

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
May 31, 2010



Certified Public Accountant & Advisors

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 NORTH AURORA, ILLINOIS
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NORTH AURORA, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Messenger Public Library
North Aurora, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Messenger Public Library, a component unit of the Village of North Aurora, Illinois, as of and for the year ended May 31, 2010, which collectively comprise the Messenger Public Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Messenger Public Library's management. Our responsibility is to express opinions on the basic 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 basic financial statements presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Messenger Public Library as of May 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The Management's Discussion and Analysis and other required supplementary information 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 express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The individual fund schedules and supplemental section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Messenger Public Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Seheh LLP". The letters are cursive and somewhat stylized.

Aurora, Illinois
July 22, 2010

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

MESSENGER PUBLIC LIBRARY OF NORTH AURORA

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2010

As the management of the Messenger Public Library of North Aurora (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended May 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's Financial Statements.

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity (3) identify changes in the Library's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify fund issues or concerns.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Historically, the primary focus of local government financial statements has been summarized fund type information on a current financial resource basis. This approach has been modified by Government Accounting Standards Board Statement No. 34 and the Library's financial statements present two kinds of statements, each with a different snapshot of the Library's finances. The focus of the financial statements is on both the Library as a whole (government-wide) and on its individual fund. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Library's accountability.

Government-Wide Financial Statement

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The focus of the Statement of Net Assets presents information on all the Library's assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities presents information showing how the Library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Government-Wide Financial Statements (Continued)

The government-wide financial statements (see pages 3-4) describe functions of the Library that are principally supported by taxes and intergovernmental revenues (government activities). The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and readers' services, programming, interlibrary loan and outreach services.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements to be more familiar. The focus of the presentation is on the fund rather than the fund type. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Library is categorized as a government fund.

Government Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains one fund. Information for this fund is presented in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance.

The Library adopts an annual budget for its government fund. A budgetary comparison statement has been provided elsewhere in this report to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 5-8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-20 of this report.

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Other Information

In addition to the basic financial statements and accompany notes, this report also presents certain required supplementary information concerning the Library's progress in funding its obligation to provide benefits to its employees. Required supplementary information can be found on pages 21-24 of this report.

Financial Analysis of the Library as a Whole

In accordance with GASB Statement No. 34, a comparative analysis of government-wide information has been presented.

GOVERNMENT-WIDE STATEMENTS

Net Assets

The following table reflects the condensed Statement of Net Assets.

**Table 1
Statement of Net Assets**

| Governmental Activities | As of May 31, 2009 | As of May 31, 2010 |
|---|-------------------------------|-------------------------------|
| Current and Other Assets | \$ 2,814,416 | \$ 3,075,870 |
| Capital Assets | 621,592 | 682,834 |
| Total Assets | \$ 3,436,008 | \$ 3,758,704 |
| Long-Term Liabilities | \$ 20,102 | \$ 32,527 |
| Other Liabilities | 1,403,583 | 1,424,808 |
| Total Liabilities | \$ 1,423,685 | \$ 1,457,335 |
| Net Assets | | |
| Invested in Capital Assets, Net of Debt | \$ 621,592 | \$ 682,834 |
| Restricted | 478,744 | 769,141 |
| Unrestricted | 911,987 | 849,394 |
| Total Net Assets | \$ 2,012,323 | \$ 2,301,369 |

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE STATEMENTS (Continued)

The Library's combined net assets increased 14% from \$2,012,323 to \$2,301,369 during 2010. The primary cause of this increase was the increase in cash and investments.

For more detailed information, see the Statement of Net Assets on page 3.

Activities

The following table summarizes the revenue and expenses of the Library's activities:

Table 2
Change in Net Assets

| Governmental Activities | As of May 31, 2009 | As of May 31, 2010 |
|--|-------------------------------|-------------------------------|
| Revenues | | |
| <i>Program Revenues</i> | | |
| Charges for Services | \$ 33,637 | \$ 34,417 |
| Operating Grants | 19,227 | 16,228 |
| Capital Grants | - | - |
| <i>General Revenues</i> | | |
| Property Taxes | 1,281,295 | 1,376,008 |
| Replacement Taxes | 13,068 | 11,091 |
| Impact Fees | 2,520 | 2,160 |
| Investment Income | 20,634 | 2,593 |
| Miscellaneous | 3,653 | 11,029 |
| Donations | 4,135 | 2,298 |
| Total Revenues | \$ 1,378,169 | \$ 1,455,824 |
| Expenses | | |
| Culture and Recreation | \$ 1,191,769 | \$ 1,166,778 |
| Total Expenses | \$ 1,191,769 | \$ 1,166,778 |
| Changes in Net Assets | \$ 186,400 | \$ 289,046 |
| Total Net Assets, Beginning of Year | \$ 1,825,923 | \$ 2,012,323 |
| Total Net Assets, End of Year | \$ 2,012,323 | \$ 2,301,369 |

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**2009-2010 FINANCIAL OVERVIEW
Messenger Public Library of North Aurora**

INCOME SOURCES

| | |
|----------------------------------|--------------|
| Local property taxes | 95% |
| Fines, Service Fees, Photocopies | 2% |
| Miscellaneous | 2% |
| Grants, Gifts | 1% |
| Interest | 0% |
| Replacement Taxes | 0% |
| Total Income | \$ 1,455,824 |

EXPENSES BY CATEGORY

| | |
|----------------------------------|--------------|
| Salaries and Benefits | 61% |
| Materials, Electronic Resources | 13% |
| Administration | 10% |
| Maintenance, Utilities, Security | 8% |
| Equipment/Automation | 7% |
| Public Programs | 1% |
| Total Expenses | \$ 1,166,778 |

*Building insurance, audit, postage, professional fees, contractual services, printing, contingency, etc.

There are seven basic impacts on revenues and expenses as reflected below:

Normal Impacts

Revenues

Effect of Tax Cap. The Library's total tax extension increased 5.5% from \$1,378,822 (to \$1,394,685). The increase is due to an increase in existing property assessments due to new construction coming online to the tax rolls prior to the economic downturn. Note: In FY 2010 the CPI used to calculate the limiting tax levy rate will be 2.7%. In 2009 the CPI was 0.1%.

Kane County extended a total tax rate of .2427 a 0.2 % increase from the previous tax rate of .2420. Note: North Aurora residents in 2001 approved a tax rate of .251060.

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Normal Impacts (Continued)

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) Certain recurring revenues (State per capita grant, etc.) may experience significant changes periodically while non-recurring or one-time grants are less predictable and often distort their impact on year-to-year comparisons. The fiscal year 2010 per capita grant award letter in the amount of \$16,228 was received on February 1, 2010. This amount is and is recorded as a "receivable" in this audit; however, the State of Illinois Secretary of State's Office has been unable to pay the award amount due to the State's ongoing financial crisis. It is not known when the library will receive the grant amount.

Market impacts on investment income. The Library's investment portfolio is managed using a similar average maturity to most other governments. Market conditions may cause investment income to fluctuate. Most funds are invested in the Illinois Funds, which offers a competitive return, liquidity and safety, requisites of the Library's investment policy. Investment income in FY 2010 was 87% lower than last fiscal year due lower interest rates.

Expenses

Introduction of new programs. Within functional expense categories, individual programs may be added or deleted in order to meet the changing needs of the Library.

Changes in authorized personnel. Changes in service demand may cause the Library Board to increase or decrease staffing levels. Personnel costs are the Library's most significant operating costs.

Salary increases. The library's average merit pay increase for library employees was 2%. The Library does not provide for an annual cost of living increase in employee salaries.

Inflation. The inflation rate began June 1, 2009 at the rate of 1.43% and ended on May 31, 2010 with an inflation rate of 2.02%.

Revenues

For the fiscal ended May 31, 2010, revenues totaled \$ 1,455,824. Property taxes, the Library's largest single revenue source, amounted to \$1,376,008 or 95% of total revenue. This increase is attributable to the ongoing growth of the Village and the resulting increase in the assessed valuation. The 2009 assessed valuation of the Village increased 8% to \$574,582,884.

Total income from all sources was \$ 1,455,824, an increase of 9.8% from last year's \$1,325,305 due to increased tax revenues. The FY 2008-2009 increase was only 1.2% due to the economic slowdown. Charges for services, which include impact fees, revenue fines, and photocopies, meeting room rental, non-residential cards and lost materials fees represented 10% of total income. Grants and gifts account for 1% of income. The Library received monetary donations from the North Aurora Mothers Club and the Friends of the Library.

