



LEWIS & CLARK LIBRARY SYSTEM

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
JUNE 30, 2008

233 East Center Drive
P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 St. Louis (314) 355-2586
Fax (618) 465-7710



One Westbury Drive
Suite 420
St. Charles, Missouri 63301-2567
(636) 723-7611 St. Louis (636) 947-1008
Fax (636) 947-4558

LEWIS & CLARK LIBRARY SYSTEM

TABLE OF CONTENTS JUNE 30, 2008

	<u>Page</u>
Independent Auditor's Report	1 - 2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3 - 4
Management's Discussion and Analysis	5 - 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Assets – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to Financial Statements	22 – 29
Required Supplementary Information:	
Schedule of Illinois Municipal Retirement Funding Progress and Employer Contributions	30
Budgetary Comparison Schedule:	
General Fund	31 - 32
WebJunction Illinois Grant Fund	33

LEWIS & CLARK LIBRARY SYSTEM

TABLE OF CONTENTS
JUNE 30, 2008

	<u>Page</u>
Other Supplementary Information:	
Combining Fund Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	35
Grant Budgetary Comparison Schedules:	
Gates Staying Connected Grant Fund	36 - 37
Putting Illinois on the Map Grant Fund	38



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
David L. Kamler
David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lewis & Clark Library System
Edwardsville, Illinois:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lewis & Clark Library System (Library System) as of and for the year ended June 30, 2008, which collectively comprise the Library System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library System'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Library System as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 22, 2008 on our consideration of the Library System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

233 East Center Drive
P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 St. Louis (314) 355-2586
Fax (618) 465-7710



PCPS
THE AICPA ALLIANCE FOR CPA FIRMS

One Westbury Drive
Suite 420
St. Charles, Missouri 63301-2567
(636) 723-7611 St. Louis (636) 947-1008
Fax (636) 947-4558

The management's discussion and analysis (pages 5 through 12), pension funding progress information (page 30), and budgetary comparison information (pages 31 through 33) 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 the administration 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library System's basic financial statements. The combining nonmajor fund financial statements and grant budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and grant budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

C.J. Schlosser & Company, LLC
Certified Public Accountants

October 22, 2008



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
David L. Kamler
David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

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

Board of Directors
Lewis & Clark Library System
Edwardsville, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lewis & Clark Library System (Library System) as of and for the year ended June 30, 2008, which collectively comprise the Library System's basic financial statements and have issued our report thereon dated October 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library System's financial statements that is more than inconsequential will not be prevented or detected by the Library System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

233 East Center Drive
P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 St. Louis (314) 355-2586
Fax (618) 465-7710



PCPS
THE AICPA ALLIANCE FOR CPA FIRMS

One Westbury Drive
Suite 420
St. Charles, Missouri 63301-2567
(636) 723-7611 St. Louis (636) 947-1008
Fax (636) 947-4558

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Directors and the management of the Lewis & Clark Library System and is not intended to be and should not be used by anyone other than these specified parties.

C. J. Schlosser & Co. L.L.C.
Certified Public Accountants

October 22, 2008

LEWIS & CLARK LIBRARY SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

Lewis & Clark Library System's Management Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Lewis & Clark Library System (Library System) for the fiscal year which ended June 30, 2008. The MD&A is designed to:

- Assist in focusing on significant financial issues;
- Provide an overview of the Library System's financial activities;
- Identify changes in the Library System's financial position;
- Identify any material deviations from the financial plan (approved budget); and
- Identify issues and/or concerns for each individual Library System fund.

Information presented in the audit must be considered in conjunction with additional information furnished in the Library System's financial statements and other supplementary information.

Background

The Library System was created by the Illinois State Legislature in 1965 as one of 18 Illinois library systems. Today there are 9 multi-type regional library systems servicing academic, public, school, and special libraries in Illinois. Library Systems are under the Secretary of State of Illinois, who is also the State Librarian. He oversees the Illinois State Library, which administers the annual Area & Per Capita Grants allocated to the Illinois Library Systems. The allotment for the Library System is based on 47.4326/4,915 per square mile and \$1.2682/670,077 per person. The demographic information from the 2000 Census was used to calculate the FY 2007-2008 funding level. Funds received for the Area & Per Capita Grant are used by the Library System to provide prescribed general operation and administration of the Library System and to provide services to approximately 134 member libraries located in 11 counties in southwestern Illinois. Core services provided to member library staff, administration, and boards include: consulting, professional development (through workshops and seminars), communication, courier services (delivery), interlibrary loan, reciprocal access, automation, and bibliographic access.

A legally established Board of Directors governs the operation of the Library System. The Board (consisting of nine Board members) is elected from the member libraries. Five members must be members of the governing board of public libraries. Additionally, four Board members must represent each type of member library, one per type (academic, public, school and special).

The mission statement of Library System states:

We advance libraries in successfully serving the evolving needs of their communities.

