

**NILES PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**



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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, 2009, 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, 2009, 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 16, 2009

NILES PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2009. 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, 2009 and 2008 were \$16,797,554 and \$14,566,411 respectively. For the years ended June 30, 2009 and 2008, net assets increased \$2,231,143 and \$2,208,512, 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 \$16,797,554 as of the close of the year. Of the Net Asset balance, \$841,376 is restricted for debt service, \$11,596,988 is unrestricted and \$4,359,190 is invested in capital assets net of debt.

### Condensed Statement of Net Assets

	June 30,	
	2009	2008
Current and Other Assets	\$ 12,811,370	\$ 11,000,912
Capital Assets, net of accumulated depreciation	8,930,028	9,049,065
Total Assets	21,741,398	20,049,977
Current Liabilities	328,323	307,512
Non-Current Liabilities	4,615,521	5,176,052
Total Liabilities	4,943,844	5,483,564
Net Assets		
Invested in Capital Assets, net of related debt	4,359,190	3,924,660
Restricted for Debt Service	841,376	803,073
Unrestricted	11,596,988	9,838,678
Total Net Assets	\$ 16,797,554	\$ 14,566,411

As displayed above, 58% 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,	
	2009	2008
Revenues		
Property and Replacement Taxes	\$ 7,380,512	\$ 7,048,133
Interest Income	87,206	215,149
Grants	81,932	74,485
Fines, Fees and Other	99,971	105,171
Total Revenues	7,649,621	7,442,938
Expenses		
Personnel	2,821,636	2,712,806
Operating	556,701	578,823
Employee Fringe Benefits	402,233	382,726
Other	530,472	523,933
Depreciation and Loss on Disposal of Assets	791,922	745,641
Capital Projects	81,485	29,696
Interest and Other Fees	234,029	260,801
Total Expenses	5,418,478	5,234,426
Increase in Net Assets	2,231,143	2,208,512
Net Assets, Beginning of Year	14,566,411	12,357,899
Net Assets, End of Year	\$ 16,797,554	\$ 14,566,411

The following is a summary of changes in fund balances for the year ended June 30, 2009:

Governmental Funds	Fund Balance June 30, 2008	Increase (Decrease)	Fund Balance June 30, 2009
General	\$ 2,630,226	\$ 1,564,054	\$ 4,194,280
Special Reserve	3,062,342	(231,692)	2,830,650
Debt Service	820,321	36,249	856,570
Audit	31,669	10,140	41,809
Liability Insurance	128,878	47,661	176,539
Social Security	49,430	6,318	55,748
Workers' Compensation	43,304	15,433	58,737
Unemployment Compensation	14,811	13,238	28,049
Building Maintenance	229,356	90,619	319,975
	<u>\$ 7,010,337</u>	<u>\$ 1,552,020</u>	<u>\$ 8,562,357</u>

The large increase in the General Fund was the result of property tax growth and conservative spending.

### **Budgetary Highlights**

The District's General Fund expended 4,382,244, which was \$5,058,156 less than the appropriation of \$9,440,400. 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,	
	2009	2008
Land	\$ 943,374	\$ 943,374
Building and Addition	8,835,530	8,825,182
Furniture and Fixtures	918,281	953,189
Equipment	800,513	764,067
Vehicles	33,149	33,149
Library Collection	3,646,802	3,504,486
Cost of Capital Assets	15,177,649	15,023,447
Less Accumulated Depreciation	6,247,621	5,974,382
Net Capital Assets	<u>\$ 8,930,028</u>	<u>\$ 9,049,065</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, digital scanner, youth services renovation and shelving. General obligation debt of \$595,000 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, 2009

