

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended  
June 30, 2014**

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

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**INDEPENDENT AUDITOR'S REPORT**



**Brian Zabel & ASSOCIATES P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors  
Library Insurance Management and  
Risk Control Combination  
Orland Park, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate fund information of the Library Insurance Management and Risk Control Combination, as of and for the year ended June 30, 2014, which collectively comprise the Library's basic financial statements as listed in the table of contents and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain 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 LIMRiCC'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 LIMRiCC'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 aspects, the respective financial position of the Library Insurance Management and Risk Control Combination, as of June 30, 2014, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

LIMRiCC adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended June 30, 2013. Statement No. 63 added new classifications on the statements of net position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of net position to the new classifications contained in GASB Statement No. 63. The adoption of these statements had no effect on any of LIMRiCC's net positions or fund balances as of and for the year ended June 30, 2014.

### **Other Matters**

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LIMRiCC's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brian Zabel & Assoc. P.C.*

BRIAN ZABEL & ASSOCIATES, P.C.

Certified Public Accountants

Morris, Illinois  
September 29, 2014

# Library Insurance Management and Risk Control Combination (LIMRiCC)

## Management Discussion and Analysis

June 30, 2014

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As management of LIMRiCC, we offer readers of the LIMRiCC statements this narrative overview and analysis of the financial activities of LIMRiCC for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to financial statements.

### FINANCIAL HIGHLIGHTS

- The LIMRiCC assets exceeded its liabilities by \$5,162,533. This amount is unrestricted and may be used to meet LIMRiCC's ongoing obligations.
- LIMRiCC's total net position increased by \$335,968.
- LIMRiCC continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### INDEPENDENT AUDITOR'S REPORT

The first item in this report is the independent auditor's report. This report tells the reader what the auditor audited and whether LIMRiCC has followed the accounting and financial reporting rules. For 2014, the auditor has given LIMRiCC what is commonly referred to as a "clean opinion". This means that LIMRiCC is following the accounting rules and the following financial statements reflect the financial position and the financial activity for the year ended June 30, 2014. The auditor's report is signed by the independent auditor. The auditor's report may be found on pages 1-3 of this financial report.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces LIMRiCC's basic financial statements. The basic financial statements include: (1) financial statements, and (2) notes to the basic financial statements. LIMRiCC also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

#### **Basic Financial Statements**

The financial statements are designed to provide readers with a broad overview of LIMRiCC's finances, in a manner similar to private-sector business.

## **Library Insurance Management and Risk Control Combination (LIMRiCC)**

### **Management Discussion and Analysis**

June 30, 2014

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The first of these statements is the Statement of Net Position. This is the statement of position presenting information that includes all of LIMRiCC's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of LIMRiCC as a whole is improving or deteriorating.

The second statement is the Statement of Revenues, Expenses, and Changes in Net Position which reports how LIMRiCC's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Revenues, Expenses, and Changes in Net Position is to show the financial reliance of LIMRiCC's activities or functions on revenues provided by LIMRiCC's members.

The third statement is the Statement of Cash Flows which reports how LIMRiCC's cash was generated and used during the fiscal year. Cash flow can be used as an indication of a company's financial strength.

The basic financial statements are presented on pages 4-6 of this report.

#### **Notes to the basic financial statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin on page 7 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning LIMRiCC's budget presentation. The Enterprise Fund's budgetary comparison statement is included as "required supplementary information". Required supplementary information is information that the accounting rules strongly suggest be presented within LIMRiCC's financial report. The independent auditor does not formally audit this information, but reviews it in great detail to insure its accuracy. This statement demonstrates compliance with LIMRiCC's adopted and final revised budget. The required supplementary information can be found on page 16-23 of this report.

#### **FINANCIAL ANALYSIS OF LIMRiCC AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of LIMRiCC, assets exceeded liabilities by \$5,162,533 at June 30, 2014.



**Library Insurance Management and Risk Control Combination (LIMRiCC)**  
**Management Discussion and Analysis**  
**June 30, 2014**

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All of LIMRiCC's net assets are current assets.

