

Illinois Heartland Library System

Edwardsville, Illinois

**Financial Statements and
Supplementary Information**

For the Year Ended

June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Illinois Heartland Library System
Edwardsville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Heartland Library System (the System), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity'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 entity'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, the business-type activities, each major fund, and the aggregate remaining fund information of the System as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Major Special Revenue Funds 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 and Schedule of Funding Progress on pages 4 through 14 and page 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining schedules and individual major and non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and non-major financial statements (Schedules 1 through 14) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major and non-major financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Martin, Wood, Fries & Associates, LLC

Champaign, Illinois
January 14, 2015

**ILLIOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Illinois Heartland Library System's Management Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Illinois Heartland Library System (System) for the fiscal year which ended June 30, 2014. The MD&A is designed to:

- Assist in focusing on significant financial issues;
- Provide an overview of the Library System's financial activities;
- Identify any material deviations from the financial plan (approved budget); and
- Identify issues and/or concerns for each individual Library System fund.

Background

The Illinois Heartland Library System (IHLS) is a quasi-governmental agency of the State of Illinois created through a merger on July 1, 2011 of four regional library systems in central and southern Illinois: the Lewis & Clark Library System, Lincoln Trail Libraries System, Rolling Prairie Library System and the Shawnee Library System which each dissolved effective June 30, 2011.

Library systems have been a part of the library landscape in Illinois for almost five decades. Following the enacting legislation in 1965 there were 18 Illinois library systems. Prior to the July 2011 IHLS merger, there were nine regional library systems. (The remaining five merged at the same time to create the Reaching Across Illinois Library System.) Library systems are funded primarily by a grant administered by the Illinois State Library, which is a division of the Illinois Secretary of State. The Library System Area & Per Capita Grant formula is based on \$36.1543 per square mile and \$1.0401 per person. The demographic information from the 2010 Census was used to calculate the FY 2014 funding level, and indicated a total population served of 2,248,634, and a 28,368 square mile service area.

Funds received for the Area & Per Capita Grant are utilized by the System to provide services to member libraries and to pay for the basic administration of the organization. In July, 2013, 556 libraries of various types participated as members of the System: 41 academic, 227 public, 251 school and 37 special libraries. The service area comprises 58 counties in central and southern Illinois. Services are focused on supporting resource sharing (through library materials delivery, library automation services, and cataloging), and supporting Talking Book services in the state through the Illinois Machine Sub-Lending Agency.

A legally established Board of Directors governs the operation of the System. The Board (consisting of fifteen Board members) is elected from the member libraries. Eight members must be members of the governing board of public libraries. Additionally, seven Board members must represent:

- An academic library (1 Director)
- A public library (2 Directors)
- A school library (3 Directors)
- A special library (1 Director)

As an organization, the Illinois Heartland Library System is guided by its mission statement and vision. The mission statement of the System is:

The Illinois Heartland Library System is a community of multitype libraries developing partnerships and sharing resources in pursuit of excellent service.

The System's vision is:

We envision a future where all libraries & information partners collaborate to provide accessible & innovative services.

The System's basic financial statements contained in this report are comprised of three components:

- Government-wide Financial Statements,
- Fund Financial Statements, and
- Notes to the Financial Statements.

Government-wide Financial Statements

The Government-wide financial statements distinguish functions of the System that are principally supported by grants and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The only core service provided with costs recovered through fees is the Local Library System Automation Program (or LLSAP) which is called Sharing Heartland's Available Resources Equally (SHARE). Information regarding the LLSAP is found under the Proprietary Fund - Computer Development Fund sections of the Audit Report.

The first two documents in the audit section titled, *Basic Financial Statements*, contain information that summarizes financial activity for all funds used to support the Library System's programs and projects. Page 15 contains the *Statement of Net Position* which presents information on all of the System's assets and liabilities as of June 30, 2014. The *Statement of Activities*, found on page 16, reflects the change in Net Position and FY2014 Year End Net Position for all IHLS programs and activities. 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, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. grant receivables and accounts payable).

Fund Financial Statements

Financial information for the System is reported by fund. Each fund is a separate accounting entity created to segregate specific activities and to ensure and demonstrate compliance with finance-related legal requirements. The System has three types of funds – Governmental, Proprietary, and Fiduciary.

Governmental Funds

There were several governmental funds represented in the FY2014 System financial reports and audit. The *General Fund* contains the financial information for the general administration and operation of the System, and the provision of core services (with the exception of automation and bibliographic access).

A *Capital Projects Fund* was created to ensure there are dedicated funds to be used for the purchase and/or replacement of capital items and for the major repair of facilities. The *Capital Projects Fund* may be utilized for operating capital on a loan basis when allocated State funding is delayed.

Each of these funds was for a specific project undertaken by the System. Some of the more significant grants include (special revenue funds):

The *Statewide Cataloging Maintenance Center (CMC)* Grant provided funding for the System to do original cataloging of library materials and bibliographic database clean up for Illinois libraries and library consortia at a reduced cost. The System has participated in this project for nearly a decade.

Illinois Machine Sub-Lending Program is part of the Talking Book and Braille Library. This program provided books, magazines, movie, etc. to anyone in Illinois who is unable to comfortably read standard print due to a temporary or permanent visual or physical disability. *The Machine Sub-Lending Program* is responsible for the distribution, training, and repair of the machines used by those Illinois residents who participate in the Talking Book and Braille program.

Growing Resource Sharing in IHLS by Growing Membership in SHARE is a grant provided by the Illinois State Library to Illinois Heartland Library System. The purpose of this two year grant program (March, 2014 to February, 2016) was to provide financial assistance for members of IHLS who were not members of SHARE (Sharing Heartland's Available Resources Equally), the local library system automation program, if they chose to do so. This financial assistance is provided through covering those libraries' implementation fees, training, and assistance with adding their records to the databases.

The *WebJunction Illinois* grant transferred to the Illinois State Library October 1, 2014. Other programs include PlinkIt, OCLC Billing, MARC of Quality, SOS and SWAYS, and are represented in the audited statements entitled *Special Revenue Non-Major Funds*.

Proprietary Fund

The System maintained a proprietary fund in this report. Financial information presented in the *Computer Development Fund* is for the Local Library System Automation Program (LLSAP). The LLSAP represents about 296 agencies (utilizing about 425 library buildings). Each library participates in a single library automation system. Staff from these libraries also received technical and other support as well as training from IHLS.

The basic proprietary fund financial statements can be found on pages 26-28 of this report. The fees collected for this service support out-of-pocket expenditures (including direct staff and their benefits).

Fiduciary Fund

Based on the audited financial statements, IHLS has one Fiduciary fund, *The OCLC Fund*. IHLS mails invoices created by the Illinois State Library to libraries throughout the State for ILLINET OCLC services and applies receipts. These funds are then held in trust and disbursed to OCLC at the direction of the Illinois State Library.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided. The Notes to the Financial Statements can be found on pages 30-47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the System's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for the pension obligation can be found on page 48. The other supplementary schedules contain combined financial information and budget to actual comparison for non-major funds. Other supplementary information can be found on pages 49-62 of this report.

Government-Wide Financial Analysis

Over time, Net Position may serve as a useful indicator of a government's financial position. IHLS's Assets exceeded Liabilities by \$9,302,654 at the close of FY 2014.

The largest portion the IHLS's Net Position (86 percent) is Cash and Cash Equivalents which is used as working capital, necessitated because of delays in the receipt of the Area and Per Capita funds.

The following table reflects the condensed Statement of Net Position:

Summary of Net Position
Fiscal Years Ended June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 7,319,994	\$ 5,262,638	\$ 984,935	\$ 1,045,327	\$ 8,304,929	\$ 6,307,965
Capital Assets	1,510,571	1,820,335	628,252	816,539	2,138,823	2,636,874
Total Assets	<u>8,830,565</u>	<u>7,082,973</u>	<u>1,613,187</u>	<u>1,861,866</u>	<u>10,443,752</u>	<u>8,944,839</u>
Long-Term Liabilities	107,798	118,862	63,447	57,367	171,245	176,229
Other Liabilities	894,252	134,972	75,601	71,378	969,853	206,350
Total Liabilities	<u>1,002,050</u>	<u>253,834</u>	<u>139,048</u>	<u>128,745</u>	<u>1,141,098</u>	<u>382,579</u>
Net Position						
Net Investment in						
Capital Assets	1,510,571	1,820,335	628,252	816,539	2,138,823	2,636,874
Restricted	7,184	6,820	-	-	7,184	6,820
Unrestricted	6,310,760	5,001,984	845,887	916,582	7,156,647	5,918,566
Total Net Position	<u>\$ 7,828,515</u>	<u>\$ 6,829,139</u>	<u>\$ 1,474,139</u>	<u>\$ 1,733,121</u>	<u>\$ 9,302,654</u>	<u>\$ 8,562,260</u>

Long-Term Liabilities represents the value of earned but unused vacation accumulated by employees as of June 30, 2014. Restricted Assets are the remaining fund balances for the Illinois Machine Sub-Lending Program, the OCLC Grant, and InfoEyes/SOS Program which must be used by those programs only.

