

LEWIS & CLARK LIBRARY SYSTEM

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
JUNE 30, 2010

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LEWIS & CLARK LIBRARY SYSTEM

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lewis & Clark Library System
Edwardsville, Illinois:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lewis & Clark Library System (Library System) as of and for the year ended June 30, 2010, which collectively comprise the Library System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library System's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Library System as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2010 on our consideration of the Library System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-12), budgetary comparison information (pages 32-34), and schedules of funding progress and employer contributions (page 31) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library System's basic financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, 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.

C. J. Schwan & Company LLC
Certified Public Accountants

September 10, 2010



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
David L. Kamler
David M. Bartosiak
Cindy A. Tefeller
Kevin J. Tepen

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Lewis & Clark Library System
Edwardsville, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lewis & Clark Library System (Library System) as of and for the year ended June 30, 2010, which collectively comprise the Library System's basic financial statements and have issued our report thereon dated September 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library System's financial statements that is more than inconsequential will not be prevented or detected by the Library System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Directors and the management of the Lewis & Clark Library System and is not intended to be and should not be used by anyone other than these specified parties.

C. J. Schloer & Co., L.L.C.
Certified Public Accountants

September 10, 2010

LEWIS & CLARK LIBRARY SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

Lewis & Clark Library System's Management Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Lewis & Clark Library System (Library System) for the fiscal year which ended June 30, 2010. The MD&A is designed to:

- Assist in focusing on significant financial issues;
- Provide an overview of the Library System's financial activities;
- Identify changes in the Library System's financial position;
- Identify any material deviations from the financial plan (approved budget); and
- Identify issues and/or concerns for each individual Library System fund.

Information presented in the audit must be considered in conjunction with additional information furnished in the Library System's financial statements and other supplementary information.

Background

The Library System was created by the Illinois State Legislature in 1965 as one of 18 Illinois library systems. Today there are nine multi-type regional library systems serving academic, public, school, and special libraries in Illinois. Library Systems are under the Secretary of State of Illinois, who is also the State Librarian. He oversees the Illinois State Library, which administers the annual Area & Per Capita Grants allocated to the Illinois Library Systems. The allotment for the Library System is based on 47.4326/4,915 per square mile and \$1.2682/670,077 per person. The demographic information from the 2000 Census was used to calculate the FY 2009-2010 funding level. Funds received for the Area & Per Capita Grant are used by the Library System to provide prescribed general operation and administration of the Library System and to provide services to approximately 132 member libraries located in 11 counties in southwestern Illinois. In the past, core services provided to member library staff, administration, and boards include: consulting, professional development (through workshops and seminars), communication, courier services (delivery), interlibrary loan, reciprocal access, automation, and bibliographic access. Because of reduced and delayed funding from the State of Illinois, core services provided by the library system are diminishing.

A legally established Board of Directors governs the operation of the Library System. The Board (consisting of nine Board members) is elected from the member libraries. Five members must be members of the governing board of public libraries. Additionally, four Board members must represent:

- An academic or special library
- A school library
- A public library
- A member library at large

The mission statement of Library System states:

We advance libraries in successfully serving the evolving needs of their communities.

The Library System's basic financial statements contained in this report are comprised of three components:

- **Government-wide Financial Statements,**
- **Fund Financial Statements, and**
- **Notes to the Financial Statements.**

Government-wide Financial Statements

The Government-wide financial statements distinguish functions of the Library System that are principally supported by grants and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The only core service provided with costs recovered through fees is the Gateway Automated Information Network (also known as GateNet, the Local Library System Automation Project, or LLSAP). Information regarding GateNet is found under the Proprietary Fund sections of the Audit Report.

The first two documents in the audit section titled, *Basic Financial Statements*, contain information that summarizes financial activity for all funds used to support the Library System's programs and projects. Page 12 contains the *Statement of Net Assets* which presents information on all of the Library System's assets and liabilities as of June 30, 2010. The *Statement of Activities*, found on page 13, reflects the change in Net Assets for all LCLS programs and activities.

A 6.9% change in net assets from the previous fiscal year is reflected in the *Summary of Changes in Net Assets* found on page 8. The reduction of net assets is a trend that has been continuing for several years. 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, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. grant receivables and accounts payable).

Fund Financial Statements

Financial information for the Library System is reported by fund. Each fund is a separate accounting entity created to segregate specific activities and to ensure and demonstrate compliance with finance-related legal requirements. The Library System has two types of funds – governmental funds and a proprietary fund.

Governmental Funds

There were several governmental funds represented in the FY 2009-2010 Library System financial reports and audit. The *General Fund* contains the financial information for the general administration and operation of the Library System, and the provision of core services (with the exception of automation and bibliographic access).

A major project, WebJunction Illinois, is also included. WebJunction was funded with federal LSTA grants. The *WebJunction Illinois* grant supported a website that focuses on supporting library staff through online resources, community forums, and continuing education. It is sponsored by the Illinois State Library, the Illinois Regional Library Systems and Illinois library staff and organizations. LCLS is the fiscal agent and LCLS staff serves as the project manager. This project has been funded for several years. The funding for WebJunction Illinois overlaps LCLS fiscal years.

