

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
FINANCIAL STATEMENTS  
APRIL 30, 2010

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Pekin Public Library  
and To the Honorable Mayor and City Council  
City of Pekin, Illinois

We have audited the accompanying financial statements of the Pekin Public Library Fund of the City of Pekin, Illinois as of and for the year ended April 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Pekin, Illinois management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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.

As discussed in Note 1, the financial statements present only the Pekin Public Library Fund and do not purport and do not, present fairly the financial position of the City of Pekin, Illinois as of April 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pekin Public Library Fund as of April 30, 2010 and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Willock Warning & Co, PC*

Willock Warning & Co., P.C.  
November 10, 2010

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND

BALANCE SHEET

APRIL 30, 2010

**ASSETS**

Current assets:

Cash-operating	\$ 7,607
Investments-operating	172,300
Investments-endowments	266,491
Investments-capital development	178,698
Receivable-property taxes	1,022,756
Other receivables	<u>35,675</u>
Total current assets	<u>1,683,527</u>

Fixed assets:

Land	86,080
Building and improvements	2,639,347
Furniture, fixtures, and equipment	523,950
Books	<u>1,780,357</u>
Total, at cost	5,029,734
Less accumulated depreciation	<u>(2,420,882)</u>
Total fixed assets	<u>2,608,852</u>
Total assets	<u>\$ 4,292,379</u>

**LIABILITIES AND FUND BALANCE**

Current liabilities:

Accrued wages	\$ 26,277
Deferred tax revenue	<u>1,022,756</u>
Total current liabilities	<u>1,049,033</u>

Fund balance:

Reserve for capital development	178,698
Unreserved, designated	266,491
Unreserved, undesignated	<u>2,798,157</u>
Total fund balance	<u>3,243,346</u>
Total liabilities and fund balance	<u>\$ 4,292,379</u>

CITY OF PEKIN, ILLINOIS  
 PEKIN PUBLIC LIBRARY FUND  
 STATEMENT OF REVENUES AND EXPENSES  
YEAR ENDED APRIL 30, 2010

Operating revenues:	
Real estate taxes	\$ 1,021,335
Replacement taxes	96,796
State per capita grant	34,571
Other grants	26,814
Charges for services, fees, etc.	42,369
Other	7,666
Total operating revenues	<u>1,229,551</u>
Operating expenses:	
Salaries	550,846
Payroll taxes	89,466
Group health insurance	54,925
Workers' compensation insurance	4,038
Books, periodicals, cassettes, etc.	133,756
Circulation system	22,784
ISP costs	2,772
Equipment rental, supplies, postage	29,821
Program costs	14,795
Repairs and maintenance	45,750
Utilities	75,224
Telephone	1,180
Insurance	12,338
Dues and subscriptions	1,770
Travel and conferences	5,238
Outside services	6,007
Miscellaneous	4,544
Equipment purchases	11,921
Grant expenditures	4,473
Total operating expenses	<u>1,071,648</u>
Excess of operating revenues over operating expenses	<u>157,903</u>

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

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
STATEMENT OF REVENUES AND EXPENSES  
YEAR ENDED APRIL 30, 2010

Other revenues (expenses):	
Investment earnings-operations	506
Investment earnings-endowments	358
Investment earnings-capital development	294
Gifts and memorials	32,468
Capital development expenditures	<u>(235,183)</u>
Deficiency of other revenues over other expenses	<u>(201,557)</u>
Deficiency of operating and other revenues over operating and other expenses	(43,654)
Other adjustments:	
Add capitalization of capital development expenditures	235,183
Add capitalization of books	98,138
Less depreciation of fixed assets	<u>(173,574)</u>
Net excess of operating and other revenues over operating and other expenses and other adjustments	<u>\$ 116,093</u>

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED APRIL 30, 2010

Fund balance, beginning of year	\$ 3,127,253
Net excess of operating and other revenues over operating and other expenses and other adjustments	<u>116,093</u>
Fund balance, end of year	<u>\$ 3,243,346</u>

