

**Crete Public Library District
Annual Financial Report
For the Year Ended June 30, 2006**

Crete Public Library District
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For the Year Ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Crete Public Library District
Crete, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crete Public Library District as of and for the year ended June 30, 2006, which collectively comprise the District's financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crete Public Library District, as of June 30, 2006, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Crete Public Library District's basic financial statements. The combining and individual fund financial schedules for the year ended June 30, 2006 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2006 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Statistical Section" listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Crete Public Library District. The information has not been audited by us and, accordingly, we express no opinion on such matters.

October 4, 2006

Knutte & Associates, P.C.

**Crete Public Library District
Management's Discussion and Analysis
June 30, 2006**

The Crete Public Library District (hereinafter referred to as the Library) Management's Discussion and Analysis is designed to: (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Library's financial statements (beginning on page 5).

The Crete Public Library District has been in existence since 1985. Previously, it was a village library established in 1963. The form of governance of the Library and its pertinent legal basis are recited in the Illinois Public Library Act as amended. This is currently Chapter 75 of the Illinois Compiled Statutes.

Financial Highlights

1. According to the Illinois Public Library Act, all revenues not expended during a fiscal year became part of the Special Reserve Fund of the Library to be used for Capital Purposes.
2. At June 30, 2006, total assets were \$3,639,611 and total liabilities were \$1,828,345 compared to total assets of \$3,696,086 and total liabilities of \$2,045,007 at June 30, 2005. At June 30, 2006, net assets were \$1,811,266, while at June 30, 2005, total net assets were \$1,651,079. The portion of net assets invested in capital assets, net of related debt was \$608,684 and \$521,247 at June 30, 2006 and 2005, respectively. The increase of \$160,187 in total net assets reflects an increase of \$45,500 in cash reserves and a reduction in the bond indebtedness.
3. Overall, total revenues for all funds in 2006 were \$935,253 and total expenses were \$878,612 as compared to 2005 total revenues of \$901,262 and total expenses of \$858,984. Improved interest rates and a new impact fee formula adopted mid year added close to \$27,000 in unanticipated revenue. Because the library's funding situation will be improved next year with the passage of the referendum request of a rate increase in March 2006, the library released capital project funds for the purchase of four new public Internet computers and the upgrade of four others. Overall, there was a net increase of \$56,641 in total fund balances from \$307,469 in 2005 to \$364,110 in 2006.
4. Property tax and replacement tax collections received in fiscal year 2006 (2004 tax year) were \$825,896 compared to \$793,727 received in fiscal 2005 (2003 tax year).
5. The Library received an Illinois State Library Per Capita Grant of \$24,039.
6. The Crete Library Foundation provided \$2,000 to increase the library's collection of books on CD and purchased art for the building. The Friends of the Crete Public Library donated over \$2,300 to the Library for collection development and programming for adults and children. The Crete Woman's Club donated \$500 towards the purchase of materials for adults and children.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Library's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. The Library also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Crete Public Library District finances in a manner similar to a private-sector business. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Assets* presents information on all the Crete Public Library District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the District 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 event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., property taxes levied for general purposes).

The government-wide financial statements can be found on pages 5 - 6 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Library's most significant funds rather than the Library as a whole, and therefore provide additional information that won't be found in the statement of net assets or the statement of activities. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with the fund statements providing a distinctive view of the Library's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. Budgetary comparison schedules for other special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Library's adopted annual appropriated budget.

The basic governmental fund financial statements are presented on pages 7 – 9 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 – 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The supplementary information includes budget to actual comparisons and statistical analysis tables. Supplementary information can be found on pages 21 – 37 of this report.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 25.

Contacting the Library's Management

This financial report is designed to provide a general overview of the District's finances. If you have any questions about this report or require additional information, please contact Jane R. Schulten, Administrative Librarian, at Crete Public Library District, 1177 N. Main St., Crete, Illinois 60417.

**Crete Public Library District
Statement of Net Assets
June 30, 2006**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash | \$ 779,956 |
| Property Tax Receivable | 434,322 |
| Prepaid Expenses | <u>6,649</u> |
| Total Current Assets | <u>1,220,927</u> |
| Non-Current Assets | |
| Capital Assets | |
| Capital Assets Not Being Depreciated (Land) | 133,931 |
| Other Capital Assets, Net of Depreciation | <u>2,284,753</u> |
| Total Non-Current Assets | <u>2,418,684</u> |
| TOTAL ASSETS | <u>3,639,611</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 9,085 |
| Bonds Payable | 190,000 |
| Accrued Wages | 5,312 |
| Accrued Expenses | <u>3,948</u> |
| Total Current Liabilities | <u>208,345</u> |
| Non-Current Liabilities | |
| Bonds Payable | <u>1,620,000</u> |
| Total Non-Current Liabilities | <u>1,620,000</u> |
| TOTAL LIABILITIES | <u>1,828,345</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 608,684 |
| Unrestricted | <u>1,202,582</u> |
| TOTAL NET ASSETS | <u>\$ 1,811,266</u> |

See Accompanying Notes To The Financial Statements.

