

ARLINGTON HEIGHTS MEMORIAL LIBRARY
(A Component Unit of the
Village of Arlington Heights, Illinois)

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2010



Certified Public Accountants & Advisors

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT.....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management's Discussion and Analysis.....	MD&A 1-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities.....	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	5
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets.....	6
Statement of Revenue, Expenditures, and Changes in Fund Balance.....	7
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8
Notes to Financial Statements.....	9-20
Required Supplementary Information	
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	21
Schedule of Funding Progress - Other Postemployment Benefit Plan.....	22
Schedule of Employer Contributions - Other Postemployment Benefit Plan.....	23
Notes to Required Supplementary Information.....	24
SUPPLEMENTAL DATA	
Schedule of Expenditures - Budget and Actual - General Fund.....	25-28



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Arlington Heights Memorial Library
Arlington Heights, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Arlington Heights Memorial Library (a component unit of the Village of Arlington Heights, Illinois), as of and for the year ended April 30, 2010, which collectively comprise the Arlington Heights Memorial Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Arlington Heights Memorial Library's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the basic financial statements present only the financial position and changes in financial position of the Arlington Heights Memorial Library and are not intended to present fairly the financial position of the Village of Arlington Heights, Illinois and the changes in its financial position, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Arlington Heights Memorial Library, as of April 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arlington Heights Memorial Library's basic financial statements. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Schubert" followed by a stylized flourish.

Aurora, Illinois
September 10, 2010

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

ARLINGTON HEIGHTS MEMORIAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This is a narrative overview and analysis of the financial activities of Arlington Heights Memorial Library for the fiscal year ended April 30, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is in the Library's financial statements.

Financial Highlights

- According to the Statement of Net Assets, the assets of the Library exceeded its liabilities at the close of the most recent fiscal year, April 30, 2010, by \$12,404,694. Of this amount, net assets available for Culture, Education and Recreation of \$4,476,102 may be used to meet the Library's ongoing obligations to citizens and creditors.
- According to the Balance Sheet of Governmental Funds, as of the close of the current fiscal year, the Library's governmental funds reported an ending fund balance of \$5,027,695 of which \$5,027,695 may be used at the Library's discretion. Of this amount, \$200,000 has been designated for future insurance contingencies.

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the general purpose external financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances. The statement of net assets presents information about the Library'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 Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement from some items that will only result in cash flows in future fiscal periods (e.g. unused compensated absences, other post employment benefits payable, grant receivables and accrued interest expense).

The government-wide financial statements distinguish functions of the Library that are principally supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the Library reflect the Library's basic services, including materials collections, reference and readers' services, programming, inter-library loan and outreach services.

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 Library, 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 Library are governmental funds.

The Library adopts an annual budget for each of its governmental funds. A budgetary comparison statement has been provided elsewhere in this report to demonstrate compliance with the budget.

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 funds' 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 21-24 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Arlington Heights Memorial Library, as the following table demonstrates, assets exceeded liabilities by \$12,404,694 at the close of the most recent fiscal year.

Table 1
Statement of Net Assets

	April 30	
	2010	2009
Current and Other Assets	\$ 18,506,447	\$ 17,569,172
Capital Assets, net of accumulated depreciation	7,928,592	8,344,854
Total Assets	\$ 26,435,039	\$ 25,914,026
Current and Other Liabilities	\$ 1,130,767	\$ 1,065,856
Deferred Property Taxes	12,899,578	12,549,250
Total Liabilities	\$ 14,030,345	\$ 13,615,106
Net Assets		
Invested in capital assets	\$ 7,928,592	\$ 8,344,854
Unrestricted	4,476,102	3,954,066
Total Net Assets	\$ 12,404,694	\$ 12,298,920

The largest portion of the Library's net assets, \$7,928,592 reflects its investment in capital assets (e.g. land, building, furniture and fixtures, equipment, and building improvements). The Library uses these capital assets to provide services to citizens. The remaining balance of the net assets of \$4,476,102 may be used to meet the ongoing obligations to citizens and creditors.

Governmental Activities

The following table summarizes the revenue and expenses of the Library's governmental activities for fiscal year ended April 30, 2010. Governmental activities increased the Library's net assets by \$105,774.