Library Management and Risk Control Combination  
Statement of Net Position

|  | <u>FY2014</u>       | <u>FY2013</u>       |
|--|---------------------|---------------------|
| Current and Other Assets                                       | \$ 5,165,518        | \$ 4,831,609        |
| Capital Assets   | -                   | -                   |
| Total Assets   | <u>\$ 5,165,518</u> | <u>\$ 4,831,609</u> |
| Current Liabilities  | \$ 2,985            | \$ 4,794            |
| Noncurrent Liabilities   | -                   | -                   |
| Total Liabilities  | <u>2,985</u>        | <u>4,794</u>        |
| Deferred Inflows of Resources                                  | -                   | 250                 |
| Total Liabilities and Deferred Inflows of Resources            | <u>2,985</u>        | <u>5,044</u>        |
| Net Position   |                     |                     |
| Unrestricted   | <u>5,162,533</u>    | <u>4,826,565</u>    |
| Total Net Position   | <u>5,162,533</u>    | <u>4,826,565</u>    |
| Total Liabilities, Deferred Inflows of Resources, Net Position | <u>\$ 5,165,518</u> | <u>\$ 4,831,609</u> |

**Library Insurance Management and Risk Control Combination (LIMRiCC)**  
Management Discussion and Analysis  
June 30, 2014

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**Business-Type Activities**

LIMRiCC's net position increased by \$335,968. The key elements of this increase are as follows:

Library Insurance Management and Risk Control Combination  
Statement of Revenues, Expenses, and Changes in Net Position

|                            | <u>FY2014</u>       | <u>FY2013</u>       |
|----------------------------|---------------------|---------------------|
| Revenues                   |                     |                     |
| Membership Dues            | \$ 388,456          | \$ 450,494          |
| Members Insurance Premiums | 6,293,685           | 5,635,498           |
| Interest                   | 13,157              | 14,292              |
| Miscellaneous Income       | 233,505             | 241,044             |
| Total Revenues             | <u>6,928,803</u>    | <u>6,341,328</u>    |
| Expenses                   |                     |                     |
| General Business           | <u>6,592,835</u>    | <u>5,973,381</u>    |
| Total Expenses             | <u>6,592,835</u>    | <u>5,973,381</u>    |
| Increase in Net Position   | 335,968             | 367,947             |
| Net Position - Beginning   | <u>4,826,565</u>    | <u>4,458,618</u>    |
| Net Position - Ending      | <u>\$ 5,162,533</u> | <u>\$ 4,826,565</u> |

LIMRiCC reported a positive balance in net position for its Business-Type activities. LIMRiCC uses these assets to provide services to its members.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of LIMRiCC's finances. Questions concerning any of the information provided should be addressed to the Board of Trustees, LIMRiCC P.O. Box 1016, Orland Park, IL 60462.

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

STATEMENT OF NET POSITION

June 30, 2014

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|   | <u>Business-Type<br/>Activities</u> |
|---|-------------------------------------|
| <b>ASSETS</b>   |                                     |
| Cash and Cash Equivalents   | \$ 3,498,425                        |
| Investments   | 1,544,679                           |
| Accounts Receivable   | 94,020                              |
| Prepaid Expenses  | <u>28,394</u>                       |
| <br>  |                                     |
| TOTAL ASSETS  | <u><u>\$ 5,165,518</u></u>          |
| <br>  |                                     |
| <b>LIABILITIES</b>  |                                     |
| Accounts Payable  | \$ 1,482                            |
| Accrued Vacation  | <u>1,503</u>                        |
| <br>  |                                     |
| TOTAL LIABILITIES   | <u>2,985</u>                        |
| <br>  |                                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                                     |
| Unavailable membership dues   | <u>-</u>                            |
| <br>  |                                     |
| TOTAL DEFERRED INFLOWS OF RESOURCES                                   | <u>-</u>                            |
| <br>  |                                     |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES                   | <u>2,985</u>                        |
| <br>  |                                     |
| <b>NET POSITION</b>   |                                     |
| Unrestricted  | <u>5,162,533</u>                    |
| <br>  |                                     |
| TOTAL NET POSITION  | <u>5,162,533</u>                    |
| <br>  |                                     |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES, AND NET POSITION | <u><u>\$ 5,165,518</u></u>          |

See accompanying notes to financial statements.

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION**

For the Year Ended June 30, 2014

|   | <u>Business -Type<br/>Activities</u> |
|---|--------------------------------------|
| OPERATING REVENUES  |                                      |
| Membership dues   | \$ 388,456                           |
| Members' insurance premiums   | 6,293,685                            |
| Miscellaneous income  | 233,505                              |
|   | <hr/>                                |
| Total Operating Revenues  | 6,915,646                            |
|   | <hr/>                                |
| OPERATING EXPENSES  |                                      |
| Insurance premiums  | 6,070,857                            |
| Claims  | 239,423                              |
| Salaries  | 106,838                              |
| Professional services   | 47,698                               |
| Contractual agreements with system's<br>member libraries and other cooperatives | 124,877                              |
| Dividends   | -                                    |
| Miscellaneous   | 3,142                                |
|   | <hr/>                                |
| Total Operating Expenses  | 6,592,835                            |
|   | <hr/>                                |
| OPERATING INCOME (LOSS)   | 322,811                              |
|   | <hr/>                                |
| NONOPERATING REVENUES   |                                      |
| Investment income   | 13,157                               |
|   | <hr/>                                |
| CHANGE IN NET POSITION  | 335,968                              |
|   | <hr/>                                |
| NET POSITION, JULY 1  | 4,826,565                            |
|   | <hr/>                                |
| NET POSITION, JUNE 30   | \$ 5,162,533                         |
|   | <hr/> <hr/>                          |

See accompanying notes to financial statements.

