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COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

Roy W. Groesbeck

*Mueller & Co., LLP
1707 N. Randall Rd., Suite 200
Elgin, IL 60123
847-888-8600*

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**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

PRINCIPAL OFFICIALS

**LEGISLATIVE
BOARD OF TRUSTEES**

Bonnie Quirke, President

Wendy Vieth, Vice President

Nathan Johnson, Trustee

Tom Milowski, Treasurer

Ann Oakley, Trustee

Marti Gorun, Secretary

Tommy Koo, Trustee

ADMINISTRATIVE

Stephen Kershner, Library Director

Mary Ellen Stembal, Associate Director

A N N U A L F I N A N C I A L R E P O R T



1707 N. Randall Rd., Suite 200 ■ Elgin, Illinois 60123
847.888.8600 Fax: 847.888.0635 ■ www.muellercpa.com

INDEPENDENT AUDITORS' REPORT

Library Director and
Board of Trustees
Cook Memorial Public Library District
Lake County, Illinois
Libertyville, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cook Memorial Public Library District, Lake County, Illinois, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

As discussed in Note 1, Cook Memorial Public Library District prepares its fund financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Cook Memorial Public Library District, Lake County, Illinois, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 7 and budgetary comparison information on pages 27 to 29 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 operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise Cook Memorial Public Library District's basic financial statements. The financial information listed as combining and individual fund financial statements and other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The financial statements of the District for the year ended June 30, 2011, which are not presented with the accompanying financial statements, were audited by other auditors whose report thereon, dated October 27, 2011, expressed an unqualified opinion on the respective financial statements of the governmental activities, each major fund, the aggregate remaining fund information. Their report on the June 30, 2011 supplementary financial information listed on the table of contents stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole. The 2011 comparative information presented in the financial statements and supplementary statements was derived from those audited financial statements.

Muller & Co., LLP

Elgin, Illinois
October 16, 2012

GENERAL PURPOSE FINANCIAL STATEMENTS

COOK MEMORIAL PUBLIC LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Cook Memorial Public Library District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of Cook Memorial Public Library District for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Cook Memorial Public Library District exceeded its liabilities at the close of the most recent fiscal year by \$15,174,323. Of this amount, \$8,199,732 may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,387,365, an increase of \$545,712 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Cook Memorial Public Library District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The **Statement of Net Assets** presents information on all of the District's assets and liabilities, with the difference between the two reported as **Net Assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The **Statement of Activities** presents information showing how the District'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 related 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., uncollected taxes).

Fund financial statements. 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. Cook Memorial Public Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds of the District are the General Fund, the Special Reserve Fund, the Social Security and IMRF Fund, and the Working Cash Fund.

Governmental 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 on 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.

COOK MEMORIAL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

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 fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Cook Memorial Public Library District maintains four individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Special Reserve Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregate presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund, the Special Revenue Fund and the Social Security and IMRF Fund. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with this budget.

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 12 through 26 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to employees. Required supplementary information on pensions can be found on page 30 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 31 to 34 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cook Memorial Public Library District, assets exceeded liabilities by \$15,174,323 at the close of the most recent fiscal year. A significant portion of the District's net assets, 46 percent, reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, vehicles, and library materials), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$8,199,732 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its governmental activities. The same situation held true for the prior fiscal year.

COOK MEMORIAL PUBLIC LIBRARY DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The following summarized information was derived from the Statements of Net Assets as of June 30, 2012 and 2011:

		NET ASSETS	
		GOVERNMENTAL ACTIVITIES	
		<u>2012</u>	<u>2011</u>
Current and other assets	\$	12,413,708	7,950,846
Capital assets, net of accumulated depreciation		<u>17,404,229</u>	<u>17,706,547</u>
Total assets		<u>29,817,937</u>	<u>25,657,393</u>
Current liabilities		4,623,579	458,348
Non-current liabilities		<u>10,020,035</u>	<u>10,489,704</u>
Total liabilities		<u>14,643,614</u>	<u>10,948,052</u>
Net Assets:			
Invested in capital assets, net of related debt		6,914,525	6,867,688
Restricted		60,066	1,274,112
Unrestricted		<u>8,199,732</u>	<u>6,567,541</u>
Total Net Assets	\$	<u>15,174,323</u>	<u>14,709,341</u>

The following summarized information was derived from the Statements of Activities for the years ending June 30, 2012 and 2011:

		GOVERNMENTAL ACTIVITIES	
		<u>2012</u>	<u>2011</u>
Revenues:			
Property taxes	\$	7,971,169	7,657,633
Replacement taxes		77,664	88,057
Interest		26,408	49,840
Per Capita Grant		61,368	124,807
Gifts and grants		106,382	11,305
Village construction grant		-	169,258
Fines, fees, and other		<u>180,541</u>	<u>190,381</u>
Total revenues		<u>8,423,532</u>	<u>8,291,281</u>
Expenses:			
Personnel		4,143,037	3,896,665
Library materials		288,260	250,010
Operating expenses		1,079,135	1,090,322
Improvements and capital projects		138,462	52,920
Debt service, interest, fees, and amortization of issuance costs		398,801	412,301
Contingencies		2,743	53,796
Social Security and IMRF		627,433	631,421
Loss on disposal of capital assets		103,290	219,874
Depreciation and amortization		<u>1,177,389</u>	<u>1,010,262</u>
Total expenses		<u>7,958,550</u>	<u>7,617,571</u>
Change in net assets		464,982	673,710
Net assets, beginning of year		<u>14,709,341</u>	<u>14,035,631</u>
Net assets, end of year	\$	<u>15,174,323</u>	<u>14,709,341</u>

COOK MEMORIAL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Governmental activities. Governmental activities increased the District's net assets by \$464,982, accounting for 100% of the total increase in net assets of the District. This increase is due primarily to an increase in property tax revenues in conjunction with a decrease in expenses.

Property tax revenues increased \$313,536 (4.1%) and there was an increase of \$95,077 in gifts and grants. These increases were partially offset by a 51% decrease in per capita grants and a 47% decrease in interest income. The per capita grant for the year ending June 30, 2011 was not received until the subsequent year, resulting in the inclusion of two grants in the revenues for the year ending June 30, 2012.

Personnel costs remained relatively stable from the prior year. A 2% decrease in salaries was offset by a 26% increase in benefits, due primarily to increases in health insurance costs. Library materials increased approximately 15% and improvements and capital projects increased 161%, representing the additional expenditures as a result of the completion of the Aspen branch and the expansion of the Cook Park branch. Operating expenses actually decreased about 1% from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,387,365, an increase of \$545,742 in comparison with the prior year. Approximately 44 percent of this total amount, \$3,622,833 constitutes unassigned fund balance, which is available for spending during the 2012-2013 fiscal year. The restricted fund balance of \$60,066 represents amounts that have been received from donors for specific use purposes that had not been totally expended as of the end of the fiscal year. Committed fund balances of \$4,093,788 are not available for new spending because it has been committed for the specific purpose of each special revenue fund. The remainder of fund balance has been assigned for capital projects by legislative action of the Board of Trustees.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,662,833. Unassigned fund balance represents 53 percent of the total General Fund expenditures.

The fund balances of the District's General Fund increased by \$512,922 during the current fiscal year.

Property tax revenues increased 4.6% and there was an increase of \$90,199 in donations and gifts. These increases were partially offset by a 51% (\$63,439) decrease in Per Capita Grants and a 43% (\$17,829) decrease in interest and other income.

COOK MEMORIAL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS, CONTINUED

Personnel costs remained relatively stable from the prior year. A 2% decrease in salaries was offset by a 26% increase in benefits, due primarily to increases in health insurance costs. Books and other materials remained relatively constant, decreasing about 2.9%. Operating expenses decreased 5.1%, due primarily to a \$96,086 decrease in rented facilities utilized for patrons and staff during the Cook Park renovation project. Improvements and capital projects expenditures increased 116%, representing the additional expenditures required to complete the construction of the Aspen branch and the Cook Park renovation.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, \$249,769 was transferred from the General Fund to the Special Reserve Fund. The Special Reserve Fund is used to account for capital projects and improvements.

The District's General Fund expended \$6,886,007 during the fiscal year ended June 30, 2012, which was significantly less than the budget appropriation of \$8,105,900. The appropriation sets the maximum spending limits for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets for governmental activities as of June 30, 2012 amounts to \$17,404,229, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, furniture and equipment, and library materials. The total decrease in the District's investment in capital assets for the current fiscal year was 1.7 percent.

Significant capital additions during the year were library materials and expenditures for the building expansion and renovation project. In addition, construction costs of the Cook Park expansion and renovation that had been in progress during the prior fiscal year were placed into service during the current fiscal year. Details of the District's capital assets are continued in the notes to the financial statements on pages 20 and 21.

As of June 30, 2012, the District had general obligation debt certificates outstanding of \$10,489,704, including unamortized debt premium. Additional information regarding the District's debt can be found in the notes to the financial statements on pages 21 and 22.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Currently, management is not aware of any significant changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future. The budget for the fiscal year ending June 30, 2013 has not increased significantly. The increase of approximately 3.3% primarily represents increases in the cost of living.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Cook Memorial Public Library District's finances for those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, Cook Memorial Public Library District, 413 N. Milwaukee Avenue, Libertyville, IL 60048.

COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS

GOVERNMENT-WIDE FINANCIAL STATEMENT-STATEMENT OF NET ASSETS

JUNE 30, 2012

ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>
Cash and investments	\$ 8,393,064
Property taxes receivable	3,913,228
Prepaid expenses	8,109
Bond issue costs, net of accumulated amortization	99,307
Capital assets:	
Nondepreciable	1,008,500
Depreciable, net	<u>16,395,729</u>
	<u>29,817,937</u>

LIABILITIES

Payroll liabilities	5,699
Accrued wages	74,082
Accrued vacation	160,901
Deferred revenue	3,913,228
Long-term debt	<u>10,489,704</u>
	<u>14,643,614</u>

NET ASSETS

Invested in capital assets, net of related debt	6,914,525
Unrestricted	8,199,732
Restricted	<u>60,066</u>
	\$ <u><u>15,174,323</u></u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

GOVERNMENT-WIDE FINANCIAL STATEMENT-STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

		PROGRAM REVENUES		NET (EXPENSES) REVENUES & CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Functions/Programs				
Primary government				
Governmental activities:				
General government	\$ 7,958,550	169,639	167,750	(7,621,161)
General revenues:				
Taxes:				
Property				
				\$ 7,971,169
Replacement				
				77,664
Investment income				
				26,408
Miscellaneous				
				10,902
Total general revenues				8,086,143
Change in net assets				464,982
Net assets beginning of year				14,709,341
Net assets end of year				\$ 15,174,323

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

COOK MEMORIAL PUBLIC LIBRARY DISTRICT, LAKE COUNTY, ILLINOIS
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
(CASH BASIS - NON-GAAP)

ALL GOVERNMENTAL FUND TYPES

JUNE 30, 2012

					TOTAL (MEMORANDUM ONLY)	
	MAJOR FUNDS		OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	2012	2011
	GENERAL	SPECIAL RESERVE				
ASSETS						
Cash and cash equivalents	\$ 4,154,729	487,591	852,984	5,495,304	5,495,304	5,375,827
Investments	144,547	2,238,500	514,713	2,897,760	2,897,760	2,469,505
	<u>\$ 4,299,276</u>	<u>2,726,091</u>	<u>1,367,697</u>	<u>8,393,064</u>	<u>8,393,064</u>	<u>7,845,332</u>
LIABILITIES AND FUND BALANCES						
Payroll liabilities	\$ 5,699	-	-	5,699	5,699	3,679
Fund balances:						
Restricted by donors	60,066	-	-	60,066	60,066	30,939
Committed	-	2,726,091	1,367,697	4,093,788	4,093,788	4,070,988
Assigned for capital projects	570,678	-	-	570,678	570,678	249,769
Unassigned	3,662,833	-	-	3,662,833	3,662,833	3,489,957
	<u>4,293,577</u>	<u>2,726,091</u>	<u>1,367,697</u>	<u>8,387,365</u>	<u>8,387,365</u>	<u>7,841,653</u>
	<u>\$ 4,299,276</u>	<u>2,726,091</u>	<u>1,367,697</u>	<u>8,393,064</u>	<u>8,393,064</u>	<u>7,845,332</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balance (above)	\$ 8,393,064
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	17,404,229
Prepaid expenses are payable in the current period and therefore fully expensed in the funds	107,416
Accrued expenses are payable in future periods, incurred in the current period	(240,682)
Long-term debt obligations are not reported in the fund financial statements	<u>(10,489,704)</u>
Net assets of governmental activities	<u>\$ 15,174,323</u>

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

COOK MEMORIAL PUBLIC LIBRARY DISTRICT, LAKE COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
(CASH BASIS - NON-GAAP)

ALL GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2012

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)	
	GENERAL	SPECIAL RESERVE				2012	2011
Revenues:							
Property taxes	\$ 7,242,285	-	728,884	7,971,169	7,971,169	7,657,633	
State replacement tax	55,681	-	21,983	77,664	77,664	88,057	
Interest	12,430	12,888	1,090	26,408	26,408	49,840	
Per Capita Grant	61,368	-	-	61,368	61,368	124,807	
Grants	1,000	-	-	1,000	1,000	-	
Village construction grant	-	-	-	-	-	169,258	
Insurance recovery	-	-	-	-	-	97,850	
Donations and gifts	105,382	-	-	105,382	105,382	20,183	
Fines and fees	165,328	-	-	165,328	165,328	153,541	
Program fees	4,311	-	-	4,311	4,311	11,684	
Other income	10,902	-	-	10,902	10,902	20,419	
	<u>7,658,687</u>	<u>12,888</u>	<u>751,957</u>	<u>8,423,532</u>	<u>8,423,532</u>	<u>8,393,272</u>	
Expenditures:							
Personnel	3,908,054	-	-	3,908,054	3,908,054	3,896,665	
Library materials	915,164	-	-	915,164	915,164	942,584	
Operating expenses	1,087,244	-	-	1,087,244	1,087,244	1,145,740	
Improvements and capital projects	125,539	364,380	-	489,919	489,919	3,630,999	
Debt service	847,263	-	-	847,263	847,263	845,763	
Contingencies	2,743	-	-	2,743	2,743	53,796	
Social Security and IMRF	-	-	627,433	627,433	627,433	631,421	
	<u>6,886,007</u>	<u>364,380</u>	<u>627,433</u>	<u>7,877,820</u>	<u>7,877,820</u>	<u>11,146,968</u>	
Excess (deficiency) of revenues over expenditures	772,680	(351,492)	124,524	545,712	545,712	(2,753,696)	
Other financing sources (uses)							
Net transfers in (out)	(249,768)	249,768	-	-	-	24,627	
Fund balances, beginning of year	<u>3,770,665</u>	<u>2,827,815</u>	<u>1,243,173</u>	<u>7,841,653</u>	<u>7,841,653</u>	<u>10,570,722</u>	
Fund balances, end of year:	\$ <u>4,293,577</u>	<u>2,726,091</u>	<u>1,367,697</u>	<u>8,387,365</u>	<u>8,387,365</u>	<u>7,841,653</u>	