Table 2
Changes in Net Assets

	For the Year Ended April 30	
	2010	2009
Revenue		
Program Revenue		
Charges for Services	\$ 265,932	\$ 356,774
Operating Grants and Donations	244,936	165,601
General Revenue		
Property Taxes	12,212,548	12,250,588
Investment Income	117,466	225,213
Miscellaneous	58,370	17,270
	\$ 12,899,252	\$ 13,015,446
Expenses		
Culture, Education and Recreation	\$ 12,793,478	\$ 12,327,818
	\$ 12,793,478	\$ 12,327,818
Changes in Net Assets	\$ 105,774	\$ 687,628
Total Net Assets, Beginning of the Year	\$ 12,298,920	\$ 11,611,292
Total Net Assets, End of Year	\$ 12,404,694	\$ 12,298,920

Governmental Funds Analysis

Most of the Library's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending.

Table 3
Statement of Revenue and Expenditures

	For the Year Ended April 30	
	2010	2009
Revenue		
Property Taxes	\$ 12,212,548	\$ 12,250,588
Fines Service Fees, Photocopies	265,933	356,774
Gifts & Grants	259,414	72,449
Investment Income	117,466	225,213
Miscellaneous	58,420	17,270
Total Revenue	\$ 12,913,781	\$ 12,922,294
Expenditures		
Salaries and Benefits	\$ 8,873,302	\$ 8,236,562
Capital Outlay	328,983	775,566
Printed Materials (Books & Periodicals)	851,321	895,552
Nonprint Materials & Electronic Resources	570,816	514,888
Public Programs, Printing	106,347	92,690
All other operating expenditures*	1,448,649	1,459,941
Total Expenditures	\$ 12,179,418	\$ 11,975,199

- Building insurance, general office supplies, processing costs, audit, professional fees, contractual services, contingencies, utilities, etc.

Capital Assets

The Library's investment in capital assets for governmental activities at April 30, 2010, was \$7,928,592. This investment in capital assets includes land, building and improvements, equipment, and furniture and fixtures. See page 15 of the financial statements.

Table 4
Capital Assets

	For the Year Ended April 30	
	2010	2009
Assets		
Land	\$ 142,378	\$ 142,378
Buildings and Improvements	13,600,027	13,600,027
Equipment, Furniture and Fixtures	3,865,857	3,931,090
Less – Accumulated Depreciation	(9,679,670)	(9,328,641)
Total (net of depreciation)	\$ 7,928,592	\$ 8,344,854

General Fund

The General Fund is the only operating fund of the Library. As of the end of the current fiscal year, the ending fund balance is \$5,027,695, a net increase of \$734,363 from the prior year.

Table 5
General Fund
Year Ended April 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenue			
Taxes	\$ 12,549,250	\$ 12,549,250	\$ 12,212,548
Intergovernmental	116,650	116,650	107,290
Charges for Services	257,500	257,500	265,932
Interest Income	113,000	113,000	117,466
All other revenue	77,200	77,200	210,545
Total Revenue	<u>\$ 13,113,600</u>	<u>\$ 13,113,600</u>	<u>\$ 12,913,781</u>
Expenditures			
Culture, Education and Recreation	\$ 12,303,199	\$ 12,932,199	\$ 11,850,437
Capital Outlay	401,995	301,995	328,981
Total Expenditures	<u>\$ 12,705,194</u>	<u>\$ 13,234,194</u>	<u>\$ 12,179,418</u>
Net Change	<u>\$ 408,406</u>	<u>\$ (120,594)</u>	734,363
Fund Balance (May 1, 2009)			<u>\$ 4,293,332</u>
Fund Balance (April 30, 2010)			<u>\$ 5,027,695</u>

