

NILES PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011



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	
Other 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, 2011, 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 basic 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 2 through 4 and 16 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 the District's financial statements as a whole. 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 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.

McClure, Inserra & Co., Chtd.

November 16, 2011

NILES PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Management of the Niles Public Library District (District) provides this narrative overview and analysis for the fiscal year ended June 30, 2011. 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, 2011 and 2010 were \$20,533,560 and \$18,712,504 respectively. For the years ended June 30, 2011 and 2010, net assets increased \$1,821,056 and \$1,914,948, 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 \$20,533,560 as of the close of the year. Of the Net Asset balance, \$2,720,415 is restricted, \$12,652,207 is unrestricted and \$5,160,938 is invested in capital assets net of debt.

Condensed Statement of Net Assets

	June 30,	
	2011	2010
Current and Other Assets	\$ 15,829,452	\$ 14,221,630
Capital Assets, net of accumulated depreciation	8,544,075	8,836,468
Total Assets	24,373,527	23,058,098
Current Liabilities	426,073	319,035
Non-Current Liabilities	3,413,894	4,026,559
Total Liabilities	3,839,967	4,345,594
Net Assets		
Invested in Capital Assets, net of related debt	5,160,938	4,847,629
Restricted	2,720,415	2,523,418
Unrestricted	12,652,207	11,341,457
Total Net Assets	\$ 20,533,560	\$ 18,712,504

As displayed above, 65% of the District's assets are current and consist primarily of cash and receivables. The remainder is capital assets. 89% of the liabilities are non-current and represent debt of the District.

Condensed Statement of Activities

	For Years Ended June 30,	
	2011	2010
Revenues		
Property and Replacement Taxes	\$ 7,413,687	\$ 7,336,516
Interest Income	55,383	62,996
Grants	63,842	73,506
Fines, Fees and Other	96,067	95,163
Total Revenues	7,628,979	7,568,181
Expenses		
Personnel	3,018,850	2,961,159
Operating	689,740	635,378
Employee Fringe Benefits	501,216	453,335
Other	597,042	592,556
Depreciation and Loss on Disposal of Assets	790,717	768,345
Capital Outlay	33,468	36,601
Interest and Other Fees	176,890	205,859
Total Expenses	5,807,923	5,653,233
Increase in Net Assets	1,821,056	1,914,948
Net Assets, Beginning of Year	18,712,504	16,797,556
Net Assets, End of Year	\$ 20,533,560	\$ 18,712,504

The following is a summary of changes in fund balances for the year ended June 30, 2011:

Governmental Funds	Fund Balance June 30, 2010	Increase (Decrease)	Fund Balance June 30, 2011
General	\$ 4,251,015	\$ 1,347,900	\$ 5,598,915
Special Reserve	4,337,395	(42,788)	4,294,607
Debt Service	946,858	28,752	975,610
Audit	50,698	2,468	53,166
Liability Insurance	225,284	31,409	256,693
Social Security	75,765	15,826	91,591
Workers' Compensation	77,532	8,368	85,900
Unemployment Compensation	44,163	6,217	50,380
Building Maintenance	421,451	106,277	527,728
	<u>\$ 10,430,161</u>	<u>\$ 1,504,429</u>	<u>\$ 11,934,590</u>

Budgetary Highlights

The District's General Fund expended \$4,839,545, which was \$3,757,455 less than the appropriation of \$8,597,000. 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,	
	2011	2010
Land	\$ 943,374	\$ 943,374
Building and Addition	8,963,874	8,963,874
Furniture and Fixtures	925,258	910,729
Equipment	806,679	792,473
Vehicles	33,149	33,149
Library Collection	3,751,671	3,774,101
Cost of Capital Assets	15,424,005	15,417,700
Less Accumulated Depreciation	6,879,930	6,581,232
Net Capital Assets	<u>\$ 8,544,075</u>	<u>\$ 8,836,468</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 library materials, security and scanning equipment, air conditioning and shelving. General obligation debt principal of \$640,000 was retired during the year. Additional information regarding the District's capital assets can be found in Note 4 on page 13 and the District's debt in Note 5 on pages 13 and 14.