The detail of Other Governmental Funds can be found in the Nonmajor Governmental Funds Section of the report (pages 34-35). Each of these funds was for a specific project undertaken by the Library System. Some of the more significant grants (and funds) include:

The *Statewide Cataloging Maintenance Center (CMC)* Grant provided funding for the Library System to do original cataloging of library materials for Illinois libraries at a reduced cost. The Library System is one of three multitype Illinois Library Systems that provide this service. The fees received for this service go to a third party who collects the fees from all CMCs. The fees are disbursed annually to each Cataloging Maintenance Center (CMC) based on a formula agreed upon by all three CMCs. The LCLS CMC uses the additional monies to support continuing education opportunities for CMC staff.

Putting Illinois on the Map is a project that utilizes a multi data layer, interactive database combining demographic and political boundaries in a usable Internet accessible format.

The *MARC of Quality Grant* enables LCLS staff to upload the records of new acquisitions and delete discarded library holdings from OCLC bibliographic records. This helps to ensure reliable access to the bibliographic information for the holdings of members of the GateNet consortia.

Proprietary Funds

The Library System maintains one proprietary fund. Financial information presented in this fund is for the Gateway Automated Information Network (GateNet). GateNet is a consortium of about 60 agencies utilizing about 90 library buildings. Each library participates in a shared integrated library automation system. These libraries also receive support for the automated system.

The basic proprietary fund financial statements can be found on pages 18-20 of this report. The fees collected for this service support all out-of-pocket expenditures (including direct staff and their benefits) and a minimal portion of administrative costs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided. The Notes to the Financial Statements can be found on pages 21-29 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Library System's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for the pension obligation can be found on page 30. Budgetary comparison schedules for each Library System major fund can be found on pages 31-33. Combined financial statements for non-major governmental funds are on pages 34-35.

Summary of Changes in Net Assets

Comparative data is accumulated and presented to assist analysis. The following table provides a condensed summary of the Library System's changes in net assets as of the end of fiscal years 2008-2009 and 2009-2010.

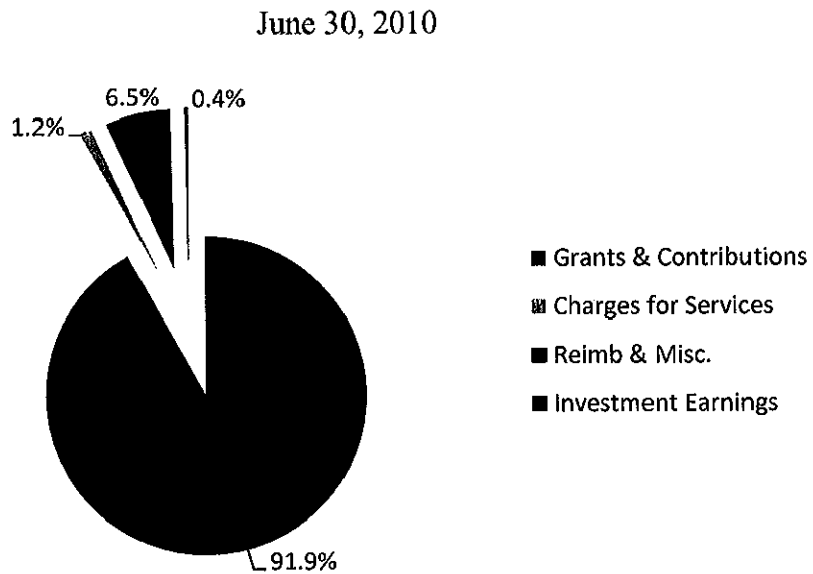
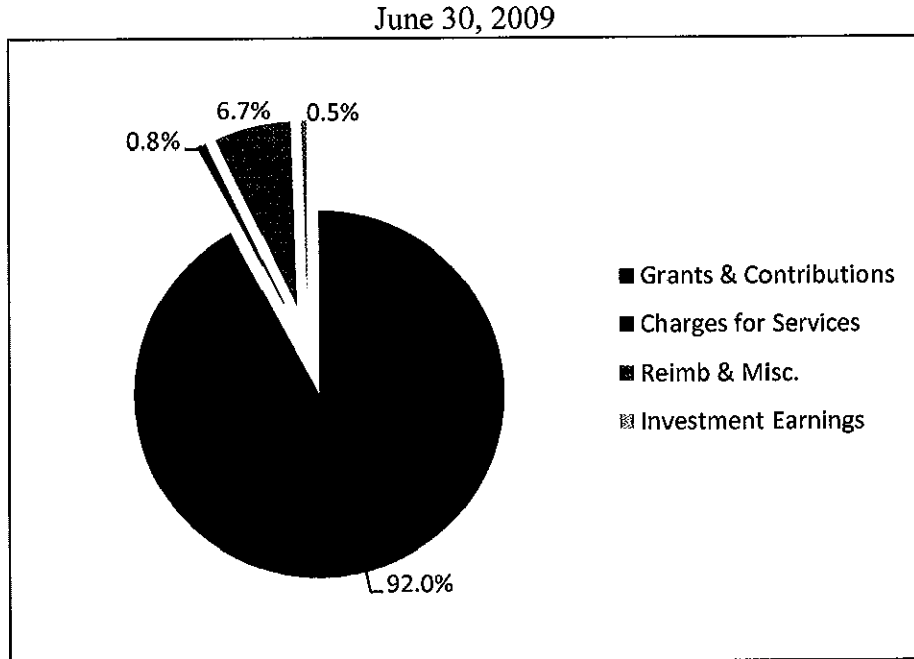
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>		<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>		
Revenues:								
Program Revenues:								
Operating Grants & Contributions	\$ 1,341,710	\$ 1,696,216	\$ -	\$ -	\$ 1,341,710	\$ 1,696,216	\$ (354,506)	(20.9)
Charges for Services	17,351	14,397	587,644	674,177	604,995	688,574	(83,579)	(12.1)
General Revenues:								
Reimbursements & Miscellaneous	95,620	123,098	-	-	95,620	123,098	(27,478)	(22.3)
Unrestricted Investment Earnings	5,340	9,145	2,469	1,409	7,809	10,554	(2,745)	(26.0)
Total Revenues	1,460,021	1,842,856	590,113	675,586	2,050,134	2,518,442	(468,308)	(18.6)
Expenses:								
General Control & Administration	1,586,820	1,911,842	-	-	1,586,820	1,911,842	(325,022)	(17.0)
Catenet	-	-	631,408	674,773	631,408	674,773	(43,365)	(6.4)
Total Expenses	1,586,820	1,911,842	631,408	674,773	2,218,228	2,586,615	(368,387)	(14.2)
Increase (Decrease) in Net Assets	(126,799)	(68,986)	(41,295)	813	(168,094)	(68,173)	(99,921)	146.6
Transfers	39,946	-	(39,946)	-	-	-	-	-
Beginning Net Assets	2,003,704	2,072,690	440,293	439,480	2,443,997	2,512,170	(68,173)	(2.7)
Ending Net Assets	\$ 1,916,851	\$ 2,003,704	\$ 359,052	\$ 440,293	\$ 2,275,903	\$ 2,443,997	\$ (168,094)	(6.9)