The following table is a summary of the Statement of Activities for the years ending June 30, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013
Revenues:						
Program Revenues						
Charges for Services	\$ 24,937	\$ 28,667	\$ 1,203,360	\$ 165,643	\$ 1,228,297	\$ 194,310
Oper. Grants and Contr.	4,218,337	4,177,384	120,517	-	4,338,854	4,177,384
Capital Grants and Contr.	-	-	-	222,084	-	222,084
General Revenues						
Reimbursements	691	-	-	-	691	-
Investment Income	592	2,907	292	3,367	884	6,274
Miscellaneous	34,781	120,146	4,013	23,716	38,794	143,862
Gain on Disposal						
Capital Assets	498,937	7,639	-	-	498,937	7,639
Asset Impairment Loss	-	(194,218)	-	-	-	(194,218)
Internal Activity - Transfers	(298,557)	-	298,557	-	-	-
Total Revenues	4,479,718	4,142,525	1,626,739	414,810	6,106,457	4,557,335
Expenses:						
General Library Services	3,480,342	3,786,541	-	-	3,480,342	3,786,541
Computer Development	-	-	1,885,721	1,785,888	1,885,721	1,785,888
Total Expenses	3,480,342	3,786,541	1,885,721	1,785,888	5,366,063	5,572,429
Change in Net Position	999,376	355,984	(258,982)	(1,371,078)	740,394	(1,015,094)
Beginning Net Position	6,829,139	6,473,155	1,733,121	3,104,199	8,562,260	9,577,354
Ending Net Position	\$ 7,828,515	\$ 6,829,139	\$ 1,474,139	\$ 1,733,121	\$ 9,302,654	\$ 8,562,260

This Statement reflects a change in Net Position of \$740,394. This is an 8.6% increase. The increase is attributed to two factors:

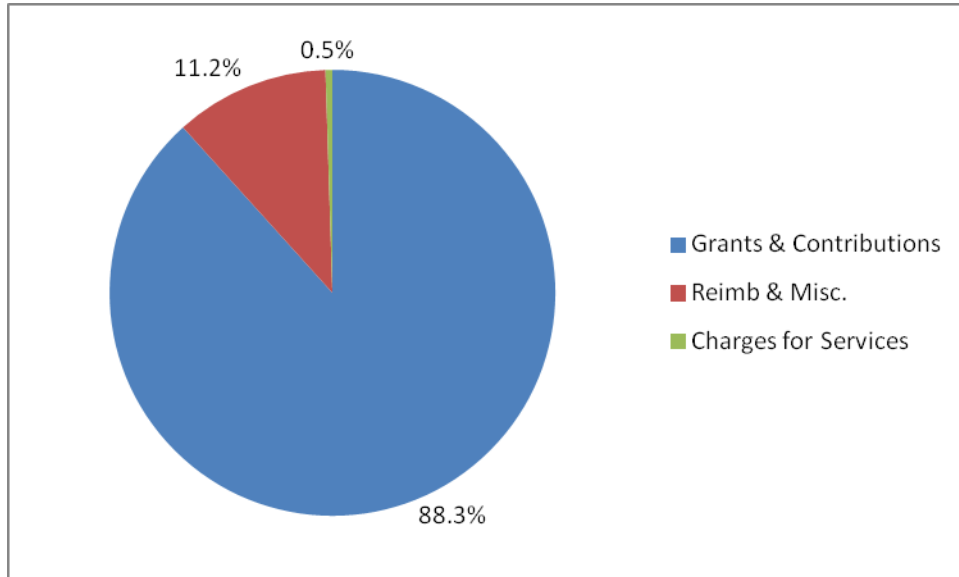
--Governmental Activities: One-time gains from sale of building in Decatur, Illinois, and land in Edwardsville, Illinois.

--Business-type Activities: Fewer member credits used to offset fees in FY2014 than in FY2013, resulting in more revenue.

Revenue by Source

Governmental Activities

The following pie chart depicts total revenue by percentage. This is a typical distribution of Revenue for a multi-type library system:



Business Type Activities

Based on the audited financial statements, IHLS's business-type activity is the LLSAP. As reported on the Statement of Revenues, Expenses and Changes in Net Position (page 27), Charges for Services continued to represent a majority of Operating Revenues.

Financial Analysis of the Government's Funds

As noted earlier, the System uses fund accounting to demonstrate and ensure compliance with finance-related legal and grant requirements. As is indicated on page 17, as of June 30, 2014, the System's governmental funds reported a combined ending fund balance of \$6,425,742.

General Fund

The following table compares the budget to actual expenditures for the General Fund. The System used its approved budget:

Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual
Revenues:			
Area and Per Capita Grants	\$3,364,400	\$3,412,957	\$3,412,987
Investment Income	2,500	2,500	386
Miscellaneous	21,100	21,100	140,668
Total Revenues	3,388,000	3,436,557	3,554,041
Expenditures:			
Personnel	2,109,715	2,109,715	1,848,811
Other Operating Expenditures	798,337	798,337	795,561
Capital Outlays	10,000	10,000	9,375
Total Expenditures	2,918,052	2,918,052	2,653,747
Excess of Revenue Over Expenditures	469,948	518,505	900,294
Transfers Out	(250,000)	(298,557)	(339,036)
Disposal of Assets	5,000	5,000	-
Net Change in Fund Balance	\$ 224,948	\$ 224,948	\$561,258

The IHLS developed a budget based on the priority areas identified by the Illinois State Library and the FY2014 goals contained in the IHLS Strategic Plan. The budget must be approved by the IHLS Board and the Illinois State Library. IHLS staff uses the budget to guide the operations throughout the fiscal year. This budget was amended to reflect receipt of an additional allocation of System Area & Per Capita Grant funds. The additional monies were used to provide additional resources in the eBook grant program.

WebJunction Illinois

Near the end of FY2013, it was determined the *WebJunction Illinois* project would move from IHLS to the Illinois State Library. Migration and training activities occurred July – September, 2013.

Illinois Machine Sub-lending Agency Fund

The *Illinois Machine Sub-lending Agency Fund* (IMSA) had significant staff turnover and a change in management during FY2014. As a result, the fund was under budget near the end of the fiscal year. IHLS requested and received a contract extension to extend the grant to a two-year period and a budget amendment to reflect that change.

Cataloging Maintenance Center

In the *Cataloging Maintenance Center Grant* project, we had unanticipated staff changes resulting in the fund being under budget in FY2014.

Growing Resource Sharing in IHLS by Growing Membership in SHARE

This two-year project spans three fiscal years. Activities April – June 2014 focused on equipment and supply purchases on behalf of current and new member libraries. The grant budget is approved by the Illinois State Library. Referred to as the Dream Grant, the project shows great promise and the additional members added to the SHARE Consortium will benefit the organization by an increase in revenue from fees.

Capital Projects Fund

IHLS has aging buildings, equipment and vehicles. The IHLS facility study is instrumental in developing a multi-year capital improvement program. Funds from the Capital Projects Fund will be used to support these projects.

Capital Assets

The table below shows the value of IHLS Capital Assets at June 30, 2014 and 2013:

	Capital Assets - Net of Depreciation (in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 575.3	\$ 575.3	\$ -	\$ -	\$ 575.3	\$ 575.3
Buildings & Improvements	619.4	620.3	-	-	619.4	620.3
Equipment & Other	37.2	42.7	-	-	37.2	42.7
Furniture & Fixtures	1.6	1.6	-	-	1.6	1.6
Computers	64.8	44.4	628.3	816.5	693.1	860.9
Vehicles	212.3	273.8	-	-	212.3	273.8
Land, Buildings, & Improvements Held for Sale	-	262.3	-	-	-	262.3
Total Assets	\$ 1,510.6	\$ 1,820.4	\$ 628.3	\$ 816.5	\$ 2,138.9	\$ 2,636.9

Capital Assets for the System include the purchases of items with a minimum per unit cost of \$5,000. IHLS committed to purchase Polaris, a new automation system, at a cost of about \$855,000 in FY 2013. Expenses were incurred and capitalized throughout the migration period during FY2013. Five delivery vehicles and two staff vehicles were budgeted in FY2014, however the actual expenditure occurred in FY2015.

Discussions of Currently Known Facts, Decisions, or Conditions

The development of the FY 2014 budget used a modified zero-based budget process. Administrative staff from the system participated in developing the budget. Careful consideration was given to the core service priorities as expressed by the Illinois Secretary of State and the Illinois State Library.

Primary funding for the Governmental activities is the annual System Area & Per Capita Grant from the Illinois State Library, which is supported by the Illinois General Revenue Fund, the Live and Learn Fund and also Federal funding. The federal source of funding is through the Library Services and Technology Act (LSTA). Other revenue sources used for the Proprietary activities include the fees collected to support the operation of the Local Library System Automation Project (LLSAP), which provide services to about 296 libraries. Additionally, the System continues to collect fees from organizations that lease or rent the System's training/meeting labs/rooms in one or more locations.

The System Area and Per Capita Grant funding for FY14 was \$3,364,429.41. At the end of the fiscal year, Illinois Heartland Library System received all allocated funds for FY2014 within the year, with the exception of additional System Area & Per Capita Grant funds in the amount of \$48,557.46.

In recent years, the cash flow crisis in the State of Illinois has forced organizations such as the System to manage their budgets while being keenly mindful of cash positions.

FY2014 marked the first complete fiscal year of nearly 300 member libraries sharing a single integrated library system. The SHARE Consortium utilizes Polaris Library Systems for its automation platform. Throughout FY2014, SHARE staff and members continued to modify the platform to better meet the needs of member libraries.