Crete Public Library District
Statement of Activities
For the Year Ended June 30, 2006

| Functions/Programs | Expenses | Program Revenues | | Net (Expenses) Revenues and Changes In Net Assets Governmental Activities |
|--------------------------------------|-------------------|-------------------------|-------------------------|--|
| | | Charges For Services | Grants and Donations | |
| GOVERNMENTAL ACTIVITIES | | | | |
| Library Services | \$ 791,175 | \$ 23,755 | \$ 58,755 | \$ (708,665) |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 791,175</u> | <u>\$ 23,755</u> | <u>\$ 58,755</u> | <u>(708,665)</u> |
| GENERAL REVENUES | | | | |
| Taxes | | | | |
| | | | | 838,502 |
| | | | | 3,503 |
| | | | | 23,872 |
| | | | | 2,975 |
| | | | | <u>868,852</u> |
| TOTAL GENERAL REVENUES | | | | |
| CHANGE IN NET ASSETS | | | | |
| | | | | 160,187 |
| NET ASSETS, | | | | |
| BEGINNING OF YEAR | | | | |
| | | | | <u>1,651,079</u> |
| END OF YEAR | | | | |
| | | | | <u>\$ 1,811,266</u> |

See Accompanying Notes To The Financial Statements.

Crete Public Library District
Balance Sheet
June 30, 2006

| | General | Debt Service | Capital Projects | Working Cash | Other Governmental Funds | Total |
|---|-------------------|-------------------|------------------|------------------|--------------------------|------------------|
| ASSETS | | | | | | |
| Cash | \$ 373,096 | \$ 98,004 | \$ 78,312 | \$ 77,582 | \$ 152,962 | \$ 779,956 |
| Property Tax Receivable | 258,701 | 126,796 | 0 | 0 | 48,825 | 434,322 |
| Prepaid Expenditures | 0 | 0 | 0 | 0 | 6,649 | 6,649 |
| TOTAL ASSETS | 631,797 | 224,800 | 78,312 | 77,582 | 208,436 | 1,220,927 |
| LIABILITIES | | | | | | |
| Accounts Payable | 8,668 | 0 | 0 | 0 | 417 | 9,085 |
| Deferred Property Taxes | 499,429 | 244,782 | 0 | 0 | 94,261 | 838,472 |
| Accrued Wages | 5,312 | 0 | 0 | 0 | 0 | 5,312 |
| Accrued Expenditures | 0 | 0 | 0 | 0 | 3,948 | 3,948 |
| TOTAL LIABILITIES | 513,409 | 244,782 | 0 | 0 | 98,626 | 856,817 |
| FUND BALANCES (DEFICITS) | | | | | | |
| Unreserved, Undesignated | 118,388 | (19,982) | 0 | 0 | 0 | 98,406 |
| Unreserved, Capital Projects Fund | 0 | 0 | 78,312 | 0 | 0 | 78,312 |
| Unreserved, Permanent Fund | 0 | 0 | 0 | 77,582 | 0 | 77,582 |
| Unreserved, Special Revenue Funds | 0 | 0 | 0 | 0 | 109,810 | 109,810 |
| TOTAL FUND BALANCES (DEFICITS) | 118,388 | (19,982) | 78,312 | 77,582 | 109,810 | 364,110 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 631,797 | \$ 224,800 | \$ 78,312 | \$ 77,582 | \$ 208,436 | |

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

Deferred Property Taxes are not reported in the government-wide statements.

Bonds Payable are not financial resources and therefore are not reported in the fund financial statements.

Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund financial statements.

NET ASSETS OF GOVERNMENTAL FUNDS

| | |
|--|---------------------|
| | 838,472 |
| | (1,810,000) |
| | <u>2,418,684</u> |
| | <u>\$ 1,811,266</u> |

See Accompanying Notes To The Financial Statements.

**Crete Public Library District
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
For the Year Ended June 30, 2006**

| | General | Debt Service | Capital Projects | Working Cash | Other Governmental Funds | Total |
|--|-------------------|--------------------|------------------|------------------|--------------------------|-------------------|
| REVENUES | | | | | | |
| Property Taxes | \$ 473,863 | \$ 257,985 | \$ 0 | \$ 0 | \$ 90,545 | \$ 822,393 |
| Replacement Taxes | 3,503 | 0 | 0 | 0 | 0 | 3,503 |
| State Per Capita Grant | 24,039 | 0 | 0 | 0 | 0 | 24,039 |
| Fines and Fees | 16,976 | 0 | 0 | 0 | 0 | 16,976 |
| Copy Machine and Microform | 6,779 | 0 | 0 | 0 | 0 | 6,779 |
| Interest | 20,440 | 0 | 3,432 | 0 | 0 | 23,872 |
| Developer Fees | 22,188 | 0 | 0 | 0 | 0 | 22,188 |
| Donations | 12,388 | 0 | 0 | 0 | 140 | 12,528 |
| Miscellaneous | 2,975 | 0 | 0 | 0 | 0 | 2,975 |
| TOTAL REVENUES | 583,151 | 257,985 | 3,432 | 0 | 90,685 | 935,253 |
| EXPENDITURES | | | | | | |
| General | 528,298 | 0 | 0 | 0 | 0 | 528,298 |
| Debt Service | | | | | | |
| Principal | 0 | 200,000 | 0 | 0 | 0 | 200,000 |
| Interest | 0 | 56,180 | 0 | 0 | 0 | 56,180 |
| Capital Projects | 0 | 0 | 5,572 | 0 | 0 | 5,572 |
| Special Revenue | 0 | 0 | 0 | 0 | 88,562 | 88,562 |
| TOTAL EXPENDITURES | 528,298 | 256,180 | 5,572 | 0 | 88,562 | 878,612 |
| NET CHANGE IN FUND BALANCES (DEFICITS) | 54,853 | 1,805 | (2,140) | 0 | 2,123 | 56,641 |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | 63,535 | (21,787) | 80,452 | 77,582 | 107,687 | 307,469 |
| END OF YEAR | \$ 118,388 | \$ (19,982) | \$ 78,312 | \$ 77,582 | \$ 109,810 | \$ 364,110 |

See Accompanying Notes To The Financial Statements.