The Library System's basic financial statements contained in this report are comprised of three components:

- **Government-wide Financial Statements,**
- **Fund Financial Statements, and**
- **Notes to the Financial Statements.**

Government-wide Financial Statements

The Government-wide financial statements distinguish functions of the Library System that are principally supported by grants and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The only core service provided with costs recovered through fees is the Gateway Automated Information Network (also known as GateNet, the Local Library System Automation Project, or LLSAP). Information regarding GateNet is found under the Proprietary Fund section of the Audit Report.

The first two documents in the audit section titled, *Basic Financial Statements*, contain information that summarizes financial activity for all funds used to support Library System's programs and projects. Page 13 contains the *Statement of Net Assets* which presents information on all of the Library System's assets and liabilities.

A 5% change in net assets from the previous fiscal year is reflected in the *Summary of Changes in Net Assets* found on page 8. The reduction of net assets is a trend that has been continuing for at least four years. 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, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. grant receivables and accounts payable).

Fund Financial Statements

Financial information for the Library System is reported by fund. Each fund is a separate accounting entity created to segregate specific activities and to ensure and demonstrate compliance with finance-related legal requirements. The Library System has two types of funds – governmental funds and a proprietary fund.

Governmental Funds

There were several governmental funds represented in the FY 2007-2008 Library System financial reports and audit. The *General Fund* contains the financial information for the general administration and operation of the Library System, and the provision of core services (with the exception of automation and bibliographic access). Two *LSTA* grants were multi-year projects which enhanced the use of technology for libraries and Library Systems throughout the State of Illinois. These included WebJunction Illinois and Putting Illinois on the Map.

The detail of Other Governmental Funds can be found in the Other Supplementary Information Section of the report (pages 34-37). Each of these funds was for a specific project undertaken by the Library System. Specific grants (and funds) include:

The *Statewide Cataloging Maintenance Center (CMC)* Grant provided funding for the Library System to provide original cataloging to Illinois libraries at a reduced cost. The Library System is one of three Illinois Library Systems that provide this service. The fees received for this service do not come to the Library System. Instead they go to a third party who collects all fees. The fees are being set aside in a reserve fund to be used as seed money for these Centers to become self-sustaining in the future.

The *MARC of Quality Grant* funded an independent contractor who reviews bibliographic records contained in the Library System's database before information is transferred to OCLC. This ensured consistent library level local holdings for the purposes of supporting interlibrary loan.

Putting Illinois on the Map is a continuing project that utilizes a multi data layer, interactive database combining demographic and political boundaries in a usable Internet accessible format.

WebJunction grant supported a website that focuses on supporting library staff through online resources, community and continuing education. It is sponsored by the Illinois State Library, the Illinois Regional Library Systems and Illinois library staff and organizations. The Library System serves as the fiscal agent for this project.

The *Illinois Library Delivery Service Grant* funded a statewide delivery service that the Library System operated between the academic libraries, the State Library, and the Illinois Library Systems. The Library System discontinued providing this service December, 2007.

Proprietary Funds

The Library System maintains one proprietary fund. Financial information presented in this fund is for the Gateway Automated Information Network (GateNet). GateNet is a consortium of 59 agencies representing 87 library buildings that receive integrated library services and support. The basic proprietary fund financial statements can be found on pages 19-21 of this report. While it was assumed that this service was budgeted to be self-sufficient; in actuality, the fees only support out-of-pocket expenditures. The Library System provided a minimum of approximately \$200,000 in staffing and administrative support. This level of additional support is expected to continue into FY 2008-2009.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided. The Notes to the Financial Statements can be found on pages 22-29 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Library System's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for the pension obligation can be found on page 30. Budgetary comparison schedules for each major Library System fund can be found on pages 31-33. Combined financial statements for nonmajor funds are on pages 34-38.

Summary of Changes in Net Assets

Comparative data is accumulated and presented to assist analysis. The following table provides a condensed summary of the Library System's changes in net assets as of the end of the 2006-2007 and 2007-2008 fiscal years.

