

**NILES PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**



## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet and Statement of Net Assets	5
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund – Schedule of Revenues and Expenditures – Estimated Receipts and Appropriation Compared to Actual	16
ADDITIONAL INFORMATION	
Special Revenue Funds – Combining Financial Statements	
Combining Balance Sheet	17
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances	18
General Property Tax Data	19



INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Niles Public Library District  
Niles, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Niles Public Library District, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Niles Public Library District's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Niles Public Library District as of June 30, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 4 and the budgetary comparison information on page 16 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as additional information in the table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*McClure, Inserra & Co., Chtd.*

December 15, 2010

NILES PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2010. It is recommended that readers consider this information in conjunction with the financial statements as a whole.

**Overview of the Financial Statements**

Management's discussion and analysis serves as an introduction to the District's financial statements. The statements presented include a Governmental Funds Balance Sheet/Statement of Net Assets, a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities, and notes to the financial statements. The District qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column, on the face of the statements, which reconciles the fund based accounting policies to the government-wide statements.

**Financial Highlights**

The District's total net assets as of June 30, 2010 and 2009 were \$18,712,501 and \$16,797,553 respectively. For the years ended June 30, 2010 and 2009, net assets increased \$1,914,948 and \$2,231,143, respectively, as revenues exceeded expenses. The term "net assets" represents the difference between total assets and total liabilities. The increase in revenue is primarily the result of property tax growth and conservative spending.

**Financial Statements**

The financial statements of the District are intended to provide the reader with an understanding of the financial position of the District as of the close of the fiscal year and the results of activities for the year then ended. The fund financial statements focus on current financial resources while government-wide financial statements are similar to a private-sector business.

The Governmental Funds Balance Sheet/Statement of Net Assets provides information on the District's assets and liabilities. The difference between these two represents governmental fund balances for the current financial resources reporting and net assets for the government-wide reporting. Increases in fund balances and net assets occur when revenues exceed expenses. Information is presented for each major fund or group of funds and shows any restrictions on the fund or net assets.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities reflects the results of the District's revenues, expenditures and activities during the year and the corresponding effect on fund and net asset balances. This statement shows the source of District revenues and how those revenues were used to provide Library services.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of a comparison of appropriation to actual revenues and expenditures.

**Financial Analysis**

Net Assets may serve, over time, as a useful indicator of a government's financial position. The District's assets exceed liabilities by \$18,712,501 as of the close of the year. Of the Net Asset balance, \$933,731 is restricted for debt service, \$12,931,141 is unrestricted and \$4,847,629 is invested in capital assets net of debt.

**Condensed Statement of Net Assets**

	June 30,	
	2010	2009
Current and Other Assets	\$ 14,221,627	\$ 12,811,369
Capital Assets, net of accumulated depreciation	8,836,468	8,930,028
<b>Total Assets</b>	<b>23,058,095</b>	<b>21,741,397</b>
Current Liabilities	319,035	328,323
Non-Current Liabilities	4,026,559	4,615,521
<b>Total Liabilities</b>	<b>4,345,594</b>	<b>4,943,844</b>
Net Assets		
Invested in Capital Assets, net of related debt	4,847,629	4,359,190
Restricted for Debt Service	933,731	841,376
Unrestricted	12,931,141	11,596,987
<b>Total Net Assets</b>	<b>\$ 18,712,501</b>	<b>\$ 16,797,553</b>

As displayed above, 61% of the District's assets are current and consist primarily of cash and receivables. The remainder is capital (tangible) assets. 93% of the liabilities are non-current and represent debt of the District.