This significant change in services to the majority of IHLS members occurred with the migration to a single automation platform for nearly 300 member agencies. In FY2013, the IHLS Board of Directors accepted the recommendation to purchase an ILS from Polaris Library Systems, Inc. In its first year as an organization (FY2012), IHLS had four separate automation groups or LLSAPs. Each represented one of the former regional library systems. Throughout the course of FY2013, committees and work groups comprised of member library and system staff worked toward the goal of a single LLSAP that would share resources on a new scale through the single Polaris platform. Four LLSAPs (eICat, GateNet, LINC, SILNet) merged effective July 1, 2013, to create SHARE.

Part of the negotiations to merge the four automation groups centered around the capital reserve funds held by each individual group. Each LLSAP had a procedure in place for the disbursement of those funds in the event the organization ceased to exist or merged with another similar organization. It was agreed by each LLSAP and the IHLS Board of Directors that the four LLSAP capital funds would be split between a contribution to the purchase of Polaris and a credit to member libraries. This credit would be in place for two fiscal years—FY2013 and FY2014. Members could designate the credit toward any of their SHARE LLSAP fees and/or toward a one-time joint purchase of technology equipment used with the new Polaris platform. The credit to the member libraries amounted to \$1,353,227.

In FY2013, the IHLS Board of Directors declared the Decatur building as surplus and available for sale. Based on recommendations from the IHLS Facilities Study, the decision was made to consolidate overhead and control costs by moving the operations and projects located at the Decatur building to the Champaign building. The property was sold in August, 2013.

A more prudent business practices framework will continue to guide policies and financial decisions, providing a more sustainable model. As IHLS moves into FY 2015, it will continue to balance staying within the priority areas established by the Illinois State Library, providing quality service based on identified member needs, and remaining fiscally responsible (knowing the financial realities of available funding).

Requests for Information

This financial report is designed to provide a general review of the Illinois Heartland Library System for all those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Illinois Heartland Library System, Edwardsville Office, 6725 Goshen Road, Edwardsville, IL 62025.

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 6,661,663	\$ 1,302,998	\$ 7,964,661
Internal Balances	604,625	(604,625)	-
Grants Receivable	48,557	-	48,557
Accounts Receivable	1,537	76,979	78,516
Prepaid Expenses	3,612	209,583	213,195
Total Current Assets	<u>7,319,994</u>	<u>984,935</u>	<u>8,304,929</u>
Capital Assets:			
Not Being Depreciated	575,254	-	575,254
Being Depreciated - Net of Accumulated Depreciation	<u>935,317</u>	<u>628,252</u>	<u>1,563,569</u>
Total Assets	<u>8,830,565</u>	<u>1,613,187</u>	<u>10,443,752</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	15,252	-	15,252
Grants Payable	107,965	-	107,965
Accrued Expenses	85,263	29,782	115,045
Unearned Revenue	<u>685,772</u>	<u>45,819</u>	<u>731,591</u>
Total Current Liabilities	894,252	75,601	969,853
Long-Term Liabilities:			
Compensated Absences Payable	<u>107,798</u>	<u>63,447</u>	<u>171,245</u>
Total Liabilities	<u>1,002,050</u>	<u>139,048</u>	<u>1,141,098</u>
NET POSITION			
Net Investment in Capital Assets	1,510,571	628,252	2,138,823
Restricted			
Grant Expenditures	7,184	-	7,184
Unrestricted	<u>6,310,760</u>	<u>845,887</u>	<u>7,156,647</u>
Total Net Position	<u>\$ 7,828,515</u>	<u>\$ 1,474,139</u>	<u>\$ 9,302,654</u>

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expense)/Revenue		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Library Services	\$ 3,480,342	\$ 24,937	\$ 4,218,337	\$ -	\$ 762,932	\$ -	\$ 762,932
Business-Type Activities:							
Computer Development	<u>1,885,721</u>	<u>1,203,360</u>	<u>120,517</u>	<u>-</u>	<u>-</u>	<u>(561,844)</u>	<u>(561,844)</u>
	<u>\$ 5,366,063</u>	<u>\$ 1,228,297</u>	<u>\$ 4,338,854</u>	<u>\$ -</u>	<u>762,932</u>	<u>(561,844)</u>	<u>201,088</u>
		General Revenues:					
					691	-	691
					592	292	884
					34,781	4,013	38,794
					498,937	-	498,937
					<u>(298,557)</u>	<u>298,557</u>	<u>-</u>
					<u>236,444</u>	<u>302,862</u>	<u>539,306</u>
					<u>999,376</u>	<u>(258,982)</u>	<u>740,394</u>
					6,865,131	1,748,021	8,613,152
					<u>(35,992)</u>	<u>(14,900)</u>	<u>(50,892)</u>
					<u>6,829,139</u>	<u>1,733,121</u>	<u>8,562,260</u>
					<u>\$ 7,828,515</u>	<u>\$ 1,474,139</u>	<u>\$ 9,302,654</u>

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds						Non-Major Governmental Funds	Total Governmental Funds
	General Fund	WebJunction Fund	Illinois Machine Sub-Lending Fund	CMC Grant Fund	Growing SHARE Fund	Capital Projects Fund		
ASSETS								
Cash and Cash Equivalents	\$ 3,423,638	\$ 73,094	\$ 252,315	\$ 336,923	\$ 617,885	\$ 1,755,120	\$ 202,688	\$ 6,661,663
Due from Other Funds	1,430,422	-	-	-	-	-	-	1,430,422
Grants Receivable	48,557	-	-	-	-	-	-	48,557
Accounts Receivable	987	-	-	-	-	-	550	1,537
Prepaid Expenses	3,612	-	-	-	-	-	-	3,612
Total Assets	<u>\$ 4,907,216</u>	<u>\$ 73,094</u>	<u>\$ 252,315</u>	<u>\$ 336,923</u>	<u>\$ 617,885</u>	<u>\$ 1,755,120</u>	<u>\$ 203,238</u>	<u>\$ 8,145,791</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 15,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,252
Grants Payable	-	42,456	-	58,725	-	-	6,784	107,965
Due to Other Funds	-	30,638	203,259	271,033	209	228,505	92,153	825,797
Accrued Expenses	71,192	-	5,109	7,165	-	-	1,797	85,263
Unearned Revenue	-	-	37,222	-	617,676	-	30,874	685,772
Total Liabilities	<u>86,444</u>	<u>73,094</u>	<u>245,590</u>	<u>336,923</u>	<u>617,885</u>	<u>228,505</u>	<u>131,608</u>	<u>1,720,049</u>
Fund Balances:								
Non-Spendable	3,612	-	-	-	-	-	-	3,612
Restricted	-	-	6,725	-	-	-	459	7,184
Committed	-	-	-	-	-	542,951	71,171	614,122
Assigned	-	-	-	-	-	983,664	-	983,664
Unassigned	4,817,160	-	-	-	-	-	-	4,817,160
Total Fund Balances	<u>4,820,772</u>	<u>-</u>	<u>6,725</u>	<u>-</u>	<u>-</u>	<u>1,526,615</u>	<u>71,630</u>	<u>6,425,742</u>
Total Liabilities and Fund Balances	<u>\$ 4,907,216</u>	<u>\$ 73,094</u>	<u>\$ 252,315</u>	<u>\$ 336,923</u>	<u>\$ 617,885</u>	<u>\$ 1,755,120</u>	<u>\$ 203,238</u>	<u>\$ 8,145,791</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2014

Total Fund Balance, Governmental Funds	\$ 6,425,742
Capital Assets, Net of Depreciation Used in Governmental Activities	1,510,571
Accrued Compensated Absences Related to Governmental Activities	<u>(107,798)</u>
Net Position of Governmental Activities	<u>\$ 7,828,515</u>