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 Library Director, 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, 2011

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET ASSETS
ASSETS							
Cash and Investments	\$ 5,803,538	\$ 4,311,475	\$ 975,501	\$ 1,085,195	\$ 12,175,709	\$ -	\$ 12,175,709
Receivables							
Property Taxes, Net	2,903,204	-	394,810	295,531	3,593,545	-	3,593,545
State Replacement Taxes	17,698	-	-	-	17,698	-	17,698
Interest	632	480	109	119	1,340	-	1,340
Prepaid Expenses	10,403	-	-	-	10,403	-	10,403
Other Assets	-	-	-	-	-	30,757	30,757
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	8,544,075	8,544,075
Total Assets	<u>\$ 8,735,475</u>	<u>\$ 4,311,955</u>	<u>\$ 1,370,420</u>	<u>\$ 1,380,845</u>	<u>\$ 15,798,695</u>	<u>8,574,832</u>	<u>24,373,527</u>
LIABILITIES							
Accounts Payable	\$ 175,431	\$ 17,348	\$ -	\$ 19,759	\$ 212,538	-	212,538
Accrued Liabilities	57,925	-	-	97	58,022	-	58,022
Accrued Interest Payable	-	-	-	-	-	10,994	10,994
Deferred Property Tax Revenue	2,903,204	-	394,810	295,531	3,593,545	(3,593,545)	-
Compensated Absences	-	-	-	-	-	144,519	144,519
Long-Term Liabilities							
Due within one year	-	-	-	-	-	661,437	661,437
Due after one year	-	-	-	-	-	2,752,457	2,752,457
Total Liabilities	<u>3,136,560</u>	<u>17,348</u>	<u>394,810</u>	<u>315,387</u>	<u>3,864,105</u>	<u>(24,138)</u>	<u>3,839,967</u>
FUND BALANCES / NET ASSETS							
Fund Balances							
Nonspendable Prepaid Expenses	10,403	-	-	-	10,403	(10,403)	-
Restricted for Statutory Purposes	-	-	975,610	1,065,458	2,041,068	(2,041,068)	-
Committed for Capital Projects	-	4,294,607	-	-	4,294,607	(4,294,607)	-
Unassigned	5,588,512	-	-	-	5,588,512	(5,588,512)	-
Total Fund Balances	<u>5,598,915</u>	<u>4,294,607</u>	<u>975,610</u>	<u>1,065,458</u>	<u>11,934,590</u>	<u>(11,934,590)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 8,735,475</u>	<u>\$ 4,311,955</u>	<u>\$ 1,370,420</u>	<u>\$ 1,380,845</u>	<u>\$ 15,798,695</u>		
Net Assets							
Invested in Capital Assets, net of related debt						5,160,938	5,160,938
Restricted						2,720,415	2,720,415
Unrestricted						12,652,207	12,652,207
Total Net Assets						<u>\$ 20,533,560</u>	<u>\$ 20,533,560</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, 2011