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET ASSETS
<b>ASSETS</b>							
Cash and Investments	\$ 4,318,037	\$ 2,849,503	\$ 855,656	\$ 695,014	\$ 8,718,210	\$ -	\$ 8,718,210
Receivables							
Property Taxes, Net	3,218,363	-	457,402	335,664	4,011,429	-	4,011,429
State Replacement Taxes	21,388	-	-	-	21,388	-	21,388
Prepaid Expenses	6,758	-	-	-	6,758	-	6,758
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	8,930,028	8,930,028
Other Assets	6,104	1,367	914	517	8,902	44,683	53,585
Total Assets	<u>\$ 7,570,650</u>	<u>\$ 2,850,870</u>	<u>\$ 1,313,972</u>	<u>\$ 1,031,195</u>	<u>\$ 12,766,687</u>	<u>8,974,711</u>	<u>21,741,398</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 132,320	\$ 20,220	\$ -	\$ 14,674	\$ 167,214	-	167,214
Compensated Absences	-	-	-	-	-	120,228	120,228
Accrued Liabilities	25,687	-	-	-	25,687	-	25,687
Accrued Interest Payable	-	-	-	-	-	15,194	15,194
Deferred Property Tax Revenue	3,218,363	-	457,402	335,664	4,011,429	(4,011,429)	-
Long-Term Liabilities							
Due within one year	-	-	-	-	-	588,963	588,963
Due after one year	-	-	-	-	-	4,026,558	4,026,558
Total Liabilities	<u>3,376,370</u>	<u>20,220</u>	<u>457,402</u>	<u>350,338</u>	<u>4,204,330</u>	<u>739,514</u>	<u>4,943,844</u>
<b>FUND BALANCES / NET ASSETS</b>							
Fund Balances							
Unreserved, Undesignated	4,194,280	-	-	-	4,194,280	(4,194,280)	-
Unreserved, Reported in Capital Projects Fund	-	2,830,650	-	-	2,830,650	(2,830,650)	-
Unreserved, Reported in Special Revenue Funds	-	-	-	680,857	680,857	(680,857)	-
Reserved for Debt Service	-	-	856,570	-	856,570	(856,570)	-
Total Fund Balances	<u>4,194,280</u>	<u>2,830,650</u>	<u>856,570</u>	<u>680,857</u>	<u>8,562,357</u>	<u>(8,562,357)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 7,570,650</u>	<u>\$ 2,850,870</u>	<u>\$ 1,313,972</u>	<u>\$ 1,031,195</u>	<u>\$ 12,766,687</u>		
Net Assets							
Invested in Capital Assets, net of related debt						4,359,190	4,359,190
Restricted for Debt Service						841,376	841,376
Unrestricted						11,596,988	11,596,988
Total Net Assets						<u>\$ 16,797,554</u>	<u>\$ 16,797,554</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, 2009

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 5,593,686	\$ -	\$ 816,064	\$ 581,241	\$ 6,990,991	\$ 252,467	\$ 7,243,458
State Replacement Taxes	137,054	-	-	-	137,054	-	137,054
Interest Income	33,655	37,260	9,835	6,456	87,206	-	87,206
State of Illinois-Grants	81,932	-	-	-	81,932	-	81,932
Fines, Fees and Other	99,971	-	-	-	99,971	-	99,971
Total Revenues	<u>5,946,298</u>	<u>37,260</u>	<u>825,899</u>	<u>587,697</u>	<u>7,397,154</u>	<u>252,467</u>	<u>7,649,621</u>
<b>EXPENDITURES / EXPENSES</b>							
<b>Current</b>							
Personnel	2,811,708	-	-	-	2,811,708	9,928	2,821,636
Library Materials	562,885	-	-	-	562,885	(436,701)	126,184
Operating	556,701	-	-	-	556,701	-	556,701
Employee Fringe Benefits	402,233	-	-	-	402,233	-	402,233
Audit Fees	-	-	-	8,700	8,700	-	8,700
Liability Insurance	-	-	-	23,560	23,560	-	23,560
Social Security	-	-	-	222,444	222,444	-	222,444
Workers' Compensation Insurance	-	-	-	14,702	14,702	-	14,702
Unemployment Compensation Insurance	-	-	-	8,409	8,409	-	8,409
Building and Site	-	-	-	126,473	126,473	-	126,473
Depreciation	-	-	-	-	-	753,113	753,113
Loss on Disposal of Assets	-	-	-	-	-	38,809	38,809
Capital Outlay	48,717	268,952	-	-	317,669	(236,184)	81,485
<b>Debt Service</b>							
Bond Principal	-	-	595,000	-	595,000	(595,000)	-
Bond Interest	-	-	194,650	-	194,650	32,415	227,065
Bond Issuance Costs	-	-	-	-	-	6,964	6,964
Total Expenditures / Expenses	<u>4,382,244</u>	<u>268,952</u>	<u>789,650</u>	<u>404,288</u>	<u>5,845,134</u>	<u>(426,656)</u>	<u>5,418,478</u>
Change In Fund Balance	1,564,054	(231,692)	36,249	183,409	1,552,020	(1,552,020)	-
Change in Net Assets	-	-	-	-	-	2,231,143	2,231,143
<b>FUND BALANCES / NET ASSETS</b>							
Beginning of Year	<u>2,630,226</u>	<u>3,062,342</u>	<u>820,321</u>	<u>497,448</u>	<u>7,010,337</u>	<u>7,556,074</u>	<u>14,566,411</u>
End of Year	<u>\$ 4,194,280</u>	<u>\$ 2,830,650</u>	<u>\$ 856,570</u>	<u>\$ 680,857</u>	<u>\$ 8,562,357</u>	<u>\$ 8,235,197</u>	<u>\$ 16,797,554</u>

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

NILES PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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 1996 and 2003 general obligation bond issues.