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2014

|  | Business-Type<br>Activities |
|--|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                             |
| Receipts from members and users  | \$ 6,986,075                |
| Payments to employees  | (106,838)                   |
| Payments to suppliers  | (6,253,758)                 |
| Payments made to members   | -                           |
| Claims paid  | (239,423)                   |
|  | 386,056                     |
| <br><b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>                                       |                             |
| None   | -                           |
| <br><b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                              |                             |
| None   | -                           |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                             |
| Investment in CD (reinvested interest)   | (10,152)                    |
| Investment income  | 13,157                      |
|  | (6,995)                     |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>                                      | 389,061                     |
| <b>CASH AND CASH EQUIVALENTS, JULY 1</b>   | 3,109,364                   |
| <b>CASH AND CASH EQUIVALENTS, JUNE 30</b>  | \$ 3,498,425                |
| <br><b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |                             |
| Operating income (loss)  | \$ 322,811                  |
| Adjustments to reconcile operating income (loss)<br>to net cash from operating activities            |                             |
| Changes in assets and liabilities  |                             |
| Accounts receivable  | 70,679                      |
| Prepaid expenses   | (5,375)                     |
| Accounts payable   | (1,809)                     |
| Deferred revenue   | (250)                       |
|  | 386,056                     |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | \$ 386,056                  |

See accompanying notes to financial statements.

# LIBRARY INSURANCE MANAGEMENT AND RISK CONTROL COMBINATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library Insurance Management and Risk Control Combination (LIMRiCC) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting policies of LIMRiCC conform to GAAP as applicable to governmental units. The more significant of LIMRiCC's accounting policies are described below.

#### a. Reporting Entity

LIMRiCC, formerly a component unit of Metropolitan Library System (MLS), formerly the Library Insurance Management and Risk Control Cooperative, is an intergovernmental entity and was established by contracting library systems, municipal libraries, and library districts on April 17, 1989. The purpose of LIMRiCC is to provide conventional insurance coverage and/or self-insurance for claims against or by its participants. LIMRiCC is governed by a Board of Directors (the Board). The Board of Directors of Metropolitan Library System acted as the Board of LIMRiCC through March 31, 2010. Effective April 1, 2010, a new separately elected board was put in place. Since that point LIMRiCC is no longer a component unit of MLS.

On April 17, 1989, the Board approved the first insurance program offered by LIMRiCC, titled System Libraries Insurance Cooperative (SLIC). SLIC provides for the group purchase of property, casualty, and liability insurance. Participation in SLIC is voluntary and is established by the execution of an intergovernmental agreement between the participants and LIMRiCC. Membership begins after the Board approves the participant's application and the participant accepts insurance coverage and continues until the participant elects to discontinue membership. Participants pay membership dues of \$100 each year. Participants pay premiums directly to the insurance agent and not to SLIC. As of June 30, 2010, this program is no longer available.

Effective May 31, 1993, LIMRiCC began to administer two additional programs - an unemployment compensation program and a joint self-insurance program. The assets, liabilities, and net position of these programs are accounted for separately by LIMRiCC.

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

The Unemployment Compensation Group Account (UCGA) was established as part of the Suburban Library System on October 16, 1978 on behalf of participating libraries and systems to administer a joint unemployment compensation pool. Participation by the libraries or systems is voluntary and is established by the execution of a contract between the library or system and UCGA. Under the agreement, the participating libraries and systems contribute an average of the rate of the entire pool's experience in each of the first three years. Thereafter, the participating libraries and systems contribute to UCGA based upon the percentage of actual claims paid as compared to taxable payroll, with the Contribution being not less than .2% or greater than 5% of taxable payroll. At June 30, 2014, there were 104 participating libraries and systems.

UCGA recognizes as an expense claims paid by the State of Illinois through June 30, 2014.

The Joint Self-Insurance Pool (JSIP) was organized under the laws of the State of Illinois on April 20, 1987. JSIP was established as an intergovernmental agency. The purpose of JSIP is to seek the reduction of losses by reason of liability claims and to reduce the cost of insuring against such claims for any public libraries and library systems in the State of Illinois whose applications have been accepted by JSIP. JSIP was governed by a Board of Directors prior to its transfer to LIMRiCC.