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Fund						Non-Major Governmental Funds	Total Governmental Funds
	General Fund	WebJunction Fund	Illinois Machine Sub-Lending Fund	CMC Grant Fund	Growing SHARE Fund	Capital Projects Fund		
Revenues								
State Grants:								
Area and Per Capita - State Allotment	\$ 2,753,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,753,265
Area and Per Capita - Federal Pass Through	659,722	-	-	-	-	-	-	659,722
Illinois State Library	-	30,637	250,134	327,574	91,324	-	105,431	805,100
Other	-	-	-	-	-	-	250	250
Fees for Services and Material	4,037	-	-	-	-	-	20,900	24,937
Reimbursements	102,884	-	-	-	-	-	-	102,884
Investment Income	386	1	-	19	-	179	7	592
Other Revenue	33,747	-	464	-	-	-	570	34,781
Total Revenues	<u>3,554,041</u>	<u>30,638</u>	<u>250,598</u>	<u>327,593</u>	<u>91,324</u>	<u>179</u>	<u>127,158</u>	<u>4,381,531</u>
Expenditures								
Current:								
General Library Services:								
Personnel Service	1,848,811	23,107	216,872	257,248	-	-	97,232	2,443,270
Contractual Services	209,221	17,143	28,954	72,685	2,316	-	31,262	361,581
Supplies and Materials	586,340	380	4,325	4,805	89,008	-	1,867	686,725
Capital Outlay	9,375	-	-	-	-	80,053	-	89,428
Total Expenditures	<u>2,653,747</u>	<u>40,630</u>	<u>250,151</u>	<u>334,738</u>	<u>91,324</u>	<u>80,053</u>	<u>130,361</u>	<u>3,581,004</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>900,294</u>	<u>(9,992)</u>	<u>447</u>	<u>(7,145)</u>	<u>-</u>	<u>(79,874)</u>	<u>(3,203)</u>	<u>800,527</u>
Other Financing Sources (Uses)								
Disposal of Capital Assets	-	-	-	-	-	796,106	-	796,106
Transfers In	-	33,334	-	7,145	-	-	-	40,479
Transfers Out	(339,036)	-	-	-	-	-	-	(339,036)
Total Other Financing Sources (Uses)	<u>(339,036)</u>	<u>33,334</u>	<u>-</u>	<u>7,145</u>	<u>-</u>	<u>796,106</u>	<u>-</u>	<u>497,549</u>
Net Change in Fund Balances	<u>561,258</u>	<u>23,342</u>	<u>447</u>	<u>-</u>	<u>-</u>	<u>716,232</u>	<u>(3,203)</u>	<u>1,298,076</u>
Fund Balances - Beginning of Year, as Previously Reported	4,259,514	(23,342)	6,278	29,208	-	810,383	81,617	5,163,658
Prior Period Adjustment	-	-	-	(29,208)	-	-	(6,784)	(35,992)
Fund Balance - Beginning of Year, as Restated	<u>4,259,514</u>	<u>(23,342)</u>	<u>6,278</u>	<u>-</u>	<u>-</u>	<u>810,383</u>	<u>74,833</u>	<u>5,127,666</u>
Fund Balances - End of Year	<u>\$ 4,820,772</u>	<u>\$ -</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,526,615</u>	<u>\$ 71,630</u>	<u>\$ 6,425,742</u>

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net Change in Fund Balances, Total Governmental Funds	\$ 1,298,076
Remove Expenditures for Capital Assets	118,643
Include Depreciation Expense	(131,238)
Remove Net Book Value of Disposed Assets	(297,169)
Accrued Compensated Absences Payable Change from Beginning of Year	<u>11,064</u>
Change in Net Position of Governmental Activities	<u>\$ 999,376</u>

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budget		Actual	Variance (Actual - Final Budget)
	Original	Final		
Revenues				
State Grants:				
Area and Per Capita - State Allotment	\$ 2,704,678	\$ 2,753,235	\$ 2,753,265	\$ 30
Area and Per Capita - Federal Pass Through Illinois State Library	659,722	659,722	659,722	-
Other	-	-	-	-
Fees for Services and Material	9,000	9,000	4,037	(4,963)
Reimbursements	-	-	102,884	102,884
Investment Income	2,500	2,500	386	(2,114)
Other Revenue	12,100	12,100	33,747	21,647
Total Revenues	<u>3,388,000</u>	<u>3,436,557</u>	<u>3,554,041</u>	<u>117,484</u>
Expenditures				
Current:				
General Library Services:				
Personnel Service	2,109,715	2,109,715	1,848,811	(260,904)
Contractual Services	194,775	194,775	209,221	14,446
Supplies and Materials	603,562	603,562	586,340	(17,222)
Capital Outlay	10,000	10,000	9,375	(625)
Total Expenditures	<u>2,918,052</u>	<u>2,918,052</u>	<u>2,653,747</u>	<u>(264,305)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>469,948</u>	<u>518,505</u>	<u>900,294</u>	<u>381,789</u>
Other Financing Sources (Uses)				
Disposal of Capital Assets	5,000	5,000	-	(5,000)
Transfers Out	(250,000)	(298,557)	(339,036)	(40,479)
Total Other Financing Sources (Uses)	<u>(245,000)</u>	<u>(293,557)</u>	<u>(339,036)</u>	<u>(45,479)</u>
Net Change in Fund Balance	<u>\$ 224,948</u>	<u>\$ 224,948</u>	561,258	<u>\$ 336,310</u>
Fund Balance - Beginning of Year			<u>4,259,514</u>	
Fund Balance - End of Year			<u>\$ 4,820,772</u>	

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
WebJunction Fund - Special Revenue Fund
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
Revenues				
State Grants:				
Area and Per Capita	\$ -	\$ -	\$ -	\$ -
Illinois State Library	208,954	73,093	30,637	(42,456)
Other	-	-	-	-
Fees for Services and Material	-	-	-	-
Reimbursements	-	-	-	-
Investment Income	-	-	1	1
Other Revenue	-	-	-	-
Total Revenues	<u>208,954</u>	<u>73,093</u>	<u>30,638</u>	<u>(42,455)</u>
Expenditures				
Current:				
General Library Services:				
Personnel Service	134,867	20,907	23,107	2,200
Contractual Services	72,257	51,756	17,143	(34,613)
Supplies and Materials	1,830	430	380	(50)
Capital Outlay	-	-	-	-
Total Expenditures	<u>208,954</u>	<u>73,093</u>	<u>40,630</u>	<u>(32,463)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(9,992)	(9,992)
Other Financing Sources				
Transfers In	-	-	33,334	33,334
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	23,342	<u>\$ 23,342</u>
Fund Balance - Beginning of Year			<u>(23,342)</u>	
Fund Balance - End of Year			<u>\$ -</u>	

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Illinois Machine Sub-Lending Fund - Special Revenue Fund
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
Revenues				
State Grants:				
Area and Per Capita	\$ -	\$ -	\$ -	\$ -
Illinois State Library	287,356	287,356	250,134	(37,222)
Other	-	-	-	-
Fees for Services and Material	-	-	-	-
Reimbursements	-	-	-	-
Investment Income	-	-	-	-
Other Revenue	-	-	464	464
Total Revenues	<u>287,356</u>	<u>287,356</u>	<u>250,598</u>	<u>(36,758)</u>
Expenditures				
Current:				
General Library Services:				
Personnel Service	249,042	249,042	216,872	(32,170)
Contractual Services	32,559	32,559	28,954	(3,605)
Supplies and Materials	5,755	5,755	4,325	(1,430)
Capital Outlay	-	-	-	-
Total Expenditures	<u>287,356</u>	<u>287,356</u>	<u>250,151</u>	<u>(37,205)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	447	<u>\$ 447</u>
Fund Balance - Beginning of Year			<u>6,278</u>	
Fund Balance - End of Year			<u>\$ 6,725</u>	

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
CMC Grant Fund - Special Revenue Fund
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
Revenues				
State Grants:				
Area and Per Capita	\$ -	\$ -	\$ -	\$ -
Illinois State Library	357,090	357,090	327,574	(29,516)
Other	-	-	-	-
Fees for Services and Material	-	-	-	-
Reimbursements	-	-	-	-
Investment Income	-	-	19	19
Other Revenue	-	-	-	-
Total Revenues	<u>357,090</u>	<u>357,090</u>	<u>327,593</u>	<u>(29,497)</u>
Expenditures				
Current:				
General Library Services:				
Personnel Service	279,613	279,613	257,248	(22,365)
Contractual Services	73,812	73,812	72,685	(1,127)
Supplies and Materials	3,665	3,665	4,805	1,140
Capital Outlay	-	-	-	-
Total Expenditures	<u>357,090</u>	<u>357,090</u>	<u>334,738</u>	<u>(22,352)</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	-	-	(7,145)	(7,145)
Other Financing Sources				
Transfers In	-	-	7,145	7,145
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year, as Previously Reported			29,208	
Prior Period Adjustment			<u>(29,208)</u>	
Fund Balance - Beginning of Year, as Restated			-	
Fund Balance - End of Year			<u>\$ -</u>	

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Growing SHARE Fund - Special Revenue Fund
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
Revenues				
State Grants:				
Area and Per Capita	\$ -	\$ -	\$ -	\$ -
Illinois State Library	996,242	996,242	91,324	(904,918)
Other	-	-	-	-
Fees for Services and Material	-	-	-	-
Reimbursements	-	-	-	-
Investment Income	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>996,242</u>	<u>996,242</u>	<u>91,324</u>	<u>(904,918)</u>
Expenditures				
Current:				
General Library Services:				
Personnel Service	301,186	301,186	-	(301,186)
Contractual Services	290,056	290,056	2,316	(287,740)
Supplies and Materials	-	-	89,008	89,008
Capital Outlay	405,000	405,000	-	(405,000)
Total Expenditures	<u>996,242</u>	<u>996,242</u>	<u>91,324</u>	<u>(904,918)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			<u>\$ -</u>	

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Net Position
Proprietary Fund
June 30, 2014

	Enterprise Fund
	Computer
	Development Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,302,998
Due from Other Funds	586
Accounts Receivable	76,979
Prepaid Expenses	209,583
Total Current Assets	1,590,146
Capital Assets:	
Depreciable Capital Assets	2,619,008
Accumulated Depreciation	(1,990,756)
Total Capital Assets	628,252
Total Assets	2,218,398
LIABILITIES	
Current Liabilities	
Due to Other Funds	605,211
Accrued Expenses	29,782
Unearned Revenue	45,819
Total Current Liabilities	680,812
Long-Term Liabilities:	
Compensated Absences Payable	63,447
Total Liabilities	744,259
NET POSITION	
Net Investment in Capital Assets	628,252
Unrestricted	845,887
Total Net Position	\$ 1,474,139