	GENERAL FUND	SPECIAL RESERVE FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES							
Property Taxes	\$ 5,799,533	\$ -	\$ 808,867	\$ 598,081	\$ 7,206,481	\$ 63,421	\$ 7,269,902
State Replacement Taxes	143,785	-	-	-	143,785	-	143,785
Interest Income	24,772	21,376	4,610	4,625	55,383	-	55,383
Grants	123,288	-	-	-	123,288	(59,446)	63,842
Fines, Fees and Other	96,067	-	-	-	96,067	-	96,067
Total Revenues	<u>6,187,445</u>	<u>21,376</u>	<u>813,477</u>	<u>602,706</u>	<u>7,625,004</u>	<u>3,975</u>	<u>7,628,979</u>
EXPENDITURES / EXPENSES							
Current							
Personnel	3,016,059	-	-	-	3,016,059	2,791	3,018,850
Library Materials	632,530	-	-	-	632,530	(462,634)	169,896
Operating	689,740	-	-	-	689,740	-	689,740
Employee Fringe Benefits	501,216	-	-	-	501,216	-	501,216
Audit Fees	-	-	-	17,192	17,192	-	17,192
Liability Insurance	-	-	-	27,796	27,796	-	27,796
Social Security	-	-	-	236,264	236,264	-	236,264
Workers' Compensation Insurance	-	-	-	16,215	16,215	-	16,215
Unemployment Compensation Insurance	-	-	-	14,342	14,342	-	14,342
Building and Site	-	-	-	120,332	120,332	(4,995)	115,337
Depreciation	-	-	-	-	-	790,042	790,042
Loss on Disposal of Assets	-	-	-	-	-	675	675
Capital Outlay	-	64,164	-	-	64,164	(30,696)	33,468
Debt Service							
Bond Principal	-	-	640,000	-	640,000	(640,000)	-
Bond Interest	-	-	144,725	-	144,725	25,202	169,927
Bond Issuance Costs	-	-	-	-	-	6,963	6,963
Total Expenditures / Expenses	<u>4,839,545</u>	<u>64,164</u>	<u>784,725</u>	<u>432,141</u>	<u>6,120,575</u>	<u>(312,652)</u>	<u>5,807,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,347,900	(42,788)	28,752	170,565	1,504,429	(1,504,429)	-
Change in Net Assets	-	-	-	-	-	1,821,056	1,821,056
FUND BALANCES / NET ASSETS							
Beginning 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>8,282,343</u>	<u>18,712,504</u>
End of Year	<u>\$ 5,598,915</u>	<u>\$ 4,294,607</u>	<u>\$ 975,610</u>	<u>\$ 1,065,458</u>	<u>\$ 11,934,590</u>	<u>\$ 8,598,970</u>	<u>\$ 20,533,560</u>

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

NILES PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 capital 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 system in Cook County generally requires the payment of the second installment of the previous years' taxes by around November 1. The County Collector then makes prompt distributions of these taxes, so that the bulk of the money often reaches the District during November and December, 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 \$2,500, except for books and other library materials. The \$2,500 threshold was raised this year from \$1,000.

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. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board of trustees establish (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of trustees through adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the District’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

J. 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.

K. 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 \$4,692,129 and the bank balance was \$4,697,133. Of the bank balance, \$2,650,420 was covered by federal depository insurance, \$2,039,956 was collateralized with securities held by the pledging institution’s agent in the District’s name, and \$6,757 was uncollateralized and uninsured.

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

INVESTMENT	WEIGHTED AVERAGE MATURITY (IN MONTHS)	WEIGHTED AVERAGE RATE	COST	FAIR VALUE
Negotiable Certificates	7	.9219%	\$ 1,600,000	\$ 1,606,166
The Illinois Funds	-	-	844,861	844,861
Stone Castle Management Federally Insured Cash Account	-	-	5,002,806	5,002,806
Money Market Institutional Fund	-	-	29,547	29,547
			<u>\$ 7,477,214</u>	<u>\$ 7,483,380</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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 District'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.

Stone Castle Cash Management Federally Insured Cash Account. A portion of the District's investments are in federally insured cash accounts managed by Stone Castle Cash Management. Investments are in accounts maintained within FDIC limits. This investment is unrated.

Institutional Money Market Fund. The District has investments in a institutional money market account. The fund invests in high-quality commercial paper and other money market securities.

NOTE 3 – PROPERTY TAX REVENUE RECOGNITION

The District's property tax was levied in November 2010 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 October 1. Payment is due 30 days following the issuance date.

The 2010 property taxes are attached as an enforceable lien on January 1, 2010. Tax payments are due on or about March 1 and November 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 2011 and December 2011.

