

GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS

ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
FEBRUARY 28, 2011

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet.....	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities	8
Notes to the Financial Statements.....	9 - 18
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	19
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Schedule of Expenditures – Budget and Actual – General Fund	20 - 21
Combining Balance Sheet – Nonmajor Governmental Funds.....	22
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	23
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Illinois Municipal Retirement and Social Security – Special Revenue Fund.....	24

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Basic Financial Statements

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Library's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

May 24, 2011

Members of the Public Library Board
Glencoe Public Library
Village of Glencoe, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the Glencoe Public Library, Illinois, a component unit of the Village of Glencoe, Illinois, as of and for the year ended February 28, 2011, which collectively comprise the Library's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Glencoe Public Library, Illinois' 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes 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.

The basic financial statements present only the Glencoe Public Library and are not intended to present fairly the financial position of and results of operations of the Village of Glencoe, Illinois in conformity with accounting principles generally accepted in the United States of America.

The Glencoe Public Library has not presented a Management's Discussion and Analysis as required supplementary information that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the financial statements.

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 the Glencoe Public Library, Illinois as of February 28, 2011, and the respective changes in financial position and, where applicable, cash flows 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 budgetary comparison information 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 general 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 purposes of forming opinions on the financial statements that collectively comprise the Glencoe Public Library, Illinois' financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures 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.

LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Statement of Net Assets
February 28, 2011**

ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 1,550,179
Receivables - net of allowances	
Property taxes	2,004,451
Prepays	15,173
Total current assets	<u>3,569,803</u>
NONCURRENT ASSETS	
Capital assets	
Nondepreciable	75,772
Depreciable	2,808,580
Accumulated depreciation	<u>(1,111,041)</u>
Total noncurrent assets	<u>1,773,311</u>
Total assets	<u>5,343,114</u>
LIABILITIES	
CURRENT LIABILITIES	
Unearned/deferred revenue	4,141
	2,062,423
Construction loan/line of credit payable	29,712
Total current liabilities	<u>2,096,276</u>
NONCURRENT LIABILITIES	
Construction loan/line of credit payable	<u>344,450</u>
Total liabilities	<u>2,440,726</u>
NET ASSETS	
Investment in capital assets - net of related debt	1,399,149
Restricted for employee retirement	23,406
Restricted for donor specified purposes	40,158
Unrestricted	<u>1,439,675</u>
TOTAL NET ASSETS	<u><u>2,902,388</u></u>

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Statement of Activities
Year Ended February 28, 2011**

	Expenses	Program Revenues		Net
		Charges for Services	Operating Grants/ Contributions	(Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Governmental activities				
Culture and recreation	\$ 1,987,904	43,953	62,155	(1,881,796)
Interest on long-term debt	17,390	-	-	(17,390)
TOTAL	2,005,294	43,953	62,155	(1,899,186)
		General Revenues		
		Property and replacement taxes		1,925,453
		Interest		5,099
				<u>1,930,552</u>
		CHANGE IN NET ASSETS		31,366
		NET ASSETS - BEGINNING		<u>2,871,022</u>
		NET ASSETS - ENDING		<u>2,902,388</u>

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Balance Sheet
February 28, 2011**

	General	Nonmajor Governmental	Total
ASSETS			
Cash and investments	\$ 1,482,047	68,132	1,550,179
Receivables - net of allowances			
Property taxes	1,846,739	157,712	2,004,451
Prepays	15,173	-	15,173
TOTAL ASSETS	3,343,959	225,844	3,569,803
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	4,141	-	4,141
Unearned/deferred revenues	1,900,143	162,280	2,062,423
Total liabilities	1,904,284	162,280	2,066,564
FUND BALANCES			
Reserved for prepaids	15,173	-	15,173
Reserved for employee retirement	-	23,406	23,406
Reserved for donor specified purposes	-	40,158	40,158
Unreserved	1,424,502	-	1,424,502
Total fund balances	1,439,675	63,564	1,503,239
TOTAL LIABILITIES AND FUND BALANCES	3,343,959	225,844	3,569,803

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Reconciliation of Total Fund Balances to the
Statement of Net Assets**

February 28, 2011

TOTAL FUND BALANCES \$ 1,503,239

Amounts reported in the Statement of Net Assets
are different because:

Capital assets are not financial resources and therefore,
are not reported in the funds. 1,773,311

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds.
Construction loan/line of credit payable (374,162)

