

**WHITE OAK LIBRARY DISTRICT
LOCKPORT, ILLINOIS**

ANNUAL FINANCIAL REPORT

**For the Year Ended
June 30, 2011**

WHITE OAK LIBRARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
White Oak Library District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate fund information of the White Oak Library District, as of and for the year ended June 30, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the White Oak Library District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the White Oak Library District, as of June 30, 2011, 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 other required supplementary information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's financial statements. The combining and individual fund financial statements and schedules in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the White Oak Library District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

BRIAN ZABEL & ASSOCIATES, P.C.
Certified Public Accountants

Morris, Illinois
October 5, 2011

WHITE OAK LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

As management of the White Oak Library District (Library), we offer readers of the Library's statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements

FINANCIAL HIGHLIGHTS

- The assets of the Library exceeded its liabilities at June 30, 2011 by \$6,779,447 (net assets). Of this amount, \$1,472,759 (unrestricted net assets) may be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net assets increased by \$837,287.
- At June 30, 2011, the Library's governmental funds reported combined ending fund balances of \$23,490,844, a decrease of \$3,366,017 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

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

The Statement of Net Assets includes all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

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

The government-wide financial statements show functions of the Library that are principally supported by taxes, fees, and other revenues (governmental activities). The Library does not conduct functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include providing general library services and general governmental administrative services.

The governmental-wide financial statements can be found on pages 3 and 4 of this report.

WHITE OAK LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

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 can be allocated into a single category: governmental funds.

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 balancer 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 Library's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains three individual major governmental funds. The General Fund (Corporate Fund) is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general Library purposes. The Special Reserve Building Fund is used to accumulate monies for capital projects and improvements of the Library.

Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Special Reserve Building Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 5 through 8 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 9 through 17 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in meeting its obligation to provide library services to all of its residents.

The Library adopts an annual budget and appropriation ordinance that includes the General Fund, the Special Reserve Building Fund, and the Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget and appropriation ordinance.

The budgetary comparison statement and related notes can be found on pages 18 through 22 of this report.

WHITE OAK LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

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 the Library, assets exceeded liabilities by \$6,779,447 at June 30, 2011.

A smaller portion of the Library's net assets (29%) reflects investment in capital assets (e.g., land, buildings, and vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

White Oak Library District's Net Assets at Year End

	Governmental Activities	
	FY 2011	FY 2010
Current and Other Assets	\$ 25,863,920	\$ 28,346,664
Capital Assets	6,342,561	2,127,023
Total Assets	<u>\$ 32,206,481</u>	<u>\$ 30,473,687</u>
Current Liabilities	\$ 2,427,034	\$ 1,531,527
Long-term Liabilities	23,000,000	23,000,000
Total Liabilities	<u>\$ 25,427,034</u>	<u>\$ 24,531,527</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 1,964,453	\$ 2,127,023
Restricted	3,342,235	2,430,726
Unrestricted	1,472,759	1,384,411
Total Net Assets	<u>\$ 6,779,447</u>	<u>\$ 5,942,160</u>

The majority portion of the Library's net assets (78%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,472,759) may be used to meet the Library's ongoing obligations to citizens and creditors.

At June 30, 2011, the Library is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The Library's net assets increased by \$837,287 during the year ended June 30, 2011.

WHITE OAK LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Governmental Activities - Governmental activities increased the Library's net assets by \$837,287. The key elements of this decrease are as follows:

White Oak Library District's Change in Net Assets

	Governmental Activities	
	FY 2011	FY 2010
Revenues		
Program Revenues		
Charges for Services	\$ 101,157	\$ 56,584
Grants and Contributions	75,634	75,470
General Revenues		
Property Taxes	3,548,809	2,808,232
Replacement Taxes	254,628	206,410
Interest	140,824	17,442
Miscellaneous	1,150	1,869,645
Total Revenues	<u>4,122,202</u>	<u>5,033,783</u>
Expenses		
General Government	<u>3,284,915</u>	<u>3,221,240</u>
Total Expenses	<u>3,284,915</u>	<u>3,221,240</u>
Increase in Net Assets	837,287	1,812,543
Net Assets-Beginning	5,942,160	4,129,617
Net Assets-Ending	<u>\$ 6,779,447</u>	<u>\$ 5,942,160</u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

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

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

At June 30, 2011 the Library's governmental funds reported combined ending unreserved fund balances of \$1,526,717.