Reconciliation to statement of activities, change in net assets:

Net change in fund balances-total governmental funds (above)	545,712
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays.	(199,028)
Loss on disposal of improvements, library materials, furniture and equipment at the District's net book value	(103,290)
Principal and interest payments on long-term debt obligations are fully expensed in the fund financial statements and in the government-wide financial statements, principal payments on debt certificates are a reduction of the outstanding debt certificates.	450,000
Governmental funds report expenses as incurred, therefore prepaid and accrued expenses are fully reported in the funds. In the statement of activities, prepaid and accrued expenses are measured by the amount of financial resources used.	
Amortization of bond premium	4,669
Amortization of bond issuance costs	(6,207)
Prepaid expenses	8,109
Accrued expenses	(234,983)
	<u>\$ 464,982</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Cook Memorial Public Library District (District) is an Illinois local government. The District maintains two facilities, the Aspen Drive Library, Vernon Hills, and the Cook Park Library, Libertyville and operates a traveling bookmobile. The District's mission is to provide and promote open access to information, ideas and creative expression and to encourage life-long learning and personal growth. The following significant accounting policies are presented to assist the reader in evaluating the financial statements.

The Reporting Entity

The District's financial statements include all government activities, organizations and functions for which the Board of Trustees (Board) has oversight responsibility. Therefore, they include all the funds of the District whose expenditures are approved by the Board.

The District has developed criteria to determine whether organizations with separate governing boards meet the criteria of a component unit. The criteria include whether the potential component unit is legally separate, and whether the District is financially accountable for the organization. There is no entity included as a component unit, and the District is not considered to be a component unit of any other government unit.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District:

Governmental Funds

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the District are the Social Security/IMRF Fund and the Working Cash Fund.

Capital Projects Funds – The Capital Projects Funds are used to account for capital projects of the District. The Capital Projects Fund is the Special Reserve Fund.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Accounting, Continued

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Special Reserve Fund is used to account for capital projects of the District.

Government-Wide and Fund Financial Statements

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

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

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 and additions are recorded when earned and expenses and deductions 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.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the cash basis of accounting. Their revenues are recognized when they are received. Expenditures are recognized only when paid.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000, except for library materials, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Land improvements	15 - 20 years
Building and improvements	40 years
Furniture and equipment	5 - 20 years
Vehicles	8 years
Intangibles – Automated	
Library System (amortized)	5 years
Library materials	7 years

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balances

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

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

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as Special Reserve Fund expenditures). An assigned fund balance is established by the Board of Trustees through the adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for specific purposes in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. Although not specifically assigned, due to timing of property tax collections, the District uses year end fund balances to fund operating expenses for most of the next year.

Budgets

The District's budget is prepared on the cash basis method of accounting. As prescribed by the statutes, the District in its budgeting process includes as a resource (amount available for current expenditures) a portion of the fund balance that has been accumulated in prior years. The budgets must be approved within 90 days after the beginning of the fiscal year.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Board of Trustees adopts a Budget Resolution.
2. Notice is published in the paper that the tentative Annual Budget and Appropriation Ordinance are available for public inspection.
3. Budget hearings are conducted, 30 days after publication.
4. The budget is legally enacted through passage of an ordinance by the Board of Trustees.
5. The budget may be amended by the Board of Trustees.
6. Budgets are adopted on a basis consistent with the prior year.
7. A certified copy of the Budget and Appropriation Ordinance must be filed with the County Clerk within 30 days of adoption.