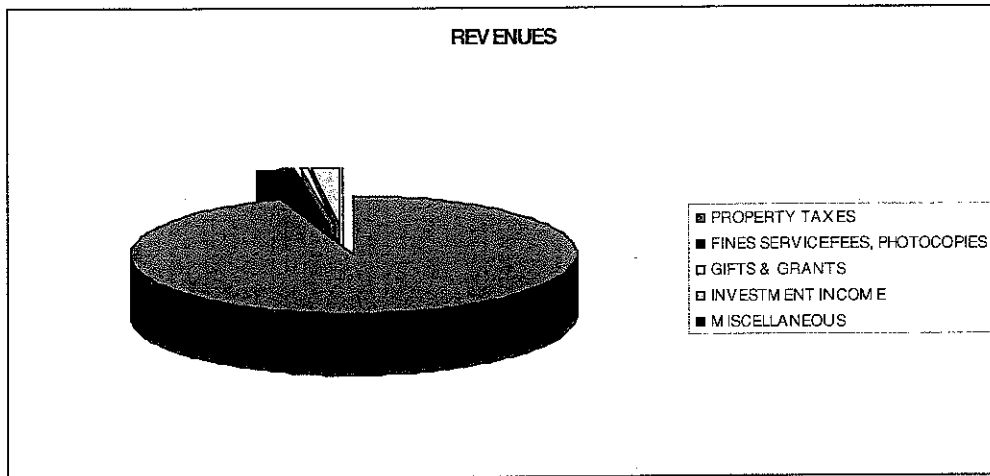
Financial Outlook

The Library is currently anticipating proposing either no increase or a minimal increase for the aggregate 2010 tax levy. The Board of the Library Trustees feels this is responsive to the residents' concerns in the current economic climate while maintaining the Five Star quality of library services that is expected by the residents. The Library receives 95% of its revenue from real estate taxes. The receipt of real estate taxes remains steady in FY2010/2011. However, based on the Library's monthly monitoring of the real estate tax receipts the Library does expect a 1% shortage in tax receipts. Also, the second installment of the 2009 tax has been delayed from October 2010 to January 2011. The Library has a strong reserve fund that equals 40% of the projected expenditures in the next fiscal year. This fund will support the Library's expenditures until January 31, 2011 and allow the Library to fund future capital projects.

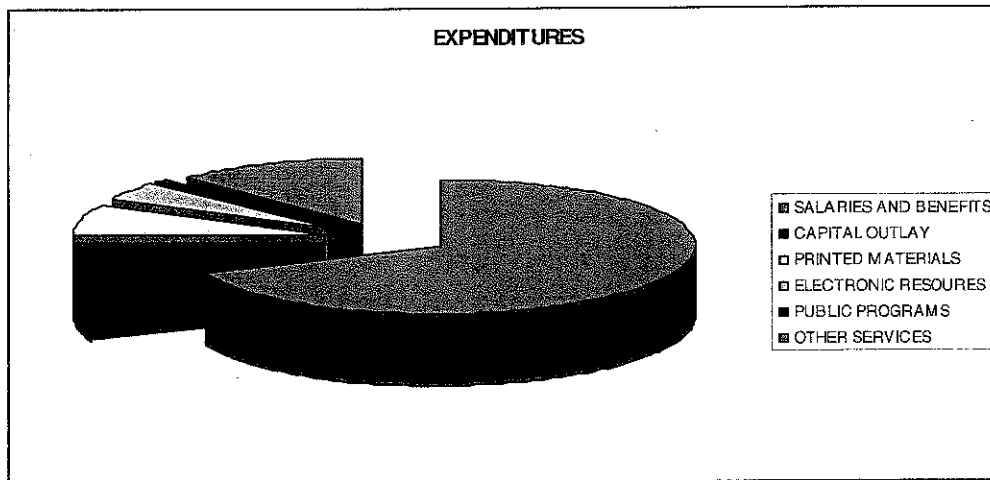
The Library has traditionally received an annual Per Capita Grant from the Illinois State Library in past years. The FY2008/2009 deferred grant in the amount of \$93,152 was received in FY2009/2010. This year the Library has deferred the FY2009/2010 Per Capita Grant for \$78,623.

(See independent auditor's report)

In FY2009/2010 the Library made a prepayment of \$631,483 to the IMRF, to satisfy its Early Retirement Liability. This resulted in reducing the Library's future contribution rate for 2010 from 13.24% to 10.85%.



PROPERTY TAXES	95%
FINES SERVICE FEES	2%
GIFTS AND GRANTS	1%
INVESTMENT INCOME	1%
MISCELLANEOUS	1%



SALARIES & BENEFITS	68%
IMRF PREPAYMENT	5%
CAPITAL OUTLAY	3%
PRINTED MATERIALS	6%
ELECTRONIC RESOURCES	4%
PUBLIC PROGRAMS	1%
OTHER SERVICES	13%

(See independent auditor's report)