Participation in JSIP is voluntary and is established by the execution of an intergovernmental agreement (the Agreement) between the public library or library system and JSIP. Participants join JSIP for one-year terms. Their membership starts the first day of the month after the Board approves their application. Under the Agreement, liability for claims is limited to \$1,000,000 per occurrence.

As of June 30, 2013, this program is no longer available. The remaining fund balance will be distributed back to members as remaining cases close.



**LIBRARY INSURANCE MANAGEMENT  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

The Purchase of Health Insurance Program (PHIP) provides for the purchase of health insurance coverage for employees, spouses, and dependents of members of PHIP including, but not limited to, the following insurance coverages:

- Comprehensive Health Insurance
- Life Insurance Benefits
- Accidental Death and Dismemberment Benefit
- Dental Insurance
- Vision Insurance
- Prescription Drug Coverage

The Business Services Fund (BS) is the administration fund for LIMRiCC. This fund pays salaries and miscellaneous administrative items.

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary unit; or
- 2) Fiscal dependency on the primary government.

b. Fund Accounting

LIMRiCC uses a fund to report on its financial position and the changes in its financial position and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

**LIBRARY INSURANCE MANAGEMENT  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of revenues, expenses, and changes in net position) report information on all of the non-fiduciary activities of LIMRiCC. The effect of material interfund activity has been eliminated from these statements.

Major individual enterprise fund is reported as separate columns in the fund financial statements.

LIMRiCC reports the following programs of the enterprise fund:

BS is the administration fund for LIMRiCC. This fund pays salaries and miscellaneous administrative items.

JSIP accounts for the activities of participating libraries seeking to reduce losses attributed to liability claims and to reduce the cost of insuring against such claims.

UCGA accounts for the activities of participating libraries seeking to reduce unemployment compensation costs by paying to the pool instead of paying directly to the state at a higher rate.

PHIP accounts for the activities of participating libraries seeking to reduce the premium costs for life, health, dental, and vision insurance.

**LIBRARY INSURANCE MANAGEMENT  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

LIMRiCC reports unearned/unavailable revenue on its statement of net assets. Unearned/unavailable revenues arise when resources are received by LIMRiCC before it has a legal claim to them. In subsequent periods, when LIMRiCC has a legal claim to the resources, the liability for unearned/unavailable revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, LIMRiCC's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value.

f. Net Position

On the statement of net position, restricted net positions are legally restricted by outside parties for a specific purpose. None of the restricted net positions resulted from enabling legislation adopted by LIMRiCC.

**LIBRARY INSURANCE MANAGEMENT  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. LIMRiCC has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LIMRiCC has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

h. GASB Pronouncements

LIMRiCC has elected, under the provisions of GASB Statement No. 20, titled *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

2. DEPOSITS AND INVESTMENTS

Investments are separately held by several of LIMRiCC's funds.

Permitted Deposits and Investments – Statutes and LIMRiCC's investment policy authorize LIMRiCC to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

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2. DEPOSITS AND INVESTMENTS (Continued)

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

a. Deposits

To guard against credit risk for deposits with financial institutions, LIMRiCC's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount equal to the uninsured deposits with the collateral held by a third party acting as the agent of LIMRiCC.

b. Investments

At June 30, 2014, LIMRiCC had invested \$1,544,679, which is the fair value, in a CD at Wintrust Financial. These investments have an underlying maturity of 12 months.

GASB 40 – Operating Funds

In accordance with its investment policy, LIMRiCC limits its exposure to interest rate risk to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period.

3. CLAIMS PAYABLE – JOINT SELF-INSURANCE POOL

The liability for all self-insured general liability claims, including all known claims plus claims incurred but not reported, has been estimated to be zero at both June 30, 2014 and 2013. Additionally, there were \$29,000 of self-insured claims paid for the year ended June 30, 2014. There have been no changes made in the coverage or payments in excess of coverage for the last three years.

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3. CLAIMS PAYABLE – JOINT SELF-INSURANCE POOL (Continued)

|  | 2014     | 2013     |
|--|----------|----------|
| CLAIMS PAYABLE - BEGINNING OF YEAR         | \$ -     | \$ -     |
| Current year provisions for insured events | 29,000   | 65,000   |
| Payments of Claims                         |          |          |
| Events of the Current Year                 | (29,000) | (65,000) |
| Events of the Prior Year                   | -        | -        |
| CLAIMS PAYABLE - END OF YEAR               | \$ -     | \$ -     |

4. EMPLOYEE RETIREMENT SYSTEMS

Illinois Municipal Retirement Fund

LIMRiCC's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. LIMRiCC's 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. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

As set by statute, LIMRiCC employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. LIMRiCC's annual required contribution rate for calendar year 2013 was 10.53 percent. LIMRiCC 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.