	Governmental Activities		Business-Type Activities		Totals		Amount Change	%
	2008	2007	2008	2007	2008	2007		
Revenues:								
Program Revenues:								
Operating Grants & Contributions	\$ 1,639,479	\$ 1,641,704	\$ -	\$ -	\$ 1,639,479	\$ 1,641,704	\$ (2,225)	-0.14%
Charges for Services	3,017	2,842	636,195	528,546	639,212	531,388	107,824	20.29%
General Revenues:								
Reimbursements & Miscellaneous	132,770	120,319	-	-	132,770	120,319	12,451	10.35%
Unrestricted Investment Earnings	25,422	45,953	4,011	6,714	29,433	52,667	(23,234)	-44.11%
Total Revenues	<u>1,800,688</u>	<u>1,810,818</u>	<u>640,206</u>	<u>535,260</u>	<u>2,440,894</u>	<u>2,346,078</u>	<u>94,816</u>	<u>4.04%</u>
Expenses:								
General Control & Administration	1,924,288	1,952,224	-	-	1,924,288	1,952,224	(27,936)	-1.43%
Gateway Automated Information Network	-	-	650,634	602,595	650,634	602,595	48,039	7.97%
Total Expenses	<u>1,924,288</u>	<u>1,952,224</u>	<u>650,634</u>	<u>602,595</u>	<u>2,574,922</u>	<u>2,554,819</u>	<u>20,103</u>	<u>0.79%</u>
Increase (Decrease) in Net Assets	(123,600)	(141,406)	(10,428)	(67,335)	(134,028)	(208,741)	74,713	-35.79%
Beginning Net Assets	<u>2,196,290</u>	<u>2,337,696</u>	<u>449,908</u>	<u>517,243</u>	<u>2,646,198</u>	<u>2,854,939</u>	<u>(208,741)</u>	<u>-7.31%</u>
Ending Net Assets	<u>\$ 2,072,690</u>	<u>\$ 2,196,290</u>	<u>\$ 439,480</u>	<u>\$ 449,908</u>	<u>\$ 2,512,170</u>	<u>\$ 2,646,198</u>	<u>\$ (134,028)</u>	<u>-5.06%</u>

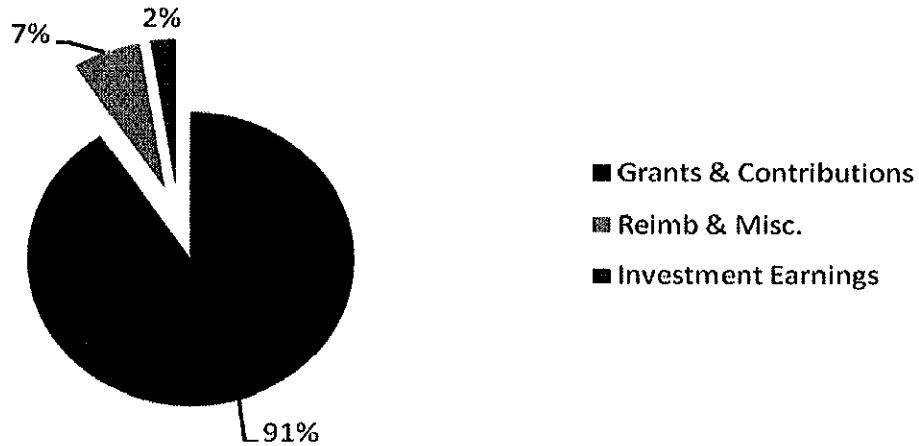
The decline in Ending Net Assets from FY 2005-2006 to FY 2006-2007 was \$208,741 (or 7.3%). Because of the initiatives undertaken by management during FY 2007-2008, the Library System's Ending Net Assets only decreased by \$134,028 (or 5%) from FY 2006-2007 to FY 2007-2008. This is a 36% improvement.

Revenues by Source

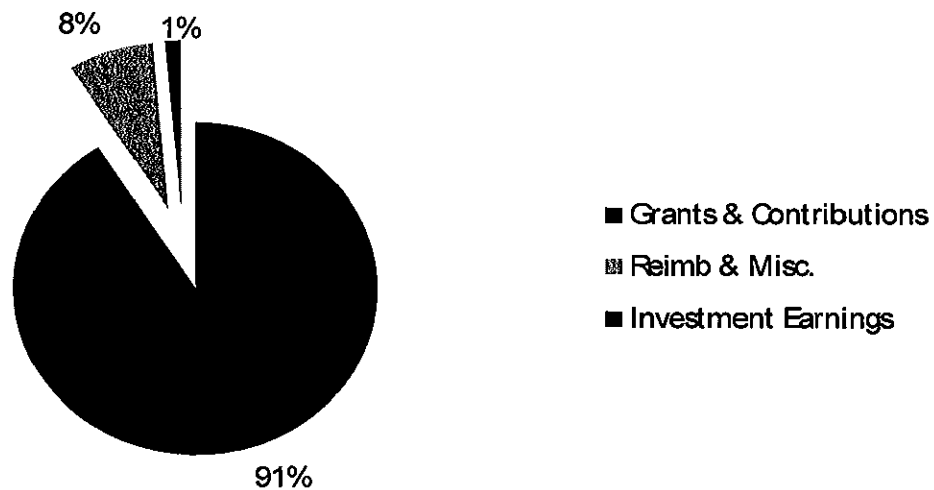
Governmental Activities

The following pie charts depict total revenue by percentage. As is indicated, there was no substantial change in the sources of revenue for the Library System's governmental activities between FY 2006-2007 and FY 2007-2008.

June 30, 2007



June 30, 2008



Business-Type Activities

The Library System's business-type activity is the LLSAP (GateNet). As reported on the Summary of Changes in Net Assets, fees for services continue to represent 99% of all revenues. Total revenue increased 17% when comparing FY 2007-2008 to FY 2006-2007 due to a planned increase in fees and the more timely payment of fees owed.

