restricted	254,013	221,712
Unrestricted	2,814,842	2,747,930
Total Net Position	5,778,174	5,890,239

A large portion of the Library's net position (46.9 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 (4.4 percent) of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$2,814,842, or 48.7 percent, 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, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position	
	2016	2015
Revenues		
Program Revenues		
Charges for Services	\$ 95,074	90,483
Operating Grants/Contributions	93,086	86,673
General Revenues		
Property Taxes	3,080,748	3,007,337
Personal Property Replacement Taxes	71,474	47,494
Interest	25,262	19,741
Miscellaneous	66,810	19,796
Total Revenues	3,432,454	3,271,524
Expenses		
General Government	3,544,519	3,371,214
Change in Net Position	(112,065)	(99,690)
Net Position-Beginning	5,890,239	5,989,929
Net Position-Ending	5,778,174	5,890,239

Net position of the Library's governmental activities decreased from \$5,890,239 to \$5,778,174.

Expenses of \$3,544,519 exceeded revenues of \$3,432,454, resulting in the decrease to net position in the current year of \$112,065.

Governmental Activities

In the current year, governmental net position decreased \$112,065, a decrease of 1.9 percent. Property taxes increased \$73,411 over the prior year (\$3,007,337 in 2015 compared to \$3,080,748 in 2016) and personal property replacement taxes increased \$23,980 from the prior year (\$47,494 in 2015 compared to \$71,474 in 2016).

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Management's Discussion and Analysis June 30, 2016

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 \$3,395,414, which is 5.8 percent higher than last year's ending fund balance of \$3,208,519.

In the current year, governmental fund balances increased by \$186,895. The General Fund reported an increase of \$391,108, due primarily to a decrease in spending and a decrease in capital expenditures for the year. The Building Maintenance Fund did not report a change this year. The Special Reserve Fund reported a decrease of \$235,273 due primarily to planned capital expenditures.

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 \$3,113,333, compared to budgeted revenues of \$3,017,533. This resulted primarily from miscellaneous revenue of \$66,810 which was not budgeted for in the fiscal year.

The General Fund actual expenditures were lower than budgeted expenditures. Actual expenditures totaled \$2,722,225, while budgeted expenditures totaled \$3,501,540. 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, 2016 was \$2,709,319 (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, 2016

CAPITAL ASSETS – Continued

The total decrease in the Library's investment in capital assets for the current fiscal year was \$211,278. This overall decrease is due to capital asset additions of \$273,204 that were lower than the depreciation expense of \$484,482 for the year.

	Capital Assets - Net of Depreciation	
	2016	2015
Land	\$ 58,000	58,000
Buildings and Improvements	1,308,384	1,443,864
Land Improvements	84,548	96,861
Furniture and Equipment	314,089	363,011
Vehicle	16,528	-
Books and Library Materials	927,770	958,861
Total	<u>2,709,319</u>	<u>2,920,597</u>

This year's additions to capital assets included \$11,590 in furniture and equipment, \$17,630 in vehicle and \$243,984 in 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 2017 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, 2016

See Following Page

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Statement of Net Position
June 30, 2016**

ASSETS	
Current Assets	
Cash and Investments	\$ 4,969,641
Receivables - Net of Allowances	1,594,901
Prepays	<u>171,863</u>
Total Current Assets	<u>6,736,405</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	58,000
Depreciable Capital Assets	6,810,743
Accumulated Depreciation	<u>(4,159,424)</u>
Total Noncurrent Assets	<u>2,709,319</u>
Total Assets	9,445,724
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>543,398</u>
Total Assets and Deferred Outflows of Resources	<u>9,989,122</u>

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

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 65,228
Accrued Payroll	54,558
Other Payables	65,431
Compensated Absences Payable	11,356
Total Current Liabilities	<u>196,573</u>
Noncurrent Liabilities	
Compensated Absences Payable	45,425
Net Pension Liability - IMRF	813,176
Total Noncurrent Liabilities	<u>858,601</u>
Total Liabilities	<u>1,055,174</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes	<u>3,155,774</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,210,948</u>