The decline in Ending Net Assets from FY 2008-2009 to FY 2009-2010 was \$168,094 (or 6.9%). The initiatives undertaken by management during FY 2009-2010 to control costs reduced the expenses by \$368,387. However, LCLS did not receive over one third (1/3) of its Area and Per Capita Grant. This more than offset the savings in expenses.

Revenues by Source

Governmental Activities

The following pie charts depict total revenue by percentage. As is indicated, there was no substantial change in the sources of revenue for the Library System's governmental activities between FY 2008-2009 and FY 2009-2010.



Business-Type Activities

The Library System's business-type activity is the LLSAP (GateNet). As reported on the Summary of Changes in Net Assets (page 8), fees for services continued to represent almost 100% of all revenues. Total revenue decreased by almost 13% when comparing FY 2008-2009 to FY 2009-2010.

Financial Analysis of the Government's Funds

As noted earlier, the Library System uses fund accounting to demonstrate and ensure compliance with finance-related legal and grant requirements. As of June 30, 2010, the Library System's governmental funds reported a combined ending fund balance of \$ 636,814.

The following table compares the budget to actual expenditures for the General Fund. The Library System used its approved amended budget.

General Fund

	Fiscal Year Ended June 30, 2010	
	Amended Budget	Actual
Revenues:		
Area and Per Capita Grant	\$ 904,241	\$ 904,241
Investment Income	13,500	5,340
Miscellaneous	104,202	110,971
Total Revenues	<u>1,021,943</u>	<u>1,020,552</u>
Expenditures:		
Personnel	946,819	906,487
Other Operating Expenditures	267,429	213,410
Capital Outlays	-	-
Total Expenditures	<u>1,214,248</u>	<u>1,119,897</u>
Net Change in Fund Balance	<u>\$ (192,305)</u>	<u>\$ (99,345)</u>

As is indicated, the Library System budgeted the use of \$192,305 of its funds set aside as reserves. Through prudent management, the use of these funds was significantly reduced to only \$99,345, a 48% reduction. With recent activities at the State level regarding the reduction in funding and the delay in payments, the need to use reserve funds will continue through FY 2010-2011.

<u>Capital Assets</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	June 30, 2010 <u>Total</u>
Land	\$ 554,481	\$ -	\$ 554,481
Building & Improvements	689,839	-	689,839
Equip, Furniture, Fixtures, and Computer Hardware and Software	37,496	2,070	39,566
Vehicles	11,664	-	11,664
Total Capital Assets	<u>\$ 1,293,480</u>	<u>\$ 2,070</u>	<u>\$ 1,295,550</u>

Capital Assets for the Library System include purchases of items costing more than \$5,000 per unit. During FY 2009-2010, no capital purchases were made.

Discussions of Economic Factors and Next Year's Budget

The development of the FY 2009-2010 budget used a modified zero-based budget process. All Library System staff with budget responsibilities was involved in developing the budget. The original budget was closely linked to the mission, goals and objectives and the annual plan of service.