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Enterprise Fund Computer Development Fund
Operating Revenues	
Charges for Services	\$ 1,203,360
Miscellaneous Income	4,013
Total Operating Revenues	1,207,373
Operating Expenses	
Personnel Services	1,110,261
Contractual Services	481,152
Supplies and Materials	106,021
Depreciation	188,287
Total Operating Expenses	1,885,721
Operating Income (Loss)	(678,348)
Non-Operating Revenues (Expenses)	
Investment Income	292
Income (Loss) Before Other Revenue and Transfers	(678,056)
Other Revenue	
State Grants used for Operating Expenses: Illinois State Library	120,517
Transfers In	298,557
Change in Net Position	(258,982)
Net Position - Beginning of Year, as Previously Reported	1,748,021
Prior Period Adjustment	(14,900)
Net Position - Beginning of Year, as Restated	1,733,121
Net Position - End of Year	\$ 1,474,139

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Enterprise Fund Computer Development Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 1,193,893
Payments to Vendors	(785,041)
Payments to Employees	(1,100,093)
Net Cash Provided by (Used in) Operating Activities	(691,241)
Cash Flows from Noncapital Financing Activities	
Receipts from Grantors	75,617
Transfers In	298,557
(Increase) Decrease in Due from Other Funds	(586)
Increase (Decrease) in Due to Other Funds	(1,121,411)
Net Cash Provided by (Used in) Noncapital Financing Activities	(747,823)
Cash Flows from Investing Activities	
Investment Income	292
Net Increase (Decrease) in Cash and Cash Equivalents	(1,438,772)
Cash and Cash Equivalents, July 1, 2013	2,741,770
Cash and Cash Equivalents, June 30, 2014	\$ 1,302,998
Cash Flows from Operating Activities	
Operating Income (Loss)	\$ (678,348)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	188,287
(Increase) Decrease in Assets:	
Accounts Receivable	(59,299)
Prepaid Expenses	(197,084)
Increase (Decrease) in Liabilities:	
Accounts Payable	(784)
Unearned Revenue	45,819
Accrued Expenses	10,168
Net Cash Provided by (Used in) Operating Activities	\$ (691,241)

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Statement of Net Position
Fiduciary Fund
June 30, 2014

	<u>OCLC - Agency Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,250,826
LIABILITIES	
Current Liabilities:	
Due To Other Agencies	<u>2,250,826</u>
NET POSITION	<u><u>\$ -</u></u>

See Accompanying Notes

ILLINOIS HEARTLAND LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies

The financial statements of the Illinois Heartland Library System (the System) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*. The more significant accounting policies established by GAAP and used by the System are discussed below.

a. Financial Reporting Entity

The System was created July 1, 2011 by the merger of four regional library systems in southern and central Illinois. The System provides delivery, automation (online catalog software), and talking book services to the libraries of southern and parts of central Illinois, as well as certain grant program services, such as the Catalog Maintenance Center and WebJunction Illinois, to libraries throughout Illinois. The System is governed by a 15 member Board of Directors selected from among the System's member organizations.

The definition of what constitutes the entity of the System is based on the guidelines set forth in GASB Statement Number 14, as amended by GASB Statement 61. The primary government of the System consists of the funds presented herein as governmental funds, a proprietary fund, and a fiduciary fund.

According to GASB Statement No. 14, as amended by Statement Number 61, a legally separate organization should be included as a component unit of the primary organization if the primary government is financially accountable for the organization. Financial accountability is determined as follows:

1. The organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
2. The primary government appoints a voting majority of the organization's governing body and:
 - It is able to impose its will on the organization, or

- There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government.

Based on the operational and financial criteria noted above, the System does not have a component unit that should be reported as part of the reporting entity.

Related organizations for which the Directors appoint a voting majority of the governing body, but for which the System is not financially accountable, are not included in the reporting entity.

Jointly governed organizations are those for which the System does not have an on-going financial interest or responsibility. Jointly governed organizations are not included in the reporting entity.

b. Basic Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the System as a whole. They include all funds of the System, except the fiduciary fund. The Statement of Net Position and the Statement of Activities include the governmental activities and business-type activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal balances and activities within the System's funds are eliminated in the government-wide financial statements. Transactions between the governmental and business-type activities are not eliminated.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 1.c).

Fund Financial Statements

Fund financial statements of the System are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The System's funds are organized into three categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the System or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual fund are at least 5 percent of the corresponding total for all funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 1.c.).

The proprietary and fiduciary fund financial statements are reported on the accrual basis of accounting (as described in Note 1.c.).

The fund types of the System are described below:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial 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 System:

General Fund - The General Fund is the primary operating fund of the System and is always classified as a major fund. It is used to account for all activities except automation and bibliographic access and those activities legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity of the System includes the following special revenue funds:

➤ Major Special Revenue Fund

WebJunction Fund – Grants from the Illinois State Library finance this fund, which acts as the fiscal agent for the WebJunction Illinois website. WebJunction Fund is considered major by the System's management due to qualitative factors rather than as the result of meeting the 10 and 5 percent tests noted above.

Illinois Machine Sub-Lending Fund – Grants from the Illinois State Library finance this fund, which acts as the fiscal agent for the Talking Books program for the State of Illinois.

CMC Grant Fund – Grants from the Illinois State Library finance this fund, which acts as the fiscal agent for the Cataloging Maintenance Center program.

Growing SHARE Fund – A grant from the Illinois State Library finances this fund, which acts as the fiscal agent for the Growing Resource Sharing in the System through Growing SHARE Membership program.

➤ Non-Major Special Revenue Funds

The System’s non-major special revenue funds include: Plinkit Project Fund, OCLC Grant Fund, InfoEyes/SOS Fund, Marc of Quality Grant Fund, Cataloging Services Fund, and SWAYS Fund.

Capital Projects Funds – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by Proprietary Funds. The reporting entity includes one capital projects fund, the Capital Projects Fund, a major governmental fund.

Proprietary Fund

Enterprise Fund – An Enterprise Fund is used to account for business-like activities provided to the general public or outside entities. The measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

Computer Development Fund – Accounts for all activities related to an automated library database system that provides widespread library accessibility services to a system of member libraries.

Fiduciary Funds

Fiduciary funds are used to report assets held by the System in a trustee or agency capacity for others and therefore cannot be used to support the System’s own programs. The System has one fiduciary fund, the OCLC–Agency Fund, which is used to account for funds held in trust for the ILLINET OCLC.

c. Basis of Accounting

Accrual

Governmental activities and business-type activities in the government-wide financial statements and the enterprise fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The System considers receipts within 60 days of year-end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

d. Cash and Cash Equivalents

Cash and cash equivalents includes deposits at financial institutions, short-term investments with original maturities at issuance of three months or less, certificates of deposit, and funds held in money market mutual funds at depository banks.

e. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect on outstanding balances. The System's allowance for doubtful receivables at June 30, 2014 was \$0.

f. Interfund Balances

Receivables and payables between funds are reported as due from and due to other funds, respectively. Amounts not expected to be repaid within a reasonable time are considered interfund transfers. In governmental funds, amounts due from other funds expected to be repaid within a reasonable time, but beyond one year from June 30, 2014, as well as other long-term receivables are offset by non-spendable fund balance because they do not represent expendable, available financial resources.

g. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are deferred and expended/expensed over the term when the services are received.

h. Capital Assets

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental fund financial statements at the time of purchase. Capital assets of governmental activities are reported in the government-wide financial statements offset by accumulated depreciation. Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their fair market value on the date donated. Capital assets are defined as assets with initial, individual costs over \$5,000 and an estimated useful life in excess of two years.

Depreciation is calculated on all capital assets (other than land, assets that appreciate in value, and impaired capital assets carried at net realizable value) using the straight-line method with the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	30
Equipment and Other	7
Furniture and Fixtures	8
Computers	5
Vehicles	10

The System has no intangible assets subject to capitalization.

i. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

j. Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The System has no item that qualifies for reporting in this category as of June 30, 2014.

The financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The System has no item that qualifies for reporting in this category as of June 30, 2014.

k. Fund Balance

The components of fund balance indicate the extent to which there are constraints on the specific purposes for which amounts in the fund can be spent. The fund balance classifications are as follows:

Non-Spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact

Restricted – Amounts that can be spent only for specific purposes because of the System’s Charter, state or federal laws, or externally imposed conditions by grantors or creditors

Committed – Amounts that can be used only for specific purposes determined by a formal resolution by the System’s Board of Directors

Assigned – Amounts that are constrained by the Board of Director’s intent to be used for specific purposes but are neither restricted nor committed

Intent is expressed by (a) the Board of Directors itself or (b) a body or official to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes. The System’s highest level of decision-making authority is the Board of Directors, who is authorized to assign amounts to a specific purpose through its budgeting powers.

