

SHAWNEE LIBRARY SYSTEM
Carterville, Illinois
General Purpose Financial Report
For Year Ended June 30, 2010

SHAWNEE LIBRARY SYSTEM

Carterville, Illinois

For Year Ended June 30, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	3-4
MANAGEMENT DISCUSSION AND ANALYSIS	5-14
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet	17
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	20
Proprietary Funds	
Statement of Net Assets	21
Statement of Revenues, Expenses, and Changes in Net Assets	22
Statement of Cash Flows	23

SHAWNEE LIBRARY SYSTEM

Carterville, Illinois

For Year Ended June 30, 2010

TABLE OF CONTENTS-Concluded

	<u>PAGE</u>
NOTES TO FINANCIAL STATEMENTS	24-36
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual-General Fund	37-38
Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual-Talking Book Center Grant Fund	39
Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual-Automation Fund	40
Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual-Synergy Plus Grant	41
Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual-Special Revenue Funds	42
NON-MAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	44
IL MUNICIPAL RETIREMENT FUND - SCHEDULE OF FUNDING PROGRESS	45
LISTING OF OFFICIALS' NAMES	46

INDEPENDENT AUDITOR'S REPORT

President and Members of the
Shawnee Library Board
Carterville, 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 Shawnee Library System as of and for the year ended June 30, 2010, as listed in the table of contents. We have also audited the financial statements of each of the Library's non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Shawnee Library System'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 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 opinion.

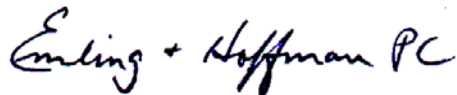
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shawnee Library System as of June 30, 2010 and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

statements referred to above present fairly, in all material respects, the financial position of each non-major governmental fund of the Shawnee Library System as of June 30, 2010, and the changes in financial position and cash flows of individual proprietary funds 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 August 16, 2010 on our consideration of the Shawnee Library System, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Shawnee Library System's basic financial statements and each of the library's non-major governmental funds presented as supplementary information as the combining and individual fund statements and schedules taken as a whole. The accompanying financial information listed as schedules in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Shawnee Library System. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining, and individual fund financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements and each of the combining and individual fund financial statements taken as a whole.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Emling & Hoffman, P.C.
August 16, 2010

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

President and Members of the
Shawnee Library Board
Carterville, 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 Shawnee Library System, as of and for the year ended June 30, 2010, which collectively comprise Shawnee Library System's basic financial statements, and have issued our report thereon dated August 16, 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 Shawnee Library System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

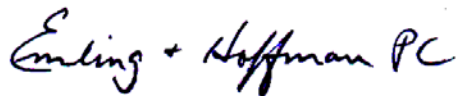
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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 System's financial statements that is more than inconsequential will not be prevented or detected by the 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 System's internal control. Our consideration of the internal control over financial reporting was for the limited purpose as 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 over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shawnee 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Emling + Hoffman PC". The signature is written in a cursive, flowing style.

Emling & Hoffman, P.C.
Du Quoin, Illinois

August 16, 2010

BASIC FINANCIAL STATEMENTS

Shawnee Library System

Management's Discussion and Analysis

June 30, 2010

As the management of the Shawnee Library System, we offer readers of the Shawnee Library System's financial statements this narrative overview and analysis of the financial activities of our system for the fiscal year ended June 30, 2010. This analysis is intended to be an easily understandable overview of current year activities and operations and should be read in combination with the basic financial statements that follow.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Historical Background

The Shawnee Library System derives its authority for operation from the Illinois Library System Act. Shawnee's area of operation includes all or part of 32 counties in southern Illinois. Through contractual arrangements the System may extend services to other areas. As a multi-type library system, Shawnee provides services through academic, public, school and special libraries. Core services provided include delivery, consulting, continuing education and automation services. The purpose of the Shawnee Library System is to coordinate the efforts of libraries in southern Illinois to meet the information and recreational needs of the area's residents, and to facilitate those services that each individual participating library would not be able to provide. The System exercises no direct administrative control over its member libraries, but serves in a supplementary and advisory capacity.

The main source of funding for the Shawnee Library System comes through the budget of the Illinois Secretary of State and State Librarian's Office. Grants are allotted based on area (square miles served) and per capita (population served). Shawnee's income from the funding formula has decreased in the last several years due to census population losses and the cuts made by the Illinois State Library in response to the state's economic difficulties.

Financial Highlights

- Overall, total assets exceeded liabilities by \$1,561,396 (net assets) at the close of the fiscal year. Of this amount \$1,119,075 is unrestricted.

- The change in total net assets for the System is a decrease of \$17,891 from the beginning year balance of \$1,579,287 . Governmental activities net assets decreased \$71,542 resulting in a total balance of \$1,519,052 from the original beginning balance of \$1,590,594. Business-type activities increased leaving a net asset balance of \$42,344.
- Total governmental funds reported an end of the year fund balance of \$1,288,438. This is an overall decrease of \$64,494 from the beginning fund balance of \$1,352,932. This information is located on Page 17.
- Governmental-Wide funds reported a combined total of \$2,280,681 in revenues and \$2,298,572 in expenditures. The revenues are provided from the following sources: Operating Grants, Charges for Services, Other General Revenue (which includes interest income) and Automation Charges for Services. The total percent of revenue can be reflected in the following breakdown: Operating Grants 76%, Charges for Services 1%, General Revenue, 11%, and Automation Charges for Services, 12% respectively. *See Chart 1 for comparison of revenue and expenses.*
- The General Fund's (Governmental Funds) total revenue of \$1,474,904 exceeded the original budget by \$133,057. This increase can be associated with reimbursement funds received from our insurance carrier FCCI in connection with storm related insurance proceeds and member approved LLSAP reimbursements for technology support and generator reimbursements. A variety of these reimbursements received may be associated with both the General Fund and Automation Fund. Those reimbursements that may be distinctly attributable to Dynix maintenance support, computer central site support maintenance and various computer supplies and are applied partially to the Automation Fund accounts and General Fund accounts. Fees to members for technology support were implemented last year beginning in January 1, 2010. Participating libraries were billed for the last 6 months of that fiscal year. This optional program of technical support will continue for FY 2011 and the amount of anticipated revenue shown will be for the full year of that program's operation. Other reimbursements include ShLS sponsored projects such as the annual joint purchasing group bulb order . Total expenditures in the General Fund totaled \$1,541,203. The excess of expenditures for FY 2010 total \$66,299 with a resulting variance from the original budget in the amount of \$21,780. Once again, we can attribute a portion of the variance due to the unanticipated carryover of expenditures for building repairs and the purchase of a generator.
- Proprietary Fund (Automation) total revenue of \$266,505 and total year expenditures of \$212,854 reflect an overall increase of operating income \$53,651. The financial statements for this fund can be found of pages 19-21.