Requests for Information

This financial report is designed to provide a general overview of Arlington Heights Memorial Library's finances. Questions and comments concerning any information provided in this report should be addressed to Pat Berman, Finance Manager, Arlington Heights Memorial Library, 500 N. Dunton Avenue, Arlington Heights, Illinois 60004.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 12,170,961
Property taxes receivable (net)	6,205,313
Grant receivable	78,623
Accrued interest	32,330
Prepaid expenses	19,220
Capital assets not being depreciated	142,378
Capital assets (net of accumulated depreciation)	<u>7,786,214</u>
Total assets	<u>26,435,039</u>
LIABILITIES	
Accounts payable	315,963
Accrued payroll	184,588
Deferred property taxes	12,899,578
Compensated absences payable	270,585
Noncurrent liabilities	<u>359,631</u>
Total liabilities	<u>14,030,345</u>
NET ASSETS	
Invested in capital assets	7,928,592
Unrestricted	<u>4,476,102</u>
TOTAL NET ASSETS	<u><u>\$ 12,404,694</u></u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2010

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Governmental activities					
Culture, recreation, and education	\$ 12,793,478	\$ 265,932	\$ 244,936	\$ -	\$ (12,282,610)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,793,478	\$ 265,932	\$ 244,936	\$ -	(12,282,610)
		General revenue			
		Taxes			
		Property			12,212,548
		Investment income			117,466
		Miscellaneous			58,370
		Total			12,388,384
		CHANGE IN NET ASSETS			105,774
		NET ASSETS, MAY 1, 2009			12,298,920
		NET ASSETS, APRIL 30, 2010			\$ 12,404,694

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2010

	<u>General</u>
ASSETS	
Cash and investments	\$ 12,170,961
Property taxes receivable (net)	6,205,313
Grant receivable	78,623
Accrued interest	32,330
Prepaid items	<u>19,220</u>
TOTAL ASSETS	<u><u>\$ 18,506,447</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 315,963
Accrued payroll	184,588
Deferred revenue - grant	78,623
Deferred property taxes	<u>12,899,578</u>
Total liabilities	<u>13,478,752</u>
FUND BALANCE	
Unreserved	
Designated	200,000
Undesignated	<u>4,827,695</u>
Total fund balance	<u>5,027,695</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 18,506,447</u></u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

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

April 30, 2010

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 5,027,695
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,928,592
Grant revenues that are earned but not available are deferred on the fund financial statement level but are recognized as revenue on the statement of activities	78,623
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Other postemployment benefits obligation	(359,631)
Compensated absences	<u>(270,585)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 12,404,694</u></u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Year Ended April 30, 2010

	<u>General</u>
REVENUE	
Property taxes	
Property taxes - General	\$ 11,013,442
Property taxes - IMRF	731,980
Property taxes - FICA	467,126
Intergovernmental	
State grants	93,152
Other restricted	14,138
Copier and film printer fees	36,045
Fines and fees	229,887
Investment income	117,466
Contributions	152,175
Miscellaneous	58,370
	<u>12,913,781</u>
Total revenue	
EXPENDITURES	
Culture, recreation, and education	
Salaries	6,342,508
Fringe benefits	2,530,792
Contractual services	1,049,108
Commodities	1,888,555
Capital outlay	328,981
Other charges	39,474
	<u>12,179,418</u>
Total expenditures	
NET CHANGE IN FUND BALANCE	734,363
FUND BALANCE, MAY 1, 2009	<u>4,293,332</u>
FUND BALANCE, APRIL 30, 2010	<u>\$ 5,027,695</u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 734,363
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	117,103
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(533,338)
The loss on disposal of capital assets is reported as an expense on the statement of activities	(27)
Grant revenue that is earned but not available are deferred on the fund financial statement level but are recognized as revenue on the statement of activities	(14,529)
The increase in other postemployment benefits obligation is reported as an expenditure when due in the governmental funds but as an expense accrual in the statement of activities	(179,383)
The increase in compensated absences is reported as an expenditure when due in the governmental funds but as an expense accrual in the statement of activities	<u>(18,415)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES	<u>\$ 105,774</u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Library operates and maintains the public library within the Village of Arlington Heights, Illinois (the Village). The Library is a legally separate entity whose Board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval. The Library Board has exclusive control of the expenditure of all monies collected for the Library and deposited to the credit of the Library Fund. As required by generally accepted accounting principles, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and is considered to be a component unit of the Village.

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The financial position and changes in financial position of the Library's funds are reported in the basic financial statements of the Village as a component unit.

Funds are classified as governmental funds.

The General Fund is used to account for all general activities of the Library not accounted for in some other fund.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Library. Governmental activities are normally supported by taxes, fees, and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and standard revenue 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 revenue are reported instead as general revenue.