Unassigned – All amounts not included in other spendable classifications

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the System considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the System considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

1. Program Revenues

Program Revenues on the statement of activities include the following:

Governmental Activities

Charges for Services	Fees paid by outside entities for the services provided by the General Fund and Plinkit Project Fund
Operating Grants and Contributions	Grants used to support operations
Capital Grants and Contributions	Grants used to purchase equipment, vehicles, and other capital assets

Business-type Activities

Charges for Services	Fees paid by outside entities for the automated library database services
Operating Grants and Contributions	Grants used to support operations
Capital Grants and Contributions	Grants used to purchase equipment and other capital assets

m. Operating and Non-Operating Revenues and Expenses of the Proprietary Fund

Operating revenues and expenses for the proprietary fund are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

n. Reimbursement Revenue

In the fund financial statements, the System has recorded \$102,193 of Reimbursements Revenue and Contractual Services Expenditures related to the allocation of Administrative and Facilities Costs from the General Fund to certain grant funds, as allowed by the applicable grant agreement. In the government-wide financial statements, this interfund activity has been eliminated.

o. Compensated Absences

It is the System's policy to permit employees to accumulate earned but unused vacation up to a limit of 200 percent of an employee's annual amount of vacation earned. Vacation is accrued using the vesting method. All vacation is accrued when incurred in the government-wide financial statements and the proprietary fund 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 or retirements.

p. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Budgets and Budgetary Basis of Accounting

a. Budgetary Process

1. In accordance with the Illinois Library System Act, Administrative Rules, prior to each May 1, the System's Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the revenues provided to finance them.
2. The proposed budget is discussed at regular meetings of the Board of Directors.
3. Prior to June 1, the Board of Directors formally adopts the budget.
4. The System's Executive Director causes monthly/quarterly reports to be presented to the Board of Directors explaining significant variances from the approved budget.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. The System budgets for all funds through the budget process or through budgets for individual grant awards.
7. The organizational budget lapses at fiscal year end and no revisions may be made after year end.

b. Legal Level of Budgetary Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The budgetary expenditure comparisons in the basic financial statements are from the approved organizational budget for all funds except for the MARC of Quality and Growing SHARE Funds, which are derived from the grant budgets.

c. Amendments to the Budget

The System's Executive Director is authorized to transfer budgeted amounts within the departments in any fund; however, any revisions that alter the total expenditures of the System must be approved by the Board of Directors.

d. Budgetary Basis of Accounting

Budgets are adopted on essentially the same basis of accounting as the fund financial statements.

e. Encumbrances

Encumbrance accounting is not used by the System.

3. Deposits and Investments

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the System's bank deposits may not be returned to it. The System's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a pledge of securities from the depository bank at 100 percent or more of the uninsured amount.

Cash and Cash Equivalents: At June 30, 2014, \$5,057,726 of the System's bank balance of \$6,056,601 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	<u><u>\$ 5,057,726</u></u>
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Credit Risk and Interest Rate Risk – External Investment Pools

Credit risk is the risk that the issuer of a bond or note security will not repay the principal or pay the interest due on the debt. The credit risk of investments is addressed by the System's investment policy by limiting investments to instruments insured by the FDIC, issued by the U.S. Treasury, or the Illinois Funds portfolios overseen by the Treasurer of the State of Illinois.

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the market value of a debt security. Interest rate risk is not directly addressed by the District’s investment policy except for the general goal to “meet liquidity needs for the current month plus three months”, which indicates a short investment time horizon.

At June 30, 2014, the System held \$4,454,927 in the Illinois Funds Money Market Fund. The fair value of the System’s position in the fund is equal to the value of the System’s fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has a AAAM rating from Standard and Poor’s. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

4. Receivables and Unearned Revenue

At June 30, 2014, receivables and unearned revenue were as follows for the governmental funds and governmental activities:

	<u>Receivables</u>	<u>Unearned Revenue</u>
State Grants:		
Area and Per Capita	\$ 48,557	\$ -
Illinois State Library	-	685,772
Other	1,537	-
Totals	<u>\$ 50,094</u>	<u>\$ 685,772</u>

At June 30, 2014, receivables and unearned revenue were as follows for the business-type activities and enterprise fund:

	<u>Receivables</u>	<u>Unearned Revenue</u>
Other	<u>\$ 76,979</u>	<u>\$ 45,819</u>

5. Capital Assets

The following is a summary of the changes in capital assets of the governmental activities for the year ended June 30, 2014:

	June 30, 2013	Additions	Deductions	June 30, 2014
Cost				
Being Depreciated:				
Buildings and Improvements	\$ 1,797,218	\$ 80,052	\$ (28,483)	\$ 1,848,787
Equipment and Other	1,768,936	-	(11,366)	1,757,570
Furniture and Fixtures	688,320	-	-	688,320
Computers	836,429	38,591	(18,107)	856,913
Vehicles	699,652	-	(48,229)	651,423
Not Being Depreciated:				
Land	575,254	-	-	575,254
Land, Buildings, and Improvements Held for Sale	262,322	-	(262,322)	-
Total	<u>6,628,131</u>	<u>118,643</u>	<u>(368,507)</u>	<u>6,378,267</u>
Accumulated Depreciation:				
Buildings and Improvements	1,176,919	52,450	-	1,229,369
Equipment and Other	1,726,263	7,905	(13,833)	1,720,335
Furniture and Fixtures	686,735	-	-	686,735
Computers	792,014	15,028	(14,908)	792,134
Vehicles	425,865	55,855	(42,597)	439,123
Total	<u>4,807,796</u>	<u>131,238</u>	<u>(71,338)</u>	<u>4,867,696</u>
Capital Assets, Net	<u>\$ 1,820,335</u>	<u>\$ (12,595)</u>	<u>\$ (297,169)</u>	<u>\$ 1,510,571</u>
Current year depreciation expense was charged to the following function:				
General Library Services				<u>\$ 131,238</u>

The following is a summary of the changes in capital assets of the business-type activities and enterprise fund for the year ended June 30, 2014:

	June 30, 2013	Additions	Deductions	June 30, 2014
Cost				
Being Depreciated:				
Equipment and Other	\$ 1,623,650	\$ -	\$ -	\$ 1,623,650
Computers	995,358	-	-	995,358
Total	<u>2,619,008</u>	<u>-</u>	<u>-</u>	<u>2,619,008</u>
Accumulated Depreciation:				
Equipment and Other	1,623,650	-	-	1,623,650
Computers	178,819	188,287	-	367,106
	<u>1,802,469</u>	<u>188,287</u>	<u>-</u>	<u>1,990,756</u>
Capital Assets, Net	<u>\$ 816,539</u>	<u>\$ (188,287)</u>	<u>\$ -</u>	<u>\$ 628,252</u>

Current year depreciation expense was charged to the following function:

Computer Development	<u>\$ 188,287</u>
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6. Changes in Long-Term Liabilities

The following is a summary of changes in the System's long-term liabilities of the governmental activities for the year ended June 30, 2014:

	June 30, 2013	Issued	Retired	June 30, 2014	Due Within One Year
Accrued					
Compensated					
Absences	<u>\$ 118,862</u>	<u>\$ 85,972</u>	<u>\$ 97,036</u>	<u>\$ 107,798</u>	<u>\$ -</u>

In fiscal year 2014 and prior years, accrued compensated absences have been liquidated by all governmental funds that have salary expenditures.

The following is a summary of changes in the System's long-term liabilities of the business-type activities and enterprise fund for the year ended June 30, 2014:

	June 30, 2013	Issued	Retired	June 30, 2014	Due Within One Year
Accrued					
Compensated					
Absences	\$ 57,367	\$ 57,506	\$ 51,426	\$ 63,447	\$ -

7. Non-Spendable, Restricted, Committed, and Assigned Fund Balances

In the fund financial statements, governmental funds report non-spendable, restrictions of, commitments of, and assignments of fund balances for amounts that are not available for appropriation, are restricted by outside parties for use for a specific purpose, are committed for a specific purpose by an action of the Board of Directors, or are assigned by the Board of Directors' intent to be used for specific purposes but are neither restricted nor committed, respectively. Intent is expressed by (a) the Board of Directors itself or (b) a body or official to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes. As of June 30, 2014, such fund balances are composed of the following:

	General Fund	Other Major Governmental Funds	Non-Major Governmental Funds	Total Governmental Funds
Non-Spendable:				
Prepaid Items	\$ 3,612	\$ -	\$ -	\$ 3,612
Restricted:				
IMSL Grant	-	6,725	-	6,725
OCLC Grant	-	-	5	5
InfoEyes/SOS	-	-	454	454
	-	6,725	459	7,184
Committed:				
Plinkit Project	-	-	45,114	45,114
Cataloging	-	-	24,892	24,892
SWAYS	-	-	1,165	1,165
Capital Projects	-	542,951	-	542,951
	-	542,951	71,171	614,122
Assigned:				
Capital Projects	-	983,664	-	983,664
Total	\$ 3,612	\$ 1,533,340	\$ 71,630	\$ 1,608,582

8. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables at June 30, 2014, are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 1,430,422	\$ -
WebJunction Fund	-	30,638
Illinois Machine Sub-Lending Fund	-	203,259
CMC Grant Fund	-	271,033
Growing SHARE Fund	-	209
Capital Projects Fund	-	228,505
PlinkIt Project Fund	-	3,629
OCLC Grant Fund	-	88,524
Proprietary Fund:		
Computer Development Fund	586	605,211
Total	<u>\$ 1,431,008</u>	<u>\$ 1,431,008</u>

The amounts due among the funds relate to working capital loans. The amounts due have no specific repayment date scheduled, however, repayment is expected within the next fiscal year.

Interfund transfers made during the year ended June 30, 2014 are summarized below:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 339,036
WebJunction Fund	33,334	-
CMC Grant Fund	7,145	-
Proprietary Funds:		
Computer Development Fund	298,557	-
Total	<u>\$ 339,036</u>	<u>\$ 339,036</u>

Transfers are used to utilize unrestricted resources of the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

9. Defined Benefit Pension Plan

Plan Description – The System’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy – As set by statute, the System’s regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 used by the employer was 25.05 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – The required contribution for calendar year 2013 was \$569,933.