Prior to 2004 the primary focus of local government financial statements had been summarized by fund type information on a current financial resource basis. This approach has been modified and the System's financial statements present two kinds of statements, each with a different snapshot of

the System's finances. The new financial statements' focus is on both the System as a whole (Government-Wide) and what would be labeled as Major and Non-major Funds. Both perspectives (Government-Wide and Major/Non-major Funds "Governmental Funds") allow the user to address relevant questions, broaden a basis for comparison (year to year, or government to government) and enhance the System's accountability.

Government-Wide Financial Statements

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

The Statement of Net Assets presents information on all of the System'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 financial position of the System is improving or deteriorating.

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

Both Government-Wide financial statements (Statement of Net Assets and Statement of Activities) distinguish functions of the System that are principally supported by such governmental activities/funds as the General Fund, Talking Books Center, Special Revenue Funds and that of the Business-Type activities commonly referred to as the Proprietary Fund. The governmental activities of the System are referenced as "Culture and Recreation" specifically relating to public, academic, school and special libraries. The Business-Type (Proprietary Fund) activity of the Shawnee Library System is comprised of certain services provided through our Automation Department. The Government-Wide financial statements can be found on pages 13 through 14 of this report.

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. The System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the System can be divided into two categories: Governmental Funds and the Proprietary 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.

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's 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.

The Shawnee Library System maintains primarily two major governmental funds – the General Fund and Talking Books Center (commonly referred to as “BPH”.) Information is presented separately in the Governmental Fund Balance sheet and in the Governmental Fund statement of revenues, expenditures, and changes in fund balance. This year, data from the other Non-major governmental funds (i.e., Administrative Ready Reference Revisited, Marc of Quality, Synergy and Bandwidth) are combined into a single, aggregated presentation. Individual fund data for each of these Non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The System adopts an annual budget for its General Fund. The Talking Books Center budget is also submitted and approved annually. This budget is prepared, coordinated and approved with the Director of the Talking Books Center and the Shawnee Library System Business Manager. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. A separate budget amendment for Talking Books Center was approved and submitted for activity in the Fiscal Year 2010.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds

The System maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the Government-Wide financial statements. The System uses enterprise funds to account for its system-wide automation network and current/future technology needs of members libraries. Although a portion of the Proprietary Fund is supported with fees and reimbursements provided by member libraries, the General Fund

(Shawnee Library System) continues to provide a significant amount of financial support for the Proprietary fund direct/indirect costs.

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 Government funds financial statements. The notes to the financial statements can be found on pages 22-34 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on pages 35-40.

The combining statements referred to earlier in connection with the Non-major governmental funds can be found immediately following the required supplementary pages. Combining and individual fund statements and schedules can be found on pages 41-42 of this report.

Financial Analysis of the System as a Whole Government-Wide Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of the System's financial position. The following table reflects the condensed Statement of Net Assets as of June 30, 2010.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$1,386,433	\$1,488,098			\$1,386,433	1,488,098
Capital Assets	315,005	331,292	42,926	36,188	357,931	367,480
Total Assets	1,701,438	1,819,390	42,926	36,188	1,744,364	1,855,578
Current Liabilities	110,653	149,118	582	47,495	111,235	196,613
Other Liabilities	71,733	79,603			71,733	79,603
Total Liabilities	182,386	228,721	582	47,495	182,968	276,216
Net Assets:						
Invested in Capital Assets	315,005	331,292	42,926	36,188	357,931	367,480
Restricted-Employee Benefits	84,390	93,651			84,390	93,651
Restricted-Encumbrance		(-75*)				(-75*)
Unrestricted	1,119,657	1,165,726	(582)	(47,495)	1,119,075	1,118,231
Total Net Assets	\$1,519,052	\$1,590,594*	42,344	(\$11,307)	\$1,561,396	\$1,579,287*

*Audit Adjustment

The governmental activities end-of-year total net assets of \$1,519,052 reflect a decrease of \$71,542, or approximately 4.5% decrease from the beginning year's net asset balance. The business-type end-of-year total net assets of \$42,344 reflect an increase from last year's deficit balance of \$11,307. Current assets and Governmental Capital Assets decreased as a result of depreciation expenses and assets that were not replaced with new inventory. Capital assets in connection with the Proprietary Fund (Business-type) increased however, overall Total Assets decreased by \$111,214. Overall, current liabilities decreased from last year's activities and Compensated Absences (Other Non-Current Liabilities) decreased by \$85,378. Consequently, overall total liabilities report a \$93,248 decrease for this fiscal year. The financial reporting demonstrates a fairly flat year with adjustments in assets and liabilities that resulted in the 4.5% reduction.

The following table summarizes the Government-Wide Statement of changes in net assets for the year ended June 30, 2010.