The General Fund is the chief operating fund of the Library. At June 30, 2011, unreserved fund balance of the General Fund was \$1,337,797. The fund balance of the General Fund increased by \$80,576 during the year ended June 30, 2011.

WHITE OAK LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the final budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$457,236 (unfavorable).
- The difference between the estimated expenditures and the actual expenditures was \$777,854 (favorable).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Library's investment in capital assets for its governmental activities as of June 30, 2011 amount to \$6,342,561 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture, fixtures, and equipment. The total increase in the Library's investment in capital assets for the year ended June 30, 2011 was \$4,215,538 and was due to the acquisition of land, building, and equipment in Romeoville less the current depreciation expense.

The acquisition of land and building in Romeoville was a major capital asset event during the year ended June 30, 2011.

White Oak Library District's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	6/30/2011	6/30/2010
Land	\$ 878,550	\$ 628,450
Buildings	5,367,295	1,353,388
Equipment	96,716	145,185
Total	<u>\$ 6,342,561</u>	<u>\$ 2,127,023</u>

Additional information on the Library's capital assets can be found in Note 3 on page 14 of this report.

Long-Term Debt – At June 30, 2011, the Library had \$23,000,000 outstanding.

White Oak Library District's Long-Term Debt

	Beginning Balance	Debt Issued	Debt Payment	Ending Balance
Bonds Payable	\$ 23,000,000	\$ -	\$ -	\$ 23,000,000

Additional information on the Library's long-term debt can be found in Note 7 on page 15 of this report.

WHITE OAK LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The equalized assessed valuation (EAV) for the Library for 2011 is \$2,172,943,039. That represents an increase in EAV of \$16,380,842 over the prior year's EAV.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Trustees, White Oak Library District, 121 E. 8th Street, Lockport, IL 60441.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

WHITE OAK LIBRARY DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS

Cash and Investments	\$ 23,636,773
Grant Receivable	75,634
Property Taxes Receivable	2,151,513
Capital Assets (net of accumulated depreciation)	<u>6,342,561</u>

TOTAL ASSETS

\$ 32,206,481

LIABILITIES

Accounts Payable	\$ 221,563
Deferred Revenue	2,151,513
Compensated Absences	53,958
Bond Payable	<u>23,000,000</u>

Total Liabilities

25,427,034

NET ASSETS

Invested in Capital Assets	1,964,453
Restricted Net Assets	3,342,235
Unrestricted Net Assets	<u>1,472,759</u>

Total Net Assets

6,779,447

TOTAL LIABILITIES AND NET ASSETS

\$ 32,206,481

See accompanying notes to financial statements.

WHITE OAK LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

June 30, 2011

		Program Revenues		Total
		Charges for	Operating	
	Expenses	Services	Grants and Contributions	
FUNCTIONS/PROGRAMS				
Governmental Activities				
Cultural and Recreation	\$ 3,087,516	\$ 101,157	\$ 75,634	\$ (2,910,725)
Unallocated - depreciation	197,399	-	-	(197,399)
TOTAL PRIMARY GOVERNMENT	3,284,915	101,157	75,634	(3,108,124)
	General Revenues			
				3,548,809
				254,628
				140,824
				1,150
	Total			3,945,411
	CHANGE IN NET ASSETS			837,287
	NET ASSETS, JULY 1			5,942,160
	NET ASSETS, JUNE 30			\$ 6,779,447

See accompanying notes to financial statements.

WHITE OAK LIBRARY DISTRICT**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2011

	General	Special Reserve Building	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,483,726	\$ 21,964,127	\$ 188,920	\$ 23,636,773
Grant Receivable	75,634	-	-	75,634
TOTAL ASSETS	<u>\$ 1,559,360</u>	<u>\$ 21,964,127</u>	<u>\$ 188,920</u>	<u>\$ 23,712,407</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 221,563	\$ -	\$ -	\$ 221,563
Total Liabilities	<u>221,563</u>	<u>-</u>	<u>-</u>	<u>221,563</u>
FUND BALANCES				
Reserved for Building Construction	-	21,964,127	-	21,964,127
Unreserved	1,337,797	-	188,920	1,526,717
Total Fund Balances	<u>1,337,797</u>	<u>21,964,127</u>	<u>188,920</u>	<u>23,490,844</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,559,360</u>	<u>\$ 21,964,127</u>	<u>\$ 188,920</u>	<u>\$ 23,712,407</u>

See accompanying notes to financial statements.