Capital Projects Fund Type - The Capital Projects Funds are 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 a certificate of deposit with a one year maturity. Investments include amounts on deposit with The Illinois Funds, money market mutual funds and negotiable certificates of deposit.

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 \$3,195,429 and the bank balance was \$3,204,240. Of the bank balance, \$496,377 was covered by federal depository insurance. The remaining balance of \$2,707,863 was collateralized with securities held by the pledging institution's agent in the District's name.

Concentration of Credit Risk – At June 30, 2009, the District has an investment in a Certificate of Deposit at Charter One Bank for \$2,907,802 which represents more than five percent of net assets. The District's investment policy allows an investment category to equal up to forty percent of the District's portfolio.

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	10.85	1.31%	\$1,593,000	\$1,593,000
The Illinois Funds	-	-	3,924,638	3,924,638
Money Market Mutual Fund	-	-	<u>4,943</u>	<u>4,943</u>
			<u>\$ 5,522,581</u>	<u>\$5,522,581</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. The District has investments in a U.S. Government agency security and a money market mutual fund. Additionally, 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 2008 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 2008 property taxes are attached as an enforceable lien on January 1, 2008. 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 2009 and January 2010.

The second installment of the 2008 property tax levy is recorded as receivable at June 30, 2009, net of estimated uncollectibles. The District has provided an allowance for uncollectible real property taxes of \$147,989, 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, 2009 and is therefore reflected as deferred revenue at June 30, 2009 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, 2008	Additions	Retirements	Balance June 30, 2009
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Capital assets, being depreciated				
Building	1,418,287	10,348	-	1,428,635
Building Addition	7,406,895	-	-	7,406,895
Furniture and Fixtures	953,189	43,696	(78,604)	918,281
Equipment	764,067	182,140	(145,694)	800,513
Vehicles	33,149	-	-	33,149
Library Collection	3,504,486	436,701	(294,385)	3,646,802
Total capital assets being depreciated	14,080,073	672,885	(518,683)	14,234,275
Less accumulated depreciation for				
Building	(877,281)	(35,586)	-	(912,867)
Building Addition	(1,944,306)	(185,173)	-	(2,129,479)
Furniture and Fixtures	(490,897)	(46,736)	54,172	(483,461)
Equipment	(589,880)	(91,358)	131,317	(549,921)
Vehicles	(21,136)	(3,432)	-	(24,568)
Library Collection	(2,050,882)	(390,828)	294,385	(2,147,325)
Total accumulated depreciation	(5,974,382)	(753,113)	479,874	(6,247,621)
Total capital assets being depreciated, net	8,105,691	(80,228)	(38,809)	7,986,654
Capital assets, net	\$ 9,049,065	\$ (80,228)	\$ (38,809)	\$ 8,930,028

NOTE 5 – LONG-TERM DEBT

General Obligation Bonds. The District has issued general obligation bonds to provide funds for the acquisition and construction of its central facility. In addition, general obligation bonds have been issued to refund other general obligation bonds.

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

	<u>Balance July 1, 2008</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due In One Year</u>
\$3,875,000 twelve-year serial bonds dated December 1, 1996 with interest rates of 4.6% - 5.6%	\$ 425,000	\$ (425,000)	\$ -	\$ -
\$5,160,000 thirteen-year refunding serial bonds dated February 27, 2003 with interest rates of 2.5%-4.0%	4,905,000	(170,000)	4,735,000	620,000
Plus (Minus) Deferred Amounts:				
For Issuance Premiums	48,545	(11,484)	37,061	10,710
On Refunding	<u>(202,493)</u>	<u>45,953</u>	<u>(156,540)</u>	<u>(41,747)</u>
	<u>\$ 5,176,052</u>	<u>\$ (560,531)</u>	<u>\$ 4,615,521</u>	<u>\$ 588,963</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>
2010	\$ 620,000	\$ 169,925
2011	640,000	144,725
2012	685,000	118,225
2013	700,000	91,925
2014	715,000	66,097
2015-2016	<u>1,375,000</u>	<u>50,615</u>
	<u>\$ 4,735,000</u>	<u>\$ 641,512</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, 2009, the District spent \$149,252 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, 2009 were \$65,299.