Crete Public Library District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

| | |
|---|-------------------|
| Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances) | \$ 56,641 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Depreciation of Capital Assets is not considered an expenditure in the fund financial statements. | (178,892) |
| Purchase of Capital Assets is considered an expenditure in the fund financial statements. | 66,329 |
| Payments of bond principal are treated as an expenditure in the fund financial statements. | 200,000 |
| Property taxes that do not provide current financial resources are not reported as property tax revenue in the fund financial statements. | <u>16,109</u> |
| Change in Net Assets of Governmental Activities (Statement of Activities) | <u>\$ 160,187</u> |

See Accompanying Notes To The Financial Statements.

Crete Public Library District
Notes To The Financial Statements
For The Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Crete Public Library District ("the District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Library District follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Library District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Library District is not required to be included as a component unit of any other entity.

B. Changes in Accounting Method

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The Crete Public Library District has implemented GASB 34 effective July 1, 2003.

The implementation of GASB 34 adds two "Government-Wide" financial statements as basic financial statements required for all governmental units. They are the Statement of Net Assets, which presents the financial condition of the governmental activities of the District at fiscal year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

The reporting model for GASB 34 classifies funds as governmental activities. Further, funds are classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Both new statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the District used the modified accrual basis accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. 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.

Funds are organized as major funds or non-major funds with emphasis placed on major funds. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Governmental Funds

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the District's governmental funds follows:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required legally or by sound financial management to be accounted for in another fund.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Funds included in this fund category are:

- Illinois Municipal Retirement Fund
- Special Reserve Fund
- FICA Fund
- Public Liability Insurance Fund
- Audit Fund
- Building and Sites Fund
- Unemployment Compensation Fund
- Workmen's Compensation Fund
- Memorial Fund

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities.

Permanent Fund

The Working Cash Fund is used to account for financial resources held by the District to be used for temporary interfund loans to certain other funds.

MAJOR FUNDS

The District reports the following major governmental funds:

- The General Fund, which accounts for the District's primary operating activities.
- The Debt Service Fund, which accounts for the District's payments of principal and interest on all tax-supported long-term debt.
- The Capital Projects Fund, which accounts for the acquisition and construction of major capital facilities.
- The Working Cash Fund, which accounts for financial resources held by the District to be used for temporary interfund loans to certain other funds.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

NON-MAJOR FUNDS

The District reports the following non-major funds:

- Illinois Municipal Retirement Fund
- Special Reserve Fund
- FICA Fund
- Public Liability Insurance Fund
- Audit Fund
- Building and Sites Fund
- Unemployment Compensation Fund
- Workman's Compensation Fund
- Memorial Fund

D. Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the District's operations. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Property taxes, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. The District considers property taxes measurable when the entire levy has been collected. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

The District reports deferred revenues on its Governmental Funds Balance Sheet. For governmental fund financial statements, deferred revenues occur when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increases and decreases in net total assets.

The measurement focus of all funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements, are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources, are included as liabilities in the government-wide financial statements, but are excluded from the fund financial statements. The related expenditures are recognized in the fund financial statements when the liabilities are liquidated. Historically, the expenditures have been recorded to the general fund.

F. Cash, Cash Equivalents and Investments

The District considers all highly liquid investments with an initial maturity date within three months of the date acquired by the District and investment pools to be cash equivalents.

For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool, and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks that are insured by the Federal Deposit Insurance Corporation.

G. Budgets and Budgetary Information

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the Corporate, IMRF, FICA, Unemployment Compensation Insurance, Public Liability Insurance, Worker's Compensation, Audit Expense and Building Funds, but not for the Debt Service, Capital Projects, Working Cash, Special Reserve, or Memorial Funds. All annual appropriations lapse at fiscal year end. Differences from budgeting on a cash basis to accrual basis are immaterial.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006 are recorded as prepaid items.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the District has adopted a capitalization threshold of \$500 for capital asset additions. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to July 1, 2003, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government wide financial statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is currently encouraged, but not required.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------|----------------|
| Buildings | 45 years |
| Improvements | 10 to 20 years |
| Machinery and Equipment | 5 to 15 years |
| Vehicles | 5 to 10 years |

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

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.

J. Use of Estimates

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

**Crete Public Library District
 Notes To The Financial Statements (Continued)
 For The Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Equity Classifications

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets – consists of capital assets, net of accumulated depreciation and net of related debt, where applicable.
- Restricted net assets – consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net assets – consists of all other net assets that do not meet the definition of restricted or invested in capital assets.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance may further be classified as reserved and unreserved.

NOTE 2 - CASH

At June 30, 2006, the carrying amount of the District's deposits was \$779,956, and the bank balance was \$809,892. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

Also at June 30, 2006, the District maintained a balance in the Illinois Funds. This pooled investment with other districts is similar in nature to a money market fund and consists primarily of certificates of deposit, U.S. Government securities, commercial paper, and corporate bonds. Because individual securities are not owned by the District, amounts invested in the Illinois Fund are not categorized.

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|-------------------------|----------------------------|-------------------------|
| Category 1 | \$ 100,000 | \$ 100,000 |
| Category 2 | 245,187 | 273,393 |
| Category 3 | | |
| Illinois Funds | <u>434,769</u> | <u>436,499</u> |
| Total Cash/Deposits | <u>\$ 779,956</u> | <u>\$ 809,892</u> |

Category 1 includes deposits covered by depository insurance or collateral held by the District in the District's name.