During the year ended June 30, 2012, there were no amendments to the operating budget. The budget amounts presented on the fund financial statements represent the original and final amounts.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 16, 2012, the date that the financial statements were available for issue.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - DEPOSITS AND INVESTMENTS

Bank deposits and investments consisted of the following at June 30, 2012:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Bank deposits -		
Insured by FDIC (Category 1)	\$ 250,000	250,000
- Collateral held in excess of FDIC limits	5,238,790	<u>5,316,587</u>
		\$ <u>5,566,587</u>
Other investments -		
Cash on hand	6,514	
Investments in certificate of deposit, no more than \$250,000 at any institution, insured by FDIC	1,863,500	
US Government investments	875,000	
The Illinois Funds		
- Collateral held by Illinois Funds in excess of balances (Category 1)	<u>159,260</u>	
	\$ <u>8,393,064</u>	

The Illinois Funds is an investment pool for Illinois local governments. All investments currently held by the District have been authorized by the District's management.

NOTE 3 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012.

Cash accounts: Based on value of cash held by the District at year end.

Certificates of deposit: Based upon face value of certificates.

US Government equities: Based upon face value of certificates.

Illinois Funds: Based on the net asset value ("NAV") of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 5,495,304	-	-	5,495,304
Certificates of deposit	-	1,863,500	-	1,863,500
US Government securities	-	875,000	-	875,000
Illinois Funds	-	159,260	-	159,260
Total assets at fair value	\$ 5,495,304	2,879,760	-	8,393,064

NOTE 4 - REVENUE RECOGNITION - PROPERTY TAXES

For the fund financial statements, property taxes attach as an enforceable lien on January 1. They are levied in November 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, and are payable in two installments, on or about June 1, and on or about September 1. The County collects such taxes and remits them periodically. Property tax revenues are recognized when the taxes are collected, in the year following the levy and lien date. Therefore, the revenue for the year ended June 30, 2012 is from the 2010 and 2011 tax levies.

For the government-wide financial statements, the District's property tax levy is based on a final appropriations ordinance. Property taxes are recorded as revenue in the period covered by the appropriations which they are intended to finance. The 2011 tax levy was based on the appropriations ordinance for the year ended June 30, 2012 and thus has been recorded as revenue. Collections of \$4,027,305 were received on this levy through June 30, 2012 and the remaining balance of \$3,913,228 has been deferred until the subsequent year.

NOTE 5 - PERSONAL PROPERTY REPLACEMENT TAX

The Personal Property Replacement Tax represents an additional State of Illinois income tax on corporations (including certain utilities), trusts, partnerships and Subchapter-S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and water services.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 5 - PERSONAL PROPERTY REPLACEMENT TAX, CONTINUED

Revenues are collected by the State of Illinois under the replacement tax and are allocated to the General Fund and IMRF Fund separately eight times a year. The replacement tax law provided that monies received should be first applied toward payment of the proportionate share of the pension or retirement obligations which were previously levied on personal property. Remaining allocations are made at the discretion of the Board of Trustees.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIRE- MENTS</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Aspen Drive land	\$ 1,008,500	-	-	1,008,500
Cook Park expansion and renovation in progress	<u>6,473,075</u>	<u>(6,473,075)</u>	-	-
	<u>\$ 7,481,575</u>	<u>(6,473,075)</u>	-	<u>1,008,500</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 8,137,193	6,591,091	99,220	14,629,064
Furniture and equipment	1,305,562	233,441	102,701	1,436,302
Vehicles	197,512	-	-	197,512
Intangibles – automated library system	251,940	-	-	251,940
Library materials	<u>4,789,974</u>	<u>626,904</u>	<u>355,477</u>	<u>5,061,401</u>
	<u>14,682,181</u>	<u>7,451,436</u>	<u>557,398</u>	<u>21,576,219</u>
Less accumulated depreciation	<u>4,457,209</u>			<u>5,180,490</u>
	<u>\$ 10,224,972</u>			<u>16,395,729</u>

Depreciation expense charged to governmental activities was \$1,177,389 for the year ended June 30, 2012.

Construction of the Cook Park facility was completed during the fiscal year and the related costs were transferred into service.

The land at the Cook Park facility is owned by the municipality and not the District.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 6 - CAPITAL ASSETS, CONTINUED

Loss on disposal of machinery and equipment was as follows:

Buildings and improvements	\$	99,220
Furniture and equipment		102,701
Library materials		<u>355,477</u>
		557,398
Less accumulated depreciation		<u>454,108</u>
Loss	\$	<u><u>103,290</u></u>

NOTE 7 - LONG-TERM DEBT

The District has issued general obligation debt certificates to provide funds for acquisition, expansion, and renovation. Long-term debt is reported on the government-wide financial statements and is not included in the fund financial statements in accordance with GASB 34.