The Library reports the following major governmental fund:

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred. 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. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. The Library recognizes property taxes when they become both measurable and available in the year intended to finance operations. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Those revenues susceptible to accrual are property taxes and interest revenue. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

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

e. Cash and Investments

The Library's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

ARLINGTON HEIGHTS MEMORIAL LIBRARY
 ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

Assets	Years
Buildings and improvements	40
Equipment, furniture, and fixtures	3-10

g. Compensated Absences

Vested and accumulated vacation of governmental employees are recorded as an expense and liability as the benefits accrue to employees.

h. Fund Balances/Net Assets

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

2. DEPOSITS AND INVESTMENTS

The Library's investment policy authorizes the Library to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants' fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The Library's investment policy limits its deposits with financial institutions to institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
 ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires the pledging of collateral with a fair value of not less than 110% for all bank balances in excess of federal depository insurance, of the funds secured, with the collateral held by an independent third-party or the Federal Reserve Bank of Chicago for the account of the Village.

Investments

The following table presents the investments and maturities of the Library's debt securities as of April 30, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 12,121,455	\$ 12,121,455	\$ -	\$ -	\$ -
TOTAL	\$ 12,121,455	\$ 12,121,455	\$ -	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations and investing in short-term securities, money market funds, or similar investment pools.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Library limits its exposure to credit risk by limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries, and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized.

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all securities transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts and a written custodial agreement. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment. The Library's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPS) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations.

3. RECEIVABLES - TAXES

Property taxes for 2009 attach as an enforceable lien on January 1, 2009 on property values assessed as of the same date. Taxes are levied by December 31, 2009 by passage of a Tax Levy Ordinance. Tax bills are to be prepared by the County and issued on or about the following February 1 and July 1 and are payable in two installments, on or about March 1 and September 1; although, in 2010, the second installment is not expected until late 2010 or early 2011. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect projected collection experience. The uncollected portion of the 2009 tax levy less the allowance has been recorded as a receivable; the entire 2009 tax levy has been recorded as deferred revenue at April 30, 2010.

The 2010 tax levy, which attached as an enforceable lien on property as of January 1, 2010, has not been recorded as a receivable as of April 30, 2010 as the tax has not yet been levied by the Library and will not be levied until December 2010 and, therefore, the levy is not measurable at April 30, 2010.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
 ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

	Balances May 1	Additions	Retirements	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 142,378	\$ -	\$ -	\$ 142,378
Total capital assets not being depreciated	142,378	-	-	142,378
Capital assets being depreciated				
Buildings and improvements	13,600,027	-	-	13,600,027
Equipment, furniture, and fixtures	3,931,091	117,103	182,337	3,865,857
Total capital assets being depreciated	17,531,118	117,103	182,337	17,465,884
Less accumulated depreciation for				
Buildings and improvements	6,392,115	347,370	-	6,739,485
Equipment, furniture, and fixtures	2,936,527	185,968	182,310	2,940,185
Total accumulated depreciation	9,328,642	533,338	182,310	9,679,670
Total capital assets being depreciated, net	8,202,476	(416,235)	27	7,786,214
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 8,344,854	\$ (416,235)	\$ 27	\$ 7,928,592

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Culture, recreation, and education	<u>\$ 533,338</u>

5. LONG-TERM OBLIGATIONS

During the year, the following changes occurred in liabilities reported in long-term obligations:

	Balances May 1	Additions	Retirements	Balances April 30	Due Within One Year
Net other postemployment benefits obligation	\$ 180,248	\$ 179,383	\$ -	\$ 359,631	\$ -

6. PENSION COMMITMENTS

Participating employees are covered by the Illinois Municipal Retirement Fund (IMRF) through the administrative government, the Village. Contributions are paid by the administrative government and are reimbursed by the Library.

Although IMRF is an agent multiple-employer pension plan, the Library's participation through the Village is considered to be that of a cost sharing, multiple-employer pension plan.

All Library and other Village employees hired in positions that meet or exceed the prescribed annual hourly standards must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and the Library are required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. A separate actuarial valuation for Library employees is not performed. Actuarial information regarding IMRF is presented in the Village's Comprehensive Annual Financial Report.