NET ASSETS 2,902,388

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended February 28, 2011**

	General	Nonmajor Governmental	Total
REVENUES			
Taxes	\$ 1,783,902	141,551	1,925,453
Charges for services	10,784	-	10,784
Fines and penalties	33,169	-	33,169
Interest	5,099	-	5,099
Miscellaneous			
Contributions	9,634	52,521	62,155
Total revenues	<u>1,842,588</u>	<u>194,072</u>	<u>2,036,660</u>
EXPENDITURES			
Current			
Culture and recreation			
Library operations	1,652,661	43,948	1,696,609
Building and grounds maintenance	59,785	-	59,785
Employer IMRF and FICA contributions	-	145,341	145,341
Debt service			
Principal retirement	28,459	-	28,459
Interest and fiscal charges	17,390	-	17,390
Total expenditures	<u>1,758,295</u>	<u>189,289</u>	<u>1,947,584</u>
NET CHANGE IN FUND BALANCES	84,293	4,783	89,076
FUND BALANCES - BEGINNING	<u>1,355,382</u>	<u>58,781</u>	<u>1,414,163</u>
FUND BALANCES - ENDING	<u>1,439,675</u>	<u>63,564</u>	<u>1,503,239</u>

The notes to the financial statements are an integral part of this statement.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities**

Year Ended February 28, 2011

NET CHANGES IN FUND BALANCES	\$ 89,076
------------------------------	-----------

Amounts reported in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	-
Depreciation Expense	(86,169)

The increases to long-term liabilities provides current financial resources to
governmental funds, while the reduction of the balances
consumes the current financial resources of the governmental funds.

Retirement of construction loan/line of credit payable	<u>28,459</u>
--	---------------

CHANGES IN NET ASSETS	<u><u>31,366</u></u>
-----------------------	----------------------

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glencoe Public Library operates and maintains the public library within the Village of Glencoe. The basic financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies established in GAAP in the United States and used by the Library are described below.

REPORTING ENTITY

The Library is administered by a publicly elected seven-member board of trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units required to be included in this report and has been determined to be a discretely presented component unit of the Village of Glencoe, Illinois.

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide Statement of Activities reports both the gross and net cost of the Library's functions. The Library's activities are supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

A fund is a separate accounting entity with a self-balancing set of accounts. The Library only maintains governmental funds. Separate financial statements are provided for the General Fund, the Library's only major fund, and two nonmajor special revenue funds, the Illinois Municipal Retirement and Social Security Fund and the Restricted Gift Fund. The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

The Library’s funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for construction loan/line of credit principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, the Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances include property taxes.

Prepays

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Capital Assets

Capital assets purchases or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Capital Assets – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and building improvements	20 – 40 Years
Furniture and equipment	10 Years

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities.

Unearned/Deferred Revenue

Unearned/deferred revenue is reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. The Library also defers tax revenue recognition in connection with resources that have been received, but not yet earned.

Fund Equity

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General Fund, Illinois Municipal Retirement and Social Security Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level for all funds. All annual appropriations lapse at fiscal year-end. The Library Board approves the budget for the Public Library; the Village Board approves the tax levy. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report.

<u>Fund</u>	<u>Excess</u>
Illinois Municipal Retirement and Social Security	\$ 1,111

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Library maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments".

Permitted Deposits and Investments - Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, insured credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

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

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end the carrying amount of the Library's deposits totaled \$1,550,081 and the bank balances totaled \$1,625,692. The Library also had funds invested at the Illinois Funds with a fair value of \$98 at year-end.

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's investment policy attempts to match its investments with anticipated cash flow requirements. The Treasurer establishes a maximum maturity limit for securities. The Library's investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Library's investment policy does not further limit credit risk. At year-end, the Library's investment in the Illinois Funds is rated AAAM by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent third party institution in the name of the Library. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the Library's investment in the Illinois Funds is noncategorizable.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy places no limit on the amount that may be invested in any one issuer, stating only that the Library diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds. At year-end, the Library has no investments that represents more than 5 percent of the total cash and investments portfolio.