Long-term debt at June 30, 2012 consisted of the following general obligation debt certificates:

Twenty-year debt certificates, \$5,000,000 original issue, dated May 28, 2008 with interest rates ranging from 3.25% to 4.0%, maturing May 2028	\$	4,180,000
Twenty-year debt certificates, \$7,000,000 original issue, dated February 5, 2009 with interest rates ranging from 3.0% to 4.0%, maturing February 2029.		<u>6,235,000</u>
Debt subtotal		10,415,000
Premium on debt issuance, net of accumulated amortization		<u>74,704</u>
		10,489,704
Less current portion		<u>469,669</u>
	\$	<u><u>10,020,035</u></u>

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 7 - LONG-TERM DEBT, CONTINUED

Principal and interest payments due on long-term debt during each of the next five years and to maturity are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$ 465,000	381,088	846,088
2014	480,000	366,663	846,663
2015	495,000	351,738	846,738
2016	510,000	335,838	845,838
2017	525,000	319,488	844,488
2018 – 2022	2,890,000	1,323,850	4,213,850
2023 – 2027	3,465,000	741,400	4,206,400
2028 – 2029	<u>1,585,000</u>	<u>95,600</u>	<u>1,680,600</u>
	\$ <u>10,415,000</u>	<u>3,915,665</u>	<u>14,330,665</u>

The premium paid at the debt issuance is included in the total loan balance. The premium is amortized at \$4,669 annually.

NOTE 8 – OPERATING LEASES

The Company leases copiers and computer equipment under various operating leases which require monthly rental payments from \$235 to \$2,489 and expire at various dates through December 2016. Rent expense included in operations under these lease agreements totaled \$53,659 during the fiscal year ended June 30, 2012.

The aggregate future minimum lease commitment on these leases as of June 30, 2012 is as follows:

2013	\$ 72,918
2014	37,233
2015	19,714
2016	16,934
2017	<u>5,687</u>
	\$ <u>152,486</u>

NOTE 9 – OPERATING TRANSFERS

During the year, \$249,768 was transferred from the General Fund to the Special Reserve Fund to be used for future Special Reserve Fund purposes.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 - RISK MANAGEMENT

The District purchases commercial insurance to minimize its risk from loss relating to thefts or damage to property, and liability and workers' compensation claims. There were no significant reductions in insurance coverage from the prior year and no settlements exceeded the insurance coverage for each of the past three years.

NOTE 11 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. According to GASB 32, the District does not report these funds in these financial statements.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

The District participates in a cost-sharing multiple employer defined benefit other post employment benefits plan administered by Cooperative 90's Health Plan. The Plan provides health benefits in accordance with an administrative agreement between the affiliates who participate in the Plan. Rates are reviewed annually. The District pays 90% of the applicable single rate and 50% of any other rate coverage for active employees. Retirees pay 100% of their applicable coverage. The monthly single rate for the plan year beginning June 1, 2012 is \$693. The District paid 100% of its required premiums for the year ended June 30, 2012. The District is required to offer employees, who are IMRF vested, continuing health insurance participation upon termination of employment. The retiree pays the entire health insurance premium and therefore there is no explicit subsidy. The District participates in a community-rated health insurance plan and as such, it is the District's opinion that there is no implicit subsidy as defined by Government Accounting Standards Board (GASB) Statement No. 45. The Plan issues an audited financial report. Information regarding the Plan may be obtained from the District.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 13 - COMPENSATED ABSENCES

The District provides paid vacation for all full-time employees based on their job classification or the number of years of service, with one week carryover allowed for unused vacation, as follows:

Full-time librarians with an MLS degree and department managers	4 paid weeks
1-5 years	2 paid weeks
6-13 years	3 paid weeks
14-20 years	4 paid weeks
Over 20 years	5 paid weeks

The District uses the employee's vacation year for vacation accrual calculation purposes. The vacation pay accrued at year end in the government-wide financial statements amounts to \$160,901.

In addition, all full-time employees accrue sick leave at the rate of one day per month to a maximum of 120 working days. Since these accumulated sick days are not payable when the employee leaves employment there is no sick pay accrued at year end.

NOTE 14 – DEFINED BENEFIT PENSION PLAN

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2011 was 12.97%. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 14 – DEFINED BENEFIT PENSION PLAN, CONTINUED

Annual Pension Cost

For fiscal year ending June 30, 2012, the District's actual contributions for pension cost for the Regular plan were \$368,065. The District's required contribution for calendar year 2011 was \$365,515.

The three year trend information for the regular plan is as follows:

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/12	\$ 368,065	100%	-
6/30/11	369,318	100%	-
6/30/10	324,551	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefits increases of 3% annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 71.78% funded. The actuarial accrued liability for benefits was \$8,472,258 and the actuarial value of assets was \$6,081,084, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,391,174. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$2,818,157 and the ratio of the UAAL to the covered payroll was 85 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 15 - COMMITMENTS AND LITIGATION

The District has contract commitments of approximately \$232,000 for the expansion and renovation of the Cook Park facility. The District is a party to a lawsuit filed by a subcontractor against the general contractor that performed work on the Cook Park construction project. The outcome of this litigation cannot be determined at this time. This is the main reason for the amount of the remaining commitment.