The amount shown below as the actuarial accrued liability is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of IMRF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial entry-age normal method prorated on service and is the same as the funding method used to determine contributions to IMRF.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
 ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. PENSION COMMITMENTS (Continued)

IMRF Funding Status	Total Village	Library Portion*
Actuarial accrued liability (AAL)		
2010	\$ 71,648,428	\$ 17,462,772
2009	69,004,236	16,212,322
2008	63,494,645	15,003,785
Actuarial value of assets		
2010	\$ 49,309,278	\$ 12,018,082
2009	45,813,364	10,763,702
2008	54,180,908	12,802,949
Unfunded actuarial accrued liability (UAAL)		
2010	\$ 22,339,150	\$ 5,444,690
2009	23,190,872	5,448,620
2008	9,313,737	2,200,836
Funded ratio (actuarial value of plan assets/AAL)		
2010	68.82%	68.82%
2009	66.39%	66.39%
2008	85.33%	85.33%
Covered payroll (active plan members)		
2010	\$ 24,788,996	\$ 6,041,788
2009	24,048,850	5,650,200
2008	22,771,008	5,380,789
UAAL as a percentage of covered payroll		
2010	90.12%	90.12%
2009	96.43%	96.43%
2008	40.90%	40.90%

* Allocation based on Library contribution rate to total Village and Library contribution.
 The effects of the early retirement incentive have been excluded from the calculation.

ARLINGTON HEIGHTS MEMORIAL LIBRARY
 ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description, Benefits Offered, and Funding Policy

In addition to providing the pension benefits described, the Library offers pre- and post-Medicare postretirement health insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the Library's retirement plan. If the retiree elects to participate, the retiree pays the then current full blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

The postemployment health care benefits (OPEB) for retired employees are offered through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee/retiree contributions, and employer contributions are governed by the Village/Library and can be amended by the Village/Library through their personnel manuals.

The Plan is not accounted for as a trust fund as an irrevocable trust has not been established to account for the Plan. The Library is not required to, and currently does not, advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. The Plan does not issue a separate report. The activity of the Plan is reported in the Library's governmental activities.

At April 30, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>105</u>
 TOTAL	 <u>151</u>
 Participating employers	 <u>1</u>

ARLINGTON HEIGHTS MEMORIAL LIBRARY
 ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation

The Library first had an actuarial valuation performed for the Plan as of April 30, 2008 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2009	\$ 201,826	\$ 21,578	10.69%	\$ 180,248
April 30, 2010	202,903	23,520	11.59%	359,631

The net OPEB obligation as of April 30, 2010, was calculated as follows:

Annual required contribution	\$ 201,826
Interest on net OPEB obligation	8,111
Adjustment to annual required contribution	<u>(7,034)</u>
Annual OPEB cost	202,903
Contributions made	<u>23,520</u>
Increase in net OPEB obligation	179,383
Net OPEB obligation, beginning of year	<u>180,248</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 359,631</u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2009, was as follows (most recent data available):

Actuarial accrued liability (AAL)	\$ 2,386,457
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	2,386,457
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,288,263
UAAL as a percentage of covered payroll	37.95%

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

In the April 30, 2009 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.5% and an initial healthcare cost trend rate of 9.0% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2009 was 30 years.

8. RISK MANAGEMENT

The Library is exposed to various risks of loss including, but not limited to, general liability, property casualty, illnesses of employees, workers' compensation, and public officials' liability. To limit exposure to these risks, the Library has purchased third-party indemnity insurance. Claims incurred have not exceeded purchased coverage during the current and three previous fiscal years. The Library participates in the Village insurance program with respect to employee health risks.

REQUIRED SUPPLEMENTARY INFORMATION

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

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

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
REVENUE			
Property taxes			
Property taxes - General	\$ 11,317,050	\$ 11,317,050	\$ 11,013,442
Property taxes - IMRF	751,440	751,440	731,980
Property taxes - FICA	480,760	480,760	467,126
Intergovernmental			
State grants	94,250	94,250	93,152
Other restricted	22,400	22,400	14,138
Copier and film printer fees	32,500	32,500	36,045
Fines and fees	225,000	225,000	229,887
Investment income	113,000	113,000	117,466
Contributions	66,200	66,200	152,175
Miscellaneous	11,000	11,000	58,370
	<u>13,113,600</u>	<u>13,113,600</u>	<u>12,913,781</u>
EXPENDITURES			
Culture, recreation, and education			
Salaries	6,570,656	6,570,656	6,342,508
Fringe benefits	2,420,537	3,049,537	2,530,792
Contractual services	1,233,681	1,233,681	1,049,108
Commodities	2,007,488	2,007,488	1,888,555
Capital outlay	401,995	301,995	328,981
Other charges	70,837	70,837	39,474
	<u>12,705,194</u>	<u>13,234,194</u>	<u>12,179,418</u>
NET CHANGE IN FUND BALANCE	<u>\$ 408,406</u>	<u>\$ (120,594)</u>	734,363
FUND BALANCE, MAY 1, 2009			<u>4,293,332</u>
FUND BALANCE, APRIL 30, 2010			<u>\$ 5,027,695</u>