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Normal Impacts (Continued)

Expenses

The Library's expenses were \$1,166,778 for 2010. As required by GASB Statement No. 34, the expense total includes depreciation expense of \$4,932 for governmental activities.

Total expenses were up 2.5% over 2009. Expenses for salaries and benefits were up 3%. Expenses for materials (books, periodicals, and audiovisual) and electronic resources \$153,597 were down .5%. The Library's main capital expenditure in 2010 was the expansion of the staff and patron parking lots. The total project cost \$57,766. The capital expenditure for the project was \$54,000. Money for this project was authorized and expended from the Building Maintenance Reserve Fund.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, Messenger Public Library of North Aurora uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of May 31, 2010, the governmental fund (as represented on the balance sheet on page 5) had a fund balance of \$1,651,062. This represents an increase of 17% over the prior year, which is attributable to an increase in the General Fund cash.

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS (Continued)

**Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended May 31, 2010**

| | Original and Final Budget | Actual |
|-------------------------------|--|---------------------|
| Revenues | | |
| Taxes | \$ 1,381,823 | \$ 1,387,099 |
| Intergovernmental | - | 16,228 |
| Investment Income | - | 2,593 |
| Fines and Forfeits | 10,000 | 25,065 |
| Other | 54,000 | 24,839 |
| | <hr/> | <hr/> |
| Total Revenues | \$ 1,445,823 | \$ 1,455,824 |
| | <hr/> | <hr/> |
| Expenditures | | |
| Library Materials | \$ 158,600 | \$ 153,597 |
| Equipment | 176,000 | 117,038 |
| Administration | 282,223 | 231,812 |
| Personnel | 829,000 | 713,148 |
| | <hr/> | <hr/> |
| Total Expenditures | \$ 1,445,823 | \$ 1,215,595 |
| | <hr/> | <hr/> |
| Change in Fund Balance | \$ - | \$ 240,229 |

No supplemental appropriations were adopted.

(See independent auditor's report.)

**MESSENGER PUBLIC LIBRARY OF NORTH AURORA
NORTH AURORA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS (Continued)

Capital Assets

The following schedule reflects the Library's capital asset balances as of May 31, 2010:

Table 4
Capital Assets
As of May 31, 2010

| | |
|--|--------------------------|
| Governmental Activities | |
| Capital Assets Not Being Depreciated | |
| Land | <u>\$ 600,000</u> |
| Total Capital Assets Not Being Depreciated | <u>\$ 600,000</u> |
| Capital Assets Being Depreciated | |
| Building improvements | <u>\$ 66,174</u> |
| Furniture and Equipment | <u>38,633</u> |
| Total Capital Assets Being Depreciated | <u>\$ 104,807</u> |
| Less Accumulated Depreciation for | |
| Building improvements | \$ - |
| Furniture and Equipment | <u>21,973</u> |
| Total Accumulated Depreciation | <u>\$ 21,973</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 82,834</u> |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET | <u><u>\$ 682,834</u></u> |

At year-end, the Library's investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$682,834. See Note 4 for further information regarding capital assets.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Library Administrator, Messenger Public Library of North Aurora, 113 Oak Street, North Aurora, Illinois, 60542.

(See independent auditor's report.)

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

STATEMENT OF NET ASSETS

May 31, 2010

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 1,713,799 |
| Property taxes receivable | 1,300,781 |
| Due from other governments | 23,125 |
| Prepaid expenses | 37,294 |
| Inventory | 871 |
| Capital assets not being depreciated | 600,000 |
| Capital assets (net of accumulated depreciation) | <u>82,834</u> |
| Total assets | <u>3,758,704</u> |
| LIABILITIES | |
| Accounts payable | 5,420 |
| Accrued payroll | 24,653 |
| Deferred revenue | 1,394,735 |
| Long-term liabilities | |
| Due within one year | 20,341 |
| Due in more than one year | <u>12,186</u> |
| Total liabilities | <u>1,457,335</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 682,834 |
| Restricted for | |
| Working cash | 27,060 |
| Special reserve | 716,167 |
| Maintenance | 25,914 |
| Unrestricted | <u>849,394</u> |
| TOTAL NET ASSETS | <u><u>\$ 2,301,369</u></u> |