For December 31, 2013, LIMRiCC's actual contributions for pension cost were \$8,296. Its required contribution for calendar year 2013 was \$0. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

4. EMPLOYEE RETIREMENT SYSTEMS (Continued)

value of the 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% corridor between the actuarial and market value of assets. LIMRiCC's plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

As of December 31, 2013, the most recent actuarial valuation date, the plan was 38.44% funded. The actuarial accrued liability for benefits was \$49,388 and the actuarial value of assets was \$18,983, resulting in an underfunded actuarial accrued liability (UAAL) of \$30,405. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$78,780 and the ratio of UAAL to the covered payroll was 39 percent.

| <u>Actuarial Valuation Date</u> | <u>Annual Pension Cost<br/>(APC)</u> | <u>Percentage of APC<br/>Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------------|--------------------------------------|--|-------------------------------|
| 2013                            | \$ -                                 | 0%                                       | \$ -                          |
| 2012                            | -                                    | 0%                                       | -                             |
| 2011                            | -                                    | 0%                                       | -                             |

The schedule of funding progress, presented as RSI following the notes to 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.

**REQUIRED SUPPLEMENTARY INFORMATION**



**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**

June 30, 2014

| Actuarial<br>Valuation<br>Date:<br>December 31 | (1)<br>Actuarial<br>Value of<br>Assets | (2)<br>Actuarial<br>Liability<br>(AAL)<br>Entry-Age | (3)<br>Funded<br>Ratio<br>(1) / (2) | (4)<br>Unfunded<br>(Overfunded)<br>AAL<br>(UAAL)<br>(OAAL)<br>(2) - (1) | (5)<br>Covered<br>Payroll | UAAL<br>(OAAL)<br>As a<br>Percentage<br>of Covered<br>Payroll<br>(4) / (5) |
|--|--|---|-------------------------------------|---|---------------------------|--|
| 2013   | \$ 18,983                              | \$ 49,388   | 38.44%                              | \$ 30,405   | \$ 78,780                 | 38.59%   |
| 2012   | 8,222                                  | 33,704  | 0.00%                               | 25,482  | 59,581                    | 0.00%  |
| 2011   | -                                      | -   | 0.00%                               | -   | -                         | 0.00%  |
| 2010   | -                                      | -   | 0.00%                               | -   | -                         | 0.00%  |

(See independent auditor's report.)

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2014

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| <u>Year Ended<br/>December 31</u> | <u>Employer<br/>Contribution</u> | <u>Annual<br/>Required<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|-----------------------------------|----------------------------------|---|-----------------------------------|
| 2013                              | \$ 8,296                         | \$ -  | 0%                                |
| 2012                              | 6,274                            | -   | 0%                                |
| 2011                              | -                                | -   | 0%                                |
| 2010                              | -                                | -   | 0%                                |

(See independent auditor's report.)

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**  
REQUIRED SUPPLEMENTARY INFORMATION  
CLAIMS DEVELOPMENT INFORMATION  
JOINT SELF-INSURANCE POOL

Last Ten Fiscal Years

|   | 2014      | 2013      | 2012      | 2011       | 2010       | 2009       | 2008       | 2007       | 2006       | 2005       |
|---|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Revenues                                | \$ 17,742 | \$ 72,106 | \$ 62,617 | \$ 103,575 | \$ 157,500 | \$ 160,333 | \$ 159,125 | \$ 160,000 | \$ 155,083 | \$ 172,500 |
| Unallocated expenses                    | 42,083    | 282,844   | 148,829   | 71,910     | 113,329    | 71,017     | 300,654    | 104,379    | 36,346     | 118,770    |
| Net incurred expenses                   | 29,000    | 65,000    | 7,500     | 74,800     | 30,350     | -          | -          | -          | -          | 46,500     |
| Paid claims                             |           |           |           |            |            |            |            |            |            |            |
| End of policy year                      | 29,000    | 65,000    | 7,500     | 74,800     | 30,350     | -          | -          | -          | -          | 46,500     |
| One year later                          | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Two years later                         | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Three years later                       | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Four years later                        | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Five years later                        | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Six years later                         | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Seven years later                       | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Eight years later                       | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Nine years later                        | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Reestimated incurred claims and expense |           |           |           |            |            |            |            |            |            |            |
| End of policy year                      | 29,000    | 65,000    | 7,500     | 74,800     | 30,350     | -          | -          | -          | -          | 46,500     |
| One year later                          | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Two years later                         | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Three years later                       | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Four years later                        | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Five years later                        | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Six years later                         | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Seven years later                       | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Eight years later                       | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |
| Nine years later                        | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          |

(See independent auditor's report.)