WHITE OAK LIBRARY DISTRICT

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

June 30, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 23,490,844
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	6,342,561
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Deferred charges in governmental activities are not financial resources and, therefore, are not reported in governmental funds	
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Property Taxes Receivable	2,151,513
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Long-term liabilities, including compensated absences, are
not due and payable in the current period and, therefore
are not reported in the governmental funds

Bond payable	(23,000,000)
Accrued Compensated Absences	(53,958)
Deferred Revenues	(2,151,513)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,779,447</u>
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See accompanying notes to financial statements.

WHITE OAK LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	General	Special Reserve Building	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 2,650,326	\$ 594,326	\$ 304,157	\$ 3,548,809
Replacement taxes	254,628	-	-	254,628
Developer fees	1,150	-	-	1,150
Illinois per capital grant	75,634	-	-	75,634
Miscellaneous grant	-	-	-	-
State grant	-	-	-	-
Library fines, fees, and services	97,008	-	-	97,008
Copy machine sales	4,149	-	-	4,149
Interest	139,869	755	200	140,824
Total Revenues	3,222,764	595,081	304,357	4,122,202
EXPENDITURES				
Personnel	1,853,477	-	265,527	2,119,004
Operating and contractual services	327,285	-	114,438	441,723
Materials and supplies	524,147	-	-	524,147
Capital expenditures and reserves	25,237	4,378,108	-	4,403,345
Total Expenditures	2,730,146	4,378,108	379,965	7,488,219
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	492,618	(3,783,027)	(75,608)	(3,366,017)
OTHER FINANCING SOURCES (USES)				
Net proceeds from bonds	-	-	-	-
Transfers in	-	316,428	95,614	412,042
Transfers (out)	(412,042)	-	-	(412,042)
Total other financing sources (uses)	(412,042)	316,428	95,614	-
NET CHANGE IN FUND BALANCES	80,576	(3,466,599)	20,006	(3,366,017)
FUND BALANCE, JULY 1	1,257,221	25,430,726	168,914	26,856,861
FUND BALANCES, JUNE 30	<u>\$ 1,337,797</u>	<u>\$ 21,964,127</u>	<u>\$ 188,920</u>	<u>\$ 23,490,844</u>

See accompanying notes to financial statements.

WHITE OAK LIBRARY DISTRICT

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

For the Year Ended June 30, 2011

NET CHANGE IN FUND BALANCES	
TOTAL GOVERNMENTAL FUNDS	\$ (3,366,017)
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	4,412,938
The increase in long-term liabilities for compensated absences is reported as an expenditure when due in governmental funds but as a increase of liabilities in the statement of activities	(12,235)
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(197,399)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 837,287</u>

See accompanying notes to financial statements.

WHITE OAK LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the White Oak Library District (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 Library was organized under the laws of the State of Illinois. The Library is governed by a Board of Trustees (the Board) and the rules and regulations for library districts.

The accounting policies of the Library conform to GAAP as applicable to governmental units. The following is a summary of the more significant policies.

a. Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

b. 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 non-fiduciary activities of the Library. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by grants and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

WHITE OAK LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

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.

The Capital Reserve Fund is used to accumulate monies for capital projects and improvements of the Library.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are 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. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

WHITE OAK LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as they are received. Expenditures are recorded when checks are written.

d. Restricted Cash

The Library has transferred funds to the Capital Reserve. These amounts are restricted.

e. Prepaid Item/Expenses

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

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost in excess of \$5,000 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 market value at the date of donation.

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

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

Assets	Years
Buildings and improvements	50
Equipment	10

WHITE OAK LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Vacation and Sick Leave

In the event of termination, an employee is reimbursed for accumulated vacation days.