The second installment of the 2010 property tax levy is recorded as a receivable at June 30, 2011, net of estimated uncollectibles. The District has provided an allowance for uncollectible property taxes of \$230,279, equivalent to 3% of the current year's tax extension. All uncollected taxes relating to prior years' levies have been written off. The second installment is not deemed available as of June 30, 2011 and is therefore reflected as deferred revenue at June 30, 2011 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, 2010	Additions	Retirements	Balance June 30, 2011
Capital assets, not being depreciated				
Land	\$ 943,374	\$ -	\$ -	\$ 943,374
Capital assets, being depreciated				
Building	1,556,979		-	1,556,979
Building Addition	7,406,895	-	-	7,406,895
Furniture and Fixtures	910,729	16,295	(1,766)	925,258
Equipment	792,473	19,395	(5,189)	806,679
Vehicles	33,149	-	-	33,149
Library Collection	3,774,101	462,634	(485,064)	3,751,671
Total capital assets being depreciated	14,474,326	498,324	(492,019)	14,480,631
Less accumulated depreciation for				
Building	(950,187)	(38,925)	-	(989,112)
Building Addition	(2,314,651)	(185,173)	-	(2,499,824)
Furniture and Fixtures	(524,744)	(45,944)	1,091	(569,597)
Equipment	(503,080)	(87,563)	5,189	(585,454)
Vehicles	(28,000)	(3,432)	-	(31,432)
Library Collection	(2,260,570)	(429,005)	485,064	(2,204,511)
Total accumulated depreciation	(6,581,232)	(790,042)	491,344	(6,879,930)
Total capital assets being depreciated, net	7,893,094	(291,718)	(675)	7,600,701
Capital assets, net	\$ 8,836,468	\$ (291,718)	\$ (675)	\$ 8,544,075

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:

	Balance July 1, 2010	Reductions	Balance June 30, 2011	Amounts Due In One Year
\$5,160,000 thirteen-year refunding serial bonds dated February 27, 2003 with interest rates of 3.6%-4.0%	\$ 4,115,000	\$ (640,000)	\$ 3,475,000	\$ 685,000
Plus (Minus) Deferred Amounts:				
For Issuance Premiums	26,351	(8,332)	18,019	5,718
On Refunding	(114,792)	35,667	(79,125)	(29,281)
	<u>\$ 4,026,559</u>	<u>\$ (612,665)</u>	<u>\$ 3,413,894</u>	<u>\$ 661,437</u>

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	General Obligation Bonds	
	Principal	Interest
2012	\$ 685,000	\$ 118,225
2013	700,000	91,925
2014	715,000	66,097
2015	755,000	38,525
2016	620,000	12,090
	<u>\$ 3,475,000</u>	<u>\$ 326,862</u>

NOTE 5 – LONG-TERM DEBT (Continued)

Subsequent to the June 30, 2011, management has expressed its intention to call for redemption, \$2,090,000 principal amount of the above bonds maturing on December 1, 2013 through December 1, 2015.

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, 2011, the District spent \$176,737 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 former 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, 2011 were \$86,490.

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.	\$ 8,544,075
Bond issuance costs are capitalized and amortized in the statement of net assets.	30,757
Accrued compensated absences are recognized in the statement of net assets as they accrue.	(144,519)

NOTE 9 – ADJUSTMENTS (Continued)

Interest payable is recorded in the statement of net assets when the liability is incurred.	(10,994)
The second installment of the tax levy is a financial resource in the statement of net assets.	3,593,545
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>(3,413,894)</u>
	<u>\$ 8,598,970</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 \$291,718 (\$790,042 less \$498,324). Recognizing the second installment of property tax receipts as revenue in the statement of activities results in an increase in revenue of \$63,421. Eliminating the Per Capita Grant Receivable in the Statement of Activities results in a decrease of revenue of \$59,446.