Category 2 includes deposits covered by collateral held by the financial institution's trust department in the District's name.

Category 3 includes deposits that are uncollateralized or the collateral is held by the financial institution's trust department but not in the District's name.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 3 - PROPERTY TAX REVENUE

Property taxes for 2005 are attached as an enforceable lien on property as of January 1, 2005. The District's 2005 property tax was levied for certain residents in Will County as of December 31, 2004 by passage of a tax levy ordinance. Taxes levied in one year become due and payable in two installments; the first installment is due June 1, 2005 and a second installment is due on September 1, 2005. On these dates, the bill becomes delinquent and penalties and interest may be assessed.

The County Assessors are responsible for assessment of all taxable real property within their County except for certain railroad property, which is assessed directly by the State. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the governmental units their respective share of the collections.

NOTE 4 - DEFICIT FUND BALANCES

At June 30, 2006, the following funds had deficit fund balances:

| | |
|---------------------------|-------------|
| Debt Service | \$ (19,982) |
| Audit | (1,175) |
| Unemployment Compensation | (978) |
| Workmen's Compensation | (295) |

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2006 follows. Total depreciation expense for the year was \$178,892.

| | Balance July 1, 2005 | Additions | Deletions | Balance June 30, 2006 |
|---|-------------------------|---------------------|--------------------|--------------------------|
| Assets Not Subject to Depreciation | | | | |
| Land | \$ 133,931 | \$ 0 | \$ 0 | \$ 133,931 |
| Subtotal | <u>133,931</u> | <u>0</u> | <u>0</u> | <u>133,931</u> |
| Assets Subject to Depreciation | | | | |
| Building & Improvement | 3,185,390 | 0 | 0 | 3,185,390 |
| Books | 316,117 | 58,602 | (60,279) | 314,440 |
| Furniture & Equipment | 106,283 | 7,727 | 0 | 114,010 |
| Subtotal | <u>3,607,790</u> | <u>66,329</u> | <u>(60,279)</u> | <u>3,613,840</u> |
| Total Capital Assets | <u>\$ 3,741,721</u> | <u>\$ 66,329</u> | <u>\$ (60,279)</u> | <u>\$ 3,747,771</u> |
| Less Accumulated Depreciation | | | | |
| Building | (997,718) | (93,742) | 0 | (1,091,460) |
| Books | (151,766) | (63,056) | 60,279 | (154,543) |
| Furniture | (60,990) | (22,094) | 0 | (83,084) |
| Subtotal | <u>(1,210,474)</u> | <u>(178,892)</u> | <u>60,279</u> | <u>(1,329,087)</u> |
| Net Capital Assets | <u>\$ 2,531,247</u> | <u>\$ (112,563)</u> | <u>\$ 0</u> | <u>\$ 2,418,684</u> |

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 6 – DEBT COMMITMENTS

| <u>General Obligation Refunding Bonds</u> | <u>Balance July 1, 2005</u> | <u>New Debt</u> | <u>Debt Retired</u> | <u>Balance June 30, 2006</u> |
|---|---------------------------------|---------------------|-------------------------|----------------------------------|
| October 1, 2003 | <u>\$ 2,010,000</u> | <u>\$ 0</u> | <u>\$ 200,000</u> | <u>\$ 1,810,000</u> |

General Obligation Refunding Bonds, Series 2003: Dated October 1, 2003, original balance of \$2,180,000. Interest is payable on December 1 and June 1 of each year at rates of 1.3 to 3.65%. The final principal payment is due on December 20, 2013.

Long-term debt payments are due as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|-------------------|---------------------|
| Current Portion | | | |
| 2007 | <u>\$ 190,000</u> | <u>\$ 52,925</u> | <u>\$ 242,925</u> |
| Subtotal | <u>190,000</u> | <u>52,925</u> | <u>242,925</u> |
| Non-Current Portion | | | |
| 2008 | 210,000 | 48,653 | 258,653 |
| 2009 | 205,000 | 43,418 | 248,418 |
| 2010 | 225,000 | 37,275 | 262,275 |
| 2011 | 225,000 | 30,300 | 255,300 |
| 2011 Through 2015 | <u>755,000</u> | <u>41,392</u> | <u>796,392</u> |
| Subtotal | <u>1,620,000</u> | <u>201,038</u> | <u>1,821,038</u> |
| Total | <u>\$ 1,810,000</u> | <u>\$ 253,963</u> | <u>\$ 2,063,963</u> |

During the year ended June 30, 2004, the District defeased a bond issue by creating a separate irrevocable trust fund. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's financial statements. As of June 30, 2006, the amount of defeased debt outstanding amounted to \$1,800,000.

NOTE 7 - EXPENDITURES OVER BUDGET

The following fund had an excess of actual expenditures over the working budgeted amounts for the year ended June 30, 2006:

| <u>Fund</u> | <u>Actual</u> | <u>Budget</u> | <u>Appropriations</u> |
|------------------------|---------------|---------------|-----------------------|
| Unemployment Insurance | \$ 2,306 | \$ 1,000 | \$ 2,000 |

The Debt Service, Special Reserve, Memorial, Capital Projects, and Working Cash Funds had no legally adopted budgets for the fiscal year.

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 8 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

Crete Public Library District's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for the calendar year 2005 was 11.75% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 27 years.

For December 31, 2004, the District's annual pension cost of \$24,938 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002 -2004 experience study.