The primary source of funding for the Governmental activities is an annual Area and Per Capita Grant from the Illinois State Library. The Area and Per Capita Grant is funded by the State of Illinois General Revenue Fund and the Live and Learn Fund. Other revenue sources used for Governmental activities include the fees collected to support the operation of the LLSAP, which provides services to a consortium of 60 libraries. Additionally, the Library System continues to collect fees from organizations that rent the Library System's training/meeting labs/rooms located on the second floor.

Shortly after the budget was approved by the Board, LCLS was notified that it would receive a 16.5% reduction in the Area and Per Capita funding. This amounted to a reduction of \$178,682. An amended annual plan of service and budget was developed and approved. To complicate the situation, LCLS also experienced significant delays in the receipt of its funding, resulting in LCLS having to resort to *living off* of its reserve funds. At the end of the fiscal year, LCLS was still waiting to receive \$383,538 of its Area and Per Capita funding.

FY 2010-2011 will be even more challenging. There are strong indications that Area and Per Capita grants will again be reduced and payments may be delayed for seven months or longer. Some of the services currently being provided by LCLS will be eliminated. Staff will be reduced with roles and functions reassessed in an effort to design an organizational structure that will enable the remaining services to be of a high quality. Additionally, LCLS expects to aggressively pursue various cost recovery options and will explore methods of generating income from its real estate assets. Lastly, there must be continued monitoring of cash flow.

These measures will only provide a temporary solution. Long term viability will require doing business differently. Lewis & Clark Library System will become actively engaged in exploring merging with other library systems. The Illinois State Library has indicated that delivery and LLSAPs are top priorities. Member input will be actively pursued to help determine other service priorities and the future direction of LCLS and library systems, in general.

Requests for Information

This financial report is designed to provide a general review of the Lewis & Clark Library System for all those with an interest in the Library System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Lewis & Clark Library System's office, 6725 Goshen Road, Edwardsville, IL 62025.

LEWIS & CLARK LIBRARY SYSTEM

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 329,528	\$ 317,809	\$ 647,337
Grant/Accounts Receivable	388,425	15,313	403,738
Prepaid Expenses	20,773	60,000	80,773
Interfund Balances	(5,825)	5,825	-
Capital Assets:			
Land	554,481	-	554,481
Buildings and Improvements	1,690,529	-	1,690,529
Furniture and Equipment	435,482	520,350	955,832
Vehicles	209,335	-	209,335
Accumulated Depreciation	(1,596,347)	(518,280)	(2,114,627)
Net Capital Assets	<u>1,293,480</u>	<u>2,070</u>	<u>1,295,550</u>
Total Assets	<u>2,026,381</u>	<u>401,017</u>	<u>2,427,398</u>
<u>Liabilities</u>			
Accounts Payable	15,059	3,185	18,244
Deferred Revenue	79,551	22,693	102,244
Accrued Compensated Absences	13,443	11,422	24,865
Total Liabilities	<u>108,053</u>	<u>37,300</u>	<u>145,353</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	1,293,480	2,070	1,295,550
Unrestricted	624,848	361,647	986,495
Total Net Assets	<u>\$ 1,918,328</u>	<u>\$ 363,717</u>	<u>\$ 2,282,045</u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Governmental Activities:						
General Library Services	\$ 1,591,020	\$ 1,346,227	\$ -	\$ (138,567)		\$ (138,567)
Total Governmental Activities	<u>1,591,020</u>	<u>1,346,227</u>	<u>-</u>	<u>(138,567)</u>		<u>(138,567)</u>
Business-type Activities:						
Gateway Automated Information Network	625,583	-	-		\$ (37,939)	(37,939)
Total Business-type Activities	<u>625,583</u>	<u>-</u>	<u>-</u>		<u>(37,939)</u>	<u>(37,939)</u>
Total Government	<u>\$ 2,216,603</u>	<u>\$ 1,346,227</u>	<u>\$ -</u>	<u>(138,567)</u>	<u>(37,939)</u>	<u>(176,506)</u>
General Revenues:						
Investment Earnings				5,340	2,469	7,809
Miscellaneous				6,745	-	6,745
Transfers				41,106	(41,106)	-
Total General Revenues				<u>53,191</u>	<u>(38,637)</u>	<u>14,554</u>
Change in Net Assets				<u>(85,376)</u>	<u>(76,576)</u>	<u>(161,952)</u>
Net Assets - Beginning				<u>2,003,704</u>	<u>440,293</u>	<u>2,443,997</u>
Net Assets - Ending				<u>\$ 1,918,328</u>	<u>\$ 363,717</u>	<u>\$ 2,282,045</u>

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

LEWIS & CLARK LIBRARY SYSTEM

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	WebJunction Illinois	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 241,748	\$ 81,194	\$ 6,586	\$ 329,528
Grant/Accounts Receivable	388,425	-	-	388,425
Prepaid Expenses	20,773	-	-	20,773
Total Assets	<u>\$ 650,946</u>	<u>\$ 81,194</u>	<u>\$ 6,586</u>	<u>\$ 738,726</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts Payable	\$ 12,655	\$ 1,643	\$ 761	\$ 15,059
Due To Other Funds	-	-	5,825	5,825
Deferred Revenue	-	79,551	-	79,551
Total Liabilities	<u>12,655</u>	<u>81,194</u>	<u>6,586</u>	<u>100,435</u>
Fund Balances:				
Unreserved	638,291	-	-	638,291
Unreserved, Reported In:				
Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>638,291</u>	<u>-</u>	<u>-</u>	<u>638,291</u>
Total Liabilities and Fund Balances	<u>\$ 650,946</u>	<u>\$ 81,194</u>	<u>\$ 6,586</u>	<u>\$ 738,726</u>