**Condensed Statement of Activities**

	For Years Ended June 30,	
	2010	2009
Revenues		
Property and Replacement Taxes	\$ 7,336,516	\$ 7,380,512
Interest Income	62,996	87,206
Grants	73,506	81,932
Fines, Fees and Other	95,163	99,971
<b>Total Revenues</b>	<b>7,568,181</b>	<b>7,649,621</b>
Expenses		
Personnel	2,961,159	2,821,636
Operating	635,378	556,701
Employee Fringe Benefits	453,335	402,233
Other	592,556	530,470
Depreciation and Loss on Disposal of Assets	768,345	791,924
Capital Projects	36,601	81,485
Interest and Other Fees	205,859	234,029
<b>Total Expenses</b>	<b>5,653,233</b>	<b>5,418,478</b>
<b>Increase in Net Assets</b>	<b>1,914,948</b>	<b>2,231,143</b>
Net Assets, Beginning of Year	16,797,553	14,566,410
<b>Net Assets, End of Year</b>	<b>\$ 18,712,501</b>	<b>\$ 16,797,553</b>

The following is a summary of changes in fund balances for the year ended June 30, 2010:

Governmental Funds	Fund Balance June 30, 2009	Increase (Decrease)	Fund Balance June 30, 2010
General	\$ 4,194,280	\$ 56,735	\$ 4,251,015
Special Reserve	2,830,651	1,506,744	4,337,395
Debt Service	856,570	90,288	946,858
Audit	41,809	8,890	50,699
Liability Insurance	176,539	48,744	225,283
Social Security	55,748	20,017	75,765
Workers' Compensation	58,737	18,795	77,532
Unemployment Compensation	28,049	16,115	44,164
Building Maintenance	319,975	101,475	421,450
	<u>\$ 8,562,358</u>	<u>\$ 1,867,803</u>	<u>\$ 10,430,161</u>

\$1,750,000 was transferred from the General Fund to the Special Reserve Fund.

### **Budgetary Highlights**

The District's General Fund expended \$4,630,641, which was \$5,380,559 less than the appropriation of \$10,011,200. The appropriation sets the maximum spending limit for the fiscal year.

### **Capital Assets and Debt Administration**

The following is a summary of capital assets, net of accumulated depreciation:

	June 30,	
	2010	2009
Land	\$ 943,374	\$ 943,374
Building and Addition	8,963,874	8,835,530
Furniture and Fixtures	910,729	918,281
Equipment	792,473	800,513
Vehicles	33,149	33,149
Library Collection	3,774,101	3,646,802
Cost of Capital Assets	15,417,700	15,177,649
Less Accumulated Depreciation	6,581,232	6,247,621
Net Capital Assets	<u>\$ 8,836,468</u>	<u>\$ 8,930,028</u>

The Library Collection includes adult and children's printed, tape and electronic materials, software and reference collection. Significant capital asset additions during the year were books and other library materials, computers, phone system, youth services renovation and shelving. General obligation debt of \$620,000 was retired during the year. Additional information regarding the District's capital assets can be found in NOTE 4 on page 12 and the District's debt in NOTE 5 on page 13.

### **Description of Current or Expected Conditions**

Currently, management is not aware of any changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Niles Public Library District, 6960 Oakton Street, Niles, Illinois 60714.

## BASIC FINANCIAL STATEMENTS

NILES PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET  
AND  
STATEMENT OF NET ASSETS