## CITY OF PEKIN, ILLINOIS

## PEKIN PUBLIC LIBRARY FUND

## STATEMENT OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
Operation revenues:			
Real estate taxes	\$ 1,022,756	\$ 1,021,335	\$ (1,421)
Replacement taxes	103,500	96,796	(6,704)
State per capita grant	40,941	34,571	(6,370)
Other grants	3,000	26,814	23,814
Charges for services, etc.	39,800	42,369	2,569
Other	<u>3,800</u>	<u>7,666</u>	<u>3,866</u>
Total operating revenues	<u>1,213,797</u>	<u>1,229,551</u>	<u>15,754</u>
Operating expenditures:			
Salaries	566,778	550,846	(15,932)
Payroll taxes	89,156	89,466	310
Group health insurance	58,000	54,925	(3,075)
Workers compensation insurance	3,700	4,038	338
Books, periodicals, etc.	132,160	133,756	1,596
Circulation system	23,000	22,784	(216)
ISP costs	2,600	2,772	172
Equipment rental, supplies, and postage	30,250	29,821	(429)
Program costs	11,100	14,795	3,695
Repairs and maintenance	42,083	45,750	3,667
Utilities	103,600	75,224	(28,376)
Telephone	1,800	1,180	(620)
Insurance	12,000	12,338	338
Dues and subscriptions	1,750	1,770	20
Travel and conferences	8,000	5,238	(2,762)
Outside services	6,000	6,007	7
Miscellaneous	2,720	4,544	1,824
Equipment purchases	13,100	11,921	(1,179)
Grant expenditures	<u>3,000</u>	<u>4,473</u>	<u>1,473</u>
Total operating expenditures	<u>1,110,797</u>	<u>1,071,648</u>	<u>(39,149)</u>
Excess of operating revenues over operating expenditures	<u>103,000</u>	<u>157,903</u>	<u>54,903</u>

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

CITY OF PEKIN, ILLINOIS  
 PEKIN PUBLIC LIBRARY FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
YEAR ENDED APRIL 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Over <u>(Under)</u>
Other revenues (expenditures):			
Investment earnings-operations	5,000	506	(4,494)
Investment earnings-endowments	8,000	358	(7,642)
Investment earnings-capital development	6,500	294	(6,206)
Gifts and memorials	-	32,468	32,468
Capital development expenditures	<u>(122,500)</u>	<u>(235,183)</u>	<u>112,683</u>
 Deficiency of other revenue over other expenditures	 <u>(103,000)</u>	 <u>(201,557)</u>	 <u>98,557</u>
 Deficiency of operating and other revenues over operating and other expenditures	 <u>\$ -</u>	 <u>\$ (43,654)</u>	 <u>\$ (43,654)</u>

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

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2010

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Pekin Public Library Fund is a separate fund of the City of Pekin, Illinois. It is included in the governmental activities in the Statement of Net Assets and Statement of Activities of the City of Pekin's financial statements. These financial statements present only the Library Fund and are not intended to present fairly the financial position and results of operations of the City of Pekin in conformity with accounting principles generally accepted in the United States of America.

Operations of the Pekin Public Library (the "Library") are governed by nine officials, appointed by the Mayor and the City of Pekin with approval of the City Council, designated as the Board of Trustees.

Basis of Presentation

For many years, the primary focus of local governmental financial statements has been summarized fund-type information on a current financial resource basis. This approach has been modified by Government Accounting Standards Board (GASB) Statement No. 34 and the City of Pekin's financial statements present two kinds of statements, each with a different view of the City's finances. These changes affect the Pekin Public Library's financial statement in several ways:

1. The balance sheet of the Library no longer reports fixed assets as a separate account group apart from the operating assets;
2. Books purchased within the past ten years have been capitalized and added to the fixed assets. Library books are considered to have a useful life of greater than one year and, therefore, are subject to annual depreciation charges;
3. Accumulated depreciation on previous years' fixed assets has been calculated and recorded on the balance sheet.
4. The Statement of Revenues and Expenses (Statement 2) includes the current year charge for depreciation of fixed assets.