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

LEWIS & CLARK LIBRARY SYSTEM

**RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 638,291
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	1,293,480
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(13,443)
Net assets of governmental activities	<u>\$ 1,918,328</u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>WebJunction Illinois</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Grant Revenue:				
Area & Per Capita Grant	\$ 904,241	\$ -	\$ -	\$ 904,241
Illinois State Library	1,000	282,016	158,970	441,986
Reimbursements	88,875	-	-	88,875
Charges for Services	14,351	3,000	-	17,351
Investment Earnings	5,340	-	-	5,340
Miscellaneous	6,745	-	-	6,745
Total Revenues	<u>1,020,552</u>	<u>285,016</u>	<u>158,970</u>	<u>1,464,538</u>
Expenditures:				
Current:				
Personnel	904,863	43,185	84,299	1,032,347
Contractual Services	176,812	228,093	31,268	436,173
Supplies and Materials	36,597	13,738	23,821	74,156
Total Expenditures	<u>1,118,272</u>	<u>285,016</u>	<u>139,388</u>	<u>1,542,676</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(97,720)</u>	<u>-</u>	<u>19,582</u>	<u>(78,138)</u>
Other Financial Sources:				
Transfer from (to) Other Funds	<u>60,688</u>	<u>-</u>	<u>(19,582)</u>	<u>41,106</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over Expenditures	<u>(37,032)</u>	<u>-</u>	<u>-</u>	<u>(37,032)</u>
Fund Balance, Beginning of Year	675,323	-	-	675,323
Fund Balance, End of Year	<u>\$ 638,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,291</u>

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

LEWIS & CLARK LIBRARY SYSTEM

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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

Net change in fund balances - total governmental funds \$ (37,032)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year. (73,737)

Accrued compensated absences are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources; therefore, accrued compensated absences are not reported as expenditures in governmental funds. This is the change in accrued compensated absences between years. 25,393

Change in net assets of governmental activities \$ (85,376)

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

Major Fund
Gateway
Automated
Information
Network

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 318,969
Accounts Receivable	15,313
Prepaid Expenses	60,000
Total Current Assets	<u>394,282</u>

Capital Assets:

Equipment	520,350
Less - Accumulated Depreciation	<u>(518,280)</u>
Net Capital Assets	<u>2,070</u>

Total Assets	<u><u>\$ 396,352</u></u>
--------------	--------------------------

Liabilities:

Current Liabilities:

Accounts Payable	\$ 3,185
Deferred Revenue	22,693
Accrued Compensated Absences	11,422
Total Current Liabilities	<u>37,300</u>
Total Liabilities	<u>37,300</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt	2,070
Unrestricted	<u>356,982</u>
Total Net Assets	<u><u>\$ 359,052</u></u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Major Fund</u> <u>Gateway</u> <u>Automated</u> <u>Information</u> <u>Network</u>
Operating Revenues:	
Charges for Services	\$ 579,290
Reimbursements and Other	8,354
	<u>587,644</u>
Operating Expenses:	
Personnel	303,511
Contractual Services	195,526
Supplies	23,636
Depreciation	102,910
Total Operating Expenses	<u>625,583</u>
Operating Income (Loss)	<u>(37,939)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	2,469
Total Nonoperating Revenues (Expenses)	<u>2,469</u>
Income before Contributions and Transfers	(35,470)
Transfers In (Out)	<u>(41,106)</u>
Change in Net Assets	(76,576)
Net Assets, Beginning of Year	<u>440,293</u>
Net Assets, End of Year	<u>\$ 363,717</u>

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

LEWIS & CLARK LIBRARY SYSTEM

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Major Fund</u> <u>Gateway</u> <u>Automated</u> <u>Information</u> <u>Network</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 622,925
Payments to Suppliers	(310,360)
Payments to Employees	(213,388)
Net Cash Provided by Operating Activities	<u>99,177</u>
Cash Flows from Investing Activities:	
Interest Received	2,469
Net Cash Provided by Investing Activities	<u>2,469</u>
Cash Flows from Non-Capital Financing Activities:	
Payments from (to) Other Funds	(46,931)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(46,931)</u>
Net Increase in Cash and Cash Equivalents	54,715
Cash and Cash Equivalents, Beginning of Year	263,094
Cash and Cash Equivalents, End of Year	<u><u>\$ 317,809</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (37,939)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	102,910
(Increase) Decrease in Assets:	
Accounts Receivable	22,743
Increase (Decrease) in Liabilities:	
Deferred Revenue	12,538
Accounts Payable	(1,075)
Net Cash Provided by Operating Activities	<u><u>\$ 99,177</u></u>

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

LEWIS & CLARK LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lewis & Clark Library System (Library System) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB #34. The more significant of the government's accounting policies are described below.