REQUIRED SUPPLEMENTARY INFORMATION

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL
(CASH BASIS - NON-GAAP)
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<u>2012 APPROPRIATION</u>	<u>2012 BUDGET</u>	<u>2012 ACTUAL</u>	<u>2011 ACTUAL</u>
Revenues:				
Taxes:				
Property taxes	\$ 7,018,300	7,018,300	7,242,285	6,926,050
State replacement tax	63,400	63,400	55,681	67,112
Interest	40,000	40,000	12,430	20,742
Per Capita Grant	61,000	61,000	61,368	124,807
Grants	-	-	1,000	-
Donations and gifts	-	-	105,382	15,183
Fines and fees	144,000	144,000	165,328	153,541
Program fees	7,500	7,500	4,311	11,684
Other income	18,500	18,500	10,902	20,419
		<u>7,352,700</u>	<u>7,658,687</u>	<u>7,339,538</u>
Total revenues				
Expenditures:				
Personnel:				
Salaries	\$ 3,775,000	3,596,900	3,501,099	3,577,472
Benefits	442,200	368,500	363,477	289,462
Staff development	52,800	44,000	43,478	29,731
	<u>4,270,000</u>	<u>4,009,400</u>	<u>3,908,054</u>	<u>3,896,665</u>
Books and other materials	<u>1,055,000</u>	<u>1,005,000</u>	<u>915,164</u>	<u>942,584</u>
Operating expenses:				
Processing	37,200	31,000	32,809	30,179
Supplies	110,400	92,000	90,722	107,799
Vehicle operation	80,000	64,000	66,513	22,945
Computer operation	400,000	320,000	337,228	368,597
Utilities	300,000	240,000	161,828	147,457
Telephone	43,800	35,000	27,068	38,300
Postage	13,000	10,000	11,809	9,515
Maintenance	123,500	95,000	86,623	74,102
Repairs	98,800	67,000	80,886	29,180
Insurance	112,500	90,000	48,651	68,848
Professional services	65,700	50,500	37,261	50,880
Community relations	135,500	118,000	105,846	101,852
Rent	15,000	-	-	96,086
	<u>1,535,400</u>	<u>1,212,500</u>	<u>1,087,244</u>	<u>1,145,740</u>

Continued on page 28

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT, DUPAGE COUNTY, ILLINOIS
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL
(CASH BASIS - NON-GAAP)
GENERAL FUND
YEAR ENDED JUNE 30, 2012
(CONTINUED)**

	<u>2012 APPROPRIATION</u>	<u>2012 BUDGET</u>	<u>2012 ACTUAL</u>	<u>2011 ACTUAL</u>
Improvements and capital projects	\$ 190,500	79,300	125,539	58,006
Debt service:				
Principal	450,000	450,000	450,000	435,000
Interest and fees	475,000	396,500	397,263	410,763
	<u>925,000</u>	<u>846,500</u>	<u>847,263</u>	<u>845,763</u>
Contingencies	<u>130,000</u>	<u>100,000</u>	<u>2,743</u>	<u>53,796</u>
Total expenditures	\$ <u>8,105,900</u>	<u>7,252,700</u>	<u>6,886,007</u>	<u>6,942,554</u>
Excess of revenues over expenditures		\$ <u>100,000</u>	772,680	396,984
Transfer to Special Reserve Fund			(249,768)	(238,048)
Fund balances, beginning of year			<u>3,770,665</u>	<u>3,611,729</u>
Fund balances, end of year			\$ <u>4,293,577</u>	<u>3,770,665</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL
(CASH BASIS - NON-GAAP)
SPECIAL RESERVE FUND
YEAR ENDED JUNE 30, 2012**

	2012 APPROPRIATION	2012 BUDGET	2012 ACTUAL	2011 ACTUAL
Revenues:				
Interest		\$ -	12,888	19,322
Grants		-	-	169,258
Insurance recovery		-	-	97,850
Friends donation		-	-	5,000
		-	12,888	291,430
Total revenues		-	12,888	291,430
Expenditures:				
Improvements and capital projects	\$ 2,000,000	-	364,380	747,529
	2,000,000	-	364,380	747,529
Total expenditures	2,000,000	-	364,380	747,529
Deficiency of revenues over expenditures		\$ -	(351,492)	(456,099)
Other financing sources -				
Net transfers in			249,768	238,048
Fund balances, committed:				
Beginning of year			2,827,815	3,045,866
End of year			\$ 2,726,091	2,827,815

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits due is presented below:

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UNFUNDED LIABILITY AS A % OF COVERED PAYROLL ((b-a) / c)
12/31/11	\$6,081,084	8,472,258	2,391,174	71.78%	2,818,157	84.85%
12/31/10	5,380,028	7,962,971	2,582,943	67.56%	2,750,540	93.91%
12/31/09	5,190,614	7,625,516	2,434,902	68.07%	2,819,035	86.37%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$5,731,823. On a market basis, the funded ratio would be 67.65%.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
(CASH BASIS - NON-GAAP)**