Vested or accumulated vacation time that is owed to retirees or terminated employees is reported as an expense and a fund liability of the governmental fund that will pay it in the fund financial statements, and the remainder is reported in long-term debt. Vested or accumulated vacation time of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

h. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

Actively between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other fund" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

i. Fund Equity/Net Assets

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

WHITE OAK LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

2. DEPOSITS AND INVESTMENTS

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

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

a. Deposits

To guard against credit risk for deposits with financial institutions, the Library’s investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of the uninsured deposits with the collateral held by a third party acting as the agent of the Library.

b. Investments

At June 30, 2011, the Library had invested \$450, which is the fair value, in Illinois Funds. These investments are liquid with no maturity date.

GASB 40 – Operating Funds

In accordance with its investment policy, the Library limits its exposure to interest rate risk to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The portfolio that is invested with Illinois Funds, which is completely liquid, is not subject to interest rate risk.

Illinois Funds is “AAA” rated funds and credit risk is very marginal.

WHITE OAK LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	628,450	250,100	-	878,550
Capital assets being depreciated				
Building	1,576,993	4,128,009	-	5,705,002
Equipment	798,157	34,829	-	832,986
Total capital assets being depreciated	<u>2,375,150</u>	<u>4,162,838</u>	<u>-</u>	<u>6,537,988</u>
Less accumulated depreciation for				
Building	\$ 223,607	\$ 114,100	\$ -	\$ 337,707
Equipment	652,971	83,299	-	736,270
Total accumulated depreciation	<u>876,578</u>	<u>197,399</u>	<u>-</u>	<u>1,073,977</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 2,127,022</u>	<u>\$ 4,215,539</u>	<u>\$ -</u>	<u>\$ 6,342,561</u>

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

GOVERNMENTAL ACTIVITIES	
General Government	<u>\$ 197,399</u>

4. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

5. SPECIAL RESERVE FUNDS

By Board action the Working Cash Fund was abolished and the monies were transferred into the newly created "Special Reserve Building Fund." The fund will be used for the construction and improvements to the facilities at Lockport and Crest Hill. The fund balance at June 30, 2011 was \$21,964,127.

WHITE OAK LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

6. STATE BUILDING GRANT FUND

During the fiscal year ended June 30, 1999, the District was awarded State Building Grants totaling \$85,000. The Lockport facility grant amounted to \$50,000, with local matching funds of \$50,000, for improvements for accessibility for the disabled, which must constitute 70% of the total contract. The Crest Hill grant is a "Mini Grant" of \$35,000 to remodel or refurbish the library. This grant does not require matching funds from the local agency. Both grants require an independent audit upon final completion of the projects. The fund balance as of June 30, 2011 was \$0.

7. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities during the year ended June 30, 2011:

	Balances July 1	Additions	Reductions	Balances June 30	Current Portion
GOVERNMENTAL ACTIVITIES					
Bond Payable	\$ 23,000,000	\$ -	\$ -	\$ 23,000,000	\$ -
Compensated Absences	41,724	12,234		53,958	
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 23,041,724</u>	<u>\$ 12,234</u>	<u>\$ -</u>	<u>\$ 23,053,958</u>	<u>\$ -</u>

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	G.O. Bonds Series 2010	
	Principal	Interest
2012	\$ -	\$ 2,019,541
2013	10,000	1,232,263
2014	15,000	1,232,062
2015	15,000	1,231,688
2016	890,000	1,231,237
2017	960,000	1,184,513
2018	1,040,000	1,134,112
2019	1,115,000	1,079,513
2020	1,200,000	1,020,975
2021	1,290,000	957,975
2022-2030	16,465,000	4,884,550
	<u>\$ 23,000,000</u>	<u>\$ 17,208,429</u>

WHITE OAK LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

8. **EMPLOYEE RETIREMENT SYSTEMS**

Illinois Municipal Retirement Fund

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

As set by statute, Library employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual required contribution rate for calendar year 2010 was 9.88 percent. The Library 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.

For December 31, 2010, the Library's annual pension cost of \$124,036 was equal to the Library's required and actual contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Library's plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

WHITE OAK LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

8. **EMPLOYEE RETIREMENT SYSTEMS (Continued)**

As of December 31, 2010, the most recent actuarial valuation date, the plan was 80.55% funded. The actuarial accrued liability for benefits was \$2,384,476 and the actuarial value of assets was \$1,920,768, resulting in an underfunded actuarial accrued liability (UAAL) of \$463,708. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,255,427 and the ratio of UAAL to the covered payroll was 37 percent.