Financial Analysis of the Government's Funds

As noted earlier, the Library System uses fund accounting to demonstrate and ensure compliance with finance-related legal and grant requirements. As of Jun 30, 2008, the Library System's governmental funds reported a combined ending fund balance of \$701,343, a decrease of \$36,669 from the previous fiscal year.

The following table compares the budget to actual expenditures. The Library System used its originally approved budget. (No amendments were made.)

General Fund

	Fiscal Year Ended June 30, 2008	
	Original Budget	Actual
Revenues:		
Area and Per Capita Grants	\$ 1,082,923	1,082,923
Investment Income	30,000	25,422
Miscellaneous	38,696	140,687
Total Revenues	<u>1,151,619</u>	<u>1,249,032</u>
Expenditures:		
Personnel	996,983	953,169
Other Operating Expenditures	313,309	332,532
Capital Outlays	22,000	-
Total Expenditures	<u>1,332,292</u>	<u>1,285,701</u>
Net Change in Fund Balance	<u>(180,673)</u>	<u>(36,669)</u>

The Library System budgeted the use of almost \$200,000 of the funds set aside as reserves. Through prudent management, the use of these funds was significantly reduced. It is anticipated, however, that the need to use reserve funds will continue at least through FY 2008-2009.

<u>Capital Assets</u>	Governmental Activities	Business-Type Activities	June 30, 2008 Total
Land	\$ 554,481	\$ -	\$ 554,481
Building & Improvements	778,285	-	778,285
Equip, Furniture, Fixtures, and Computer Hardware and Software	24,568	208,720	233,288
Vehicles	46,320	-	46,320
Total Capital Assets	<u>\$ 1,403,654</u>	<u>\$ 208,720</u>	<u>\$ 1,612,374</u>

Capital Assets for the Library System include purchases of items costing more than \$5,000 per unit. During FY 2007-2008, no capital items were purchased.

Discussions of Economic Factors and Next Year's Budget

The primary source of funding continues to be the Area & Per Capita funds received from the General Revenue Fund of the State of Illinois through the Illinois State Library. Other revenue sources include the fees collected to support the operation of the LLSAP for fifty-nine libraries. Additionally, the Library System has begun to collect fees from outside organizations that "rent" the Library System's training/meeting labs/rooms on the second floor. The Library System has planned an aggressive marketing push to publicize the availability of videoconferencing capabilities to local attorneys for possible deposition use as well as the availability of other meeting rooms. Additionally, the Library System for the first time expects to aggressively pursue cost recovery for professional development offerings.

The FY 2007-2008 General Fund included a constant funding level for staff. A complete re-evaluation of staff allowed the Library System to determine optimal roles, functions, and an organizational structure to best provide quality customer-centered services to member libraries. Member satisfaction will be continually monitored via surveys and ongoing dialogue.

By being extremely diligent in prioritizing and monitoring expenditure, the Library System still had to use a portion of the reserves (which was planned), but the amount needed was significantly less than budgeted.

FY 2008-2009 will not be without major financial challenges. The Library System's Area and Per Capita funding from the Office of the Illinois Secretary of State has been \$1,082,923 since July 1, 2004. Area and Per Capita funding has declined since 1992. Adjusted for inflation, Illinois Library Systems receive significantly less than half of the 1991 funding levels. Unless this trend is reversed, or Illinois Library Systems find the means to bill members for more services or engage in activities that result in earned income, all Illinois Library System services will continue to constrict. The prospect of a recession in late 2008 and continuing into 2009 reminds Illinois Library System staff that we could have a repeat of the large funding cuts associated with the recessions of 1991-1992 and 2001.

The delivery of books and other library materials continues to be a highly valued service; however, the cost of providing this service will increase due to unpredictable spiraling costs in vehicle fuel. The Library System has ceased providing branch, holiday, and Saturday delivery in order to contain costs as much as possible. The ongoing evaluation of the volume needs of member libraries, being flexible in making adjustments in the number of delivery stops, as well as assessing the possibility of using US postal delivery for those libraries with infrequent needs will continue into the next fiscal year. Other costs that have a major influence on the overall budget include employee health benefits and contractual services. By bidding health benefits through an insurance broker, the Library System was able to obtain major reductions in cost while maintaining (and actually even improving) benefits offered to full time staff. The Library System expects to realize a reduction in costs of approximately \$30,000, which will affect each fund that has personnel accounts.

To help address the increases in certain other expenses, with an expectation of flat governmental funding, the budget was developed using a modified zero-based budget process. All Library System staff with budget responsibilities were involved in developing the budget. The budget was closely linked to the mission, goals and objectives and the annual plan of service. Even though the Library System was able to eliminate some expenditure, the FY 2008-2009 budget will include the need to use a portion of the reserves. The clear focus for FY 2008-2009 will be continued cost containment (by aggressively evaluating services and implementing efficiencies) and the development of other financial alternatives to supplement governmental funding in support of the services provided by the Library System to its member libraries.