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.	\$ 8,930,028
Bond issuance costs are capitalized and amortized in the statement of net assets.	44,683
Accrued compensated absences are recognized in the statement of net assets as they accrue.	(120,228)
Interest payable is recorded in the statement of net assets when the liability is incurred.	(15,194)
The second installment of the tax levy is a financial resource in the statement of net assets.	4,011,429
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>(4,615,521)</u>
	<u>\$ 8,235,197</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 depreciation expense. The amount by which depreciation exceeded capital outlays is \$80,228 (\$753,113 less \$672,885). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in an increase in revenue of \$252,467.

NOTE 9 – ADJUSTMENTS (Continued)

In addition, the bond principal payment of \$595,000 is eliminated from the statement of activities. The change in accrued compensated absences results in an increase of personnel expense of \$9,928 in the statement of activities. Also, other amortization of bond related costs of \$39,379 and loss on disposal of assets of \$38,809 are reflected in the statement of activities.

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, 2009

	APPROPRIATION- ORIGINAL AND FINAL	ACTUAL	VARIANCE
<b>REVENUES</b>			
Property Taxes	\$ 5,694,154	\$ 5,593,686	\$ (100,468)
State Replacement Taxes	151,100	137,054	(14,046)
Interest Income	112,630	33,655	(78,975)
State of Illinois-Grants	71,800	81,932	10,132
Fines, Fees and Other	103,605	99,971	(3,634)
<b>Total Revenues</b>	<b>6,133,289</b>	<b>5,946,298</b>	<b>(186,991)</b>
<b>PERSONNEL</b>			
Administrator	190,000	101,839	88,161
Department Managers	317,800	73,819	243,981
Division Supervisors	977,800	537,852	439,948
Librarian I	2,089,400	1,008,153	1,081,247
Library Grade V	1,020,200	499,916	520,284
Library Grade VI	858,400	416,869	441,531
Library Pages	248,600	125,251	123,349
Sundays and Extra Service	105,600	48,009	57,591
<b>Total Personnel</b>	<b>5,807,800</b>	<b>2,811,708</b>	<b>2,996,092</b>
<b>LIBRARY MATERIALS</b>			
Main Library	1,122,300	562,885	559,415
Per Capita Grant	139,600	-	139,600
<b>Total Library Materials</b>	<b>1,261,900</b>	<b>562,885</b>	<b>699,015</b>
<b>OPERATING</b>			
Main Library			
Processing and Service	666,300	276,076	390,224
Administrative and General Office	379,400	146,919	232,481
Utilities	331,400	132,875	198,525
	1,377,100	555,870	821,230
Vehicles	3,800	831	2,969
<b>Total Operating</b>	<b>1,380,900</b>	<b>556,701</b>	<b>824,199</b>
<b>EMPLOYEE FRINGE BENEFITS</b>			
Deferred Compensation	294,100	149,252	144,848
Group Health Insurance	465,200	235,743	229,457
Dental and Other	31,000	17,238	13,762
<b>Total Employee Fringe Benefits</b>	<b>790,300</b>	<b>402,233</b>	<b>388,067</b>
<b>CAPITAL PROJECTS</b>			
Furniture and Equipment	99,500	48,717	50,783
<b>OTHER GRANTS</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
<b>DEBT SERVICE</b>			
	-	-	-
<b>Total Expenditures</b>	<b>9,440,400</b>	<b>4,382,244</b>	<b>5,058,156</b>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ (3,307,111)	\$ 1,564,054	\$ 4,871,165

## ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2009

	<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	\$ 41,807	\$ 176,505	\$ 55,369	\$ 58,728	\$ 28,048	\$ 334,557	\$ 695,014
Property Taxes Receivable	10,637	40,185	131,193	17,729	13,001	122,919	335,664
Other Assets	2	35	378	9	-	93	517
Total Assets	<u>\$ 52,446</u>	<u>\$ 216,725</u>	<u>\$ 186,940</u>	<u>\$ 76,466</u>	<u>\$ 41,049</u>	<u>\$ 457,569</u>	<u>\$ 1,031,195</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,674	\$ 14,674
Deferred Property Tax Revenues	10,637	40,186	131,192	17,729	13,000	122,920	335,664
Total Liabilities	<u>10,637</u>	<u>40,186</u>	<u>131,192</u>	<u>17,729</u>	<u>13,000</u>	<u>137,594</u>	<u>350,338</u>
<b>FUND BALANCES</b>							
Unreserved, Undesignated	<u>41,809</u>	<u>176,539</u>	<u>55,748</u>	<u>58,737</u>	<u>28,049</u>	<u>319,975</u>	<u>680,857</u>
Total Liabilities and Fund Balances	<u>\$ 52,446</u>	<u>\$ 216,725</u>	<u>\$ 186,940</u>	<u>\$ 76,466</u>	<u>\$ 41,049</u>	<u>\$ 457,569</u>	<u>\$ 1,031,195</u>