JUNE 30, 2010

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET ASSETS
<b>ASSETS</b>							
Cash and Investments	\$ 4,364,370	\$ 4,339,277	\$ 946,284	\$ 904,602	\$ 10,554,533	\$ -	\$ 10,554,533
Receivables							
Property Taxes, Net	2,835,327	-	398,029	296,767	3,530,123	-	3,530,123
State Replacement Taxes	16,598	-	-	-	16,598	-	16,598
Per Capita Grant	-	-	-	-	-	59,446	59,446
Prepaid Expenses	21,478	-	-	-	21,478	-	21,478
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	8,836,468	8,836,468
Other Assets	78	855	573	223	1,729	37,720	39,449
Total Assets	<u>\$ 7,237,851</u>	<u>\$ 4,340,132</u>	<u>\$ 1,344,886</u>	<u>\$ 1,201,592</u>	<u>\$ 14,124,461</u>	<u>8,933,634</u>	<u>23,058,095</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 116,391	\$ 2,737	\$ -	\$ 9,933	\$ 129,061	-	129,061
Compensated Absences	-	-	-	-	-	141,729	141,729
Accrued Liabilities	35,118	-	-	-	35,118	-	35,118
Accrued Interest Payable	-	-	-	-	-	13,127	13,127
Deferred Property Tax Revenue	2,835,327	-	398,028	296,766	3,530,121	(3,530,121)	-
Long-Term Liabilities							
Due within one year	-	-	-	-	-	612,666	612,666
Due after one year	-	-	-	-	-	3,413,893	3,413,893
Total Liabilities	<u>2,986,836</u>	<u>2,737</u>	<u>398,028</u>	<u>306,699</u>	<u>3,694,300</u>	<u>651,294</u>	<u>4,345,594</u>
<b>FUND BALANCES / NET ASSETS</b>							
Fund Balances							
Unreserved, Undesignated	4,251,015	-	-	-	4,251,015	(4,251,015)	-
Unreserved, Reported in Capital Projects Fund	-	4,337,395	-	-	4,337,395	(4,337,395)	-
Unreserved, Reported in Special Revenue Funds	-	-	-	894,893	894,893	(894,893)	-
Reserved for Debt Service	-	-	946,858	-	946,858	(946,858)	-
Total Fund Balances	<u>4,251,015</u>	<u>4,337,395</u>	<u>946,858</u>	<u>894,893</u>	<u>10,430,161</u>	<u>(10,430,161)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 7,237,851</u>	<u>\$ 4,340,132</u>	<u>\$ 1,344,886</u>	<u>\$ 1,201,592</u>	<u>\$ 14,124,461</u>		
<b>Net Assets</b>							
Invested in Capital Assets, net of related debt						4,847,629	4,847,629
Restricted for Debt Service						933,731	933,731
Unrestricted						12,931,141	12,931,141
Total Net Assets						<u>\$ 18,712,501</u>	<u>\$ 18,712,501</u>

The accompanying notes are an integral part of these financial statements.



NILES PUBLIC LIBRARY DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 6,186,604	\$ -	\$ 873,984	\$ 646,359	\$ 7,706,947	\$ (481,307)	\$ 7,225,640
State Replacement Taxes	110,876	-	-	-	110,876	-	110,876
Interest Income	30,673	20,536	6,229	5,558	62,996	-	62,996
State of Illinois-Grants	14,060	-	-	-	14,060	59,446	73,506
Fines, Fees and Other	95,163	-	-	-	95,163	-	95,163
Total Revenues	<u>6,437,376</u>	<u>20,536</u>	<u>880,213</u>	<u>651,917</u>	<u>7,990,042</u>	<u>(421,861)</u>	<u>7,568,181</u>
<b>EXPENDITURES / EXPENSES</b>							
Current							
Personnel	2,939,659	-	-	-	2,939,659	21,500	2,961,159
Library Materials	575,224	-	-	-	575,224	(419,224)	156,000
Operating	635,378	-	-	-	635,378	-	635,378
Employee Fringe Benefits	453,335	-	-	-	453,335	-	453,335
Audit Fees	-	-	-	12,600	12,600	-	12,600
Liability Insurance	-	-	-	30,714	30,714	-	30,714
Social Security	-	-	-	232,228	232,228	-	232,228
Workers' Compensation Insurance	-	-	-	15,156	15,156	-	15,156
Unemployment Compensation Insurance	-	-	-	9,724	9,724	-	9,724
Building and Site	-	-	-	137,459	137,459	(1,325)	136,134
Depreciation	-	-	-	-	-	766,945	766,945
Loss on Disposal of Assets	-	-	-	-	-	1,400	1,400
Capital Outlay	27,045	263,792	-	-	290,837	(254,236)	36,601
Debt Service							
Bond Principal	-	-	620,000	-	620,000	(620,000)	-
Bond Interest	-	-	169,925	-	169,925	28,971	198,896
Bond Issuance Costs	-	-	-	-	-	6,963	6,963
Total Expenditures / Expenses	<u>4,630,641</u>	<u>263,792</u>	<u>789,925</u>	<u>437,881</u>	<u>6,122,239</u>	<u>(469,006)</u>	<u>5,653,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,806,735	(243,256)	90,288	214,036	1,867,803	47,145	-
Other Financing Sources (Uses)							
Transfers In (Out)	<u>(1,750,000)</u>	<u>1,750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change In Fund Balance	56,735	1,506,744	90,288	214,036	1,867,803	(1,867,803)	-
Change in Net Assets	-	-	-	-	-	1,914,948	1,914,948
<b>FUND BALANCES / NET ASSETS</b>							
Beginning of Year	<u>4,194,280</u>	<u>2,830,651</u>	<u>856,570</u>	<u>680,857</u>	<u>8,562,358</u>	<u>8,235,195</u>	<u>16,797,553</u>
End of Year	<u>\$ 4,251,015</u>	<u>\$ 4,337,395</u>	<u>\$ 946,858</u>	<u>\$ 894,893</u>	<u>\$ 10,430,161</u>	<u>\$ 8,282,340</u>	<u>\$ 18,712,501</u>