SPECIAL REVENUE NON-MAJOR FUNDS

JUNE 30, 2012

	<u>IMRF AND SOCIAL SECURITY</u>	<u>WORKING CASH</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 797,208	55,776	852,984
Investments	<u>14,713</u>	<u>500,000</u>	<u>514,713</u>
Total assets	<u>\$ 811,921</u>	<u>555,776</u>	<u>1,367,697</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities	\$ -	-	-
Fund balances, committed	<u>811,921</u>	<u>555,776</u>	<u>1,367,697</u>
	<u>\$ 811,921</u>	<u>555,776</u>	<u>1,367,697</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CASH BASIS - NON-GAAP)**

SPECIAL REVENUE NON-MAJOR FUNDS

YEAR ENDED JUNE 30, 2012

	IMRF AND SOCIAL SECURITY	WORKING CASH	TOTALS
Revenues:			
Property taxes	\$ 728,884	-	728,884
State replacement tax	21,983	-	21,983
Interest	1,090	-	1,090
	<u>751,957</u>	<u>-</u>	<u>751,957</u>
Expenditures:			
Social Security and IMRF	<u>627,433</u>	<u>-</u>	<u>627,433</u>
	<u>627,433</u>	<u>-</u>	<u>627,433</u>
Excess of revenues over expenditures	124,524	-	124,524
Fund balances, committed:			
Beginning of year	<u>687,397</u>	<u>555,776</u>	<u>1,243,173</u>
End of year	<u>\$ 811,921</u>	<u>555,776</u>	<u>1,367,697</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL
(CASH BASIS - NON-GAAP)
IMRF AND SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2012**

	<u>2012 APPROPRIATION</u>	<u>2012 BUDGET</u>	<u>2012 ACTUAL</u>	<u>2011 ACTUAL</u>
Revenues:				
Taxes:				
Property taxes		\$ 714,800	728,884	731,583
State replacement tax		20,900	21,983	20,945
Interest		<u>2,500</u>	<u>1,090</u>	<u>1,863</u>
Total revenues		<u>738,200</u>	<u>751,957</u>	<u>754,391</u>
Expenditures:				
Social Security and IMRF	\$ <u>886,000</u>	<u>675,500</u>	<u>627,433</u>	<u>631,421</u>
Total expenditures	<u>\$ 886,000</u>	<u>675,500</u>	<u>627,433</u>	<u>631,421</u>
Excess of revenue over expenditures		<u>\$ 62,700</u>	124,524	122,970
Fund balances, committed:				
Beginning of year			<u>687,397</u>	<u>564,427</u>
End of year			<u>\$ 811,921</u>	<u>687,397</u>

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

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - APPROPRIATION, BUDGET AND ACTUAL
(CASH BASIS - NON-GAAP)
WORKING CASH FUND
YEAR ENDED JUNE 30, 2012**

	<u>2012 APPROPRIATION</u>	<u>2012 BUDGET</u>	<u>2012 ACTUAL</u>	<u>2011 ACTUAL</u>
Revenues		\$ -	-	-
Expenditures	\$ -	-	-	-
Excess of revenues over expenditures		\$ -	-	-
Fund balances, committed:				
Beginning of year			<u>555,776</u>	<u>555,776</u>
End of year			\$ <u>555,776</u>	<u>555,776</u>

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

OTHER SUPPLEMENTARY INFORMATION



1707 N. Randall Rd., Suite 200 ■ Elgin, Illinois 60123
847.888.8600 Fax: 847.888.0635 ■ www.muellercpa.com

INDEPENDENT AUDITORS' REPORT

Library Director and
Board of Trustees
Cook Memorial Public Library District
Libertyville, Lake County, Illinois

Our report on our audit which was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cook Memorial Public Library District, Lake County, Illinois' basic financial statements appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The supplementary information on page 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mueller & Co., LLP

Elgin, Illinois
October 16, 2012

**COOK MEMORIAL PUBLIC LIBRARY DISTRICT
LAKE COUNTY, ILLINOIS**

**PROPERTY TAX ASSESSED VALUATIONS AND RATES
LAST THREE YEARS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed valuations	\$ <u>3,126,194,028</u>	<u>3,249,251,630</u>	<u>3,351,994,201</u>
Date Adopted	11/17/11	11/17/10	11/17/09
Tax rates (per one-hundred dollars of assessed value)			
General	0.231	0.216	0.201
Social Security and IMRF	<u>0.023</u>	<u>0.022</u>	<u>0.022</u>
	<u>0.254</u>	<u>0.238</u>	<u>0.223</u>
Total extension	\$ <u>7,940,533</u>	<u>7,773,219</u>	<u>7,474,947</u>
Collected through June 30, 2012	\$ <u>4,027,305</u>	<u>7,718,237</u>	<u>7,463,803</u>
Percentage collected	<u>50.72%</u>	<u>99.81%</u>	<u>99.85%</u>