NET POSITION

Invested in Capital Assets	2,709,319
Restricted - Donations	4,279
Restricted - FICA	33,051
Restricted - Illinois Municipal Retirement	70,625
Restricted - Audit	51
Restricted - Liability Insurance	259
Restricted - Working Cash	145,748
Unrestricted	<u>2,814,842</u>
Total Net Position	<u><u>5,778,174</u></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, 2016**

	Program Revenues		Net
	Charges for Services	Operating Grants/ Donations	(Expenses)/ Revenues and Changes in Net Position
Expenses			
Governmental Activities			
Culture and Recreation	<u>\$ 3,544,519</u>	<u>95,074</u>	<u>93,086</u>
			<u>(3,356,359)</u>
General Revenues			
Taxes			
Property Taxes			3,080,748
Personal Property Replacement Taxes			71,474
Interest			25,262
Miscellaneous			66,810
			<u>3,244,294</u>
Change in Net Position			(112,065)
Net Position - Beginning			<u>5,890,239</u>
Net Position - Ending			<u>5,778,174</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, 2016**

	General	Special Revenue Building Maintenance	Capital Projects Special Reserve	Nonmajor	Totals
ASSETS					
Cash and Investments	\$ 4,245,540	954	307,545	415,602	4,969,641
Receivables - Net of Allowances					
Property Taxes	1,408,885	-	-	165,638	1,574,523
Grants	11,982	-	-	-	11,982
Accrued Interest	7,252	-	666	478	8,396
Prepays	171,863	-	-	-	171,863
Total Assets	5,845,522	954	308,211	581,718	6,736,405
LIABILITIES					
Accounts Payable	48,532	-	16,696	-	65,228
Accrued Payroll	54,558	-	-	-	54,558
Other Payables	65,431	-	-	-	65,431
Total Liabilities	168,521	-	16,696	-	185,217
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	2,823,790	-	-	331,984	3,155,774
Total Liabilities and Deferred Inflows of Resources	2,992,311	-	16,696	331,984	3,340,991
FUND BALANCES					
Nonspendable	171,863	-	-	-	171,863
Restricted	4,279	-	-	249,734	254,013
Committed	-	954	291,515	-	292,469
Unassigned	2,677,069	-	-	-	2,677,069
Total Fund Balances	2,853,211	954	291,515	249,734	3,395,414
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,845,522	954	308,211	581,718	6,736,405

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, 2016

Total Fund Balances	\$ 3,395,414
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.	2,709,319
Deferred Outflows of Resources related to IMRF not reported in the funds. Deferred Items - IMRF	543,398
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable	(56,781)
Net Pension Liability - IMRF	<u>(813,176)</u>
Net Position	<u><u>5,778,174</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, 2016**

	General	Special Revenue Building Maintenance	Capital Projects Special Reserve	Nonmajor	Totals
Revenues					
Taxes	\$ 2,836,600	-	-	315,622	3,152,222
Charges for Services	28,219	-	-	-	28,219
Fines and Forfeitures	66,855	-	-	-	66,855
Grants and Donations	93,086	-	-	-	93,086
Interest	21,763	-	2,033	1,466	25,262
Miscellaneous	66,810	-	-	-	66,810
Total Revenues	3,113,333	-	2,033	317,088	3,432,454
Expenditures					
Current					
Culture and Recreation	2,697,094	-	-	286,028	2,983,122
Capital Outlay	25,131	-	237,306	-	262,437
Total Expenditures	2,722,225	-	237,306	286,028	3,245,559
Net Change in Fund Balances	391,108	-	(235,273)	31,060	186,895
Fund Balances - Beginning	2,462,103	954	526,788	218,674	3,208,519
Fund Balances - Ending	2,853,211	954	291,515	249,734	3,395,414

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, 2016

Net Change in Fund Balances \$ 186,895

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	273,204
Depreciation Expense	(484,482)

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	(793)
Additions to Net Pension Liability - IMRF	(304,005)
Changes in Deferred Items Related to IMRF	<u>217,116</u>

Changes in Net Position (112,065)

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016**

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

Deferred Outflows/Inflows of Resources

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

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, 2016

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, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The 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 \$4,274,123 and the bank balances totaled \$4,279,816.