Table 2
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Charges for Services	\$254,032	\$113,880	\$266,505	\$254,470	\$520,537	368,350
Operating Grants	1,729,905	1,841,829			1,729,905	1,841,829
Capital Grants						
General Revenues:						
Investment Income	12,174	14,275			12,174	14,275
Miscellaneous	<u>18,065</u>	<u>31,828</u>			<u>18,065</u>	<u>31,828</u>
Total Revenues	\$2,014,176	\$2,001,812	\$266,505	\$254,470	\$2,280,681	\$2,256,282
Culture and Recreation	<u>2,085,718</u>	<u>1,974,842</u>	<u>212,854</u>	<u>279,954</u>	<u>2,298,572</u>	<u>2,254,796</u>
Total Expenses	2,085,718	\$1,974,842	212,854	279,954	\$2,298,572	2,254,796
Contributions						
Transfers						
Change in Net Assets	(71,542)	\$26,970	53,651	(25,484)	(17,891)	1,486
<i>Auditor Adj.</i>		<i>Adj-(75)</i>				<i>Adj-(75)</i>
Net assets July 1	1,590,594	1,563,699	(11,307)	14,177	1,579,287	1,577,876
Net assets June 30	<u>\$1,519,052</u>	<u>\$1,590,594</u>	<u>\$42,344</u>	<u>\$(11,307)</u>	<u>\$1,561,396</u>	<u>\$1,579,287</u>

The Government and Business Type Activities' total revenue for fiscal 2010 is \$2,280,681. This is an approximate increase of \$24,399 from fiscal 2009. The System's total expenditures for the same period total \$2,298,572. This reflects an increase of approximately \$43,776.

FINANCIAL ANALYSIS OF THE SYSTEM'S FUNDS

For the fiscal year ended June 30, 2010, the governmental funds had a combined fund balance of \$1,288,438. This is a decrease of \$64,494 from the prior year fund balance. Of this amount \$1,166 is allocated for a restricted Non-major Fund balances; \$9,200 for Talking Book Center fund balance; \$572 designated for Capital Development; \$6,338 for Computer Replacement and \$1,271,162 unrestricted Fund Balance.

Summary of Special Revenue Funds

Shawnee Library System was also the recipient of the following grants funded through the Illinois State Library (and pending budget approval):

- \$251,373 to fund the Southern Illinois Talking Books Center, one of five centers established to provide services to blind and physically handicapped in the state of Illinois; As of September 1, 2010, the Talking Books Center will transition from a sub-regional lending facility to a machine lending agency. Funding for FY11 will come through the Illinois State Library from federal LSTA dollars and funding is secure.
- \$8,200 in a Mark of Quality grant used to maintain the quality of the system-wide database;

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to the severe budgetary financial crisis in the State, the Shawnee Library System had an approximate 16.5% reduction in funding equal to a \$236,193 for FY2010. In addition, the remaining payments for FY2010 totaling \$512,526 have not been received and are not anticipated to arrive until December 2010. The Illinois State Library has directed regional library systems to use available funds to support the core services of delivery and the shared catalog. With this directive in mind, other services have been eliminated or significantly reduced and several staff members have been terminated or reassigned. While FY2011 funding has remained flat, state cash flow deficits have caused payment delays of approximately 153 days as of June 2010 per the Illinois Comptroller's website. Also, the loss of overfunding in IMRF due to stock market fluctuation has caused retirement costs to remain higher than in past years. The IMRF rate for Shawnee Library System will increase from 8.46% to 13.68% effective January 2011.

In response to the economic reality in Illinois and recommendations from the Illinois State Library to seriously explore options that include restructuring, representatives of the Shawnee Library System have begun meetings with three regional library systems that service parts of central and southern Illinois. At the July 15, 2010 meeting of the Shawnee Library System's Board of Directors, the following Goal/Outcome statement was unanimously carried and approved.

By July 1, 2011 to create a new and revitalized cooperative library service organization that encompasses the libraries in southern Illinois that are part of the LCLS, LTLS, RPLS and SHLS library systems, as well as any contiguous libraries or library systems that wish to be part of this cooperative program. The organization will support the primary resource sharing services for the people of Illinois including providing automation services and physical delivery. During the process for creating a restructured program it is anticipated that the plan will address how to expand and enhance these programs as well as support other cooperative programs such as advisory and education services. At the end of the development process it is anticipated that there will be one administrative organization formed by uniting the current organizations through a merger process.

CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Shawnee Library System finances for all those with an interest in the Shawnee Library System's finances. Questions concerning any of the information provided in this report should be directed to Christine Fine, Business Manager, Shawnee Library System, 607 S. Greenbriar Road, Carterville, IL 62918-1602.

SHAWNEE LIBRARY SYSTEM
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 218,947	\$ -	\$ 218,947
Investments, at Cost	529,624	-	529,624
Due From Others	582	-	582
Grant Receivable	512,526	-	512,526
Accounts Receivable	124,754	-	124,754
Total Current Assets	1,386,433	-	1,386,433
Non-Current Assets			
Property, Plant and Equipment	2,058,574	69,221	2,127,795
Less Accumulated Depreciation	(1,743,569)	(26,295)	(1,769,864)
Total Non-Current Assets	315,005	42,926	357,931
TOTAL ASSETS	\$ 1,701,438	\$ 42,926	\$ 1,744,364
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 32,593	\$ -	\$ 32,593
IMRF Payable	37,924	-	37,924
Due To Other Funds	-	582	582
Accrued Payroll	27,478	-	27,478
Compensated Absences-Current	12,658	-	12,658
Total Current Liabilities	110,653	582	111,235
Non-Current Liabilities			
Compensated Absences	71,733	-	71,733
Total Non-Current Liabilities	71,733	-	71,733
TOTAL LIABILITIES	182,386	582	182,968
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	315,005	42,926	357,931
Restricted Net Assets-Employee Benefits	84,390	-	84,390
Unrestricted Net Assets	1,119,657	(582)	1,119,075
TOTAL NET ASSETS	1,519,052	42,344	1,561,396
TOTAL LIABILITIES AND NET ASSETS	\$ 1,701,438	\$ 42,926	\$ 1,744,364