The financial reporting entity:

The Library System was created pursuant to the Illinois Library System Act approved August 17, 1965. The purpose of the Act is to provide a program of state grants designed to establish, develop and operate a network of public library systems covering the entire state. The Library System is one of nine systems in the State of Illinois. The Library System is governed by a Board of Directors which, along with other duties, has the exclusive control of the expenditures of all monies and funds held in the name of the Library System.

The Library System's financial statements include the accounts of all the Library System's operations. The criteria for including organizations as component units within the Library System's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Library System holds the corporate powers of the organization
- the Library System appoints a voting majority of the organization's board
- the Library System is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Library System
- there is fiscal dependency by the organization on the Library System

The Library System has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Library System's financial statements. In addition, the Library System is not aware of any entity that would exercise such oversight that would result in the Library System being considered a component unit of the entity.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 nonfiduciary activities of the government. 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 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 contributions 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 and proprietary funds. Major individual governmental funds and major individual enterprise 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 as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. For this purpose, the government 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 liability is incurred, as under accrual accounting.

The Library System reports the following major governmental funds:

The General Fund is the Library System's primary operating fund. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The WebJunction Illinois Grant Fund accounts for the grants received and expenditures made in relation to the WebJunction Illinois Grant.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Library System reports the following major proprietary fund:

The Gateway Automated Information Network Fund account for all activities related to an automated library database system that provides widespread library accessibility services to a system of member libraries.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Library System's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities, and net assets or equity:

Deposits and investments

The Library System's cash and cash equivalents are comprised of a checking account, money market accounts and The Illinois Funds. Cash and cash equivalents are deposits or short-term investments with original maturities of three months or less.

The Library System is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities.

Receivables and payables

The Library System records grant receivables and deferred revenues in instances where grant revenues are either received prior to the related grant expenditure being

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

made (deferred revenue) or when the expenditure has been made and the grant reimbursement has not been received (grant receivable).

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and 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 are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Machinery and equipment	5 - 10
Vehicles	3 - 5
Computers	3 - 5

Compensated absences

Accumulated unpaid vacation is accrued when incurred. The Library System's policy permits employees to earn two to five weeks of vacation per year, based on length of service. Any unused vacation may only be carried over for one year unless permission is obtained from the Executive Director. The balance of accrued vacation at June 30, 2010 was \$24,865.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

The Library System follows these procedures in establishing the budgetary data reported in these financial statements

1. In accordance with the Illinois Library System Act: Administrative Rules, prior to May 1, the Library System Director submits to the Board of Directors a proposed

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

operating budget for the fiscal year commencing on July 1. The operating budget included proposed expenditures and the revenues provided to finance them.

2. The proposed budget is discussed at regular meetings of the Board of Directors.
3. Prior to May 1, the Board of Directors formally adopts the budget.
4. The Library System Director causes monthly/quarterly reports to be presented to the Board of Directors explaining significant variances from the approved budget.
5. Formal budgetary integration is employed as a management control device.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles.
7. The Library System budgets for all funds through the budget process or through budgets for individual grant funding.
8. The System Director is authorized to transfer budgeted amounts within departments in any fund; however, any revisions that alter the total expenditures of the Library System must be approved by the Board of Directors.
9. The budget lapses at year end and no revisions may be made after year end.

NOTE 3: CASH AND CASH EQUIVALENTS

At June 30, 2010, the carrying amount of the Library System's deposits was \$631,312 and the bank balance was \$736,813. The deposits are comprised of a checking account and money market accounts. The Library System requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Library System's name.

The Library System also invests monies with the Illinois Funds which is an external investment pool. These monies can be withdrawn on a daily basis. The Library System does not have any custodial credit risk, interest rate risk, credit risk, concentration of credit risk or foreign currency risk related to the Illinois Funds.

These deposits and investments are reported in the financial statements as follows:

Cash on Hand	\$ 150
Deposits as reported above	631,312
Illinois Funds	<u>14,251</u>
Total deposits and investments	<u>\$ 645,713</u>
As Reported in the Statement of Net Assets:	
Cash and Cash Equivalents	<u>\$ 645,713</u>

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: RETIREMENT PLAN

Plan Description. The Library System'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 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. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent 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 employer contribution rate for calendar year 2009 was 16.51 percent of annual covered payroll. The employer 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.

Annual Pension Cost. For the fiscal year ending December 31, 2009, the Library System's annual pension cost of \$124,199 for the regular plan was equal to the Library System's required and actual contributions.