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Municipal Bonds	\$ 78,823	70,944	7,879	-	-
Illinois Funds	616,695	616,695	-	-	-
	695,518	687,639	7,879	-	-

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 municipal bonds were all rated AA to AA+ 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, 2016

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 Library has over 5 percent of the total cash and investment invested in the Illinois Funds.

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 2015 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.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2016**

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	2,979,870	-	-	2,979,870
Land Improvements	259,470	-	-	259,470
Furniture and Equipment	690,515	11,590	5,939	696,166
Vehicle	20,587	17,630	20,587	17,630
Books and Library Materials	2,755,652	243,984	142,029	2,857,607
	<u>6,706,094</u>	<u>273,204</u>	<u>168,555</u>	<u>6,810,743</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,536,006	135,480	-	1,671,486
Land Improvements	162,609	12,313	-	174,922
Furniture and Equipment	327,504	60,512	5,939	382,077
Vehicle	20,587	1,102	20,587	1,102
Books and Library Materials	1,796,791	275,075	142,029	1,929,837
	<u>3,843,497</u>	<u>484,482</u>	<u>168,555</u>	<u>4,159,424</u>
Total Depreciable Capital Assets	<u>2,862,597</u>	<u>(211,278)</u>	<u>-</u>	<u>2,651,319</u>
Total Capital Assets	<u>2,920,597</u>	<u>(211,278)</u>	<u>-</u>	<u>2,709,319</u>

Depreciation expense of \$484,482 was charged to the culture and recreation function.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2016**

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	\$ 55,988	1,586	793	56,781	11,356
Net Pension Liability - IMRF	509,171	304,005	-	813,176	-
	<u>565,159</u>	<u>305,591</u>	<u>793</u>	<u>869,957</u>	<u>11,356</u>

For the governmental activities, the compensated absences and net pension liability 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, 2016:

Governmental Activities	
Investment in Capital Assets	<u>\$ 2,709,319</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, 2016**

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 Building Maintenance and the Special Reserve, both major funds. The Library’s Board/management, through formal board action (ordinance and/or resolution), has committed these funds to future building maintenance, 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	Totals
Fund Balances					
Nonspendable - Prepaids	\$ 171,863	-	-	-	171,863
Restricted					
Donations	4,279	-	-	-	4,279
FICA	-	-	-	33,051	33,051
Illinois Municipal Retirement	-	-	-	70,625	70,625
Audit	-	-	-	51	51
Liability Insurance	-	-	-	259	259
Working Cash	-	-	-	145,748	145,748
	4,279	-	-	249,734	254,013
Committed					
Capital Projects	-	954	291,515	-	292,469
Unassigned	2,677,069	-	-	-	2,677,069
Total Fund Balances	2,853,211	954	291,515	249,734	3,395,414

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2016

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, 2016 was \$69,558.

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, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Library contributes to one defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. 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 online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Description

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

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	23
Inactive Plan Members Entitled to but not yet Receiving Benefits	17
Active Plan Members	<u>37</u>
Total	<u><u>77</u></u>

Contributions. As set by statute, the Library’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library’s annual contribution rate for calendar year 2015 was 11.40% of covered payroll.

Net Pension Liability. The Library’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.48%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

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

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net Pension Liability	\$ 1,512,193	813,176	250,304

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 5,015,449	4,506,278	509,171
Changes for the year:			
Service Cost	146,942	-	146,942
Interest on the Total Pension Liability	373,651	-	373,651
Difference Between Expected and Actual Experience of the Total Pension Liability	24,535	-	24,535
Changes of Assumptions	6,387	-	6,387
Contributions - Employer	-	156,764	(156,764)
Contributions - Employees	-	61,881	(61,881)
Net Investment Income	-	22,577	(22,577)
Benefit Payments, including Refunds of Employee Contributions	(200,512)	(200,512)	-
Other (Net Transfer)	-	6,288	(6,288)
Net Changes	351,003	46,998	304,005
Balances at December 31, 2015	5,366,452	4,553,276	813,176