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

SHAWNEE LIBRARY SYSTEM

Statement of Activities

For the Year Ended June 30, 2010

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>		<u>Total Reporting Entity</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>		<u>Business-Type Activities</u>
<u>Functions/Programs</u>							
Primary Government							
Governmental Activities							
Culture and Recreation	\$ 2,085,718	\$ 254,032	\$ 1,729,905	\$ -	\$ (101,781)	\$ -	\$ (101,781)
Total Governmental Activities	<u>2,085,718</u>	<u>254,032</u>	<u>1,729,905</u>	<u>-</u>	<u>(101,781)</u>	<u>-</u>	<u>(101,781)</u>
Business-Type Activities							
Automation Fund	212,854	266,505	-	-	-	53,651	53,651
Total Business-Type Activities	<u>212,854</u>	<u>266,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,651</u>	<u>53,651</u>
Total Primary Government	<u>\$ 2,298,572</u>	<u>\$ 520,537</u>	<u>\$ 1,729,905</u>	<u>\$ -</u>	<u>\$ (101,781)</u>	<u>\$ 53,651</u>	<u>\$ (48,130)</u>
General Revenues:							
Investment Interest					\$ 12,174	\$ -	\$ 12,174
Other Income					18,065	-	18,065
Total General Revenues					<u>30,239</u>	<u>-</u>	<u>30,239</u>
Change in Net Assets					(71,542)	53,651	(17,891)
Net Assets - Beg of Year					<u>1,590,594</u>	<u>(11,307)</u>	<u>1,579,287</u>
Net Assets - End of Year					<u>\$ 1,519,052</u>	<u>\$ 42,344</u>	<u>\$ 1,561,396</u>

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

SHAWNEE LIBRARY SYSTEM
Balance Sheet
GOVERNMENTAL FUNDS
June 30, 2010

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Talking Book Center</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and Cash Equivalents	\$ 218,947	\$ -	\$ -	\$ 218,947
Investments, at cost	529,624	-	-	529,624
Due From Others	94,767	-	1,166	95,933
Grant Receivable	512,526	-	-	512,526
Accounts Receivable	21,369	103,385	-	124,754
TOTAL ASSETS	<u>\$ 1,377,233</u>	<u>\$ 103,385</u>	<u>\$ 1,166</u>	<u>\$ 1,481,784</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 32,593	\$ -	\$ -	\$ 32,593
IMRF Payable	37,924	-	-	37,924
Due To Other Funds	1,166	94,185	-	95,351
Accrued Payroll Tax	27,478	-	-	27,478
TOTAL LIABILITIES	<u>99,161</u>	<u>94,185</u>	<u>-</u>	<u>193,346</u>
FUND BALANCES				
Reserved Fund Balance	-	9,200	1,166	10,366
Designated for Capital Development	572	-	-	572
Designated for Computer Replacement	6,338	-	-	6,338
Unreserved Fund Balance	1,271,162	-	-	1,271,162
TOTAL FUND BALANCES	<u>1,278,072</u>	<u>9,200</u>	<u>1,166</u>	<u>1,288,438</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,377,233</u>	<u>\$ 103,385</u>	<u>\$ 1,166</u>	<u>\$ 1,481,784</u>

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

SHAWNEE LIBRARY SYSTEM
Reconciliation of Fund Balances of Governmental Funds
to the Governmental Activities in the Statement of Net Assets
June 30, 2010

Fund balances of governmental funds	\$ 1,288,438
Amounts reported for governmental activities in the statement of net assets differ because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	315,005
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	-
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(84,391)</u>
Net assets of governmental activities	<u>\$ 1,519,052</u>

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

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Talking Book Center</u>	<u>Other Governmental Funds</u>	
REVENUES				
Intergovernmental	\$ 1,195,282	\$ 249,106	\$ 285,517	\$ 1,729,905
Fees	39,506	-	-	39,506
Reimbursements	212,517	2,009	-	214,526
Investment Income	12,174	-	-	12,174
Miscellaneous	15,425	1,285	1,375	18,085
TOTAL REVENUES	<u>1,474,904</u>	<u>252,400</u>	<u>286,892</u>	<u>2,014,196</u>
EXPENDITURES				
Personnel	1,045,245	197,815	16,085	1,259,145
Library Materials and Supplies	28,491	38,092	29,690	96,273
Building, Vehicle, and Equipment Management	307,453	4,473	184,439	496,365
Travel and Registration	14,018	9,497	-	23,515
Contractual Services	15,368	1,497	-	16,865
Telecommunications	14,628	-	-	14,628
Continuing Education	-	-	54,182	54,182
Miscellaneous	-	-	1,717	1,717
Capital Outlay	116,000	-	-	116,000
TOTAL EXPENDITURES	<u>1,541,203</u>	<u>251,374</u>	<u>286,113</u>	<u>2,078,690</u>
Excess (Deficiency) of Revenues over Expenditures	(66,299)	1,026	779	(64,494)
Fund Balance at Beginning of Year	<u>1,344,371</u>	<u>8,174</u>	<u>387</u>	<u>1,352,932</u>
Fund Balance at End of Year	<u>\$ 1,278,072</u>	<u>\$ 9,200</u>	<u>\$ 1,166</u>	<u>\$ 1,288,438</u>

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

SHAWNEE LIBRARY SYSTEM
Reconciliation of the Governmental Funds, Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Governmental
Activities in 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	\$ (64,494)
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 capital outlays exceeded depreciation in the current period.	(11,230)
The net effect of various miscellaneous transactions involving capital assets to increase net assets.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	4,182
Change in net assets of governmental activities	\$ (71,542)

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

SHAWNEE LIBRARY SYSTEM

Statement of Net Assets
PROPRIETARY FUNDS

June 30, 2010

	<u>Automation Fund</u>
ASSETS	
Non-Current Assets	
Property, Plant and Equipment	\$ 69,221
Accumulated Depreciation	(26,295)
Total Non-Current Assets	<u>42,926</u>
TOTAL ASSETS	<u>\$ 42,926</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Due To Other Funds	\$ 582
Total Current Liabilities	<u>582</u>
TOTAL LIABILITIES	<u>582</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	42,926
Restricted Net Assets	-
Unrestricted Net Assets	(582)
TOTAL NET ASSETS	<u>42,344</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 42,926</u>

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

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenses, and Changes in Net Assets
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Automation Fund
OPERATING REVENUES	
Fees	\$ 111,411
Reimbursements	155,094
Miscellaneous	-
	-
TOTAL OPERATING REVENUES	266,505
OPERATING EXPENSES	
Salaries	52,874
Payroll Taxes	6,449
Health Insurance	6,550
Computer Supplies	9,461
Telecommunications	13,219
Maintenance Agreements	101,116
Library Supplies	-
Utilities	-
Property Insurance	1,625
Vehicle Expense	245
Information Service Cost	14,094
Depreciation	7,221
	7,221
TOTAL OPERATING EXPENSES	212,854
OPERATING INCOME (LOSS)	53,651
Net Assets at Beginning of Year	(11,307)
Net Assets at End of Year	\$ 42,344