The accompanying notes are an integral part of these financial statements.

NILES PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Niles Public Library District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District's reporting entity includes all entities for which the District exercised oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the District has not included in its financial statements the activities of any other entity.

B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them. The Governmental Funds Balance Sheet and Statement of Net Assets and Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are general, special reserve and debt service. Following is a description of major and non-major funds.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund Type - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the District are: Audit, Liability Insurance, Social Security, Workers' Compensation, Unemployment Compensation, and Building and Site.

Debt Service Fund Type - The Debt Service Fund is used to account for the servicing of the general long-term debt incurred by the 2003 general obligation bond issue.

Capital Projects Fund Type - The Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects. The Capital Projects Fund of the District is the Special Reserve Fund.

### C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements (the Statement of Net Assets and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. The property tax collection machinery in Cook County generally requires the payment of the second installment of the previous years' taxes by around October 1. The County Collector then makes prompt distributions of these taxes, so that the great bulk of the money often reaches the District during October and November, which is well beyond 60 days after year end. Since the second installment is not deemed "available" at year end, it is accounted for as deferred revenue. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, replacement taxes and investment income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and special reserve funds. All annual appropriations lapse at fiscal year end.

E. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit with one year or less maturity. Investments include amounts on deposit with The Illinois Funds, money market mutual funds, negotiable certificates of deposit and other governmental agency securities.

Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ICLS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks which are insured by the Federal Deposit Insurance Corporation.

Investments are carried at fair value with unrealized gains and losses being recorded in the statement of revenues, expenditures and changes in fund balances.

F. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Furniture and Fixtures	20 years
Equipment	5 years
Vehicles	5 years
Library Collection	7 years

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The minimum capitalization threshold is any item with a total cost greater than \$1,000, except for books and other library materials.

### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### G. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the government-wide statements.

#### H. Interfund Transactions

Interfund transfers are reported as operating transfers.

#### I. Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and defeased interest are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and defeased interest. Bond issuance costs are reported as other assets and amortized on a straight-line basis over the term of the related debt.

#### J. Estimates

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

## NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the District's deposits, excluding petty cash of \$200, was \$3,417,845 and the bank balance was \$3,259,737. Of the bank balance, \$1,509,802 was covered by federal depository insurance, \$1,748,704 was collateralized with securities held by the pledging institution's agent in the District's name, and \$1,231 was uncollateralized and uninsured.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