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 569,933	100%	\$ -
12/31/12	494,092	100%	-
12/31/11	224,670	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the System’s regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period with a 20 percent corridor between the actuarial and market value of assets. The employer’s regular plan’s unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress – As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 86.54 percent funded. The actuarial accrued liability for benefits was \$9,277,743 and the actuarial value of assets was \$8,028,911, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,248,832. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$2,275,181 and the ratio of the UAAL to the covered payroll was 55 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The System provides no other financially significant post-employment benefits to employees.

10. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended June 30, 2014, there were no significant reductions in coverage. There have been no material settlement amounts that have exceeded insurance coverage or that have been uncovered by insurance in the past three years.

11. Leasing Activity

The System leases office space and copiers under non-cancelable operating leases, expiring at various times between March 2015 and July 2018. Future minimum lease payments under these operating leases are as follows:

Fiscal Year <u>Ending June 30</u>	
2015	\$ 60,938
2016	54,000
2017	54,000
2018	54,000
2019	4,500
Total	<u>\$ 227,438</u>

Total rental expense for operating leases for the year ended June 30, 2014 was \$62,027.

The System is also the lessor of office space under leases that run through June 2015. Future minimum rent amounts are \$10,400 for fiscal year 2015. Total lease revenue recorded in fiscal year 2014 was \$15,600.

12. Commitments and Contingencies

The System participates in a number of state and federally assisted programs. Under the terms of the programs, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures under the terms of these programs. Such audits could lead to reimbursements to grantor agencies. Based on prior experience, the System believes examinations would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

13. Concentration of Revenue

For the year ended June 30, 2014, 76 percent of the System's revenue was received through grants or allocations from the Illinois Secretary of State's Office through the Illinois State Library.

14. Related Party Transactions

The System's Board of Directors is comprised of representatives from its member organizations. Member organizations pay fees to the System for various services. For the year ended June 30, 2014, three member organizations with representatives on the System's Board of Directors paid significant fees to the System. The total charges for services revenue earned from the three organizations was \$64,914.

15. Prior Period Adjustment

The Statement of Activities for governmental activities and Statement of Revenues, Expenditures, and Changes in Fund Balance for the CMC Grant Fund and the Non-Major Governmental Funds include two prior period adjustments related to fund balances carried forward from legacy entities that should have been recorded as grants payable as of June 30, 2011. This change reduced total net position on the Statement of Activities as of June 30, 2013 by \$35,992. This change reduced total fund balance of the CMC Grant Fund by \$29,208 and the Non-Major Governmental Funds by \$6,784 as of June 30, 2013. This change did not impact the change in net position or change in fund balance for the year ended June 30, 2013.

The Statement of Activities for the Business-type activities and Statement of Revenues, Expenses, and Changes in Net Position of the proprietary fund include a prior period adjustment related to unrecorded unearned revenue as of June 30, 2013. This change reduced total net position on the Statement of Activities and Statement of Revenues, Expenses, and Changes in Net Position as of June 30, 2013 by \$14,900 and decreased the change in net position for the year ended June 30, 2013 by \$14,900.

Required Supplementary Information
SCHEDULE OF FUNDING PROGRESS
Illinois Municipal Retirement Fund
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2013	\$ 8,028,911	\$ 9,277,743	\$ 1,248,832	86.54%	\$ 2,275,181	54.89%
12/31/2012	6,633,830	9,286,815	2,652,985	71.43%	2,166,122	122.48%
12/31/2011	6,009,844	9,324,812	3,314,968	64.45%	984,963	336.56%

On a market value basis, the actuarial value of assets as of December 31, 2013 was \$10,958,347. On a market basis, the funded ratio would be 118.11 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Illinois Heartland Library System. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Combining Balance Sheet
 Non-Major Special Revenue Funds
 June 30, 2014

	Plinkit Project	OCLC Grant	InfoEyes/ SOS	Marc of Quality Grant	Cataloging Services	SWAYS	Total Non-Major Special Revenue Funds
ASSETS							
Cash and Cash Equivalents	\$ 48,666	\$ 127,511	\$ 454	\$ -	\$ 24,892	\$ 1,165	\$ 202,688
Due from Other Funds	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-	-
Accounts Receivable	550	-	-	-	-	-	550
Prepaid Expenses	-	-	-	-	-	-	-
	<u>49,216</u>	<u>127,511</u>	<u>454</u>	<u>-</u>	<u>24,892</u>	<u>1,165</u>	<u>203,238</u>
Total Assets	<u>\$ 49,216</u>	<u>\$ 127,511</u>	<u>\$ 454</u>	<u>\$ -</u>	<u>\$ 24,892</u>	<u>\$ 1,165</u>	<u>\$ 203,238</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants Payable	-	6,784	-	-	-	-	6,784
Due to Other Funds	3,629	88,524	-	-	-	-	92,153
Accrued Expenses	473	1,324	-	-	-	-	1,797
Unearned Revenue	-	30,874	-	-	-	-	30,874
Total Liabilities	<u>4,102</u>	<u>127,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,608</u>
Fund Balances:							
Restricted	-	5	454	-	-	-	459
Committed	45,114	-	-	-	24,892	1,165	71,171
Total Fund Balances	<u>45,114</u>	<u>5</u>	<u>454</u>	<u>-</u>	<u>24,892</u>	<u>1,165</u>	<u>71,630</u>
Total Liabilities and Fund Balances	<u>\$ 49,216</u>	<u>\$ 127,511</u>	<u>\$ 454</u>	<u>\$ -</u>	<u>\$ 24,892</u>	<u>\$ 1,165</u>	<u>\$ 203,238</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2014