PROPERTY TAXES

Property taxes for 2010 attach as an enforceable lien on January 1, 2010, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1, 2011 and September 1, 2011. The County collects such taxes and remits them periodically to the Library. The allowance for uncollectible taxes has been stated at 0% of the tax levy, to reflect actual collection experience.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity at year end was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 75,772	-	-	75,772
Depreciable Capital Assets				
Buildings and Building Improvements	2,747,158	-	-	2,747,158
Furniture and Equipment	61,422	-	-	61,422
	<u>2,808,580</u>	-	-	<u>2,808,580</u>
Less Accumulated Depreciation				
Buildings and Building Improvements	1,014,089	79,661	-	1,093,750
Furniture and Equipment	10,783	6,508	-	17,291
	<u>1,024,872</u>	<u>86,169</u>	-	<u>1,111,041</u>
Total Net Depreciable Capital Assets	<u>1,783,708</u>	<u>(86,169)</u>	-	<u>1,697,539</u>
Total Net Capital Assets	<u>1,859,480</u>	<u>(86,169)</u>	-	<u>1,773,311</u>

Depreciation expense of \$86,169 was charged to the Culture and Recreation function.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Construction Loan/Line of Credit

The Library has an unsecured tax exempt loan that, together with other funds, was used to finance the renovation and addition to the Library building.

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Construction loan/line of credit (\$600,000) dated June 25, 1999 due in monthly installments including interest at 4.40% through May 31, 2021.	\$ 402,621	-	28,459	374,162

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Construction loan/line of credit	\$ 402,621	-	28,459	374,162	29,712

Payments on the construction loan/line of credit are made by the General Fund.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending February 28	Construction Loan/ Line of Credit	
	Principal	Interest
2012	\$ 29,712	16,137
2013	31,108	14,741
2014	32,524	13,325
2015	34,005	11,844
2016	35,527	10,322
2017	37,171	8,678
2018	38,864	6,985
2019	40,634	5,215
2020	42,477	3,372
2021	44,418	1,431
2022	7,722	42
Total	<u>374,162</u>	<u>92,092</u>

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

**Notes to the Financial Statements
February 28, 2011**

NOTE 4 – OTHER INFORMATION

Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Library's employees. These risks are provided for through insurance from private insurance companies. The Library currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

The Library contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for 2,640 local governments and school districts in Illinois. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

IMRF covers all Library employees who work more than 1,000 hours per year. Pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions, and all other requirements are established by State statutes.

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Library, under the sponsorship of the Village, is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. A separate actuarial valuation for Library employees is not performed; the employees of the Library are pooled with the employees of the Village for purposes of actuarial valuation. Therefore, the amount of accumulated retirement liability and normal costs related specifically to Library personnel is not available.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

General Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2011**

	Budget		Actual	Budget Variance Over (Under)
	Original	Final		
REVENUES				
Property and replacement taxes	\$ 1,814,533	1,814,533	1,783,902	(30,631)
Intergovernmental				
Per capita grant	8,500	8,500	-	(8,500)
Charges for services				
Copying machine income	1,450	1,450	1,245	(205)
Audiovisual	7,500	7,500	9,539	2,039
Fines and fees	32,000	32,000	33,169	1,169
Interest	5,000	5,000	5,099	99
Miscellaneous				
Contributions	1,000	1,000	9,634	8,634
Total revenues	<u>1,869,983</u>	<u>1,869,983</u>	<u>1,842,588</u>	<u>(27,395)</u>
EXPENDITURES				
Culture and recreation				
Library operations	1,755,983	1,755,983	1,652,661	(103,322)
Building and grounds maintenance	68,000	68,000	59,785	(8,215)
Debt service				
Principal retirement	28,000	28,000	28,459	459
Interest and fiscal charges	18,000	18,000	17,390	(610)
Total expenditures	<u>1,869,983</u>	<u>1,869,983</u>	<u>1,758,295</u>	<u>(111,688)</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	84,293	<u>84,293</u>
FUND BALANCE - BEGINNING			<u>1,355,382</u>	
FUND BALANCE - ENDING			<u>1,439,675</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule – Major Governmental Fund
General Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
Illinois Municipal Retirement and Social Security – Special Revenue Fund
Restricted Gift – Special Revenue Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Illinois Municipal Retirement and Social Security Fund

The Illinois Municipal Retirement and Social Security Fund is used to account for the proceeds of employer/employee contributions to a pension plan for qualified employees.

Restricted Gift Fund

The Restricted Gift Fund is used to account for proceeds from donations made to the Library with specific criteria for expenditure.