At year-end, the District's investment balances were as follows:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITY (IN MONTHS)</u>	<u>WEIGHTED AVERAGE RATE</u>	<u>COST</u>	<u>FAIR VALUE</u>
Negotiable Certificates	20	1.01%	\$ 1,600,000	\$ 1,598,018
The Illinois Funds	-	-	4,520,664	4,520,664
FHLB Bond	27	1.125%	500,000	502,500
Federal Farm Credit Bond	27	1.34%	500,000	500,780
Money Market Mutual Fund	-	-	<u>14,526</u>	<u>14,526</u>
			<u>\$ 7,135,190</u>	<u>\$ 7,136,488</u>

Negotiable Certificates. The District has investments in negotiable certificates of deposit at various banks. Each certificate is a marketable security that can be actively traded. The District has the ability and intent to hold each certificate to maturity. Each certificate is fully covered by federal depository insurance.

The Illinois Funds. A portion of the Library's investments are in the Illinois Funds, which is an investment pool under the oversight of the State of Illinois Treasurer's Office. The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills, and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The funds are readily available to the District on demand which thereby reduces any interest rate risk to a negligible level. The Illinois Funds is an "AAAm" rated fund.

NOTE 3 – PROPERTY TAX REVENUE RECOGNITION

The District's property tax was levied in November 2009 by passage of a Tax Levy Ordinance on all taxable real property located in the District. Property taxes, which are due within the current fiscal year and collected, are recorded as revenues.

The County Assessor is responsible for assessment of all taxable real property within Cook County (County) except for certain railroad property, which is assessed directly by the State. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the governmental units their respective share of the collections. Tax bills are to be issued on or about February 1 and November 1. Payment is due 30 days following the issuance date.

NOTE 3 – PROPERTY TAX REVENUE RECOGNITION (Continued)

The 2009 property taxes are attached as an enforceable lien on January 1, 2009. Tax payments are due on or about March 1 and December 1. Tax payments not received by the due date are deemed delinquent and the County may assess penalties and interest. Substantially all of the collected taxes are received by the District between March 2010 and January 2011.

The second installment of the 2009 property tax levy is recorded as receivable at June 30, 2010, net of estimated uncollectibles. The District has provided an allowance for uncollectible real property taxes of \$148,902, equivalent to 2% of the current year's levy. All uncollected taxes relating to prior years' levies have been written off. The second installment is not deemed available as of June 30, 2010 and is therefore reflected as deferred revenue at June 30, 2010 in the Funds Balance Sheet.

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in the fixed assets during the fiscal year:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Capital assets, being depreciated				
Building	1,428,635	128,344	-	1,556,979
Building Addition	7,406,895	-	-	7,406,895
Furniture and Fixtures	918,281	-	(7,552)	910,729
Equipment	800,513	127,217	(135,257)	792,473
Vehicles	33,149	-	-	33,149
Library Collection	3,646,802	419,224	(291,925)	3,774,101
Total capital assets being depreciated	<u>14,234,275</u>	<u>674,785</u>	<u>(434,734)</u>	<u>14,474,326</u>
Less accumulated depreciation for				
Building	(912,867)	(37,320)	-	(950,187)
Building Addition	(2,129,479)	(185,172)	-	(2,314,651)
Furniture and Fixtures	(483,461)	(48,835)	7,552	(524,744)
Equipment	(549,921)	(87,016)	133,857	(503,080)
Vehicles	(24,568)	(3,432)	-	(28,000)
Library Collection	(2,147,325)	(405,170)	291,925	(2,260,570)
Total accumulated depreciation	<u>(6,247,621)</u>	<u>(766,945)</u>	<u>433,334</u>	<u>(6,581,232)</u>
Total capital assets being depreciated, net	<u>7,986,654</u>	<u>(92,160)</u>	<u>(1,400)</u>	<u>7,893,094</u>
Capital assets, net	<u>\$ 8,930,028</u>	<u>\$ (92,160)</u>	<u>\$ (1,400)</u>	<u>\$ 8,836,468</u>

NOTE 5 – LONG-TERM DEBT

General Obligation Bonds. The District issued a general obligation bond to refund prior general obligation bonds.