In addition, the bond principal payment of \$640,000 is eliminated from the statement of activities. The change in accrued compensated absences results in an increase of personnel expense of \$2,791 in the statement of activities. Also, other amortization of bond related costs of \$32,164 and loss on disposal of assets of \$675 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, 2011

	APPROPRIATION- ORIGINAL AND FINAL	ACTUAL	VARIANCE
REVENUES			
Property Taxes	\$ 6,241,775	\$ 5,799,533	\$ (442,242)
State Replacement Taxes	100,000	143,785	43,785
Interest Income	23,010	24,772	1,762
Grants	8,000	123,288	115,288
Fines, Fees and Other	98,375	96,067	(2,308)
Total Revenues	6,471,160	6,187,445	(283,715)
PERSONNEL			
Administrator	150,000	104,162	45,838
Department Managers	80,000	56,531	23,469
Division Supervisors	1,000,000	608,696	391,304
Librarian I	1,750,000	1,133,101	616,899
Library Grade V	750,000	480,921	269,079
Library Grade VI	750,000	430,434	319,566
Library Pages	250,000	137,986	112,014
Sundays and Extra Service	205,000	64,228	140,772
Total Personnel	4,935,000	3,016,059	1,918,941
LIBRARY MATERIALS			
Main Library	1,000,000	573,084	426,916
Per Capita Grant	150,000	59,446	90,554
Total Library Materials	1,150,000	632,530	517,470
OPERATING			
Main Library			
Processing and Service	600,000	299,207	300,793
Administrative and General Office	500,000	261,590	238,410
Utilities	250,000	126,821	123,179
	1,350,000	687,618	662,382
Vehicles	10,000	2,122	7,878
Total Operating	1,360,000	689,740	670,260
EMPLOYEE FRINGE BENEFITS			
Deferred Compensation	250,000	176,737	73,263
Group Health Insurance	350,000	285,303	64,697
Dental and Other	60,000	39,176	20,824
Total Employee Fringe Benefits	660,000	501,216	158,784
CAPITAL PROJECTS			
Furniture and Equipment	392,000	-	392,000
OTHER GRANTS			
	100,000	-	100,000
Total Expenditures	8,597,000	4,839,545	3,757,455
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,125,840)	\$ 1,347,900	\$ 3,473,740

ADDITIONAL INFORMATION

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	<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>
ASSETS							
Cash and Investments	\$ 53,162	\$ 256,664	\$ 91,580	\$ 85,890	\$ 50,374	\$ 547,525	\$ 1,085,195
Property Tax Receivable	9,183	21,748	132,903	9,666	8,458	113,573	295,531
Interest Receivable	4	29	11	10	6	59	119
Total Assets	<u>\$ 62,349</u>	<u>\$ 278,441</u>	<u>\$ 224,494</u>	<u>\$ 95,566</u>	<u>\$ 58,838</u>	<u>\$ 661,157</u>	<u>\$ 1,380,845</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,759	\$ 19,759
Accrued Liabilities	-	-	-	-	-	97	97
Deferred Property Tax Revenue	9,183	21,748	132,903	9,666	8,458	113,573	295,531
Total Liabilities	<u>9,183</u>	<u>21,748</u>	<u>132,903</u>	<u>9,666</u>	<u>8,458</u>	<u>133,429</u>	<u>315,387</u>
FUND BALANCES							
Restricted for Statutory Purposes	<u>53,166</u>	<u>256,693</u>	<u>91,591</u>	<u>85,900</u>	<u>50,380</u>	<u>527,728</u>	<u>1,065,458</u>
Total Liabilities and Fund Balances	<u>\$ 62,349</u>	<u>\$ 278,441</u>	<u>\$ 224,494</u>	<u>\$ 95,566</u>	<u>\$ 58,838</u>	<u>\$ 661,157</u>	<u>\$ 1,380,845</u>