B. Trend Information

| Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------------|---------------------------------|-------------------------------------|---------------------------|
| 12/31/05 | \$ 24,938 | 100% | \$ 0 |
| 12/31/04 | 24,794 | 100% | 0 |
| 12/31/03 | 22,397 | 100% | 0 |
| 12/31/02 | 23,701 | 100% | 0 |
| 12/31/01 | 23,072 | 100% | 0 |
| 12/31/00 | 23,621 | 100% | 0 |
| 12/31/99 | 23,573 | 100% | 0 |
| 12/31/98 | 23,571 | 100% | 0 |
| 12/31/97 | 22,707 | 100% | 0 |
| 12/31/96 | 19,964 | 100% | 0 |

**Crete Public Library District
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2006**

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Required Supplementary Information - Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|---------------------------------|--------------------------|---------------------------|--|
| 12/31/05 | \$ 375,301 | \$ 605,193 | 229,892 | 62.01% | \$ 212,242 | 108.32% |
| 12/31/04 | 418,046 | 616,122 | 198,076 | 67.85% | 210,652 | 94.03% |
| 12/31/03 | 648,374 | 772,675 | 124,301 | 83.91% | 215,559 | 57.66% |
| 12/31/02 | 597,165 | 732,482 | 135,317 | 81.53% | 233,051 | 58.06% |
| 12/31/01 | 593,628 | 673,313 | 79,685 | 88.17% | 218,073 | 36.54% |
| 12/31/00 | 556,813 | 626,733 | 69,920 | 88.84% | 214,349 | 32.62% |
| 12/31/99 | 468,104 | 566,074 | 97,970 | 82.69% | 212,178 | 46.17% |
| 12/31/98 | 378,306 | 501,303 | 122,997 | 75.46% | 200,437 | 61.36% |
| 12/31/97 | 309,011 | 427,683 | 118,672 | 72.25% | 196,590 | 60.37% |
| 12/31/96 | 250,920 | 381,515 | 130,595 | 65.77% | 191,592 | 68.16% |

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$383,507. On a market basis, the funded ratio would be 63.37%.

D. Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002 - 2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

**Crete Public Library District
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2006**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 473,818 | \$ 473,818 | \$ 473,863 | \$ 45 |
| Replacement Taxes | 2,800 | 2,800 | 3,503 | 703 |
| State Per Capita Grant | 24,380 | 24,380 | 24,039 | (341) |
| Other Grants | 5,000 | 5,000 | 0 | (5,000) |
| Fines and Fees | 16,000 | 16,000 | 16,976 | 976 |
| Copy Machine and Microform | 6,000 | 6,000 | 6,779 | 779 |
| Interest | 9,000 | 9,000 | 20,440 | 11,440 |
| Developer Fees | 7,000 | 7,000 | 22,188 | 15,188 |
| Donations | 5,000 | 5,000 | 12,388 | 7,388 |
| Miscellaneous | 2,900 | 2,900 | 2,975 | 75 |
| TOTAL REVENUES | <u>551,898</u> | <u>551,898</u> | <u>583,151</u> | <u>31,253</u> |
| EXPENDITURES | | | | |
| Personnel | 286,600 | 286,600 | 282,934 | 3,666 |
| Operating Supplies | 6,500 | 6,500 | 8,491 | (1,991) |
| Library Materials | 66,500 | 66,500 | 58,602 | 7,898 |
| Custodial Services | 23,000 | 23,000 | 19,851 | 3,149 |
| Building & Equipment Maintenance | 5,000 | 5,000 | 2,172 | 2,828 |
| Professional Fees and Services | 3,000 | 3,000 | 1,993 | 1,007 |
| Building & Equipment | 5,000 | 5,000 | 4,467 | 533 |
| Educational Programs | 9,000 | 9,000 | 9,237 | (237) |
| Printing | 3,500 | 3,500 | 3,688 | (188) |
| Postage | 3,500 | 3,500 | 2,903 | 597 |
| Computers | 43,000 | 43,000 | 47,882 | (4,882) |
| Accounting | 6,500 | 6,500 | 7,149 | (649) |
| Contingency | 2,500 | 2,500 | 4,251 | (1,751) |
| Hospitalization | 14,200 | 14,200 | 15,394 | (1,194) |
| Utilities | 55,900 | 55,900 | 56,816 | (916) |
| Telephone | 3,500 | 3,500 | 2,468 | 1,032 |
| TOTAL EXPENDITURES | <u>537,200</u> | <u>537,200</u> | <u>528,298</u> | <u>8,902</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 14,698</u> | <u>\$ 14,698</u> | 54,853 | <u>\$ 40,155</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>63,535</u> | |
| END OF YEAR | | | <u>\$ 118,388</u> | |

See Accompanying Notes To The Financial Statements.

Crete Public Library District
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
No Legally Adopted Budget
For the Year Ended June 30, 2006

| | |
|--|---------------------------|
| REVENUES | |
| Property Taxes | <u>\$ 257,985</u> |
| TOTAL REVENUES | <u>257,985</u> |
| EXPENDITURES | |
| Bond Principal | 200,000 |
| Bond Interest | <u>56,180</u> |
| TOTAL EXPENDITURES | <u>256,180</u> |
| NET CHANGE IN FUND BALANCE | 1,805 |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | <u>(21,787)</u> |
| END OF YEAR | <u><u>\$ (19,982)</u></u> |

**Crete Public Library District
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
No Legally Adopted Budget
For the Year Ended June 30, 2006**

| | |
|--|-------------------------|
| REVENUES | |
| Interest | \$ 3,432 |
| TOTAL REVENUES | <u>3,432</u> |
| EXPENDITURES | |
| Furnishings & Equipment | <u>5,572</u> |
| TOTAL EXPENDITURES | <u>5,572</u> |
| NET CHANGE IN FUND BALANCE | (2,140) |
| FUND BALANCE, BEGINNING OF YEAR | <u>80,452</u> |
| END OF YEAR | <u><u>\$ 78,312</u></u> |