Long-term debt consists of the following general obligation library bonds:

	<u>Balance July 1, 2009</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due In One Year</u>
\$5,160,000 thirteen-year refunding serial bonds dated February 27, 2003 with interest rates of 3.6%-4.0%	\$ 4,735,000	\$ (620,000)	\$ 4,115,000	\$ 640,000
Plus (Minus) Deferred Amounts:				
For Issuance Premiums	37,061	(10,710)	26,351	8,333
On Refunding	<u>(156,540)</u>	<u>41,748</u>	<u>(114,792)</u>	<u>(35,667)</u>
	<u>\$ 4,615,521</u>	<u>\$ (588,962)</u>	<u>\$ 4,026,559</u>	<u>\$ 612,666</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ended June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 640,000	\$ 144,725
2012	685,000	118,225
2013	700,000	91,925
2014	715,000	66,097
2015	755,000	38,525
2016	<u>620,000</u>	<u>12,090</u>
	<u>\$ 4,115,000</u>	<u>\$ 471,587</u>

NOTE 6 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees with one year of service, permits them to defer a portion of their salary until future years.

Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. An outside trustee holds all amounts of compensation in trust. The deferred compensation is not subject to the claims of the District's creditors.

Investments are managed by the plan's administrator under one of seven investment options, or combination thereof. The choice of the investment option(s) is made by the participants. For the year ended June 30, 2010, the District spent \$161,882 on the deferred compensation plan.



NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

NOTE 8 – JOINTLY GOVERNED ORGANIZATION

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality formed by library members of the North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement, or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2010 were \$88,612.

NOTE 9 – ADJUSTMENTS

Amounts reported in the statement of net assets are different from the governmental fund balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 8,836,468
Bond issuance costs of \$37,720 are capitalized and amortized in the statement of net assets and the Per Capita Grant Receivable of \$59,446 is recorded as a financial resource in the statement of net assets.	97,166
Accrued compensated absences are recognized in the statement of net assets as they accrue.	(141,729)
Interest payable is recorded in the statement of net assets when the liability is incurred.	(13,127)
The second installment of the tax levy is a financial resource in the statement of net assets.	3,530,121
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	<u>(4,026,559)</u>
	<u>\$ 8,282,340</u>

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as

#### NOTE 9 – ADJUSTMENTS (Continued)

depreciation expense. The amount by which depreciation exceeded capital outlays is \$92,160 (\$766,945 less \$674,785). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in a decrease in revenue of \$481,307. Recognizing the Per Capita Grant Receivable as revenue in the Statement of Activities results in an increase of revenue of \$59,446.

In addition, the bond principal payment of \$620,000 is eliminated from the statement of activities. The change in accrued compensated absences results in an increase of personnel expense of \$21,500 in the statement of activities. Also, other amortization of bond related costs of \$35,934 and loss on disposal of assets of \$1,400 are reflected in the statement of activities.

#### NOTE 10 – SUBSEQUENT EVENT

Over the past two years, the District was involved in litigation. On September 22, 2010 the Library agreed to pay an out-of-court settlement of \$50,000.