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

SHAWNEE LIBRARY SYSTEM
Statement of Cash Flows
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Automation Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 266,505
Payments to Suppliers	(212,854)
Payments to Other Funds	(39,691)
	<u>13,960</u>
Net Cash Flows from Operating Activities	<u>13,960</u>
Cash flows from Capital & Related Financing Activities:	
Purchase of Capital Assets	(13,960)
Principal Paid on Loans	-
	<u>-</u>
Net Cash Flows from Capital & Related Financing Activities	<u>(13,960)</u>
Cash Flows from Investing Activities:	
Interest on Investments	-
	<u>-</u>
Net Cash Flows from Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	-
	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 53,651
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	7,221
Change in Assets and Liabilities Due To Other Funds	(46,912)
	<u>(46,912)</u>
Net Cash Provided by Operating Activities	<u>\$ 13,960</u>

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

NOTES TO FINANCIAL STATEMENTS

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies

The Financial Reporting Entity

The Illinois Library System Act approved August 17, 1965 created the Shawnee Library System. 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. This System is one of nine Systems in the State of Illinois.

An elected board governs the Shawnee Library System. The Board has control of all the funds and monies held in the name of the Library System.

The Library has developed criteria to determine whether outside agencies, such as member libraries, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matter), scope of public service, and special financing relationships. The Library does not recognize or include any component units as a part of its reporting entity and financial statements.

The following is a summary of the more significant accounting policies of the Shawnee Library System:

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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. Other items not properly included among program revenues are reported instead as *general revenues*. 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 are recorded when earned

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies-continued

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 thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The accounts of the Library are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into categories as follows:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The emphasis of fund financial statements is on major governmental funds, each in its own column. All remaining governmental funds are categorized as non-major funds.

The Library reports the following major governmental funds:

General Fund- The General Fund is used to account for all financial resources of the Library except those required to be accounted for in another fund.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies-continued

BPH (Talking Book Center)- This Grant is used to support the Talking Book Center Program and expenditures are restricted for this purpose.

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.

Proprietary Funds

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Library reports the Automation Fund as a major proprietary fund. This fund supports the current and future technological needs of member libraries. The Automation Fund's activities include maintaining awareness of current trends and technologies, as well as taking an active role in the planning of the technological infrastructure.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Library, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Library receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Library must provide local resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies-continued

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Operating Revenues/Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. At year-end, open encumbrances are reported as reservations of fund balances since those commitments are accommodated through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Compensated Absences

All full-time employees of the Library are permitted to accumulate accrued vacation and sick leave. Upon termination of employment, an employee is paid for his or her accumulated annual leave based on his current hourly rate of pay for up to two years of accrued vacation. If separation is the result of retirement, the employee has the option of converting accrued sick leave (up to one year maximum) to additional "service" for retirement benefit computation purposes. Accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability in the general fund.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments within a maturity of three months or less when purchased to be cash equivalents.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies-continued

Investments

Investments are stated at cost, which approximates market.

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements.

Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Library maintains the capitalization threshold of \$5,000 for equipment, \$10,000 for buildings and improvements, and \$50,000 for infrastructure assets (roads, bridges, culverts, curbs, sidewalks, lighting systems, gutters, and drainage systems). Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, reserved net assets are amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Library legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies-concluded

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. The difference of (\$7,048) is as follows:

Current Year Asset Purchases	\$	36,000
Loss on Disposal of Assets		(5,057)
Decrease in Compensated Absences		9,239
Depreciation Expense		<u>(47,230)</u>
Net Adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	\$	<u>(7,048)</u>

Budgets and Budgetary Accounting

Budgets are adopted within the accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. At the end of the fiscal year all appropriations lapse.

The Shawnee Library System follows the following procedures when adopting a budget:

- In accordance with established practice, prior to July 1 of each year, the Library System Director delivers to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- The proposed budget is discussed at regular meetings of the Board of Directors.
- Prior to July 1, the Board through the passage of a motion formally adopts the budget.
- Budget revisions for the General Fund are brought before and approved by the Board of Directors. Any revisions to the Special Revenue Fund projects are approved by the governing body or entity from which the funds originate.
- Revisions to the General Fund budget may be approved any time, however, Special Revenue Fund projects generally may not be revised past May 1st of the fiscal year unless approved by the granting agency.
- Budgeted amounts presented in the financial statements are those as originally adopted or as amended by the Board.

The Library System Executive Director is required by the by-laws to present periodic financial reports to the Board of Directors explaining significant variances from the approved budget.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 2 - Cash

There are three categories of credit risk associated with cash deposits as follows:

1. Insured or collateralized with securities held by the Library or by its agent in the Library's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Library's name.
3. Uncollateralized.

At June 30, 2010 the carrying amount of the System's deposits was \$218,747, and the bank balance was \$280,494. These balances do not include petty cash of \$200. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

	<u>Bank Balance</u>	<u>Category</u>			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
<u>Governmental</u>					
Major Funds					
General	<u>\$280,494</u>	<u>\$ 280,494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 218,747</u>

NOTE 3 - Investments

The Library reports money market investments and short-term participating interest-earning investment contracts at amortized cost and reports nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 3 - Investments-concluded

Investments made by the Library are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk in the following categories:

1. Insured or registered, or securities held by the Library or its agent in the Library's name.
2. Uninsured and unregistered, with securities held by the counter parties trust department or an agent in the Library's name.