In order to diligently report what the Area and Per Capita (A&PC) grant funds cover, the General Fund account will be further sub-divided into an A&PC Fund and a Sustainability Fund. The Sustainability Fund will be used to track the non A&PC grant revenue received by the Library System as well as the accompanying expenditures.

Requests for Information

This financial report is designed to provide a general review of the Lewis & Clark Library System for all those with an interest in the Library System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Lewis & Clark Library System's office, 6725 Goshen Road, Edwardsville, IL 62025.

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF NET ASSETS JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 638,407	\$ 128,449	\$ 766,856
Grant/Accounts Receivable	103,610	48,572	152,182
Prepaid Expenses	39,367	67,900	107,267
Capital Assets:			
Land	554,481	-	554,481
Buildings and Improvements	1,690,529	-	1,690,529
Furniture and Equipment	548,491	1,137,618	1,686,109
Vehicles	265,798	-	265,798
Accumulated Depreciation	<u>(1,655,645)</u>	<u>(928,898)</u>	<u>(2,584,543)</u>
Net Capital Assets	<u>1,403,654</u>	<u>208,720</u>	<u>1,612,374</u>
Total Assets	<u>2,185,038</u>	<u>453,641</u>	<u>2,638,679</u>
<u>Liabilities</u>			
Accounts Payable	46,454	2,739	49,193
Deferred Revenue	33,587	-	33,587
Accrued Compensated Absences	32,307	11,422	43,729
Total Liabilities	<u>112,348</u>	<u>14,161</u>	<u>126,509</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	1,403,654	208,720	1,612,374
Unrestricted	<u>669,036</u>	<u>230,760</u>	<u>899,796</u>
Total Net Assets	<u>\$ 2,072,690</u>	<u>\$ 439,480</u>	<u>\$ 2,512,170</u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General Library Services	\$ 1,924,288	\$ 132,940	\$ -	\$ (151,869)		\$ (151,869)
Total Governmental Activities	<u>1,924,288</u>	<u>132,940</u>	<u>-</u>	<u>(151,869)</u>		<u>(151,869)</u>
Business-type Activities:						
Gateway Automated Information Network	650,634	636,195	-		\$ (14,439)	(14,439)
Total Business-type Activities	<u>650,634</u>	<u>636,195</u>	<u>-</u>		<u>(14,439)</u>	<u>(14,439)</u>
Total Government	<u>\$ 2,574,922</u>	<u>\$ 769,135</u>	<u>\$ -</u>	<u>(151,869)</u>	<u>(14,439)</u>	<u>(166,308)</u>
General Revenues:						
Investment Earnings				25,422	4,011	29,433
Miscellaneous				2,847	-	2,847
Total General Revenues				<u>28,269</u>	<u>4,011</u>	<u>32,280</u>
Change in Net Assets				<u>(123,600)</u>	<u>(10,428)</u>	<u>(134,028)</u>
Net Assets - Beginning				2,196,290	449,908	2,646,198
Net Assets - Ending				<u>\$ 2,072,690</u>	<u>\$ 439,480</u>	<u>\$ 2,512,170</u>

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

LEWIS & CLARK LIBRARY SYSTEM

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	WebJunction Illinois	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 578,743	\$ 58,077	\$ 1,587	\$ 638,407
Grant/Accounts Receivable	103,610	-	-	103,610
Prepaid Expenses	39,367	-	-	39,367
Total Assets	<u>\$ 721,720</u>	<u>\$ 58,077</u>	<u>\$ 1,587</u>	<u>\$ 781,384</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts Payable	\$ 20,377	\$ 26,077	\$ -	\$ 46,454
Deferred Revenue	-	32,000	1,587	33,587
Total Liabilities	<u>20,377</u>	<u>58,077</u>	<u>1,587</u>	<u>80,041</u>
Fund Balances:				
Unreserved	701,343	-	-	701,343
Unreserved, Reported In:				
Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>701,343</u>	<u>-</u>	<u>-</u>	<u>701,343</u>
Total Liabilities and Fund Balances	<u>\$ 721,720</u>	<u>\$ 58,077</u>	<u>\$ 1,587</u>	<u>\$ 781,384</u>