REQUIRED SUPPLEMENTARY INFORMATION

NILES PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
ESTIMATED RECEIPTS AND APPROPRIATION COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	APPROPRIATION- ORIGINAL AND FINAL	ACTUAL	VARIANCE
<b>REVENUES</b>			
Property Taxes	\$ 5,792,226	\$ 6,186,604	\$ 394,378
State Replacement Taxes	135,000	110,876	(24,124)
Interest Income	45,000	30,673	(14,327)
State of Illinois-Grants	16,325	14,060	(2,265)
Fines, Fees and Other	100,170	95,163	(5,007)
Total Revenues	<u>6,088,721</u>	<u>6,437,376</u>	<u>348,655</u>
<b>PERSONNEL</b>			
Administrator	202,400	98,800	103,600
Department Managers	326,200	55,118	271,082
Division Supervisors	1,118,200	587,048	531,152
Librarian I	2,071,000	1,110,143	960,857
Library Grade V	1,165,600	475,747	689,853
Library Grade VI	865,200	427,868	437,332
Library Pages	274,400	135,483	138,917
Sundays and Extra Service	105,600	49,452	56,148
Total Personnel	<u>6,128,600</u>	<u>2,939,659</u>	<u>3,188,941</u>
<b>LIBRARY MATERIALS</b>			
Main Library	1,160,000	575,224	584,776
Per Capita Grant	150,000	-	150,000
Total Library Materials	<u>1,310,000</u>	<u>575,224</u>	<u>734,776</u>
<b>OPERATING</b>			
Main Library			
Processing and Service	1,116,800	299,287	817,513
Administrative and General Office	-	193,514	(193,514)
Utilities	332,400	140,891	191,509
	<u>1,449,200</u>	<u>633,692</u>	<u>815,508</u>
Vehicles	3,800	1,686	2,114
Total Operating	<u>1,453,000</u>	<u>635,378</u>	<u>817,622</u>
<b>EMPLOYEE FRINGE BENEFITS</b>			
Deferred Compensation	356,000	161,882	194,118
Group Health Insurance	551,600	278,957	272,643
Dental and Other	36,000	12,496	23,504
Total Employee Fringe Benefits	<u>943,600</u>	<u>453,335</u>	<u>490,265</u>
<b>CAPITAL PROJECTS</b>			
Furniture and Equipment	76,000	27,045	48,955
<b>OTHER GRANTS</b>			
	100,000	-	100,000
Total Expenditures	<u>10,011,200</u>	<u>4,630,641</u>	<u>5,380,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,922,479)</u>	<u>\$ 1,806,735</u>	<u>\$ 5,729,214</u>

## ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>AUDIT</u>	<u>LIABILITY INSURANCE</u>	<u>SOCIAL SECURITY</u>	<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
<b>ASSETS</b>							
Cash and Investments	\$ 50,696	\$ 225,249	\$ 75,681	\$ 77,523	\$ 44,163	\$ 431,290	\$ 904,602
Property Taxes Receivable	10,026	36,093	115,298	15,039	12,031	108,280	296,767
Other Assets	2	35	84	9	-	93	223
Total Assets	<u>\$ 60,724</u>	<u>\$ 261,377</u>	<u>\$ 191,063</u>	<u>\$ 92,571</u>	<u>\$ 56,194</u>	<u>\$ 539,663</u>	<u>\$ 1,201,592</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,933	\$ 9,933
Deferred Property Tax Revenues	10,025	36,093	115,299	15,039	12,031	108,279	296,766
Total Liabilities	<u>10,025</u>	<u>36,093</u>	<u>115,299</u>	<u>15,039</u>	<u>12,031</u>	<u>118,212</u>	<u>306,699</u>
<b>FUND BALANCES</b>							
Unreserved, Undesignated	<u>50,699</u>	<u>225,284</u>	<u>75,764</u>	<u>77,532</u>	<u>44,163</u>	<u>421,451</u>	<u>894,893</u>
Total Liabilities and Fund Balances	<u>\$ 60,724</u>	<u>\$ 261,377</u>	<u>\$ 191,063</u>	<u>\$ 92,571</u>	<u>\$ 56,194</u>	<u>\$ 539,663</u>	<u>\$ 1,201,592</u>