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Governmental</u>		
Major Funds		
General	<u>\$ 529,624</u>	<u>\$ 529,624</u>

NOTE 4 - Municipal Retirement Fund

Plan Description. The Shawnee 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 Shawnee Library System'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 Shawnee Library System's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The Statutes require 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 .90 percent of annual covered payroll. The Shawnee Library System 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 System's annual pension cost of \$9,357 for the Regular plan was equal to the System's required and actual contributions.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements

Year Ended June 30, 2010

NOTE 4 - Municipal Retirement Fund-concluded

Three-Year Trend Information for the Regular Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 9,357	100%	\$ 0
12/31/08	9,522	100%	0
12/31/07	10,875	100%	0

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) 7.5 percent 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 the System's 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 System's Regular plan's unfunded actuarial accrued liability is being amortized at a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007 valuation was 5 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 90.73 percent funded. The actuarial accrued liability for benefits was \$4,497,715 and the actuarial value of assets was \$4,080,852, resulting in an underfunded actuarial accrued liability (UAAL) of \$416,863. The covered payroll (annual payroll of active employees covered by the plan) was \$1,039,717 and the ratio of the UAAL to the covered payroll was 40 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 are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements - Cont.

Year Ended June 30, 2010

NOTE 5 - Fixed Assets

The Library has acquired property and development water and sewerage facilities in the prior years. The accumulated total cost of property, facilities, and improvements is on the balance sheets of the proprietary fund types, and depreciation expense is taken thereon.

A summary of changes in fixed asset balances for the governmental and proprietary funds as of June 30, 2010 are as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Funds				
<u>Major Fund</u>				
<i>General</i>				
Buildings	\$ 494,290	\$ 0	\$ 0	\$ 494,290
Equipment	248,784	36,000	0	284,784
Furniture and Fixtures	25,638	0	0	25,638
Computer Equipment	972,754	0	18,888	953,866
Land Improvements	72,689	0	0	72,689
Vehicles	198,460	0	16,181	182,279
Land	<u>45,028</u>	<u>0</u>	<u>0</u>	<u>45,028</u>
Total Governmental Funds	<u>\$ 2,057,643</u>	<u>\$ 36,000</u>	<u>\$ 35,069</u>	<u>\$ 2,058,574</u>
Less: Accumulated Depreciation				<u>(1,743,569)</u>
				<u>\$ 315,005</u>
 Proprietary Funds				
<u>Major Fund</u>				
<i>Automation</i>				
Computer Equipment	<u>\$ 55,261</u>	<u>\$ 13,960</u>	<u>\$ 0</u>	<u>\$ 69,221</u>
Total Proprietary Funds	<u>\$ 55,261</u>	<u>\$ 13,960</u>	<u>\$ 0</u>	<u>\$ 69,221</u>
Less: Accumulated Depreciation				<u>(26,295)</u>
				<u>\$ 42,926</u>

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements – Cont.

Year Ended June 30, 2010

NOTE 5 - Fixed Assets - concluded

Depreciation of additions has been computed using lives as follows:

	Life
Land Improvements	20
Buildings and Improvements	50
Furniture and Fixtures	10
Vehicles	8
Equipment	10
Computer Equipment	5

Depreciation has been charged in the following amounts:

	Expense
General Fund	\$ 47,230
Automation Fund	7,221
Total Depreciation	\$ 54,451

NOTE 6 - Interfund Due To/Due Froms

Individual fund interfund Due To/Due From balances at June 30, 2010 were as follows:

	Due To	Due From
General Fund	\$ 1,166	\$ 94,767
BPH Grant	94,185	0
Special Revenues	0	1,166
Automation Fund	582	0
TOTAL	\$ 95,933	\$ 95,933

All amounts are reimbursements for operating expenses.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net assets and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance and on the proprietary fund statement of revenues, expenses and changes in fund net assets. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements.

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements – Cont.

Year Ended June 30, 2010

NOTE 7 - Long-Term Debt

	<u>Balance</u> <u>July 1, 2009</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Current Portion</u>
Governmental Funds				
<u>Major Fund</u>				
<i>General</i>				
Compensated Absences	\$ 93,651	\$ 9,260	\$ 84,391	\$ 12,658
Total Governmental Funds	<u>\$ 93,651</u>	<u>\$ 9,260</u>	<u>\$ 84,391</u>	<u>\$ 12,658</u>

NOTE 8 - Related Party Transactions

The Library offers services to member libraries. These services include printing, joint purchasing, and other related services. Income from these services are included in the General Fund Income and Receivable accounts.

NOTE 9 - Restricted Fund Equity

Restricted Fund Equity includes amounts that are reserved for specific uses. The Library's Board has designated Fund Equity as the following:

General Fund:

Designated for Capital Development	Provide funding for capital projects
Designated for Computer Replacement	Provide funding for computer equipment replacement

SHAWNEE LIBRARY SYSTEM

Notes to Financial Statements – Concl.

Year Ended June 30, 2010

NOTE 10 - Risk Management

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers compensation. During the year ended June 30, 2010, there were no significant reductions in coverage. Also, there have been no settlement amounts, which have exceeded insurance coverage on the past three years.

NOTE 11 - Grant Anticipation Notes

Old National Bank of Carbondale, IL offers Shawnee Library System with short term financing in anticipation of the receipt of tax monies. There are no fees associated with this funding.

NOTE 12 – Economic Dependence

The Shawnee Library System is fiscally dependent on funding from the State of Illinois. Due to the State of Illinois financial restraints, state payment delays or eliminations are possible for the fiscal year ending June 30, 2011. Changes in the amounts received, or timing of amounts received, from the State of Illinois, could result in cash flow problems for the System, and may require budget amendments and cuts of services.

NOTE 13 – Subsequent Events

As of July 1, 2011 the organization will become part of a newly organized cooperative library service organization that encompasses the libraries in Southern Illinois that are part of the LCLS, LTLS, RPLS and SHLS library system. The Shawnee Library System will cease to exist as an entity. All assets and liabilities of the Shawnee Library System will be transferred to the new organization.