Basis of Accounting

The accrual basis of accounting, under which expenditures are recorded when the liability is incurred and revenues are recorded when earned regardless of the timing of related cash flows, is followed.

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2010

NOTE 1 - continued

Investments

The Library's investments are in accordance with state statutes. They are comprised of deposits with the State of Illinois Treasurer's Investment Pool. The fair value of the pool is the same as the invested cost.

Fixed Assets

Fixed assets include land, building and improvements, equipment, and books with an initial useful life of one year or greater. Assets are recorded at historical cost. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each fixed asset type are as follows:

Building and improvements	50 years
Furniture, fixtures and equipment	20 years
Books	10 years

Budget

The City of Pekin's annual budget and appropriations ordinances cover all funds of the City, including the Library, and is prepared on the accrual basis. Therefore, the statement of revenues and expenditures-budget and actual has been prepared on a basis consistent with and comparable to the legally adopted budget.

NOTE 2 - PROPERTY TAXES

Property tax revenues are recorded on the "deferred method". Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the Tazewell County Treasurer, the property taxes are not "available" to finance current year expenditures. The tax levy for 2009, to be collected in June and September, 2010, is shown on the balance sheet as property taxes receivable with a related credit to deferred tax revenue.

The property taxes for 2008 were collected June through September, 2009 and received by the Library in July, October, and November, 2009. These taxes have been recorded as real estate tax revenue in the financial statements.

CITY OF PEKIN, ILLINOIS  
 PEKIN PUBLIC LIBRARY FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2010

NOTE 3 - CHANGES IN FIXED ASSETS

The following is a summary of the changes in fixed assets during the year:

	<u>Balance</u> <u>4/30/2009</u>	<u>Additions</u> <u>(Retirements)</u>	<u>Balance</u> <u>4/30/2010</u>
Land	\$ 86,080	\$ -	\$ 86,080
Building and improvements	2,485,866	153,481	2,639,347
Furniture, fixtures and equipment	442,248	81,702	523,950
Books	<u>1,682,219</u>	<u>98,138</u>	<u>1,780,357</u>
Total	<u>\$ 4,696,413</u>	<u>\$ 333,321</u>	<u>\$ 5,029,734</u>

NOTE 4 - EXPENDITURES FROM SPECIAL ACCOUNTS

During the year the following expenditures were made from line items not included in the Library's operating budget:

Purchases from gifts and endowment earnings:

Books, cassettes, and CD's	\$ 3,499
Capitalized building improvements and furniture, fixtures and equipment	57,293
Program costs	2,602
Supplies	724
Meeting costs	<u>323</u>
Total	<u>\$ 64,441</u>

NOTE 5 - FUND BALANCE-RESERVE CAPITAL DEVELOPMENT

Pursuant to policy established by the Board of Trustees, a reserve has been established for future capital development projects. The reserve has been divided into three categories. The chart below shows the capital limits and the amount of funding allocated to each category as of April 30, 2010:

<u>Category</u>	<u>Amount of</u> <u>Capital Limit</u>	<u>Funding as</u> <u>of 4/30/2010</u>
Capital Development and Maintenance	\$ 300,000	\$ 111,940
Technology	50,000	5,281
21st Century Library Fund	<u>4,250,000</u>	<u>61,477</u>
Total	<u>\$ 4,600,000</u>	<u>\$ 178,698</u>

CITY OF PEKIN, ILLINOIS  
PEKIN PUBLIC LIBRARY FUND  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2010

NOTE 6 - FUND BALANCE UNRESERVED-DESIGNATED

The Library Board has created several endowment funds from the proceeds of bequests received throughout the years. None of the funds placed in the endowment funds have any legal restrictions or conditions imposed on their use. The Board has established certain criteria for the expenditure of the funds.