NILES PUBLIC LIBRARY DISTRICT

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>AUDIT</u>	<u>LIABILITY INSURANCE</u>	<u>SOCIAL SECURITY</u>	<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
<b>REVENUES</b>							
Property Taxes	\$ 21,146	\$ 77,983	\$ 251,888	\$ 33,461	\$ 25,608	\$ 236,273	\$ 646,359
Interest Income	344	1,475	357	490	231	2,661	5,558
Total Revenues	<u>21,490</u>	<u>79,458</u>	<u>252,245</u>	<u>33,951</u>	<u>25,839</u>	<u>238,934</u>	<u>651,917</u>
<b>EXPENDITURES</b>							
Audit Fees	12,600	-	-	-	-	-	12,600
Liability Insurance	-	30,714	-	-	-	-	30,714
Social Security	-	-	232,228	-	-	-	232,228
Workers' Compensation Insurance	-	-	-	15,156	-	-	15,156
Unemployment Compensation Insurance	-	-	-	-	9,724	-	9,724
Building and Site	-	-	-	-	-	137,459	137,459
Total Expenditures	<u>12,600</u>	<u>30,714</u>	<u>232,228</u>	<u>15,156</u>	<u>9,724</u>	<u>137,459</u>	<u>437,881</u>
Excess of Revenues Over Expenditures	8,890	48,744	20,017	18,795	16,115	101,475	214,036
FUND BALANCES, Beginning of Year	<u>41,809</u>	<u>176,540</u>	<u>55,747</u>	<u>58,737</u>	<u>28,048</u>	<u>319,976</u>	<u>680,857</u>
FUND BALANCES, End of Year	<u>\$ 50,699</u>	<u>\$ 225,284</u>	<u>\$ 75,764</u>	<u>\$ 77,532</u>	<u>\$ 44,163</u>	<u>\$ 421,451</u>	<u>\$ 894,893</u>

NILES PUBLIC LIBRARY DISTRICT  
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS

Levy Year	<u>2009</u>	<u>2008</u>	<u>2007</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$2,109,093,474</u>	<u>\$2,176,310,367</u>	<u>\$2,058,186,819</u>
<b>TAX RATES</b>			
General	0.2828	0.2723	0.2742
Audit	0.0010	0.0009	0.0009
Liability Insurance	0.0036	0.0034	0.0034
Social Security	0.0115	0.0111	0.0112
Worker's Compensation	0.0015	0.0015	0.0014
Unemployment Insurance	0.0012	0.0011	0.0010
Building and Site	0.0108	0.0104	0.0105
Debt Service	<u>0.0397</u>	<u>0.0387</u>	<u>0.0409</u>
Total	<u>0.3521</u>	<u>0.3394</u>	<u>0.3435</u>
<b>TAX EXTENSIONS</b>			
General	5,981,812	\$5,936,570	\$5,651,762
Audit	21,145	19,621	18,551
Liability Insurance	76,121	74,125	70,080
Social Security	243,166	241,997	230,852
Worker's Compensation	31,717	32,702	28,857
Unemployment Insurance	25,374	23,982	20,612
Building and Site	228,364	226,736	216,424
Debt Service	<u>837,401</u>	<u>843,722</u>	<u>843,024</u>
Total	<u>\$7,445,100</u>	<u>\$7,399,455</u>	<u>\$7,080,162</u>
<b>COLLECTIONS TO JUNE 30, 2009</b>			
General	\$3,024,839	\$5,761,189	\$5,611,821
Audit	10,696	19,042	18,419
Liability Insurance	38,506	71,936	69,585
Social Security	123,004	234,849	229,221
Worker's Compensation	16,044	31,736	28,653
Unemployment Insurance	12,835	23,273	20,466
Building and Site	115,517	220,038	214,895
Debt Service	<u>424,633</u>	<u>818,795</u>	<u>837,066</u>
Total	<u>\$3,766,074</u>	<u>\$7,180,858</u>	<u>\$7,030,126</u>
<b>UNCOLLECTED TAXES</b>			
General	\$2,956,973	\$175,381	\$39,941
Audit	10,449	579	132
Liability Insurance	37,615	2,189	495
Social Security	120,162	7,148	1,631
Worker's Compensation	15,673	966	204
Unemployment Insurance	12,539	709	146
Building and Site	112,847	6,698	1,529
Debt Service	<u>412,768</u>	<u>24,927</u>	<u>5,958</u>
Total	<u>\$3,679,026</u>	<u>\$218,597</u>	<u>\$50,036</u>