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Notes to the Financial Statements
June 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Library recognized pension expense of \$249,836. At June 30, 2016, the Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference Between Expected and Actual Experience	\$ 31,608	-	31,608
Changes of Assumptions	140,805	-	140,805
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	288,490	-	288,490
Pension Contributions Made Subsequent to the Measurement Date	82,495	-	82,495
Total Deferred Amounts Related to Pensions	<u>543,398</u>	<u>-</u>	<u>543,398</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2017	\$ 218,714
2018	136,219
2019	120,689
2020	67,776
2021	-
Thereafter	-
Total	<u>543,398</u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Notes to the Financial Statements June 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Library has evaluated its 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. However, only one employee has chosen to stay in the Library's health insurance plan. As the implicit cost of this retirees paying 100% of the premium is immaterial, there is no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Therefore, the Library has not recorded any postemployment benefit liability as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the 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
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General 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 Employer Contributions
June 30, 2016**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 134,753	\$ 132,019	\$ (2,734)	\$ 1,279,704	10.32%
2015	156,764	156,764	-	1,375,121	11.40%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market, 20% Corridor
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
June 30, 2016**

	December 31,	
	2014	2015
Total Pension Liability		
Service Cost	\$ 136,700	146,942
Interest	333,571	373,651
Differences Between Expected and Actual Experience	21,379	24,535
Change of Assumptions	235,796	6,387
Benefit Payments, Including Refunds of Member Contributions	(182,525)	(200,512)
Net Change in Total Pension Liability	544,921	351,003
Total Pension Liability - Beginning	4,470,528	5,015,449
Total Pension Liability - Ending	5,015,449	5,366,452
Plan Fiduciary Net Position		
Contributions - Employer	\$ 132,019	156,764
Contributions - Members	56,418	61,881
Net Investment Income	259,740	22,577
Benefit Payments, Including Refunds of Member Contributions	(182,525)	(200,512)
Other (Net Transfer)	(14,444)	6,288
Net Change in Plan Fiduciary Net Position	251,208	46,998
Plan Net Position - Beginning	4,255,070	4,506,278
Plan Net Position - Ending	4,506,278	4,553,276
Employer's Net Pension Liability	\$ 509,171	813,176
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.85%	84.85%
Covered-Employee Payroll	\$ 1,279,704	1,375,121
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	39.79%	59.13%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$		
Property	2,777,059	2,777,059	2,765,126
Personal Property Replacement	48,000	48,000	71,474
Charges for Services	31,801	31,801	28,219
Fines and Forfeitures	64,000	64,000	66,855
Grants and Donations	86,673	86,673	93,086
Interest	10,000	10,000	21,763
Miscellaneous	-	-	66,810
Total Revenues	<u>3,017,533</u>	<u>3,017,533</u>	<u>3,113,333</u>
Expenditures			
Culture and Recreation			
Personnel and Benefits	2,153,800	2,153,800	1,815,820
Library Materials	454,300	454,300	344,896
Utilities	59,400	59,400	51,264
Operating	523,600	523,600	409,063
Maintenance and Equipment	310,440	310,440	76,051
Capital Outlay			
Furniture and Equipment	-	-	25,131
Total Expenditures	<u>3,501,540</u>	<u>3,501,540</u>	<u>2,722,225</u>
Net Change in Fund Balance	<u>(484,007)</u>	<u>(484,007)</u>	391,108
Fund Balance - Beginning			<u>2,462,103</u>
Fund Balance - Ending			<u><u>2,853,211</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- 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 FUND

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 900	900	2,033
Expenditures			
Capital Outlay			
Building Repairs	104,000	104,000	9,363
Furniture and Equipment	91,000	91,000	4,120
Computer Equipment	98,320	98,320	41,400
Professional Fees	380,000	380,000	165,098
Plant Operation	1,000,000	1,000,000	17,325
Total Expenditures	<u>1,673,320</u>	<u>1,673,320</u>	<u>237,306</u>
Net Change in Fund Balance	<u>(1,672,420)</u>	<u>(1,672,420)</u>	(235,273)
Fund Balance - Beginning			<u>526,788</u>
Fund Balance - Ending			<u><u>291,515</u></u>

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
June 30, 2016**

	<u> </u>
	<u> </u>
	FICA
	<u> </u>
ASSETS	
Cash and Investments	\$ 108,208
Receivables - Net of Allowances	
Property Taxes	74,837
Accrued Interest	<u> -</u>
Total Assets	<u><u>183,045</u></u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	149,994
FUND BALANCES	
Restricted	<u>33,051</u>
Total Deferred Inflows of Resources and Fund Balances	<u><u>183,045</u></u>