	Plinkit Project	OCLC Grant	InfoEyes/ SOS	Marc of Quality Grant	Cataloging Services	SWAYS	Total Non-Major Special Revenue Funds
Revenues							
State Grants:							
Area and Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Illinois State Library	-	97,231	-	8,200	-	-	105,431
Other	-	-	250	-	-	-	250
Fees for Services and Material	20,900	-	-	-	-	-	20,900
Reimbursements	-	-	-	-	-	-	-
Investment Income	2	5	-	-	-	-	7
Other Revenue	-	-	-	-	-	570	570
Total Revenues	<u>20,902</u>	<u>97,236</u>	<u>250</u>	<u>8,200</u>	<u>-</u>	<u>570</u>	<u>127,158</u>
Expenditures							
General Library Services:							
Personnel Service	16,451	80,781	-	-	-	-	97,232
Contractual Services	8,089	14,635	338	8,200	-	-	31,262
Supplies and Materials	52	1,815	-	-	-	-	1,867
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>24,592</u>	<u>97,231</u>	<u>338</u>	<u>8,200</u>	<u>-</u>	<u>-</u>	<u>130,361</u>
Net Change in Fund Balances	<u>(3,690)</u>	<u>5</u>	<u>(88)</u>	<u>-</u>	<u>-</u>	<u>570</u>	<u>(3,203)</u>
Fund Balances, Beginning of Year, as Previously Reported	48,804	6,784	542	-	24,892	595	81,617
Prior Period Adjustment	<u>-</u>	<u>(6,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,784)</u>
Fund Balances, Beginning of Year, as Restated	<u>48,804</u>	<u>-</u>	<u>542</u>	<u>-</u>	<u>24,892</u>	<u>595</u>	<u>74,833</u>
Fund Balances, End of Year	<u>\$ 45,114</u>	<u>\$ 5</u>	<u>\$ 454</u>	<u>\$ -</u>	<u>\$ 24,892</u>	<u>\$ 1,165</u>	<u>\$ 71,630</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita - State Allotment	\$ 2,704,678	\$ 2,753,235	\$ 2,753,265
Area and Per Capita - Federal Pass Through	659,722	659,722	659,722
Illinois State Library	-	-	-
Other	-	-	-
Fees for Services and Material	9,000	9,000	4,037
Reimbursements	-	-	102,884
Investment Income	2,500	2,500	386
Other Revenue	12,100	12,100	33,747
Total Revenues	<u>3,388,000</u>	<u>3,436,557</u>	<u>3,554,041</u>
Expenditures			
General Library Services:			
Personnel			
Salaries and Wages	1,392,717	1,392,717	1,300,160
Payroll Taxes and Fringe Benefits	708,988	708,988	536,840
Recruiting	8,010	8,010	11,811
Contractual Services			
Contractual Agreements	6,000	6,000	12,941
Travel, Meetings, and Continuing Education for Staff and Board	22,468	22,468	31,568
Professional Services	65,530	65,530	73,419
Liability Insurance	16,530	16,530	17,853
Telephone and Telecommunications	70,692	70,692	58,263
Conferences and Continuing Education Meetings	12,000	12,000	925
Miscellaneous	-	-	14,252
Professional Association Membership Dues	1,555	1,555	-
Supplies and Materials			
Computer Supplies	35,850	35,850	31,502
General Office Supplies and Equipment	11,700	11,700	18,429
Postage	8,100	8,100	3,282
Delivery Supplies	15,800	15,800	6,685
Buildings and Grounds	257,153	257,153	239,553
Vehicle Expenses	236,361	236,361	246,831
Miscellaneous	11,000	11,000	18,766
Equipment Rental, Repair, and Maintenance	27,598	27,598	21,292
Capital Outlay	10,000	10,000	9,375
Total Expenditures	<u>2,918,052</u>	<u>2,918,052</u>	<u>2,653,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>469,948</u>	<u>518,505</u>	<u>900,294</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	5,000	5,000	-
Transfers Out	(250,000)	(298,557)	(339,036)
Total Other Financing Sources (Uses)	<u>(245,000)</u>	<u>(293,557)</u>	<u>(339,036)</u>
Net Change in Fund Balance	<u>\$ 224,948</u>	<u>\$ 224,948</u>	561,258
Fund Balance - Beginning of Year			<u>4,259,514</u>
Fund Balance - End of Year			<u>\$ 4,820,772</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 WebJunction Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	208,954	73,093	30,637
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	1
Other Revenue	-	-	-
Total Revenues	<u>208,954</u>	<u>73,093</u>	<u>30,638</u>
Expenditures			
General Library Services:			
Personnel	134,867	20,907	23,107
Contractual Services			
Contractual Agreements	65,980	50,869	16,636
Travel, Meetings, and Continuing Education for Staff and Board	4,702	492	112
Professional Services	-	-	-
Liability Insurance	-	-	-
Telephone and Telecommunications	1,575	395	395
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
General Office Supplies and Equipment	1,600	200	200
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	230	230	180
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>208,954</u>	<u>73,093</u>	<u>40,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(9,992)
Other Financing Sources			
Transfers In	-	-	33,334
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	23,342
Fund Balance - Beginning of Year			<u>(23,342)</u>
Fund Balance - End of Year			<u>\$ -</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Illinois Machine Sub-Lending Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	287,356	287,356	250,134
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	-
Other Revenue	-	-	464
Total Revenues	<u>287,356</u>	<u>287,356</u>	<u>250,598</u>
Expenditures			
General Library Services:			
Personnel	249,042	249,042	216,872
Contractual Services			
Contractual Agreements	24,010	24,010	24,011
Travel, Meetings, and Continuing Education for Staff and Board	6,164	6,164	3,758
Professional Services	-	-	263
Liability Insurance	-	-	-
Telephone and Telecommunications	2,385	2,385	922
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
General Office Supplies and Equipment	3,780	3,780	1,512
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	1,975	1,975	2,813
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>287,356</u>	<u>287,356</u>	<u>250,151</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	447
Fund Balance - Beginning of Year			<u>6,278</u>
Fund Balance - End of Year			<u>\$ 6,725</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 CMC Grant Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	357,090	357,090	327,574
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	19
Other Revenue	-	-	-
Total Revenues	<u>357,090</u>	<u>357,090</u>	<u>327,593</u>
Expenditures			
General Library Services:			
Personnel	279,613	279,613	257,248
Contractual Services			
Contractual Agreements	60,075	60,075	60,074
Travel, Meetings, and Continuing Education for Staff and Board	2,840	2,840	2,963
Professional Services	3,210	3,210	1,961
Liability Insurance	-	-	-
Telephone and Telecommunications	7,687	7,687	7,687
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	300	300	83
Library Materials and Supplies	900	900	380
Supplies, Postage and Printing	2,465	2,465	4,342
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>357,090</u>	<u>357,090</u>	<u>334,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(7,145)
Other Financing Sources			
Transfers In	-	-	7,145
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Fund Balance - Beginning of Year, as Previously Reported			29,208
Prior Period Adjustment			<u>(29,208)</u>
Fund Balance - Beginning of Year, as Restated			-
Fund Balance - End of Year			<u>\$ -</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Growing SHARE Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	996,242	996,242	91,324
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>996,242</u>	<u>996,242</u>	<u>91,324</u>
Expenditures			
General Library Services:			
Personnel	301,186	301,186	-
Contractual Services			
Contractual Agreements	274,056	274,056	1,706
Travel, Meetings, and Continuing Education for Staff and Board	16,000	16,000	610
Professional Services	-	-	-
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	89,008
Supplies, Postage and Printing	-	-	-
Miscellaneous	-	-	-
Capital Outlay	405,000	405,000	-
Total Expenditures	<u>996,242</u>	<u>996,242</u>	<u>91,324</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Plinkit Project Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	-	-	-
Other	-	-	-
Fees for Services and Material	21,175	21,175	20,900
Reimbursements	-	-	-
Investment Income	-	-	2
Other Revenue	-	-	-
Total Revenues	<u>21,175</u>	<u>21,175</u>	<u>20,902</u>
Expenditures			
General Library Services:			
Personnel	17,363	17,363	16,451
Contractual Services			
Contractual Agreements	8,000	8,000	8,000
Travel, Meetings, and Continuing Education for Staff and Board	-	-	-
Professional Services	-	-	89
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	-	-	52
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>25,363</u>	<u>25,363</u>	<u>24,592</u>
Net Change in Fund Balance	<u>\$ (4,188)</u>	<u>\$ (4,188)</u>	(3,690)
Fund Balance - Beginning of Year			<u>48,804</u>
Fund Balance - End of Year			<u>\$ 45,114</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 OCLC Grant Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	87,927	128,105	97,231
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	5
Other Revenue	-	-	-
Total Revenues	<u>87,927</u>	<u>128,105</u>	<u>97,236</u>
Expenditures			
General Library Services:			
Personnel	57,542	96,481	80,781
Contractual Services			
Contractual Agreements	6,415	11,464	13,250
Travel, Meetings, and Continuing Education for Staff and Board	500	500	-
Professional Services	21,660	16,160	1,385
Liability Insurance	-	-	-
Telephone and Telecommunications	300	300	-
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	440
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	1,510	3,200	1,375
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>87,927</u>	<u>128,105</u>	<u>97,231</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>5</u>
Fund Balance - Beginning of Year, as Previously Reported			6,784
Prior Period Adjustment			<u>(6,784)</u>
Fund Balance - Beginning of Year, as Restated			-
Fund Balance - End of Year			<u>\$ 5</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Info Eyes/SOS Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	-	-	-
Other	-	-	250
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	-
Other Revenue	1,000	1,000	-
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>250</u>
Expenditures			
General Library Services:			
Personnel	-	-	-
Contractual Services			
Contractual Agreements	300	300	-
Travel, Meetings, and Continuing Education for Staff and Board	-	-	-
Professional Services	-	-	-
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	700	700	338
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	-	-	-
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>338</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(88)
Fund Balance - Beginning of Year			<u>542</u>
Fund Balance - End of Year			<u>\$ 454</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Marc of Quality Grant Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	8,200	8,200	8,200
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>8,200</u>	<u>8,200</u>	<u>8,200</u>
Expenditures			
General Library Services:			
Personnel	-	-	-
Contractual Services			
Contractual Agreements	8,200	8,200	-
Travel, Meetings, and Continuing Education for Staff and Board	-	-	-
Professional Services	-	-	8,200
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	-	-	-
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>8,200</u>	<u>8,200</u>	<u>8,200</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Cataloging Services Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	-	-	-
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
General Library Services:			
Personnel	-	-	-
Contractual Services			
Contractual Agreements	-	-	-
Travel, Meetings, and Continuing Education for Staff and Board	-	-	-
Professional Services	-	-	-
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	-	-	-
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - Beginning of Year			<u>24,892</u>
Fund Balance - End of Year			<u>\$ 24,892</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 SWAYS Fund - Special Revenue Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	-	-	-
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	-	-	-
Other Revenue	1,000	1,000	570
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>570</u>
Expenditures			
General Library Services:			
Personnel	-	-	-
Contractual Services			
Contractual Agreements	-	-	-
Travel, Meetings, and Continuing Education for Staff and Board	-	-	-
Professional Services	-	-	-
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	1,000	1,000	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	-	-	-
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	570
Fund Balance - Beginning of Year			<u>595</u>
Fund Balance - End of Year			<u>\$ 1,165</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Capital Projects Fund - Capital Projects Fund
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
State Grants:			
Area and Per Capita	\$ -	\$ -	\$ -
Illinois State Library	-	-	-
Other	-	-	-
Fees for Services and Material	-	-	-
Reimbursements	-	-	-
Investment Income	500	500	179
Other Revenue	-	-	-
Total Revenues	<u>500</u>	<u>500</u>	<u>179</u>
Expenditures			
General Library Services:			
Personnel	-	-	-
Contractual Services			
Contractual Agreements	-	-	-
Travel, Meetings, and Continuing Education for Staff and Board	-	-	-
Professional Services	-	-	-
Liability Insurance	-	-	-
Telephone and Telecommunications	-	-	-
Conferences and Continuing Education Meetings	-	-	-
Supplies and Materials			
Buildings and Grounds	-	-	-
Vehicle Expenses	-	-	-
Equipment Rental, Repair, and Maintenance	-	-	-
Library Materials and Supplies	-	-	-
Supplies, Postage and Printing	-	-	-
Miscellaneous	-	-	-
Capital Outlay	251,500	251,500	80,053
Total Expenditures	<u>251,500</u>	<u>251,500</u>	<u>80,053</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(251,000)	(251,000)	(79,874)
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	796,106
Net Change in Fund Balance	<u>\$ (251,000)</u>	<u>\$ (251,000)</u>	716,232
Fund Balance - Beginning of Year			<u>810,383</u>
Fund Balance - End of Year			<u>\$ 1,526,615</u>