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2010

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 2,386,457	0.00%	\$ 2,386,457	\$ 6,288,263	37.95%
2010	N/A	N/A	N/A	N/A	N/A	N/A

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The amounts above are allocated based on the Library's portion of the total Village postemployment benefit obligation.

N/A - Information not available

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2010

Fiscal Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 21,578	\$ 201,826	10.69%
2010	23,520	201,826	11.65%

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The amounts above are allocated based on the Library's portion of the total Village net other postemployment benefit obligation.

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2010

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is prepared for the General Fund by function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Library Board of Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. The budget may be amended by the governing body. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, supplementary appropriations were necessary.

SUPPLEMENTAL DATA

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
Executive office			
Administration			
Salaries	\$ 536,299	\$ 536,299	\$ 520,900
Benefits	393,188	1,022,188	798,544
Contractual services	166,737	166,737	143,903
Commodities	7,750	7,750	9,040
Other charges	59,337	59,337	31,742
	<u>1,163,311</u>	<u>1,792,311</u>	<u>-1,504,129</u>
Public information			
Salaries	221,710	221,710	217,329
Benefits	85,493	85,493	72,732
Contractual services	58,590	58,590	51,750
Commodities	26,350	26,350	27,411
	<u>392,143</u>	<u>392,143</u>	<u>369,222</u>
Human resources			
Salaries	97,292	97,292	113,139
Benefits	26,278	26,278	27,634
Contractual services	22,965	22,965	15,741
Commodities	4,000	4,000	3,580
	<u>150,535</u>	<u>150,535</u>	<u>160,094</u>
Paid by gifts and grants			
Contractual services	5,000	5,000	23,217
Commodities	45,000	45,000	45,017
Capital outlay	15,000	15,000	97,288
	<u>65,000</u>	<u>65,000</u>	<u>165,522</u>
Total executive office	<u>1,770,989</u>	<u>2,399,989</u>	<u>2,198,967</u>
Public services			
Administration			
Salaries	261,344	261,344	231,551
Benefits	25,391	25,391	17,525
Contractual services	4,467	4,467	1,688
Commodities	6,000	6,000	2,690
	<u>297,202</u>	<u>297,202</u>	<u>253,454</u>

(This schedule is continued on the following pages.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
Public services (Continued)			
Reimbursable activities			
Commodities	\$ 7,387	\$ 7,387	\$ 3,126
	<u>7,387</u>	<u>7,387</u>	<u>3,126</u>
Youth services			
Salaries	597,263	597,263	587,558
Benefits	177,728	177,728	155,582
Contractual services	33,511	33,511	28,231
Commodities	282,022	282,022	280,809
	<u>1,090,524</u>	<u>1,090,524</u>	<u>1,052,180</u>
Community services			
Salaries	389,309	389,309	389,376
Benefits	147,018	147,018	126,270
Contractual services	17,752	17,752	8,432
Commodities	92,366	92,366	87,602
	<u>646,445</u>	<u>646,445</u>	<u>611,680</u>
Reference			
Salaries	610,369	610,369	585,488
Benefits	190,125	190,125	161,971
Contractual services	24,841	24,841	14,501
Commodities	402,424	402,424	339,172
	<u>1,227,759</u>	<u>1,227,759</u>	<u>1,101,132</u>
Periodicals			
Salaries	189,382	189,382	160,833
Benefits	55,418	55,418	43,870
Contractual services	10,304	10,304	8,871
Commodities	6,913	6,913	3,685
	<u>262,017</u>	<u>262,017</u>	<u>217,259</u>
Patron support services			
Salaries	431,347	431,347	419,684
Benefits	115,261	115,261	100,122
Contractual services	27,469	27,469	13,990
Commodities	20,610	20,610	15,398
	<u>594,687</u>	<u>594,687</u>	<u>549,194</u>