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual
Year Ended February 28, 2011**

	Budget		Actual	Budget
	Original	Final		Variance Over (Under)
CULTURE AND RECREATION				
Library operations				
Salaries	\$ 968,000	968,000	955,829	(12,171)
Medical insurance	150,500	150,500	155,302	4,802
Unemployment taxes	2,350	2,350	2,546	196
Books	133,400	133,400	133,392	(8)
Audio materials	27,025	27,025	25,536	(1,489)
Video materials	17,200	17,200	17,901	701
Periodicals	19,100	19,100	17,563	(1,537)
Web hosting	3,500	3,500	2,138	(1,362)
Internet access	5,000	5,000	5,102	102
O.C.L.C	6,000	6,000	6,263	263
Automated resources	74,750	74,750	70,281	(4,469)
Staff continuing education	15,000	15,000	9,696	(5,304)
Programs and publicity	33,250	33,250	23,288	(9,962)
Supplies - LAN/computers	10,000	10,000	11,026	1,026
Supplies - general	19,750	19,750	14,352	(5,398)
Cooperative computer services	66,000	66,000	65,674	(326)
Telephone	4,200	4,200	3,604	(596)
Postage	5,300	5,300	5,857	557
Copier expenditures	4,000	4,000	3,609	(391)
Auditing	1,500	1,500	1,300	(200)
Bookkeeping	11,000	11,000	10,635	(365)
Trustee expenditures	1,000	1,000	179	(821)
Insurance	22,000	22,000	20,092	(1,908)
Legal fees	3,000	3,000	470	(2,530)
Recruitment	3,000	3,000	100	(2,900)
Library reimbursement	100	100	217	117
Computer purchases/LAN maintenance	35,000	35,000	35,093	93
Furniture expenditures	8,000	8,000	6,408	(1,592)
Facility improvements	15,000	15,000	16,974	1,974
Service and resource development	67,058	67,058	9,117	(57,941)
Facility management project	5,000	5,000	6,234	1,234
Contract services	20,000	20,000	16,883	(3,117)
Total library operations	1,755,983	1,755,983	1,652,661	(103,322)

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended February 28, 2011**

	Budget		Actual	Budget Variance Over (Under)
	Original	Final		
CULTURE AND RECREATION - CONTINUED				
Building grounds and maintenance				
Equipment repairs	\$ 3,000	3,000	849	(2,151)
Building maintenance and repairs	65,000	65,000	58,936	(6,064)
Total building grounds and maintenance	68,000	68,000	59,785	(8,215)
Total culture and recreation	1,823,983	1,823,983	1,712,446	(111,537)
DEBT SERVICE				
Principal retirement	28,000	28,000	28,459	459
Interest and fiscal charges	18,000	18,000	17,390	(610)
Total debt service	46,000	46,000	45,849	(151)
TOTAL EXPENDITURES	1,869,983	1,869,983	1,758,295	(111,688)

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

Combining Balance Sheet

**Nonmajor Governmental Funds
February 28, 2011**

	<u>Special Revenue</u>		
	Illinois Municipal Retirement and Social Security	Restricted Gift	Totals
ASSETS			
Cash and investments	\$ 27,974	40,158	68,132
Receivables - net of allowances			
Property taxes	157,712	-	157,712
TOTAL ASSETS	185,686	40,158	225,844
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Unearned/deferred revenues	162,280	-	162,280
FUND BALANCES			
Reserved for employee retirement	23,406	-	23,406
Reserved for donor specified purposes	-	40,158	40,158
Total fund balances	23,406	40,158	63,564
TOTAL LIABILITIES AND FUND BALANCES	185,686	40,158	225,844

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

**Nonmajor Governmental Funds
Year Ended February 28, 2011**

	Special Revenue		Totals
	Illinois Municipal Retirement and Social Security	Restricted Gift	
REVENUES			
Property taxes	\$ 141,551	-	141,551
Miscellaneous	-	52,521	52,521
Total revenues	141,551	52,521	194,072
EXPENDITURES			
Culture and recreation			
Library operations	-	43,948	43,948
Employer IMRF and FICA contributions	145,341	-	145,341
Total expenditures	145,341	43,948	189,289
CHANGE IN FUND BALANCES	(3,790)	8,573	4,783
FUND BALANCES			
BEGINNING	27,196	31,585	58,781
ENDING	23,406	40,158	63,564

**GLENCOE PUBLIC LIBRARY
GLENCOE, ILLINOIS**

Illinois Municipal Retirement and Social Security - Special Revenue Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended February 28, 2011**

	Budget		Actual	Budget Variance Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 144,230	144,230	141,551	(2,679)
EXPENDITURES				
Culture and recreation				
Employer IMRF and FICA contributions	144,230	144,230	145,341	1,111
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	(3,790)	<u>(3,790)</u>
FUND BALANCE - BEGINNING			<u>27,196</u>	
FUND BALANCE - ENDING			<u>23,406</u>	