Three-Year Trend Information for IMRF

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2009	\$ 124,199	100%	\$ -
12/31/2008	179,007	100%	-
12/31/2007	155,612	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.50% 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 benefit increases of 3% annually. The actuarial value of 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 15% corridor between the actuarial and market value of assets. The Library System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 5 years.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was 49.76 percent funded. The actuarial accrued liability for benefits was \$2,065,644 and the actuarial value of assets was \$1,027,900, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,037,744. The covered payroll (annual payroll of active employees covered by the plan) was \$752,268 and the ratio of the UAAL to the covered payroll was 138 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

The schedule of funding progress, presented as RSI 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.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 554,481	\$ -	\$ -	\$ 554,481
Capital assets, being depreciated:				
Buildings and improvements	1,690,529	-	-	1,690,529
Furniture, fixtures and equipment	435,482	-	-	435,482
Vehicles	226,810	-	17,475	209,335
Total capital assets being depreciated	<u>2,352,821</u>	<u>-</u>	<u>17,475</u>	<u>2,335,346</u>
Less accumulated depreciation for:				
Buildings and improvements	956,467	44,223	-	1,000,690
Furniture, fixtures and equipment	383,915	14,071	-	397,986
Vehicles	199,703	15,443	17,475	197,671
Total accumulated depreciation	<u>1,540,085</u>	<u>73,737</u>	<u>17,475</u>	<u>1,596,347</u>
Total capital assets, being depreciated, net	<u>812,736</u>	<u>(73,737)</u>	<u>-</u>	<u>738,999</u>
Governmental activities capital assets, net	<u>\$ 1,367,217</u>	<u>\$ (73,737)</u>	<u>\$ -</u>	<u>\$ 1,293,480</u>

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$ 520,350	\$ -	\$ -	\$ 520,350
Less accumulated depreciation for:				
Furniture, fixtures and equipment	<u>415,370</u>	<u>102,910</u>	<u>-</u>	<u>518,280</u>
Total capital assets, being depreciated, net	<u>\$ 104,980</u>	<u>\$(102,910)</u>	<u>\$ -</u>	<u>\$ 2,070</u>

Property and equipment are depreciated using the straight line method over the estimated useful lives. Depreciation expense for the period ended June 30, 2010 was \$73,737 for the governmental activities and \$102,910 for the business-type activities.

NOTE 6: INSURANCE RISK

The Library System is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the Library System carries commercial insurance. There has been no significant reduction in coverage from the prior year.

NOTE 7: RECEIVABLES

The Library System reports accounts receivable in the statement of net assets. These receivables, net of any applicable allowances for uncollectible amounts, are as follows as of June 30, 2010:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Enterprise Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Grant	\$ 387,730	\$ -	\$ -	\$ -	\$ 387,730
Accounts	<u>(4,192)</u>	<u>-</u>	<u>22,282</u>	<u>-</u>	<u>18,090</u>
	<u>\$ 383,538</u>	<u>\$ -</u>	<u>\$ 22,282</u>	<u>\$ -</u>	<u>\$ 405,820</u>

The Library System reports deferred revenue in connection with grant revenues that are received before the related grant expenditures have been made. The Library System also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred grant revenue reported in the governmental funds were \$84,225 and deferred revenue in the business-type funds was \$23,493.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended June 30, 2010:

General Fund Transfer From (To):	
Gateway Automated Information Network Fund	\$ 50,000
WebJunction Illinois Grant	1,477
Statewide Cataloging Maintenance Center Grant	10,836
Gateway Automated Information Network Fund From (To):	
Statewide Cataloging Maintenance Center Grant	10,054
General Fund	(50,000)
WebJunction Illinois Grant From (To):	
General Fund	(1,477)
Statewide Cataloging Maintenance Center Grant From (To):	
Gateway Automated Information Network Fund	(10,054)
General Fund	(10,836)
	<u>\$ -</u>

The Library System made various transfers between funds during the fiscal year. The majority of transfers were made to reimburse expenses paid by one fund that relate to expenses of another fund.

LEWIS & CLARK LIBRARY SYSTEM

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
JUNE 30, 2010

	Calendar Year					
	2009	2008	2007	2006	2005	2004
Actuarial Value of Assets	\$ 1,027,900	\$ 1,358,391	\$ 1,886,358	\$ 1,551,275	\$ 2,412,457	\$ 2,341,008
Actuarial Accrued Liability (AAL)	2,065,644	2,252,185	2,286,319	2,095,853	2,881,085	2,944,949
Unfunded AAL (UAAL)	1,037,744	893,794	399,961	544,578	468,628	603,941
Funded Ratio	49.76%	60.31%	82.51%	74.02%	83.73%	79.49%
Covered Payroll	752,268	707,260	793,938	727,706	726,142	738,256
UAAL as a % of Covered Payroll	137.95%	126.37%	50.38%	74.83%	64.54%	81.81%
Employer Contributions:						
Required	124,199	179,007	155,612	170,574	179,357	173,490
Made	124,199	179,007	155,612	170,574	179,357	173,490
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$940,135.