<u>Special Revenue</u>				
<u>Illinois Municipal Retirement</u>	<u>Audit</u>	<u>Liability Insurance</u>	<u>Permanent Working Cash</u>	<u>Totals</u>
160,818	549	757	145,270	415,602
89,809	496	496	-	165,638
-	-	-	478	478
<u>250,627</u>	<u>1,045</u>	<u>1,253</u>	<u>145,748</u>	<u>581,718</u>
180,002	994	994	-	331,984
70,625	51	259	145,748	249,734
<u>250,627</u>	<u>1,045</u>	<u>1,253</u>	<u>145,748</u>	<u>581,718</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, 2016**

	<u>FICA</u>
Revenues	
Property Taxes	\$ 104,545
Interest	<u>18</u>
Total Revenues	<u>104,563</u>
Expenditures	
Culture and Recreation	<u>121,091</u>
Net Change in Fund Balances	(16,528)
Fund Balances - Beginning	<u>49,579</u>
Fund Balances - Ending	<u><u>33,051</u></u>

<u>Special Revenue</u>				
<u>Illinois Municipal Retirement</u>	<u>Audit</u>	<u>Liability Insurance</u>	<u>Permanent Working Cash</u>	<u>Totals</u>
209,093	992	992	-	315,622
27	-	-	1,421	1,466
209,120	992	992	1,421	317,088
162,947	995	995	-	286,028
46,173	(3)	(3)	1,421	31,060
24,452	54	262	144,327	218,674
70,625	51	259	145,748	249,734

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 104,998	104,998	104,545
Interest	20	20	18
Total Revenues	105,018	105,018	104,563
Expenditures			
Culture and Recreation			
FICA	143,500	143,500	121,091
Net Change in Fund Balance	<u>(38,482)</u>	<u>(38,482)</u>	(16,528)
Fund Balance - Beginning			<u>49,579</u>
Fund Balance - Ending			<u><u>33,051</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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 209,995	209,995	209,093
Interest	20	20	27
Total Revenues	210,015	210,015	209,120
Expenditures			
Culture and Recreation			
Illinois Municipal Retirement	213,950	213,950	162,947
Net Change in Fund Balance	<u>(3,935)</u>	<u>(3,935)</u>	46,173
Fund Balance - Beginning			<u>24,452</u>
Fund Balance - Ending			<u>70,625</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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 998	998	992
Expenditures			
Culture and Recreation			
Audit	995	995	995
Net Change in Fund Balance	<u>3</u>	<u>3</u>	(3)
Fund Balance - Beginning			<u>54</u>
Fund Balance - Ending			<u>51</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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 998	998	992
Expenditures			
Culture and Recreation			
Liability Insurance	995	995	995
Net Change in Fund Balance	<u>3</u>	<u>3</u>	(3)
Fund Balance - Beginning			<u>262</u>
Fund Balance - Ending			<u>259</u>

SUPPLEMENTAL SCHEDULES

FOX RIVER VALLEY PUBLIC LIBRARY DISTRICT, ILLINOIS

**Schedule of General Property Tax Data - Last Three Tax Levy Years
June 30, 2016**

	2013	2014	2015
Assessed Valuations	\$ 1,465,027,023	1,425,243,902	1,506,415,179
Tax Rates			
General	0.190012	0.194848	0.187451
FICA	0.006512	0.007367	0.009957
IMRF	0.009556	0.014734	0.011949
Audit	-	0.000070	0.000066
Liability Insurance	-	0.000070	0.000066
Total Tax Rates	0.206080	0.217089	0.209489
Tax Extensions			
General	\$ 2,783,727	2,777,059	2,823,790
FICA	95,403	104,998	149,994
IMRF	139,998	209,995	180,002
Audit	-	998	994
Liability Insurance	-	998	994
Total Tax Extensions	3,019,128	3,094,048	3,155,774
Total Collections	\$ 3,007,337	3,080,748	1,581,252
Percentage of Taxes Collected to Taxes Extended	99.61%	99.57%	50.11%

* Remaining 2015 levy to be collected in FY2017.