(This schedule is continued on the following pages.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
Public services (Continued)			
Circulation			
Salaries	\$ 1,304,100	\$ 1,304,100	\$ 1,257,838
Benefits	313,897	313,897	276,381
Contractual services	50,706	50,706	48,967
Commodities	10,276	10,276	11,105
Capital outlay	188,786	88,786	33,275
Other charges	1,500	1,500	1,500
	<u>1,869,265</u>	<u>1,769,265</u>	<u>1,629,066</u>
Total public services	<u>5,995,286</u>	<u>5,895,286</u>	<u>5,417,091</u>
System and access services			
Administration			
Salaries	108,646	108,646	109,482
Benefits	37,581	37,581	32,897
Contractual services	196,550	196,550	187,702
Commodities	1,500	1,500	1,001
Capital outlay	63,209	63,209	68,501
Other charges	10,000	10,000	6,232
	<u>417,486</u>	<u>417,486</u>	<u>405,815</u>
Information technology			
Salaries	433,407	433,407	418,315
Benefits	175,553	175,553	147,525
Contractual services	119,758	119,758	105,694
Commodities	145,279	145,279	159,510
Capital outlay	135,000	135,000	129,917
	<u>1,008,997</u>	<u>1,008,997</u>	<u>960,961</u>
Technical services			
Salaries	682,672	682,672	624,987
Benefits	248,515	248,515	204,403
Contractual services	8,619	8,619	4,009
Commodities	45,304	45,304	46,707
	<u>985,110</u>	<u>985,110</u>	<u>880,106</u>

(This schedule is continued on the following page.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
System and access services (Continued)			
Collection management			
Salaries	\$ 355,459	\$ 355,459	\$ 357,077
Benefits	275,309	275,309	234,902
Contractual services	7,841	7,841	4,044
Commodities	739,318	739,318	747,553
	<u>1,377,927</u>	<u>1,377,927</u>	<u>1,343,576</u>
Maintenance			
Salaries	352,057	352,057	348,951
Benefits	153,782	153,782	130,434
Contractual services	478,571	478,571	388,368
Commodities	164,989	164,989	105,149
	<u>1,149,399</u>	<u>1,149,399</u>	<u>972,902</u>
Total system and access services	<u>4,938,919</u>	<u>4,938,919</u>	<u>4,563,360</u>
TOTAL EXPENDITURES	<u>\$ 12,705,194</u>	<u>\$ 13,234,194</u>	<u>\$ 12,179,418</u>

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY
ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT LETTER

April 30, 2010



Certified Public Accountants & Advisors



998 Corporate Boulevard • Aurora, IL 60502

Members of the Board of Trustees
Arlington Heights Memorial Library
Arlington Heights, Illinois

Ladies and Gentlemen,

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Arlington Heights Memorial Library (Library) as of and for the year ended April 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the President, the Board, and management and should not be used by anyone other than these specified parties.

Aurora, Illinois
September 10, 2010

A handwritten signature in cursive script that reads 'Sikich LLP'.

OTHER INFORMATION

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the Library in the future.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, provides guidance regarding how to identify, account for, and report intangible assets. Statement No. 51 is effective for the Library's fiscal year ending April 30, 2011. This statement is not expected to have a material effect on financial statements of the Library.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments and pension funds to manage specific risks or make investments - in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for the Library's fiscal year ending April 30, 2011. This statement is not expected to have a material effect on the financial statements of the Library.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides clearer fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. Also, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. The statement is effective for the Library's fiscal year ending April 30, 2012.

GASB Statement No 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, is intended to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers) by clarifying certain requirements for OPEB plans with fewer than 100 total plan members as defined in Statement No. 45. Statement No. 57 is effective for the Library's fiscal year ending April 30, 2013. This statement is not expected to have a material effect on the financial statements of the Library.

GASB Statement No 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, is intended to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Statement No. 58 is effective for the Library's fiscal year ending April 30, 2011. This statement is not expected to have a material effect on the financial statements of the Library.

GASB Statement No 59, *Financial Instruments Omnibus*, is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. Statement No. 59 is effective for the Library's fiscal year ending April 30, 2011.

We will advise the Library of any progress made by GASB in developing these and other future pronouncements that may have an impact on the financial position and changes in financial position of the Library.