On a market basis, the funded ratio would be 45.51 percent.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Actuarial Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	5 Years
Asset Valuation Method:	Techniques that smooth the effects of short term volatility over a five year period.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living	
Adjustments	3.0 %

LEWIS & CLARK LIBRARY SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Grant Revenue:			
Area & Per Capita Grant	\$ 1,082,923	\$ 904,241	\$ 904,241
Illinois State Library	-	-	1,000
Reimbursements/Fees	81,303	86,945	88,875
Charges for Services	16,657	16,657	14,351
Investment Earnings	13,500	13,500	5,340
Miscellaneous	600	600	6,745
Total Receipts	1,194,983	1,021,943	1,020,552
Disbursements:			
Personnel:			
Salaries and Wages:			
Library Professional	295,028	281,657	275,236
Other Professional	110,831	106,070	107,522
Support Services	305,401	281,556	251,833
Payroll Taxes and Fringe Benefits:			
Social Security Taxes	54,411	51,200	48,670
Unemployment Insurance	7,729	7,222	9,253
Workers' Compensation	17,371	17,371	15,348
Retirement Benefits	98,843	87,870	83,042
Health, Dental and Life Insurance	111,983	111,983	112,188
Other Taxes or Fringes	1,890	1,890	1,770
Recruiting	-	-	1,931
Library Materials - Print Materials	1,500	1,000	1,600
Building and Grounds:			
Utilities	34,000	34,000	25,268
Property Insurance	7,430	7,430	15,968
Repairs and Maintenance	27,575	27,575	20,785
Custodial/Janitorial Services and Supplies	17,140	11,440	12,248
Other Building and Grounds	4,370	3,083	2,887
Vehicle Expenses:			
Fuel	35,000	35,000	29,957
Repairs and Maintenance	15,000	15,000	9,534
Vehicle Insurance	16,649	16,649	7,399
Other Vehicle Expense	100	100	-

LEWIS & CLARK LIBRARY SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (Continued):			
Travel and Continuing Education:			
In-State Travel	18,757	18,757	8,638
Out-of-State Travel	15,435	-	385
Registration and Other Fees	8,690	7,090	5,267
CE and Meetings Non-Staff and Board	10,425	10,025	526
Public Relations	2,500	2,500	1,926
Liability Insurance	11,029	11,029	3,303
Supplies, Postage and Printing:			
Computer Supplies	8,200	6,000	1,026
General Office Supplies and Equipment	6,215	6,215	4,828
Postage	2,100	2,100	1,309
Binding	100	100	-
Delivery Supplies	500	250	727
Other Supplies	300	300	59
Telephone and Telecommunications	10,835	9,215	11,053
Equipment Rental, Repair and Maintenance:			
Equipment Rental	13,785	13,695	7,352
Equipment Repair and Maintenance Agreements	2,537	2,537	3,366
Professional Services:			
Legal	1,000	1,000	271
Accounting	5,633	5,633	5,633
Consulting	-	-	12,934
Contractual Services:			
Information Service Costs	180	180	180
Contractual Agreements	17,388	2,388	2,388
Outside Printing Services	1,000	1,000	-
Other Contractual Services	9,961	9,961	7,761
Professional Association Membership Dues	6,352	4,677	4,000
Miscellaneous	1,500	1,500	2,901
Total Disbursements	1,316,673	1,214,248	1,118,272
Excess (Deficiency) of Receipts Over Disbursements	\$ (121,690)	\$ (192,305)	\$ (97,720)

LEWIS & CLARK LIBRARY SYSTEM

**WEBJUNCTION ILLINOIS GRANT
BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Illinois State Library Grant	\$ 361,725	\$ 361,725	\$ 282,016
Charges for Services	-	-	3,000
Total Revenues	<u>361,725</u>	<u>361,725</u>	<u>285,016</u>
Expenditures:			
Professional Contracts	220,420	219,160	155,682
Personnel	51,300	51,300	43,185
Contractual Services	65,468	66,728	63,050
CE & Meetings for Others	500	500	-
Public Relations	5,008	5,008	3,637
Travel	3,028	3,028	2,433
Supplies, Postage and Printing	11,001	16,001	17,029
Capital Outlay	5,000	-	-
Total Expenditures	<u>361,725</u>	<u>361,725</u>	<u>285,016</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEWIS & CLARK LIBRARY SYSTEM

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Statewide Cataloging Maintenance Center Grant</u>	<u>Putting Illinois On The Map Grant</u>	<u>The MARC of Quality Grant</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,586	\$ -	\$ -	\$ 6,586
Total Assets	<u>\$ 6,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,586</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ 761	\$ -	\$ -	\$ 761
Due To Other Funds	<u>5,825</u>	<u>-</u>	<u>-</u>	<u>5,825</u>
Total Liabilities	<u>6,586</u>	<u>-</u>	<u>-</u>	<u>6,586</u>
Fund Balances:				
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,586</u>

LEWIS & CLARK LIBRARY SYSTEM

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Statewide Cataloging Maintenance Center Grant</u>	<u>Putting Illinois On The Map Grant</u>	<u>The MARC of Quality Grant</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Grant Revenue				
Illinois State Library	\$ 123,389	\$ 27,381	\$ 8,200	\$ 158,970
Total Revenues	<u>123,389</u>	<u>27,381</u>	<u>8,200</u>	<u>158,970</u>
Expenditures:				
Current:				
Personnel	84,280	19	-	84,299
Contractual Services	18,568	4,500	8,200	31,268
Supplies and Materials	959	22,862	-	23,821
Total Expenditures	<u>103,807</u>	<u>27,381</u>	<u>8,200</u>	<u>139,388</u>
Excess of Revenues Over Expenditures	19,582	-	-	19,582
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(19,582)</u>	<u>-</u>	<u>-</u>	<u>(19,582)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>