**Crete Public Library District
Working Cash Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
No Legally Adopted Budget
For the Year Ended June 30, 2006**

| | |
|------------------------------------|-------------------------|
| TOTAL REVENUES | <u>\$ 0</u> |
| TOTAL EXPENDITURES | <u>0</u> |
| NET CHANGE IN FUND BALANCE | 0 |
| FUND BALANCE, BEGINNING OF YEAR | <u>77,582</u> |
| END OF YEAR | <u><u>\$ 77,582</u></u> |

Crete Public Library District
 Non-Major Funds
 Combining Balance Sheet
 June 30, 2006

| | Special Revenue Funds | | | | | | | | | | Total |
|---|-------------------------------------|--------------------|------------------|----------------------------------|-----------------|-----------------------|------------------------------|---------------------------|------------------|-----------|-------------------|
| | Illinois Municipal Retirement | Special Reserve | FICA | Public Liability Insurance | Audit | Building and Sites | Unemployment Compensation | Workmen's Compensation | Memorial Fund | | |
| ASSETS | | | | | | | | | | | |
| Cash | \$ 15,278 | \$ 62,379 | \$ 19,616 | \$ 14,529 | \$ 4,514 | \$ 23,119 | \$ 452 | \$ (683) | \$ 13,758 | \$ | \$ 152,962 |
| Property Tax Receivable | 13,247 | 0 | 11,923 | 2,460 | 2,460 | 16,654 | 946 | 1,135 | 0 | 0 | 48,825 |
| Prepaid Expenditures | 0 | 0 | 0 | 5,204 | 0 | 0 | 0 | 1,445 | 0 | 0 | 6,649 |
| TOTAL ASSETS | 28,525 | 62,379 | 31,539 | 22,193 | 6,974 | 39,773 | 1,398 | 1,897 | 13,758 | | 208,436 |
| LIABILITIES | | | | | | | | | | | |
| Accounts Payable | 0 | 0 | 0 | 0 | 0 | 417 | 0 | 0 | 0 | 0 | 417 |
| Deferred Property Taxes | 25,574 | 0 | 23,017 | 4,750 | 4,750 | 32,151 | 1,827 | 2,192 | 0 | 0 | 94,261 |
| Accrued Expenditures | 0 | 0 | 0 | 0 | 3,399 | 0 | 549 | 0 | 0 | 0 | 3,948 |
| TOTAL LIABILITIES | 25,574 | 0 | 23,017 | 4,750 | 8,149 | 32,568 | 2,376 | 2,192 | 0 | 0 | 98,626 |
| FUND BALANCES (DEFICITS) | | | | | | | | | | | |
| Unreserved | 2,951 | 62,379 | 8,522 | 17,443 | (1,175) | 7,205 | (978) | (295) | 13,758 | | 109,810 |
| Special Revenue Funds | | | | | | | | | | | |
| TOTAL FUND BALANCES (DEFICITS) | 2,951 | 62,379 | 8,522 | 17,443 | (1,175) | 7,205 | (978) | (295) | 13,758 | | 109,810 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 28,525 | \$ 62,379 | \$ 31,539 | \$ 22,193 | \$ 6,974 | \$ 39,773 | \$ 1,398 | \$ 1,897 | \$ 13,758 | \$ | \$ 208,436 |

Crete Public Library District
Non-Major Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
For the Year Ended June 30, 2005

| | Special Revenue Funds | | | | | | | | | | Total |
|--|-------------------------------------|--------------------|-----------------|----------------------------------|-------------------|-----------------------|------------------------------|---------------------------|------------------|-------------------|-------|
| | Illinois Municipal Retirement | Special Reserve | FICA | Public Liability Insurance | Audit | Building and Sites | Unemployment Compensation | Workmen's Compensation | Memorial Fund | | |
| REVENUES | | | | | | | | | | | |
| Property Taxes | \$ 25,576 | \$ 0 | \$ 25,576 | \$ 3,043 | \$ 4,030 | \$ 28,619 | \$ 987 | \$ 2,714 | \$ 0 | \$ 90,545 | |
| Donations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 140 | 140 | |
| TOTAL REVENUES | 25,576 | 0 | 25,576 | 3,043 | 4,030 | 28,619 | 987 | 2,714 | 140 | 90,685 | |
| EXPENDITURES | | | | | | | | | | | |
| IMRF | 27,611 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 27,611 | |
| FICA | 0 | 0 | 20,137 | 0 | 0 | 0 | 0 | 0 | 0 | 20,137 | |
| Public Liability Insurance | 0 | 0 | 0 | 6,533 | 0 | 0 | 0 | 0 | 0 | 6,533 | |
| Audit | 0 | 0 | 0 | 0 | 3,500 | 0 | 0 | 0 | 0 | 3,500 | |
| Building and Sites | 0 | 0 | 0 | 0 | 0 | 26,406 | 0 | 0 | 0 | 26,406 | |
| Unemployment Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 2,306 | 0 | 0 | 2,306 | |
| Workmen's Compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,499 | 0 | 1,499 | |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 570 | 570 | |
| TOTAL EXPENDITURES | 27,611 | 0 | 20,137 | 6,533 | 3,500 | 26,406 | 2,306 | 1,499 | 570 | 88,562 | |
| NET CHANGE IN FUND BALANCES (DEFICITS) | (2,035) | 0 | 5,439 | (3,490) | 530 | 2,213 | (1,319) | 1,215 | (430) | 2,123 | |
| FUND BALANCES (DEFICITS), BEGINNING OF YEAR | 4,986 | 62,379 | 3,083 | 20,933 | (1,705) | 4,992 | 341 | (1,510) | 14,188 | 107,687 | |
| END OF YEAR | \$ 2,951 | \$ 62,379 | \$ 8,522 | \$ 17,443 | \$ (1,175) | \$ 7,205 | \$ (978) | \$ (295) | \$ 13,758 | \$ 109,810 | |