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

LEWIS & CLARK LIBRARY SYSTEM

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 701,343
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	1,403,654
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(32,307)
Net assets of governmental activities	<u>\$ 2,072,690</u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	WebJunction Illinois	Other Governmental Funds	Total Governmental Funds
Revenues:				
Grant Revenue:				
Area & Per Capita Grant	\$ 1,082,923	\$ -	\$ -	\$ 1,082,923
Illinois State Library	4,900	176,108	375,548	556,556
Reimbursements	129,923	-	-	129,923
Charges for Services	3,017	-	-	3,017
Investment Earnings	25,422	-	-	25,422
Miscellaneous	2,847	-	-	2,847
Total Revenues	<u>1,249,032</u>	<u>176,108</u>	<u>375,548</u>	<u>1,800,688</u>
Expenditures:				
Current:				
Personnel	949,549	4,059	94,437	1,048,045
Contractual Services	262,005	161,379	276,987	700,371
Supplies and Materials	74,147	10,670	4,124	88,941
Total Expenditures	<u>1,285,701</u>	<u>176,108</u>	<u>375,548</u>	<u>1,837,357</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,669)</u>	<u>-</u>	<u>-</u>	<u>(36,669)</u>
Fund Balance, Beginning of Year	738,012	-	-	738,012
Fund Balance, End of Year	<u>\$ 701,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,343</u>

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

LEWIS & CLARK LIBRARY SYSTEM

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, 2008

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

Net change in fund balances - total governmental funds \$ (36,669)

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which depreciation expense exceeded capital outlays in the
current year. (81,602)

Accrued compensated absences are reported in the government-wide
statement of activities and changes in net assets, but do not require the
use of current financial resources; therefore, accrued compensated
absences are not reported as expenditures in governmental funds. This is
the change in accrued compensated absences between years. (5,329)

Change in net assets of governmental activities \$ (123,600)

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	<u>Major Fund</u>
	Gateway
	Automated
	Information
	<u>Network</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 128,449
Accounts Receivable	48,572
Prepaid Expenses	67,900
Total Current Assets	<u>244,921</u>
Capital Assets:	
Equipment	1,137,618
Less - Accumulated Depreciation	(928,898)
Net Capital Assets	<u>208,720</u>
Total Assets	<u>\$ 453,641</u>
<u>Liabilities:</u>	
Current Liabilities:	
Accounts Payable	\$ 2,739
Accrued Compensated Absences	11,422
Total Current Liabilities	<u>14,161</u>
Total Liabilities	<u>14,161</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	208,720
Unrestricted	230,760
Total Net Assets	<u>\$ 439,480</u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Major Fund</u>
	<u>Gateway</u>
	<u>Automated</u>
	<u>Information</u>
	<u>Network</u>
Operating Revenues:	
Charges for Services	\$ 616,484
Reimbursements and Other	19,711
	<u>636,195</u>
Operating Expenses:	
Personnel	298,703
Contractual Services	236,608
Supplies	11,585
Depreciation	103,738
Total Operating Expenses	<u>650,634</u>
Operating Income (Loss)	<u>(14,439)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	4,011
Total Nonoperating Revenues (Expenses)	<u>4,011</u>
Change in Net Assets	(10,428)
Net Assets, Beginning of Year	<u>449,908</u>
Net Assets, End of Year	<u>\$ 439,480</u>

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

LEWIS & CLARK LIBRARY SYSTEM

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	<u>Major Fund</u> <u>Gateway</u> <u>Automated</u> <u>Information</u> <u>Network</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 587,623
Payments to Suppliers	(348,817)
Payments to Employees	(197,742)
Net Cash Provided (Used) by Operating Activities	<u>41,064</u>
Cash Flows from Investing Activities:	
Interest Received	4,011
Net Cash Provided by Investing Activities	<u>4,011</u>
Net Increase in Cash and Cash Equivalents	45,075
Cash and Cash Equivalents, Beginning of Year	<u>83,374</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 128,449</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (14,439)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	103,738
(Increase) Decrease in Assets:	
Accounts Receivable	(48,572)
Prepaid Expenses	(192)
Increase (Decrease) in Liabilities:	
Accrued Compensated Absences	(688)
Accounts Payable	1,217
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 41,064</u></u>

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

LEWIS & CLARK LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lewis & Clark Library System (Library System) have been prepared in conformity with accounting principles generally accepted in the United States of America (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. These financial statements are presented in accordance with GASB #34. The more significant of the government's accounting policies are described below.

The financial reporting entity:

The Library System was created pursuant to the Illinois Library System Act approved August 17, 1965. The purpose of the Act is to provide a program of state grants designed to establish, develop and operate a network of public library systems covering the entire state. The Library System is one of nine systems in the State of Illinois. The Library System is governed by a Board of Directors which, along with other duties, has the exclusive control of the expenditures of all monies and funds held in the name of the Library System.

The Library System's financial statements include the accounts of all the Library System's operations. The criteria for including organizations as component units within the Library System's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Library System holds the corporate powers of the organization
- the Library System appoints a voting majority of the organization's board
- the Library System is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Library System
- there is fiscal dependency by the organization on the Library System

The Library System has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Library System's financial statements. In addition, the Library System is not aware of any entity that would exercise such oversight that would result in the Library System being considered a component unit of the entity

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Library System reports the following major governmental funds:

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

The WebJunction Illinois Grant funds accounts for the grants received and expenditures made in relation to the WebJunction Illinois Grant.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Library System reports the following major proprietary funds:

The Gateway Automated Information Network fund account for all activities related to an automated library database system that provides widespread library accessibility services to a system of member libraries.