See accompanying notes to financial statements.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2010

| FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT | Expenses | Program Revenues | | | Net (Expense) |
|--|--------------|-------------------------|---------------------|-------------------|--|
| | | Charges for Services | Operating Grants | Capital Grants | Revenue and Change in Net Assets |
| Governmental activities | | | | | Governmental |
| Culture and recreation | \$ 1,166,778 | \$ 34,417 | \$ 16,228 | \$ - | Activities |
| Total governmental activities | 1,166,778 | 34,417 | 16,228 | - | (1,116,133) |
| TOTAL PRIMARY GOVERNMENT | \$ 1,166,778 | \$ 34,417 | \$ 16,228 | \$ - | (1,116,133) |

| | |
|----------------------|--------------|
| General revenues | |
| Taxes | |
| Property | 1,376,008 |
| Replacement | 11,091 |
| Impact fees | 2,160 |
| Investment income | 2,593 |
| Miscellaneous | 11,029 |
| Donations | 2,298 |
| Total | 1,405,179 |
| CHANGE IN NET ASSETS | 289,046 |
| NET ASSETS, JUNE 1 | 2,012,323 |
| NET ASSETS, MAY 31 | \$ 2,301,369 |

See accompanying notes to financial statements.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

May 31, 2010

| | <u>General</u> |
|---|----------------------------|
| ASSETS | |
| Cash and investments | \$ 1,713,799 |
| Property taxes receivable | 1,300,781 |
| Due from other governments | 23,125 |
| Prepaid items | 37,294 |
| Inventory | <u>871</u> |
| TOTAL ASSETS | <u>\$ 3,075,870</u> |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable | \$ 5,420 |
| Accrued payroll | 24,653 |
| Deferred revenue | <u>1,394,735</u> |
| Total liabilities | <u>1,424,808</u> |
| FUND BALANCE | |
| Reserved for | |
| Prepaid items | 37,294 |
| Inventory | 871 |
| Working cash | 27,060 |
| Special reserve | 716,167 |
| Maintenance | 25,914 |
| Unreserved | <u>843,756</u> |
| Total fund balance | <u>1,651,062</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 3,075,870</u> |

See accompanying notes to financial statements.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

May 31, 2010

| | |
|--|---------------------|
| FUND BALANCE OF GOVERNMENTAL FUNDS | \$ 1,651,062 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 682,834 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | |
| Compensated absences payable | (29,930) |
| Other postemployment benefits | <u>(2,597)</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 2,301,369</u> |

See accompanying notes to financial statements.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended May 31, 2010

| | <u>General</u> |
|----------------------------|----------------------------|
| REVENUES | |
| Taxes | \$ 1,387,099 |
| Intergovernmental | 16,228 |
| Fines and forfeits | 25,065 |
| Investment income | 2,593 |
| Miscellaneous | <u>24,839</u> |
| Total revenues | <u>1,455,824</u> |
| EXPENDITURES | |
| Current | |
| Culture and recreation | <u>1,215,595</u> |
| Total expenditures | <u>1,215,595</u> |
| NET CHANGE IN FUND BALANCE | 240,229 |
| FUND BALANCE, JUNE 1 | <u>1,410,833</u> |
| FUND BALANCE, MAY 31 | <u><u>\$ 1,651,062</u></u> |

See accompanying notes to financial statements.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2010

| | |
|--|--------------------------|
| NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND | \$ 240,229 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities | 66,174 |
| Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | (4,932) |
| The change in compensated absences is shown as an expense on the statement of activities | (11,100) |
| The change in other postemployment benefit payable is reported as an expense on the statement on activities | <u>(1,325)</u> |
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 289,046</u></u> |

See accompanying notes to financial statements.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

May 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Library is a discretely presented component unit of the Village of North Aurora, Illinois (the Village) pursuant to GASB Statement No. 14, since the Village is financially accountable for the Library.

b. Fund Accounting

The Library uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories; governmental, proprietary and fiduciary. The Library reports only governmental funds.