Crete Public Library District
Illinois Municipal Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|-----------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 25,594 | \$ 25,594 | \$ 25,576 | \$ (18) |
| TOTAL REVENUES | <u>25,594</u> | <u>25,594</u> | <u>25,576</u> | <u>(18)</u> |
| EXPENDITURES | | | | |
| IMRF | 30,000 | 30,000 | 27,611 | 2,389 |
| TOTAL EXPENDITURES | <u>30,000</u> | <u>30,000</u> | <u>27,611</u> | <u>2,389</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (4,406)</u> | <u>\$ (4,406)</u> | (2,035) | <u>\$ 2,371</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>4,986</u> | |
| END OF YEAR | | | <u>\$ 2,951</u> | |

Crete Public Library District
Special Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
No Legally Adopted Budget
For the Year Ended June 30, 2006

| | | |
|------------------------------------|-----------|---------------|
| TOTAL REVENUES | <u>\$</u> | <u>0</u> |
| TOTAL EXPENDITURES | | <u>0</u> |
| NET CHANGE IN FUND BALANCE | | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | <u>62,379</u> |
| END OF YEAR | <u>\$</u> | <u>62,379</u> |

Crete Public Library District
FICA Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|-----------------|-----------------|----------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 25,594 | \$ 25,594 | \$ 25,576 | \$ (18) |
| TOTAL REVENUES | <u>25,594</u> | <u>25,594</u> | <u>25,576</u> | <u>(18)</u> |
| EXPENDITURES | | | | |
| FICA | 26,000 | 26,000 | 20,137 | 5,863 |
| TOTAL EXPENDITURES | <u>26,000</u> | <u>26,000</u> | <u>20,137</u> | <u>5,863</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (406)</u> | <u>\$ (406)</u> | 5,439 | <u>\$ 5,845</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>3,083</u> | |
| END OF YEAR | | | <u>\$ 8,522</u> | |

Crete Public Library District
Public Liability Insurance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 3,030 | \$ 3,030 | \$ 3,043 | \$ 13 |
| TOTAL REVENUES | <u>3,030</u> | <u>3,030</u> | <u>3,043</u> | <u>13</u> |
| EXPENDITURES | | | | |
| Liability Insurance | 7,800 | 7,800 | 6,533 | 1,267 |
| TOTAL EXPENDITURES | <u>7,800</u> | <u>7,800</u> | <u>6,533</u> | <u>1,267</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (4,770)</u> | <u>\$ (4,770)</u> | <u>(3,490)</u> | <u>\$ 1,280</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>20,933</u> | |
| END OF YEAR | | | <u>\$ 17,443</u> | |

Crete Public Library District
Audit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|--------------|-------------------|----------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 4,041 | \$ 4,041 | \$ 4,030 | \$ (11) |
| TOTAL REVENUES | <u>4,041</u> | <u>4,041</u> | <u>4,030</u> | <u>(11)</u> |
| EXPENDITURES | | | | |
| Audit Fees | 4,000 | 4,000 | 3,500 | 500 |
| TOTAL EXPENDITURES | <u>4,000</u> | <u>4,000</u> | <u>3,500</u> | <u>500</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 41</u> | <u>\$ 41</u> | 530 | <u>\$ 489</u> |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | | | <u>(1,705)</u> | |
| END OF YEAR | | | <u>\$ (1,175)</u> | |

Crete Public Library District
Building and Sites Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|---------------|-----------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 28,624 | \$ 28,624 | \$ 28,619 | \$ (5) |
| TOTAL REVENUES | <u>28,624</u> | <u>28,624</u> | <u>28,619</u> | <u>(5)</u> |
| EXPENDITURES | | | | |
| Maintenance, Repairs and Alterations | 28,000 | 28,000 | 26,406 | 1,594 |
| TOTAL EXPENDITURES | <u>28,000</u> | <u>28,000</u> | <u>26,406</u> | <u>1,594</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 624</u> | <u>\$ 624</u> | 2,213 | <u>\$ 1,589</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>4,992</u> | |
| END OF YEAR | | | <u>\$ 7,205</u> | |

Crete Public Library District
Unemployment Insurance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|--------------|-----------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 1,010 | \$ 1,010 | \$ 987 | \$ (23) |
| TOTAL REVENUES | <u>1,010</u> | <u>1,010</u> | <u>987</u> | <u>(23)</u> |
| EXPENDITURES | | | | |
| Insurance Premiums | 1,000 | 1,000 | 2,306 | (1,306) |
| TOTAL EXPENDITURES | <u>1,000</u> | <u>1,000</u> | <u>2,306</u> | <u>(1,306)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 10</u> | <u>\$ 10</u> | <u>(1,319)</u> | <u>\$ (1,329)</u> |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | | | <u>341</u> | |
| END OF YEAR | | | <u>\$ (978)</u> | |