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

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LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

The Combination follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Executive Director prepares and submits to the Board a proposed operating budget for the fiscal year. The operating budget includes proposed expenses and the means of financing them. Annual budgets are adopted on a basis consistent with GAAP.
2. The proposed operating budget is adopted by the Board at a public meeting.
3. Any amendments to the budget must be adopted by the Board at a public meeting.
4. Budgeted amounts presented in the financial statements are those as originally presented by the Board. The original budget was approved on June 18, 2013.

**SUPPLEMENTARY INFORMATION**

**ENTERPRISE FUND**

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**  
COMBINING STATEMENT OF NET POSITION  
ENTERRISE FUND - BY PROGRAM

June 30, 2014

|   | Business<br>Services | Joint Self-<br>Insurance Pool | Unemployment<br>Compensation<br>Group Account | Purchase of<br>Health<br>Insurance<br>Program | Totals              |
|---|----------------------|-------------------------------|---|---|---------------------|
| <b>CURRENT ASSETS</b>   |                      |                               |   |   |                     |
| Cash and cash equivalents   | \$ 124,201           | \$ 1,377,560                  | \$ 976,317                                    | \$ 1,020,347                                  | \$ 3,498,425        |
| Investments   | -                    | 1,544,679                     | -   | -   | 1,544,679           |
| Accounts receivable   | -                    | -                             | -   | 94,020  | 94,020              |
| Prepaid expenses  | 6,526                | -                             | -   | 21,868  | 28,394              |
| <b>Total Assets</b>   | <b>\$ 130,727</b>    | <b>\$ 2,922,239</b>           | <b>\$ 976,317</b>                             | <b>\$ 1,136,235</b>                           | <b>\$ 5,165,518</b> |
| <b>CURRENT LIABILITIES</b>  |                      |                               |   |   |                     |
| Accounts payable  | \$ 40                | \$ 1,442                      | \$ -  | \$ -  | \$ 1,482            |
| Accrued vacation  | 1,503                | -                             | -   | -   | 1,503               |
| <b>Total current liabilities</b>  | <b>1,543</b>         | <b>1,442</b>                  | <b>-</b>                                      | <b>-</b>                                      | <b>2,985</b>        |
| <b>DEFERRED INFLOWS OF<br/>RESOURCES</b>                                      |                      |                               |   |   |                     |
| Unavailable membership dues   | -                    | -                             | -   | -   | -                   |
| <b>Total deferred inflows of resources</b>                                    | <b>-</b>             | <b>-</b>                      | <b>-</b>                                      | <b>-</b>                                      | <b>-</b>            |
| <b>Total liabilities and deferred inflows<br/>of resources</b>                | <b>1,543</b>         | <b>1,442</b>                  | <b>-</b>                                      | <b>-</b>                                      | <b>2,985</b>        |
| <b>NET POSITION</b>   |                      |                               |   |   |                     |
| Unrestricted  | 129,184              | 2,920,797                     | 976,317                                       | 1,136,235                                     | 5,162,533           |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Net Position</b> | <b>\$ 130,727</b>    | <b>\$ 2,922,239</b>           | <b>\$ 976,317</b>                             | <b>\$ 1,136,235</b>                           | <b>\$ 5,165,518</b> |

(See independent auditor's report.)

LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION

COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL  
ENTERPRISE FUND - BY PROGRAM