Governmental funds are used to account for all or most of a Library's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the Library.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Library. The effect of material interfund activity, if any, has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Library reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

e. Investments

Investments are stated at cost or amortized cost, which approximates fair value. The Library's investments include the Illinois Funds Investment Pool and money market mutual funds.

f. Inventories

Inventories are valued at cost, which approximates market, using the first in/first-out (FIFO) method.

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

h. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost in excess of \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

MESSENGER PUBLIC LIBRARY
 NORTH AURORA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-------------------------|-------|
| Building improvements | 5-7 |
| Furniture and equipment | 5-10 |

i. Compensated Absences

In accordance with GASB Interpretation No. 6, *Accounting for Certain Liabilities*, only vested or accumulated vacation leave including related social security and medicare that is committed to be liquidated at May 31, 2010, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees. Sick leave does not vest upon termination or retirement and, therefore, no liability has been recorded for this.

j. Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, if any, represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Library's net assets are restricted as a result of enabling legislation adopted by the Library. Invested in capital assets, net of related debt, represents the Library's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital assets.

2. DEPOSITS AND INVESTMENTS

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

MESSENGER PUBLIC LIBRARY
 NORTH AURORA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

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

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety of principal, liquidity, yield and maintaining the public trust.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral held by an independent third-party in the name of the Library.

b. Investments

As of May 31, 2010, the Library had the following investments and maturities:

| | <u>Fair Value</u> | <u>Maturity</u> |
|--------------------------|---------------------|-----------------|
| Illinois Funds | \$ 1,697,978 | On Demand |
| TOTAL INVESTMENTS | <u>\$ 1,697,978</u> | |

In accordance with its investment policy, the Library limits its exposure to interest rate risk by diversifying its investment portfolio to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds. A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions. The Library's investment policy does not specifically limit the maximum maturity length of investments.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. However, the Library's investment policy does not specifically limit the Library to these types of investments.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party acting as the Library's agent separate from where the investment was purchased.

3. RECEIVABLES - TAXES

Property taxes for 2009 attach as an enforceable lien on January 1, 2009, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2010, and are payable in two installments, on or about June 1, 2010 and September 1, 2010. The County collects such taxes and remits them periodically.

The 2009 levy was adopted in December 2009 and is recorded as a receivable at May 31, 2010 and offset by deferred revenue since it is not due before the end of the Library's fiscal year and is intended to finance the subsequent fiscal year.

The 2010 tax levy, which attached as an enforceable lien on property as of January 1, 2010, has not been recorded as a receivable as of May 31, 2010, as the tax has not yet been levied by the Library and will not be levied until December 2010 and, therefore, the levy is not measurable at May 31, 2010.

MESSENGER PUBLIC LIBRARY
 NORTH AURORA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2010 was as follows:

| | Balances June 1 | Increases | Decreases | Balances May 31 |
|---|--------------------|------------------|-------------|--------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 600,000 | \$ - | \$ - | \$ 600,000 |
| Total capital assets not being depreciated | 600,000 | - | - | 600,000 |
| Capital assets being depreciated | | | | |
| Building improvements | - | 66,174 | - | 66,174 |
| Furniture and equipment | 38,633 | - | - | 38,633 |
| Total capital assets being depreciated | 38,633 | 66,174 | - | 104,807 |
| Less accumulated depreciation for | | | | |
| Building improvements | - | - | - | - |
| Furniture and equipment | 17,041 | 4,932 | - | 21,973 |
| Total accumulated depreciation | 17,041 | 4,932 | - | 21,973 |
| Total capital assets being depreciated, net | 21,592 | 61,242 | - | 82,834 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | | | | |
| | <u>\$ 621,592</u> | <u>\$ 61,242</u> | <u>\$ -</u> | <u>\$ 682,834</u> |

Depreciation expense was charged to functions of the primary government as follows:

| | |
|--------------------------------|-----------------|
| GOVERNMENTAL ACTIVITIES | |
| Culture and recreation | <u>\$ 4,932</u> |

A new library building was constructed during the year ended May 31, 2004. The library building and the related bonds payable are reported on the Village's financial statements, as the debt is in the name of the Village.