NILES PUBLIC LIBRARY DISTRICT

SPECIAL REVENUE FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2009

	<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	\$ 18,420	\$ 69,585	\$ 228,267	\$ 29,607	\$ 21,421	\$ 213,941	\$ 581,241
Interest Income	420	1,636	495	528	226	3,151	6,456
Total Revenues	<u>18,840</u>	<u>71,221</u>	<u>228,762</u>	<u>30,135</u>	<u>21,647</u>	<u>217,092</u>	<u>587,697</u>
<b>EXPENDITURES</b>							
Audit Fees	8,700	-	-	-	-	-	8,700
Liability Insurance	-	23,560	-	-	-	-	23,560
Social Security	-	-	222,444	-	-	-	222,444
Workers' Compensation Insurance	-	-	-	14,702	-	-	14,702
Unemployment Compensation Insurance	-	-	-	-	8,409	-	8,409
Building and Site	-	-	-	-	-	126,473	126,473
Total Expenditures	<u>8,700</u>	<u>23,560</u>	<u>222,444</u>	<u>14,702</u>	<u>8,409</u>	<u>126,473</u>	<u>404,288</u>
Excess of Revenues Over Expenditures	10,140	47,661	6,318	15,433	13,238	90,619	183,409
FUND BALANCES, Beginning of Year	<u>31,669</u>	<u>128,878</u>	<u>49,430</u>	<u>43,304</u>	<u>14,811</u>	<u>229,356</u>	<u>497,448</u>
FUND BALANCES, End of Year	<u>\$ 41,809</u>	<u>\$ 176,539</u>	<u>\$ 55,748</u>	<u>\$ 58,737</u>	<u>\$ 28,049</u>	<u>\$ 319,975</u>	<u>\$ 680,857</u>

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

Levy Year	<u>2008</u>	<u>2007</u>	<u>2006</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$2,176,310,367</u>	<u>\$2,058,186,819</u>	<u>\$1,750,775,070</u>
<b>TAX RATES</b>			
General	0.2723	0.2742	0.3048
Audit	0.0009	0.0009	0.0010
Liability Insurance	0.0034	0.0034	0.0038
Social Security	0.0111	0.0112	0.0125
Worker's Compensation	0.0015	0.0014	0.0016
Unemployment Insurance	0.0011	0.0010	0.0012
Building and Site	0.0104	0.0105	0.0117
Debt Service	<u>0.0387</u>	<u>0.0409</u>	<u>0.0465</u>
Total	<u>0.3394</u>	<u>0.3435</u>	<u>0.3831</u>
<b>TAX EXTENSIONS</b>			
General	\$5,936,570	\$5,651,762	\$5,348,899
Audit	19,621	18,551	17,549
Liability Insurance	74,125	70,080	66,686
Social Security	241,997	230,852	219,361
Worker's Compensation	32,702	28,857	28,078
Unemployment Insurance	23,982	20,612	21,058
Building and Site	226,736	216,424	205,322
Debt Service	<u>843,722</u>	<u>843,024</u>	<u>816,023</u>
Total	<u>\$7,399,455</u>	<u>\$7,080,162</u>	<u>\$6,722,976</u>
<b>COLLECTIONS TO JUNE 30, 2009</b>			
General	\$2,599,476	\$5,611,821	\$5,233,903
Audit	8,592	18,419	17,172
Liability Insurance	32,458	69,585	65,252
Social Security	105,965	229,221	214,645
Worker's Compensation	14,319	28,653	27,475
Unemployment Insurance	10,501	20,466	20,606
Building and Site	99,282	214,895	200,908
Debt Service	<u>369,444</u>	<u>837,066</u>	<u>798,479</u>
Total	<u>\$3,240,037</u>	<u>\$7,030,126</u>	<u>\$6,578,440</u>
<b>UNCOLLECTED TAXES</b>			
General	\$3,337,094	\$39,941	\$114,996
Audit	11,029	132	377
Liability Insurance	41,667	495	1,434
Social Security	136,032	1,631	4,716
Worker's Compensation	18,383	204	603
Unemployment Insurance	13,481	146	452
Building and Site	127,454	1,529	4,414
Debt Service	<u>474,278</u>	<u>5,958</u>	<u>17,544</u>
Total	<u>\$4,159,418</u>	<u>\$50,036</u>	<u>\$144,536</u>