For the Year Ended June 30, 2014

|  | Business Services |                   |                          | Joint Self-Insurance Pool |                     |                          |
|--|-------------------|-------------------|--------------------------|---------------------------|---------------------|--------------------------|
|  | Budget            | Actual            | Variance<br>Over (Under) | Budget                    | Actual              | Variance<br>Over (Under) |
| <b>REVENUES</b>  |                   |                   |                          |                           |                     |                          |
| Membership dues  | \$ -              | \$ -              | \$ -                     | \$ -                      | \$ 6,200            | \$ 6,200                 |
| Members' insurance premiums  | -                 | -                 | -                        | -                         | -                   | -                        |
| Miscellaneous income   | 176,550           | 181,815           | 5,265                    | -                         | -                   | -                        |
| <b>Total Revenues</b>  | <b>176,550</b>    | <b>181,815</b>    | <b>5,265</b>             | <b>-</b>                  | <b>6,200</b>        | <b>6,200</b>             |
| <b>EXPENSES</b>  |                   |                   |                          |                           |                     |                          |
| Insurance premiums   | 11,132            | 7,787             | 3,345                    | -                         | -                   | -                        |
| Claims   | -                 | -                 | -                        | 50,000                    | 29,000              | 21,000                   |
| Salaries   | 112,987           | 106,838           | 6,149                    | -                         | -                   | -                        |
| Professional services  |                   |                   |                          |                           |                     |                          |
| Legal  | 5,000             | 4,098             | 902                      | 50,000                    | 30,083              | 19,917                   |
| Audit/accounting services  | 6,000             | 4,436             | 1,564                    | -                         | -                   | -                        |
| Consulting   | 5,000             | -                 | 5,000                    | -                         | -                   | -                        |
| Contractual agreements with<br>system's member libraries,<br>member libraries, and<br>other cooperatives | 6,358             | 6,662             | (304)                    | 12,000                    | 12,000              | -                        |
| Dividends  | -                 | -                 | -                        | -                         | -                   | -                        |
| Miscellaneous  |                   |                   |                          |                           |                     |                          |
| Office supplies  | 4,750             | 1,839             | 2,911                    | -                         | -                   | -                        |
| Travel and registration  | 3,000             | 1,303             | 1,697                    | -                         | -                   | -                        |
| Rent   | 8,160             | 5,982             | 2,178                    | -                         | -                   | -                        |
| Miscellaneous  | -                 | -                 | -                        | -                         | -                   | -                        |
| <b>Total Expenses</b>  | <b>162,387</b>    | <b>138,945</b>    | <b>23,442</b>            | <b>112,000</b>            | <b>71,083</b>       | <b>40,917</b>            |
| <b>OPERATING INCOME (LOSS)</b>   | <b>14,163</b>     | <b>42,870</b>     |                          | <b>(112,000)</b>          | <b>(64,883)</b>     |                          |
| <b>NONOPERATING REVENUES</b>   |                   |                   |                          |                           |                     |                          |
| Investment income  | -                 | -                 | -                        | 9,000                     | 11,542              | 2,542                    |
| <b>CHANGES IN NET POSITION</b>   | <b>\$ 14,163</b>  | <b>42,870</b>     | <b>\$ -</b>              | <b>\$ (103,000)</b>       | <b>(53,341)</b>     | <b>\$ 2,542</b>          |
| <b>NET POSITION, JULY 1</b>  |                   | <b>86,314</b>     |                          |                           | <b>2,974,138</b>    |                          |
| <b>NET POSITION, JUNE 30</b>   |                   | <b>\$ 129,184</b> |                          |                           | <b>\$ 2,920,797</b> |                          |

(See independent auditor's report.)



LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION

COMBINING SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL  
ENTERPRISE FUND - BY PROGRAM

For the Year Ended June 30, 2014

| Unemployment Compensation<br>Group Account |                   |                          | Purchase of Health Insurance Program |                     |                          | Total            |                     |                          |
|--|-------------------|--------------------------|--------------------------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|
| Budget                                     | Actual            | Variance<br>Over (Under) | Budget                               | Actual              | Variance<br>Over (Under) | Budget           | Actual              | Variance<br>Over (Under) |
| \$ 350,000                                 | \$ 382,256        | \$ 32,256                | \$ -                                 | \$ -                | \$ -                     | \$ 350,000       | \$ 388,456          | \$ 38,456                |
| -  | -                 | -                        | 5,923,694                            | 6,293,685           | 369,991                  | 5,923,694        | 6,293,685           | 369,991                  |
| -  | -                 | -                        | 48,050                               | 51,690              | 3,640                    | 224,600          | 233,505             | 8,905                    |
| <u>350,000</u>                             | <u>382,256</u>    | <u>32,256</u>            | <u>5,971,744</u>                     | <u>6,345,375</u>    | <u>373,631</u>           | <u>6,498,294</u> | <u>6,915,646</u>    | <u>417,352</u>           |
| -  | -                 | -                        | 5,755,560                            | 6,063,070           | (307,510)                | 5,766,692        | 6,070,857           | (304,165)                |
| 200,000                                    | 210,423           | (10,423)                 | -                                    | -                   | -                        | 250,000          | 239,423             | 10,577                   |
| -  | -                 | -                        | -                                    | -                   | -                        | 112,987          | 106,838             | 6,149                    |
| 500  | -                 | 500                      | 500                                  | -                   | 500                      | 56,000           | 34,181              | 21,819                   |
| -  | -                 | -                        | -                                    | -                   | -                        | 6,000            | 4,436               | 1,564                    |
| 3,500                                      | 3,099             | 401                      | -                                    | -                   | -                        | 8,500            | 3,099               | 5,401                    |
| 52,500                                     | 54,525            | (2,025)                  | 48,050                               | 51,690              | (3,640)                  | 118,908          | 124,877             | (5,969)                  |
| -  | -                 | -                        | -                                    | -                   | -                        | -                | -                   | -                        |
| -  | -                 | -                        | -                                    | -                   | -                        | 4,750            | 1,839               | 2,911                    |
| -  | -                 | -                        | -                                    | -                   | -                        | 3,000            | 1,303               | 1,697                    |
| -  | -                 | -                        | -                                    | -                   | -                        | 8,160            | 5,982               | 2,178                    |
| -  | -                 | -                        | 300                                  | -                   | 300                      | 300              | -                   | 300                      |
| <u>256,500</u>                             | <u>268,047</u>    | <u>(11,547)</u>          | <u>5,804,410</u>                     | <u>6,114,760</u>    | <u>(310,350)</u>         | <u>6,335,297</u> | <u>6,592,835</u>    | <u>(257,538)</u>         |
| 93,500                                     | 114,209           |                          | 167,334                              | 230,615             |                          | 162,997          | 322,811             |                          |
| -  | 508               | 508                      | -                                    | 1,107               | 1,107                    | 9,000            | 13,157              | 4,157                    |
| <u>\$ 93,500</u>                           | <u>114,717</u>    | <u>\$ 21,217</u>         | <u>167,334</u>                       | <u>231,722</u>      | <u>64,388</u>            | <u>171,997</u>   | <u>335,968</u>      | <u>4,157</u>             |
|  | <u>861,600</u>    |                          |                                      | <u>904,513</u>      |                          |                  | <u>4,826,565</u>    |                          |
|  | <u>\$ 976,317</u> |                          |                                      | <u>\$ 1,136,235</u> |                          |                  | <u>\$ 5,162,533</u> |                          |