REQUIRED SUPPLEMENTARY INFORMATION

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
REVENUES				
Intergovernmental				
State Grant Revenue	\$ 1,431,475	\$ 1,195,282	\$1,195,282	\$ -
Fees	5,000	5,000	39,506	34,506
Reimbursements	32,000	104,865	212,517	107,652
Investment Income	19,500	19,500	12,174	(7,326)
Other Income	45,865	17,200	15,425	(1,775)
TOTAL REVENUES	<u>1,533,840</u>	<u>1,341,847</u>	<u>1,474,904</u>	<u>133,057</u>
EXPENDITURES				
<u>Culture and Recreation</u>				
Personnel				
Salaries				
Library Professionals	306,988	306,988	289,688	17,300
Other Professionals	115,978	115,978	116,050	(72)
Support Staff	466,008	369,630	364,955	4,675
Payroll Taxes and Fringe Benefits	-			
Social Security	68,903	68,903	60,835	8,068
Unemployment Compensation	1,100	999	3,181	(2,182)
Worker's Compensation	8,913	8,913	10,395	(1,482)
Retirement	42,152	42,152	74,297	(32,145)
Health and Life Insurance	137,495	123,175	125,844	(2,669)
Temporary Help	100	100	-	100
Total Personnel	<u>1,147,637</u>	<u>1,036,838</u>	<u>1,045,245</u>	<u>(8,407)</u>
Library Materials, Supplies, and Miscellaneous				
Library Materials				
Printed	4,000	4,000	963	3,037
Non-Printed	1,000	1,000	-	1,000
Supplies, Postage, and Printing				
Computer Supplies	11,000	11,000	3,628	7,372
Office Supplies	8,000	8,000	2,532	5,468
Postage	2,000	2,000	2,560	(560)
Library Supplies	9,000	9,000	3,643	5,357
Other	1,000	1,000	900	100
Miscellaneous	6,500	6,000	14,265	(8,265)
Total Library Materials, Supplies, and Miscellaneous	<u>42,500</u>	<u>42,000</u>	<u>28,491</u>	<u>13,509</u>
Building, Vehicle, and Equipment Management				
Buildings and Grounds				
Utilities	17,250	17,250	17,705	(455)
Property Insurance	4,875	4,875	4,888	(13)
Repair and Maintenance	12,000	12,000	80,899	(68,899)
Custodial Services and Supplies	1,000	1,000	718	282
Other	5,000	5,000	3,617	1,383
Liability Insurance	6,500	6,500	6,379	121
Vehicle Expenses				
Gas and Oil	44,000	44,000	40,584	3,416
Repair and Maintenance	8,500	8,500	6,525	1,975

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund - Concluded
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Building, Vehicle, and Equipment Management-Continued				
Vehicle Insurance	5,800	5,800	4,654	1,146
Other	500	500	10	490
Equipment Rental, Repairs, and Maintenance				
Equipment Rental	500	500	525	(25)
Equipment Repair and Maintenance	500	500	-	500
Maintenance Agreements	176,500	150,883	140,949	9,934
Computer Hardware Insurance	-	-	-	-
Total Building, Vehicle, and Equipment Management	<u>282,925</u>	<u>257,308</u>	<u>307,453</u>	<u>(50,145)</u>
Travel, Registration, and Continuing Education				
Travel				
In-State Travel	11,000	10,000	8,173	1,827
Out-of-State Travel	1,500	-	-	-
Registration and Other Fees	6,000	6,000	2,710	3,290
Continuing Education	4,500	4,500	3,135	1,365
Public Relations	500	500	-	500
Total Travel, Registration, and Continuing Education	<u>23,500</u>	<u>21,000</u>	<u>14,018</u>	<u>6,982</u>
Professional and Contractual Services				
Professional Services				
Legal	3,500	3,500	855	2,645
Accounting	6,900	6,900	6,900	-
Consulting	4,000	4,000	958	3,042
Contractual Services				
Information Service Costs	6,180	6,180	6,655	(475)
Outside Printing	200	200	-	200
Total Professional and Contractual Services	<u>20,780</u>	<u>20,780</u>	<u>15,368</u>	<u>5,412</u>
Telecommunications				
Telephone	7,000	7,000	6,507	493
Telecommunications	9,000	9,000	8,121	879
Total Telecommunications	<u>16,000</u>	<u>16,000</u>	<u>14,628</u>	<u>1,372</u>
Capital Outlay				
Equipment	-	36,000	36,000	-
Computers	-	-	-	-
Furniture and Fixtures	-	-	-	-
Vehicles	-	-	-	-
Buildings and Improvements	-	-	80,000	(80,000)
Total Capital Outlay	<u>-</u>	<u>36,000</u>	<u>116,000</u>	<u>(80,000)</u>
TOTAL EXPENDITURES	1,533,342	1,429,926	1,541,203	(111,277)
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 498</u>	<u>\$ (88,079)</u>	(66,299)	<u>\$ 21,780</u>
Fund Balance at Beginning of Year			<u>1,344,371</u>	
Fund Balance at End of Year			<u>\$1,278,072</u>	

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Talking Book Center Grant Fund
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
OPERATING REVENUES				
BPH Grant-Talking Book Center	\$ 286,650	\$ 286,650	\$ 249,106	\$ (37,544)
Investment Income	-	-	-	-
Reimbursements	-	-	2,009	2,009
Other Income	-	-	1,285	1,285
	<u>286,650</u>	<u>286,650</u>	<u>252,400</u>	<u>(34,250)</u>
TOTAL OPERATING REVENUES				
OPERATING EXPENSES				
Culture and Recreation				
Personnel				
Salaries	154,314	154,314	150,079	4,235
Payroll Taxes	19,568	19,568	17,344	2,224
Temporary Help	-	-	-	-
Health Insurance	32,595	32,595	30,392	2,203
Library Materials and Supplies				
Library Materials	6,000	5,000	50	4,950
Supplies, Postage and Printing	10,000	10,000	9,378	622
Printing Services	4,000	1,000	-	1,000
Miscellaneous	28,665	28,665	28,664	1
Building, Vehicle, and Equipment Management				
Vehicle Expense	5,000	5,000	1,887	3,113
Telephone	2,100	2,100	2,586	(486)
Equipment Rental, Repair, and Maintenance	5,514	2,214	-	2,214
Travel and Registration				
Travel	7,474	7,474	2,495	4,979
Registration and Fees	1,460	1,460	603	857
Public Relations	9,000	9,000	6,399	2,601
Contractual Services				
Contractual Agreements	-	4,000	-	4,000
Maintenance Agreements	-	3,300	1,497	1,803
Telecommunications	960	960	-	960
	<u>286,650</u>	<u>286,650</u>	<u>251,374</u>	<u>35,276</u>
TOTAL OPERATING EXPENSES				
OPERATING INCOME (LOSS)	<u>\$ -</u>	<u>\$ -</u>	<u>1,026</u>	<u>\$ 1,026</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>8,174</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 9,200</u>	