NILES PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	<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>
REVENUES							
Property Taxes	\$ 19,406	\$ 58,041	\$ 251,748	\$ 24,183	\$ 20,332	\$ 224,371	\$ 598,081
Interest Income	254	1,164	342	400	227	2,238	4,625
Total Revenues	<u>19,660</u>	<u>59,205</u>	<u>252,090</u>	<u>24,583</u>	<u>20,559</u>	<u>226,609</u>	<u>602,706</u>
EXPENDITURES							
Audit Fees	17,192	-	-	-	-	-	17,192
Liability Insurance	-	27,796	-	-	-	-	27,796
Social Security	-	-	236,264	-	-	-	236,264
Workers' Compensation Insurance	-	-	-	16,215	-	-	16,215
Unemployment Compensation Insurance	-	-	-	-	14,342	-	14,342
Building and Site	-	-	-	-	-	120,332	120,332
Total Expenditures	<u>17,192</u>	<u>27,796</u>	<u>236,264</u>	<u>16,215</u>	<u>14,342</u>	<u>120,332</u>	<u>432,141</u>
Excess of Revenues Over Expenditures	2,468	31,409	15,826	8,368	6,217	106,277	170,565
FUND BALANCES, Beginning of Year	<u>50,698</u>	<u>225,284</u>	<u>75,765</u>	<u>77,532</u>	<u>44,163</u>	<u>421,451</u>	<u>894,893</u>
FUND BALANCES, End of Year	<u>\$ 53,166</u>	<u>\$ 256,693</u>	<u>\$ 91,591</u>	<u>\$ 85,900</u>	<u>\$ 50,380</u>	<u>\$ 527,728</u>	<u>\$ 1,065,458</u>

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

Levy Year	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSESSED EQUALIZED VALUATIONS	<u>\$1,968,199,759</u>	<u>\$2,109,093,474</u>	<u>\$2,176,310,367</u>
TAX RATES			
General	0.3144	0.2828	0.2723
Audit	0.0010	0.0010	0.0009
Liability Insurance	0.0024	0.0036	0.0034
Social Security	0.0144	0.0115	0.0111
Worker's Compensation	0.0010	0.0015	0.0015
Unemployment Insurance	0.0009	0.0012	0.0011
Building and Site	0.0123	0.0108	0.0104
Debt Service	<u>0.0436</u>	<u>0.0397</u>	<u>0.0387</u>
Total	<u>0.3900</u>	<u>0.3521</u>	<u>0.3394</u>
TAX EXTENSIONS			
General	6,188,363	5,981,812	\$5,936,570
Audit	19,570	21,145	19,621
Liability Insurance	46,350	76,121	74,125
Social Security	283,250	243,166	241,997
Worker's Compensation	20,600	31,717	32,702
Unemployment Insurance	18,025	25,374	23,982
Building and Site	242,050	228,364	226,736
Debt Service	<u>857,771</u>	<u>837,401</u>	<u>843,722</u>
Total	<u>\$7,675,979</u>	<u>\$7,445,100</u>	<u>\$7,399,455</u>
COLLECTIONS TO JUNE 30, 2011			
General	\$3,097,558	\$5,726,814	\$5,761,189
Audit	9,852	20,250	19,042
Liability Insurance	23,645	72,902	71,936
Social Security	141,873	232,879	234,849
Worker's Compensation	9,852	30,376	31,736
Unemployment Insurance	8,867	24,300	23,273
Building and Site	121,183	218,704	220,038
Debt Service	<u>429,560</u>	<u>803,941</u>	<u>818,795</u>
Total	<u>\$3,842,390</u>	<u>\$7,130,166</u>	<u>\$7,180,858</u>
UNCOLLECTED TAXES			
General	\$3,090,805	\$254,998	\$175,381
Audit	9,718	895	579
Liability Insurance	22,705	3,219	2,189
Social Security	141,377	10,287	7,148
Worker's Compensation	10,748	1,341	966
Unemployment Insurance	9,158	1,074	709
Building and Site	120,867	9,660	6,698
Debt Service	<u>428,211</u>	<u>33,460</u>	<u>24,927</u>
Total	<u>\$3,833,589</u>	<u>\$314,934</u>	<u>\$218,597</u>