5. CHANGES IN LONG-TERM LIABILITIES

| Issue | Balances June 1 | Increases | Decreases | Balances May 31 | Current Portion |
|--------------------------------------|--------------------|------------------|------------------|--------------------|--------------------|
| Accrued compensated absences payable | \$ 18,830 | \$ 25,995 | \$ 14,895 | \$ 29,930 | \$ 20,341 |
| Net OPEB Obligation | 1,272 | 1,325 | - | 2,597 | - |
| TOTAL | <u>\$ 20,102</u> | <u>\$ 27,320</u> | <u>\$ 14,895</u> | <u>\$ 32,527</u> | <u>\$ 20,341</u> |

6. RISK MANAGEMENT

The Library has purchased insurance from private insurance companies. Risks covered included general liability, workers' compensation, medical and other. A deductible of \$1,000 per occurrence is paid by the Library with general aggregate liability coverage of \$2,000,000. Premiums have been displayed as expenditures in the appropriate funds. Settlements have not exceeded coverage for the last three years.

The Library personnel participate in the Village's employee benefit coverage. The Library provides health, dental and life insurance coverage through the Village's third-party indemnity policy. The Library's expense for this coverage was \$22,875 in the fiscal year ended May 31, 2010, which equals the amounts paid to the Village for coverage.

7. DEFINED BENEFIT PENSION PLAN

The employees of the Library are covered by the Village's defined benefit pension plan.

Plan Description

The Library, under the sponsorship of the Village, contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. The Library's participation in IMRF through the Village results in the Library participating in a cost-sharing multiple-employer plan.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight 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 statute.

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 plan, using the actuarial basis specified by statute. As of December 31, 2009, this rate was 11.12%. During the years ended May 31, 2010, 2009 and 2008, the Library, under the sponsorship of the Village, was required to contribute \$54,689, \$53,261 and \$40,786, respectively, to the IMRF. The Library's actual contributions for the years ended May 31, 2010, 2009 and 2008 equaled the required contributions for each year.

7. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

The actuarial accrued liability for the Village as a whole as of December 31, 2009, 2008 and 2007 was \$4,295,084, \$4,071,905 and \$3,480,250, respectively. The actuarial value of assets at these dates was \$2,939,032, \$2,787,395 and \$2,701,435, respectively, resulting in an unfunded actuarial accrued liability of \$1,356,052, \$1,284,510 and \$778,815, respectively. The Library's contribution represented 23.3%, 24.3% and 21.0%, respectively, of the total amount contributed by the Village.

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Library's governmental activities.

b. Benefits Provided

The Library provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Library's retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Library's insurance provider.

MESSENGER PUBLIC LIBRARY
 NORTH AURORA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At May 31, 2009, based on most recent information, membership consisted of:

| | |
|--|-----------------|
| Retirees and beneficiaries currently receiving benefits | - |
| Terminated employees entitled to Benefits but not yet receiving them | - |
| Active vested plan members | - |
| Active nonvested plan members | <u>7</u> |
| TOTAL | <u><u>7</u></u> |
| Participating employers | <u>1</u> |

d. Funding Policy

The Library is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The Library first had an actuarial valuation performed for the plan as of May 31, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended May 31, 2009. The Library's annual OPEB cost (expense) was \$1,304. The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 and 2010 is as follows (information for the one preceding year is not available as an actuarial valuation was performed for the first time as of May 31, 2009):

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|--|---------------------|
| 2009 | \$ 1,272 | \$ - | 0.00% | \$ 1,272 |
| 2010 | 1,325 | \$ - | 0.00% | \$ 2,597 |

MESSENGER PUBLIC LIBRARY
 NORTH AURORA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of May 31, 2010, was calculated as follows:

| | |
|--|------------------------|
| Annual required contribution | \$ 1,304 |
| Interest on net OPEB obligation | 63 |
| Adjustment to annual required contribution | <u>(42)</u> |
| Annual OPEB cost | 1,325 |
| Contributions made | <u>-</u> |
| Increase (decrease) in net OPEB obligation | 1,325 |
| Net OPEB obligation, beginning of year | <u>1,272</u> |
| NET OPEB OBLIGATION, END OF YEAR | <u>\$ 2,597</u> |

Funded Status and Funding Progress. The funded status of the plan as of May 31, 2009 based on the most recent information was as follows:

| | |
|---|------------|
| Actuarial accrued liability (AAL) | \$ 1,463 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | 1,463 |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00% |
| Covered payroll (active plan members) | \$ 304,733 |
| UAAL as a percentage of covered payroll | 0.48% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 31, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with an ultimate healthcare inflation rate of 6.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at May 31, 2009 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended May 31, 2010