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 124,036	100%	\$0
2009	96,040	100%	0
2008	91,112	100%	0

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

REQUIRED SUPPLEMENTARY INFORMATION

WHITE OAK LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,825,000	\$ 2,650,326
Replacement taxes	360,000	254,628
Illinois per capita grant	130,000	75,634
Miscellaneous grant	80,000	-
Library fines, fees, and services	115,000	97,008
Copy machine sales	-	4,149
Developer fees	40,000	1,150
Interest	130,000	139,869
Total Revenues	3,680,000	3,222,764
EXPENDITURES		
Personnel services		
Salaries and wages	1,850,000	1,656,913
Staff insurance	230,000	156,344
Continuing education	20,000	24,156
Personnel expenses	70,000	8,544
Personnel contingencies	75,000	7,520
Total personnel services	2,245,000	1,853,477
Contractual services		
Advertising and public relations	40,000	34,524
Bookkeeping	-	1,259
Dues and membership	5,000	2,806
Consultant fees	-	865
Electricity and gas	190,000	157,273
Water	10,000	6,479
Telephone	18,000	7,603
Computer communication	13,000	16,525
Maintenance - equipment	9,000	6,784
Maintenance - computer equipment	12,000	11,709
Postage and miscellaneous	13,000	9,231
Programming - adult	22,500	23,240
Programming - juvenile	22,500	19,519
Legal services	-	16,020
Travel and meeting	22,000	11,358
Miscellaneous	7,000	2,090
Total contractual services	384,000	327,285

(See independent auditor's report.)

WHITE OAK LIBRARY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2011

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Materials and supplies		
Library and office supplies	49,000	47,643
Computer supplies	45,000	38,303
Computer software	-	-
Maintenance supplies	-	18,348
Copy machine supplies	-	-
Periodicals and newspapers	20,000	15,414
Films, videos, and DVD's	33,000	24,162
CD/ROM	15,000	14,946
Books on tape	55,000	54,163
Books	290,000	242,696
Online resources	60,000	58,236
Miscellaneous	18,000	10,236
Total materials and supplies	<u>585,000</u>	<u>524,147</u>
Capital expenditures and reserves		
Library and office equipment	60,000	8,288
Computer equipment	55,000	12,701
Capital outlay and improvements	153,000	1,715
Tax reimbursements to FPLD	-	-
Contingency	26,000	2,533
Total capital expenditures and reserves	<u>294,000</u>	<u>25,237</u>
Total Expenditures	<u>3,508,000</u>	<u>2,730,146</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	172,000	492,618
OTHER FINANCING SOURCES (USES)		
Transfers	-	(412,042)
NET CHANGE IN FUND BALANCE	<u>172,000</u>	80,576
FUND BALANCE, JULY 1		<u>1,257,221</u>
FUND BALANCE, JUNE 30		<u>\$ 1,337,797</u>

(See independent auditor's report.)

WHITE OAK LIBRARY DISTRICT
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2011

Actuarial Valuation Date: December 31	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2008	\$ 1,825,288	\$ 2,080,720	87.72%	\$ 255,432	\$ 982,866	25.99%
2009	1,897,965	2,239,790	84.74%	341,825	1,093,849	31.25%
2010	1,920,768	2,384,476	80.55%	463,708	1,255,427	36.94%

(See independent auditor's report.)

WHITE OAK LIBRARY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2011

<u>Year Ended December 31</u>	<u>Employer Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 91,112	\$ 91,112	100%
2009	96,040	96,040	100%
2010	124,036	124,036	100%

(See independent auditor's report.)

WHITE OAK LIBRARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2011

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted (at the fund level) for the General, Special Reserve Building, IMRF, FICA, Audit, Insurance, Construction and Building Maintenance, and State Grant Funds. All annual appropriations lapse at fiscal year end.

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

1. The District prepares and submits to the Board a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them. Annual budgets are adopted for the General Fund on a basis consistent with GAAP. The legal level of budgetary control is at the fund level.
2. The proposed operating budget is adopted by the Board at a public meeting.
3. Any amendments to the budget must be adopted by the Board at a public meeting.
4. Budgeted amounts presented in the financial statements are those as originally adopted by the Board. There were no amendments to the budget for the year ended June 30, 2011.