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenses, and Changes in Net Assets
Budget and Actual - Automation Fund
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
OPERATING REVENUES				
Fees	\$ 81,000	\$ 81,000	\$ 111,411	\$ 30,411
Reimbursements	132,500	132,500	155,094	22,594
Miscellaneous	8,000	8,000	-	(8,000)
TOTAL OPERATING REVENUES	<u>221,500</u>	<u>221,500</u>	<u>266,505</u>	<u>45,005</u>
OPERATING EXPENSES				
Culture and Recreation				
Personnel				
Salaries	52,671	52,671	52,874	(203)
Payroll Taxes	6,643	6,643	6,449	194
Health Insurance	6,483	6,483	6,550	(67)
Library Materials and Supplies				
Library Materials	-	-	-	-
Supplies, Postage and Printing	20,500	20,500	9,461	11,039
Equipment	-	-	-	-
Miscellaneous	100	100	-	100
Building, Vehicle, and Equipment Management				
Utilities	5,750	5,750	-	5,750
Property Insurance	1,625	1,625	1,625	-
Vehicle Expense	1,000	1,000	245	755
Travel and Registration				
Travel	1,500	1,000	-	1,000
Registration and Fees	250	250	-	250
Contractual Services				
Maintenance Agreements	98,000	98,000	101,116	(3,116)
Information Service Costs	14,000	14,000	14,094	(94)
Telecommunications	13,250	13,250	13,219	31
Depreciation	-	-	7,221	(7,221)
TOTAL OPERATING EXPENSES	<u>221,772</u>	<u>221,272</u>	<u>212,854</u>	<u>8,418</u>
OPERATING INCOME (LOSS)	<u>\$ (272)</u>	<u>\$ 228</u>	53,651	<u>\$ 53,423</u>
NET ASSETS AT BEGINNING OF YEAR			<u>(11,307)</u>	
NET ASSETS AT END OF YEAR			<u>\$ 42,344</u>	

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Synergy Plus Grant
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
OPERATING REVENUES				
Synergy Grant	\$ 88,000	\$ 88,000	\$ 88,000	\$ -
Investment Interest	-	-	-	-
TOTAL OPERATING REVENUES	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>	<u>-</u>
OPERATING EXPENSES				
Continuing Education	88,000	88,000	88,000	-
TOTAL OPERATING EXPENSES	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

SHAWNEE LIBRARY SYSTEM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Special Revenue Funds
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
OPERATING REVENUES				
Marc of Quality Grant	\$ 8,200	\$ 8,200	\$ 8,200	\$ -
Other Grants	168,709	168,709	189,317	20,608
Miscellaneous	-	-	1,375	1,375
TOTAL OPERATING REVENUES	<u>176,909</u>	<u>176,909</u>	<u>198,892</u>	<u>21,983</u>
OPERATING EXPENSES				
Personnel	8,209	8,209	13,873	(5,664)
Supplies, Postage & Printing	1,000	1,000	29,084	
Miscellaneous	9,600	9,600	1,717	
Contractual Services				
Information Service Costs	158,100	158,100	153,439	4,661
TOTAL OPERATING EXPENSES	<u>176,909</u>	<u>176,909</u>	<u>198,113</u>	<u>(21,204)</u>
OPERATING INCOME (LOSS)	<u>\$ -</u>	<u>\$ -</u>	779	<u>\$ 779</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>387</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 1,166</u>	

SHAWNEE LIBRARY SYSTEM
Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	SPECIAL REVENUE FUNDS		
	Special Revenue Funds	Synergy Plus	Total Non-Major Fund
Assets			
Due From Other Funds	\$ 1,166	\$ -	\$ 1,166
Total Assets	\$ 1,166	\$ -	\$ 1,166
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Balances			
Restricted Fund Balance	1,166	-	1,166
Total Fund Balances	1,166	-	1,166
Total Liabilities and Fund Balances	\$ 1,166	\$ -	\$ 1,166

SHAWNEE LIBRARY SYSTEM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	SPECIAL REVENUE FUNDS		
	Special Revenue Funds	Synergy Plus	Total Non-Major Funds
Revenues			
Grants	\$ 197,517	\$ 88,000	\$ 285,517
Miscellaneous	1,375	-	1,375
Total Revenues	198,892	88,000	286,892
Expenditures			
Personnel	13,873	2,212	16,085
Supplies, Postage and Printing	29,084	606	29,690
Miscellaneous	1,717	-	1,717
Continuing Education	-	54,182	54,182
Contractual Services	153,439	31,000	184,439
Total Expenditures	198,113	88,000	286,113
Excess (Deficiency) of Revenues Over Expenditures	779	-	779
Fund Balance at Beginning of Year	387	-	387
Fund Balance at End of Year	\$ 1,166	\$ -	\$ 1,166

SHAWNEE LIBRARY SYSTEM
IL Municipal Retirement Fund - Schedule of Funding Progress
For the Year Ended June 30, 2010

LIBRARY EMPLOYEES - EMPLOYER NUMBER 03791R

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Entry Age (b) Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2009	\$ 4,080,852	\$ 4,497,715	\$ 416,863	90.73	\$ 1,039,717	40.09%
12/31/2008	3,944,620	4,574,300	629,680	86.23	1,057,977	59.52%
12/31/2007	5,681,682	4,437,044	(1,244,638)	128.05	1,121,174	0.00%
12/31/2006	5,457,401	4,315,205	(1,142,196)	126.47	1,042,817	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$3,911,740.

On a market value basis, the funded ratio would be 86.97%.

SHAWNEE LIBRARY SYSTEM

Listing of Officials' Names

June 30, 2010

President

Connie Elder

Vice President

Thomas Turner

Treasurer

Russ Stoup

Secretary

Sarah Doerner

Board of Directors

Karen Bounds

Janis Brandt

Sybil Davison

Jenna Griffith

Mary Ann Horstmann

Wendy Lupa

Cristy Stupegia

Charles Vessell

Sue Wells

Betty Willyard

Andrea Witthoft