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ 1,381,823 | \$ 1,381,823 | \$ 1,387,099 |
| Intergovernmental | - | - | 16,228 |
| Fines and forfeits | 10,000 | 10,000 | 25,065 |
| Investment income | - | - | 2,593 |
| Miscellaneous | 54,000 | 54,000 | 24,839 |
| Total revenues | 1,445,823 | 1,445,823 | 1,455,824 |
| EXPENDITURES | | | |
| Culture and recreation | | | |
| Library materials | 158,600 | 158,600 | 153,597 |
| Equipment | 176,000 | 176,000 | 117,038 |
| Administration | 282,223 | 282,223 | 231,812 |
| Personnel | 829,000 | 829,000 | 713,148 |
| Total expenditures | 1,445,823 | 1,445,823 | 1,215,595 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | 240,229 |
| FUND BALANCE, JUNE 1 | | | 1,410,833 |
| FUND BALANCE, MAY 31 | | | \$ 1,651,062 |

(See independent auditor's report.)

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

May 31, 2010

BUDGETS

The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget.

The budget may be amended only by the governing body. The budget was not amended in the current fiscal year.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year end.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were adopted.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLAN

May 31, 2010

| Actuarial Valuation Date May 31 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry-Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (OAAL) (2) - (1) | (5) Covered Payroll | UAAL as a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 2009 | \$ - | \$ 1,463 | 0.00% | \$ 1,463 | \$ 304,733 | 0.48% |
| 2010 | N/A | N/A | N/A | N/A | N/A | N/A |

The Library implemented GASB Statement No. 45 for the fiscal year ended May 31, 2009.

Information for prior year is not available.

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFIT PLAN

May 31, 2010

| <u>Fiscal Year May 31</u> | <u>Employer Contributions</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage Contributed</u> |
|-----------------------------------|-----------------------------------|---|-----------------------------------|
| 2009 | \$ - | \$ 1,272 | 0.00% |
| 2010 | - | 1,304 | 0.00% |

The Library implemented GASB Statement No. 45 for the fiscal year ended May 31, 2009.

Information for prior year is not available.

(See independent auditor's report.)

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended May 31, 2010

| | Original Budget | Final Budget | Actual |
|-------------------------------------|---------------------|---------------------|---------------------|
| TAXES | | | |
| Property taxes - current | \$ 1,378,823 | \$ 1,378,823 | \$ 1,376,008 |
| Personal property replacement taxes | 3,000 | 3,000 | 11,091 |
| Total taxes | 1,381,823 | 1,381,823 | 1,387,099 |
| INTERGOVERNMENTAL | | | |
| Per capita grant | - | - | 16,228 |
| Total intergovernmental | - | - | 16,228 |
| FINES AND FORFEITS | | | |
| Fines | 10,000 | 10,000 | 25,065 |
| Total fines and forfeits | 10,000 | 10,000 | 25,065 |
| INVESTMENT INCOME | - | - | 2,593 |
| MISCELLANEOUS | | | |
| Copier, fax and computer rental | 4,000 | 4,000 | 6,864 |
| Book sales | - | - | 2,116 |
| Gifts and donations | 50,000 | 50,000 | 2,298 |
| Nonresident fees | - | - | 95 |
| Impact fees | - | - | 2,160 |
| Miscellaneous | - | - | 11,306 |
| Total miscellaneous | 54,000 | 54,000 | 24,839 |
| TOTAL REVENUES | \$ 1,445,823 | \$ 1,445,823 | \$ 1,455,824 |

(See independent auditor's report.)