NONMAJOR GOVERNMENTAL FUNDS

WHITE OAK LIBRARY DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

	Special Revenue					Totals
	IMRF Fund	Social Security Fund	Audit Fund	Insurance Fund	Construction and Building Maintenance	State Grant Fund
Cash in bank	\$ 50,698	\$ 50,698	\$ 24,441	\$ 14,251	\$ 48,832	\$ - \$ 188,920
TOTAL ASSETS	\$ 50,698	\$ 50,698	\$ 24,441	\$ 14,251	\$ 48,832	\$ - \$ 188,920
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
FUND BALANCES						
Fund Balance	50,698	50,698	24,441	14,251	48,832	188,920
Total Fund Balances	50,698	50,698	24,441	14,251	48,832	188,920
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,698	\$ 50,698	\$ 24,441	\$ 14,251	\$ 48,832	\$ - \$ 188,920

(See independent auditor's report.)

WHITE OAK LIBRARY DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	Special Revenues						Totals
	IMRF Fund	Social Security Fund	Audit Fund	Insurance Fund	Construction and Building Maintenance	State Grant Fund	
REVENUES							
Property Taxes	\$ 93,836	\$ 91,679	\$ 2,157	\$ 26,964	\$ 89,521	\$ -	\$ 304,157
Developer fees	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Interest	46	46	34	10	64	-	200
Total Revenues	93,882	91,725	2,191	26,974	89,585	-	304,357
EXPENDITURES							
Personnel							
IMRF	141,016	-	-	-	-	-	141,016
Social Security	-	124,511	-	-	-	-	124,511
Contractual Services							
Audit and bookkeeping fees	-	-	2,702	-	-	-	2,702
Maintenance - building and grounds	-	-	-	-	86,138	-	86,138
Liability insurance	-	-	-	25,598	-	-	25,598
Capital Expenditures and Reserves							
Capital outlay and improvements	-	-	-	-	-	-	-
State grant outlay	-	-	-	-	-	-	-
Total Expenditures	141,016	124,511	2,702	25,598	86,138	-	379,965
NET CHANGES IN FUND BALANCES	(47,134)	(32,786)	(511)	1,376	3,447	-	(75,608)
Other financing sources (uses):							
Transfers from (to) general fund	54,931	42,734	-	(2,099)	48	-	95,614
FUND BALANCES, JULY 1	42,901	40,750	24,952	14,974	45,337	-	168,914
FUND BALANCES, JUNE 30	\$ 50,698	\$ 50,698	\$ 24,441	\$ 14,251	\$ 48,832	\$ -	\$ 188,920

(See independent auditor's report.)

SUPPLEMENTAL DATA

WHITE OAK LIBRARY DISTRICT

Property Tax Assessed Valuations, Rates, Extensions, and Collections June 30, 2011

Tax Levy Year	2010		2009	
Assessed Valuation	Will County 2,172,943,039		Will County 2,156,562,197	
	Rate	Amount	Rate	Amount
Tax Extensions				
Corporate	0.1264	\$ 2,746,600	0.1184	\$ 2,553,370
Liability Insurance	0.0013	28,248	0.0012	25,879
IMRF	0.0047	102,128	0.0040	86,262
Social Security	0.0047	102,128	0.0038	81,949
Audit	0.0001	2,173	0.0001	2,157
Maintenance	0.0043	93,437	0.0040	86,262
Bond and Interest	0.0551	1,197,292	0.0000	-
	<u>0.1966</u>	<u>4,272,006</u>	<u>0.1315</u>	<u>2,835,879</u>
Total Will Extension		<u>\$ 4,272,006</u>		<u>\$ 2,835,879</u>
Tax collections:				
year ended June 30, 2011		\$ 2,120,493		\$ 1,418,448
Previous years		<u>-</u>		<u>1,410,058</u>
		<u>\$ 2,120,493</u>		<u>\$ 2,828,506</u>
Percent collected		<u>49.6%</u>		<u>99.7%</u>

Property tax rates are per \$100 of assessed valuation. Assessed valuation, rates and extended amounts of property taxes levied have been presented for each of the counties for which the District files a property tax levy.

(See independent auditors' report.)