Assets, liabilities, and net assets or equity:

Deposits and investments

The Library System's cash and cash equivalents are comprised of a checking account and The Illinois Funds. Cash and cash equivalents are deposits or short-term investments with original maturities of three months or less.

The Library System is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities.

Receivables and payables

The Library System records grant receivables and deferred revenues in instances where grant revenues are either received prior to the related grant expenditure being made (deferred revenue) or when the expenditure has been made and the grant reimbursement has not been received (grant receivable).

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital assets

Capital assets, which include property, and equipment, are reported in the governmental activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and 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 are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Machinery and equipment	5 - 10
Vehicles	3 - 5
Computers	3 - 5

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Compensated absences

Accumulated unpaid vacation is accrued when incurred. The Library System's policy permits employees to earn two to five weeks of vacation per year, based on length of service. Any unused vacation may only be carried over for one year unless permission is obtained from the Executive Director. The balance of accrued vacation at June 30, 2008 was \$43,729.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

The Library System follows these procedures in establishing the budgetary data reported in these financial statements

1. In accordance with the Illinois Library System Act: Administrative Rules, prior to May 1, the Library System Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget included proposed expenditures and the revenues provided to finance them.
2. The proposed budget is discussed at regular meetings of the Board of Directors.
3. Prior to May 1, the Board of Directors formally adopts the budget.
4. The Library System Director causes monthly/quarterly reports to be presented to the Board of Directors explaining significant variances from the approved budget.
5. Formal budgetary integration is employed as a management control device.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles.
7. The Library System budgets for all funds through the budget process or through budgets for individual grant funding.
8. The System Director is authorized to transfer budgeted amounts within departments in any fund; however, any revisions that alter the total expenditures of the Library System must be approved by the Board of Directors. The budget was not amended in the current year.
9. The budget lapses at year end and no revisions may be made after year end.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: CASH AND CASH EQUIVALENTS

At June 30, 2008, the carrying amount of the Library System's deposits was \$(68,476) and the bank balance was \$95,333. The deposit was comprised of a checking account. The Library System requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Library System's name.

The Library System also invests monies with the Illinois Funds which is an external investment pool. These monies can be withdrawn on a daily basis. The Library System does not have any custodial credit risk, interest rate risk, credit risk, concentration of credit risk or foreign currency risk related to the Illinois Funds.

These deposits and investments are reported in the financial statements as follows:

Cash on Hand	\$	150
Deposits as reported above		(68,476)
Illinois Funds		<u>835,182</u>
Total deposits and investments		<u>\$ 766,856</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		<u>\$ 766,856</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2008 was as follows:

Capital assets, not being depreciated:				
Land	\$ 554,481	\$ -	\$ -	\$ 554,481
Capital assets, being depreciated:				
Buildings and improvements	1,690,529	-	-	1,690,529
Furniture, fixtures and equipment	548,491	-	-	548,491
Vehicles	<u>265,798</u>	<u>-</u>	<u>-</u>	<u>265,798</u>
Total capital assets being depreciated	<u>2,504,818</u>	<u>-</u>	<u>-</u>	<u>2,504,818</u>
Less accumulated depreciation for:				
Buildings and improvements	868,021	44,223	-	912,244
Furniture, fixtures and equipment	511,278	12,645	-	523,923
Vehicles	<u>194,744</u>	<u>24,734</u>	<u>-</u>	<u>219,478</u>
Total accumulated depreciation	<u>1,574,043</u>	<u>81,602</u>	<u>-</u>	<u>1,655,645</u>
Total capital assets, being depreciated, net	<u>930,775</u>	<u>(81,602)</u>	<u>-</u>	<u>849,173</u>
Governmental activities capital assets, net	<u>\$ 1,485,256</u>	<u>\$ (81,602)</u>	<u>\$ -</u>	<u>\$ 1,403,654</u>

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$ 1,137,618	\$ -	\$ -	\$ 1,137,618
Less accumulated depreciation for:				
Furniture, fixtures and equipment	<u>825,160</u>	<u>103,738</u>	<u>-</u>	<u>928,898</u>
Total capital assets, being depreciated, net	<u>\$ 312,458</u>	<u>\$(103,738)</u>	<u>\$ -</u>	<u>\$ 208,720</u>

Property and equipment are depreciated using the straight line method over the estimated useful lives. Depreciation expense for the period ended June 30, 2008 was \$81,602 for the governmental activities and \$103,738 for the business-type activities.

NOTE 5: RETIREMENT PLAN

The Library System's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multi-employer defined benefit plan that 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 financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org/pubs/pubs_homepage.htm.