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended May 31, 2010

| | Original Budget | Final Budget | Actual |
|-------------------------------|---------------------|---------------------|---------------------|
| CULTURE AND RECREATION | | | |
| Library materials | | | |
| Books | \$ 112,550 | \$ 112,550 | \$ 112,443 |
| Periodicals | 10,000 | 10,000 | 9,104 |
| Audiovisual | 36,050 | 36,050 | 32,050 |
| Total library materials | 158,600 | 158,600 | 153,597 |
| Equipment | | | |
| Furniture and fixtures | 25,000 | 25,000 | 2,381 |
| Library supplies and postage | 34,500 | 34,500 | 32,337 |
| Janitorial supplies | 2,500 | 2,500 | 2,324 |
| Automation | 114,000 | 114,000 | 79,996 |
| Total equipment | 176,000 | 176,000 | 117,038 |
| Administration | | | |
| Maintenance | 97,663 | 97,663 | 78,748 |
| Utilities | 25,000 | 25,000 | 9,775 |
| Telephone | 18,500 | 18,500 | 12,827 |
| Insurance | 22,500 | 22,500 | 18,760 |
| Staff development | 15,000 | 15,000 | 10,448 |
| Professional fees | 31,500 | 31,500 | 27,338 |
| Programming | 13,500 | 13,500 | 12,167 |
| Miscellaneous | 58,560 | 58,560 | 61,749 |
| Total administration | 282,223 | 282,223 | 231,812 |
| Personnel | | | |
| Salaries | 692,000 | 692,000 | 591,790 |
| Benefits | 22,000 | 22,000 | 22,875 |
| IMRF | 70,000 | 70,000 | 54,689 |
| FICA | 45,000 | 45,000 | 43,794 |
| Total personnel | 829,000 | 829,000 | 713,148 |
| TOTAL EXPENDITURES | \$ 1,445,823 | \$ 1,445,823 | \$ 1,215,595 |

(See independent auditor's report.)

SUPPLEMENTAL SECTION

MESSENGER PUBLIC LIBRARY
NORTH AURORA, ILLINOIS

PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS

Last Eight Levy Years

| Tax Levy Year | 2009 | | 2008 | | 2007 | | 2006 | |
|-----------------------|--------|------------------|--------|---------------------|--------|---------------------|--------|---------------------|
| ASSESSED VALUATION | \$ | 574,582,884 | \$ | 569,761,326 | \$ | 534,669,242 | \$ | 463,876,756 |
| | Rate* | Amount | Rate* | Amount | Rate* | Amount | Rate* | Amount |
| TAX EXTENSIONS | | | | | | | | |
| Corporate | 0.2260 | \$ 1,298,793 | 0.2249 | \$ 1,281,159 | 0.2237 | \$ 1,195,884 | 0.2333 | \$ 1,082,067 |
| Building maintenance | 0.0167 | 95,892 | 0.0171 | 97,663 | 0.0170 | 91,225 | 0.0178 | 82,542 |
| TOTAL TAX EXTENSIONS | 0.2427 | \$ 1,394,685 | 0.2420 | \$ 1,378,822 | 0.2407 | \$ 1,287,109 | 0.2511 | \$ 1,164,609 |
| TOTAL TAX COLLECTIONS | | <u>\$ 93,904</u> | | <u>\$ 1,376,008</u> | | <u>\$ 1,281,295</u> | | <u>\$ 1,158,124</u> |
| PERCENT COLLECTED | | <u>6.73%</u> | | <u>99.80%</u> | | <u>99.55%</u> | | <u>99.44%</u> |

* Property tax rates are per \$100 of assessed valuation.

| 2005 | | 2004 | | 2003 | | 2002 | |
|--------|---------------------|--------|-------------------|--------|-------------------|--------|-------------------|
| \$ | 406,590,467 | \$ | 355,901,713 | \$ | 318,338,788 | \$ | 287,607,415 |
| Rate* | Amount | Rate* | Amount | Rate* | Amount | Rate* | Amount |
| 0.2393 | \$ 972,955 | 0.2439 | \$ 863,839 | 0.2444 | \$ 778,020 | 0.2275 | \$ 654,307 |
| 0.0191 | 77,837 | 0.0195 | 69,138 | 0.0196 | 62,394 | 0.0174 | 50,044 |
| 0.2584 | \$ 1,050,792 | 0.2634 | \$ 932,977 | 0.2640 | \$ 840,414 | 0.2449 | \$ 704,351 |
| | <u>\$ 1,050,202</u> | | <u>\$ 932,653</u> | | <u>\$ 835,036</u> | | <u>\$ 705,053</u> |
| | <u>99.94%</u> | | <u>99.97%</u> | | <u>99.36%</u> | | <u>100.10%</u> |

(See independent auditor's report.)