(See independent auditor's report.)

**LIBRARY INSURANCE MANAGEMENT  
AND RISK CONTROL COMBINATION**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND - BY PROGRAM**

For the Year Ended June 30, 2014

|  | Business<br>Services | Joint Self-<br>Insurance<br>Pool | Unemployment<br>Compensation<br>Group Account | Purchase of<br>Health<br>Insurance<br>Program | Totals              |
|--|----------------------|----------------------------------|---|---|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                                  |   |   |                     |
| Receipts from members and users  | \$ 185,885           | \$ 8,283                         | \$ 382,256                                    | \$ 6,409,651                                  | \$ 6,986,075        |
| Payments to employees  | (106,838)            | -                                | -   | -   | (106,838)           |
| Payments to suppliers  | (37,589)             | (43,029)                         | (58,380)                                      | (6,114,760)                                   | (6,253,758)         |
| Payments made to members   | -                    | -                                | -   | -   | -                   |
| Claims paid  | -                    | (29,000)                         | (210,423)                                     | -   | (239,423)           |
| Net cash from operating activities   | <u>41,458</u>        | <u>(63,746)</u>                  | <u>113,453</u>                                | <u>294,891</u>                                | <u>386,056</u>      |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>   |                      |                                  |   |   |                     |
| None   | -                    | -                                | -   | -   | -                   |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>                                  |                      |                                  |   |   |                     |
| None   | -                    | -                                | -   | -   | -                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                                  |   |   |                     |
| Purchase of CD (reinvested interest)   | -                    | (10,152)                         | -   | -   | (10,152)            |
| Investment income  | -                    | 11,542                           | 508   | 1,107   | 13,157              |
| NET INCREASE (DECREASE) IN<br>CASH AND CASH EQUIVALENTS  | 41,458               | (62,356)                         | 113,961                                       | 295,998                                       | 389,061             |
| CASH AND CASH EQUIVALENTS, JULY 1  | <u>82,743</u>        | <u>1,439,916</u>                 | <u>862,356</u>                                | <u>724,349</u>                                | <u>3,109,364</u>    |
| CASH AND CASH EQUIVALENTS, JUNE 30   | <u>\$ 124,201</u>    | <u>\$ 1,377,560</u>              | <u>\$ 976,317</u>                             | <u>\$ 1,020,347</u>                           | <u>\$ 3,498,425</u> |
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH FLOWS FROM<br/>OPERATING ACTIVITIES</b> |                      |                                  |   |   |                     |
| Operating income (loss)  | \$ 42,870            | \$ (64,883)                      | \$ 114,209                                    | \$ 230,615                                    | \$ 322,811          |
| Adjustments to reconcile operating income<br>(loss) to net cash from operating activities            |                      |                                  |   |   |                     |
| Changes in assets and liabilities  |                      |                                  |   |   |                     |
| Accounts receivable  | 4,070                | 2,333                            | -   | 64,276  | 70,679              |
| Prepaid expenses   | (5,375)              | -                                | -   | -   | (5,375)             |
| Accounts payable   | (107)                | (946)                            | (756)   | -   | (1,809)             |
| Unearned revenues  | -                    | (250)                            | -   | -   | (250)               |
| NET CASH FROM OPERATING ACTIVITIES   | <u>\$ 41,458</u>     | <u>\$ (63,746)</u>               | <u>\$ 113,453</u>                             | <u>\$ 294,891</u>                             | <u>\$ 386,056</u>   |

See accompanying notes to financial statements.