Crete Public Library District
Workmen's Compensation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Budget and Actual
For the Year Ended June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|---------------|-----------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 2,694 | \$ 2,694 | \$ 2,714 | \$ 20 |
| TOTAL REVENUES | <u>2,694</u> | <u>2,694</u> | <u>2,714</u> | <u>20</u> |
| EXPENDITURES | | | | |
| Workmen's Compensation | 2,500 | 2,500 | 1,499 | 1,001 |
| TOTAL EXPENDITURES | <u>2,500</u> | <u>2,500</u> | <u>1,499</u> | <u>1,001</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 194</u> | <u>\$ 194</u> | 1,215 | <u>\$ 1,021</u> |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | | | <u>(1,510)</u> | |
| END OF YEAR | | | <u>\$ (295)</u> | |

**Crete Public Library District
Memorial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
No Legally Adopted Budget
For the Year Ended June 30, 2006**

| | |
|--|-------------------------|
| REVENUES | |
| Donations | \$ 140 |
| TOTAL REVENUES | <u>140</u> |
| EXPENDITURES | |
| Miscellaneous | <u>570</u> |
| TOTAL EXPENDITURES | <u>570</u> |
| NET CHANGE IN FUND BALANCE | (430) |
| FUND BALANCE, BEGINNING OF YEAR | <u>14,188</u> |
| END OF YEAR | <u><u>\$ 13,758</u></u> |

Crete Public Library District
Assessed Valuations, Tax Rates, Allocations and Extensions
Tax Years 2002 - 2005

| Tax Year | 2005 | 2004 | 2003 | 2002 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ASSESSED VALUATIONS | <u>\$ 365,346,925</u> | <u>\$ 336,757,558</u> | <u>\$ 323,082,317</u> | <u>\$ 309,340,202</u> |
| TAX EXTENSIONS | | | | |
| General Fund | \$ 499,429 | \$ 473,819 | \$ 454,254 | \$ 434,314 |
| Illinois Municipal Retirement Fund | 25,574 | 25,594 | 25,200 | 25,366 |
| Social Security | 23,017 | 25,594 | 25,200 | 22,272 |
| Public Liability Insurance Fund | 4,750 | 3,031 | 7,108 | 7,115 |
| Audit Fund | 4,750 | 4,041 | 3,554 | 3,712 |
| Building and Sites Fund | 32,150 | 28,624 | 25,200 | 25,366 |
| Debt Service | 244,782 | 257,956 | 244,896 | 266,961 |
| Workmen's Compensation | 2,192 | 2,694 | 2,262 | 1,546 |
| Unemployment Insurance | 1,827 | 1,010 | 646 | 0 |
| TOTAL EXTENDED LEVY | <u>\$ 838,471</u> | <u>\$ 822,363</u> | <u>\$ 788,320</u> | <u>\$ 786,652</u> |
| TAX RATES | | | | |
| General Fund | 0.1367 | 0.1407 | 0.1406 | 0.1404 |
| Illinois Municipal Retirement Fund | 0.0070 | 0.0076 | 0.0078 | 0.0082 |
| Social Security | 0.0063 | 0.0076 | 0.0078 | 0.0072 |
| Public Liability Insurance Fund | 0.0013 | 0.0009 | 0.0022 | 0.0023 |
| Audit Fund | 0.0013 | 0.0012 | 0.0011 | 0.0012 |
| Building and Sites Fund | 0.0088 | 0.0085 | 0.0078 | 0.0082 |
| Debt Service | 0.0670 | 0.0766 | 0.0758 | 0.0863 |
| Workmen's Compensation | 0.0006 | 0.0008 | 0.0007 | 0.0005 |
| Unemployment Insurance | 0.0005 | 0.0003 | 0.0002 | 0.0000 |
| TOTAL TAX RATES | <u>0.2295</u> | <u>0.2442</u> | <u>0.2440</u> | <u>0.2543</u> |
| TAX COLLECTIONS | | | | |
| General Fund | \$ 240,728 | \$ 473,863 | \$ 453,604 | \$ 434,390 |
| Illinois Municipal Retirement Fund | 12,327 | 25,576 | 25,163 | 25,330 |
| Social Security | 11,094 | 25,576 | 25,163 | 22,262 |
| Public Liability Insurance Fund | 2,289 | 3,043 | 7,098 | 7,080 |
| Audit Fund | 2,289 | 4,030 | 3,549 | 3,697 |
| Building and Sites Fund | 15,497 | 28,619 | 25,165 | 25,330 |
| Debt Service | 117,987 | 257,985 | 244,546 | 266,990 |
| Workmen's Compensation | 1,057 | 2,714 | 2,259 | 1,573 |
| Unemployment | 880 | 987 | 646 | 0 |
| TOTAL TAX COLLECTIONS | <u>\$ 404,148</u> | <u>\$ 822,393</u> | <u>\$ 787,193</u> | <u>\$ 786,652</u> |
| PERCENT COLLECTED | <u>48.20 %</u> | <u>100.00 %</u> | <u>99.86 %</u> | <u>100.00 %</u> |

**Crete Public Library District
 Computation of Legal Debt Margin
 For the Year Ended June 30, 2006**

| | | Legal Debt Margin | |
|--|-----------------------|----------------------|-----------------------|
| | | With Referendum | Without Referendum |
| Assessed Valuation 2005 | <u>\$ 365,346,925</u> | | |
| Debt Limit | | | |
| 5.75% of Assessed Valuation | | \$ 21,007,448 | |
| 2.875% of Assessed Valuation | | | \$ 10,503,724 |
| General Obligation Debt Payable | | | |
| Series 2003 | <u>1,810,000</u> | <u>1,810,000</u> | <u>1,810,000</u> |
| | | <u>\$ 19,197,448</u> | <u>\$ 8,693,724</u> |