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by state statute. The Library System is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 19.60% 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, 2007 was 5 years.

For December 31, 2007, the Library System's annual pension cost of \$155,612 was equal to the Library System's required and actual contributions. The required contribution was determined as part of the December 31, 2005 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 10.0% 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

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 2007 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

<u>Valuation Date</u>	<u>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>Pension Obligation</u>
12/31/2007	\$ 155,612	100%	\$ -
12/31/2006	170,574	100%	-
12/31/2005	179,357	100%	-

Required Supplementary Information
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2007	\$ 1,886,358	\$ 2,286,319	\$ 399,961	82.51%	\$793,938	50.38%
12/31/2006	1,551,275	2,095,853	544,578	74.02%	727,706	74.83%
12/31/2005	2,412,457	2,881,085	468,628	83.73%	726,142	64.54%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$2,103,300. On a market basis, the funded ratio would be 92.00%.

***Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2007 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.

NOTE 6: INSURANCE RISK

The Library System is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the Library System carries commercial insurance.

LEWIS & CLARK LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: RECEIVABLES

The Library System reports accounts receivable in the statement of net assets. These receivables, net of any applicable allowances for uncollectible amounts, are as follows as of June 30, 2008:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Enterprise Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Grant	\$ 94,609	\$ -	\$ -	\$ -	\$ 94,609
Accounts	<u>9,001</u>	<u>-</u>	<u>48,572</u>	<u>-</u>	<u>57,573</u>
	<u>\$ 103,610</u>	<u>\$ -</u>	<u>\$ 48,572</u>	<u>\$ -</u>	<u>\$ 152,182</u>

The Library System reports deferred revenue in connection with grant revenues that are received before the related grant expenditures have been made. At the end of the current fiscal year, deferred grant revenue reported in the governmental funds were \$33,587.

LEWIS & CLARK LIBRARY SYSTEM

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
JUNE 30, 2008

	Calendar Year					
	2007	2006	2005	2004	2003	2002
Actuarial Value of Assets	\$ 1,886,358	\$ 1,551,275	\$ 2,412,457	\$ 2,341,008	\$ 2,214,480	\$ 2,254,513
Actuarial Accrued Liability (AAL)	2,286,319	2,095,853	2,881,085	2,944,949	2,862,059	2,804,150
Unfunded AAL (UAAL)	399,961	544,578	468,628	603,941	647,579	549,637
Funded Ratio	82.51%	74.02%	83.73%	79.49%	77.37%	80.40%
Covered Payroll	793,938	727,706	726,142	738,256	776,860	806,491
UAAL as a % of Covered Payroll	50.38%	74.83%	64.54%	81.81%	83.36%	68.15%
Employer Contributions:						
Required	155,612	170,574	179,357	173,490	147,759	8,549
Made	155,612	170,574	179,357	173,490	147,759	8,549
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$2,103,300.
On a market basis, the funded ratio would be 92.00 percent.

Digest of Changes - The actuarial assumptions used to determine the actuarial accrued liability for 2007 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.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Actuarial Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	5 Years
Asset Valuation Method:	Techniques that smooth the effects of short term volatility over a five year period.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living Adjustments	3.0 %

LEWIS & CLARK LIBRARY SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Grant Revenue:			
Area & Per Capita Grant	\$ 1,082,923	\$ 1,082,923	\$ 1,082,923
Illinois State Library	-	-	4,900
Reimbursements	38,696	38,696	129,923
Charges for Services	-	-	3,017
Investment Earnings	30,000	30,000	25,422
Miscellaneous	-	-	2,847
Total Receipts	<u>1,151,619</u>	<u>1,151,619</u>	<u>1,249,032</u>
Disbursements:			
Personnel:			
Salaries and Wages:			
Library Professional	210,734	210,734	233,885
Other Professional	199,348	199,348	122,872
Support Services	307,998	307,998	276,620
Payroll Taxes and Fringe Benefits:			
Social Security Taxes	54,933	54,933	45,588
Unemployment Insurance	3,490	3,490	2,131
Workers' Compensation	17,642	17,642	19,086
Retirement Benefits	96,224	96,224	109,519
Health, Dental and Life Insurance	106,614	106,614	130,547
Temporary Help	-	-	9,303
Recruiting	-	-	3,618
Library Materials - Print Materials	2,500	2,500	1,048
Building and Grounds:			
Utilities	31,950	31,950	27,023
Property Insurance	6,050	6,050	5,674
Repairs and Maintenance	21,378	21,378	29,922
Custodial/Janitorial Services and Supplies	19,200	19,200	19,914
Other Building and Grounds	3,076	3,076	4,097
Vehicle Expenses:			
Gas and Oil	33,000	33,000	43,058
Repairs and Maintenance	19,000	19,000	12,781
Vehicle Insurance	15,000	15,000	17,260
Other Vehicle Expense	1,000	1,000	-
Travel and Continuing Education:			
In-State Travel	11,295	11,295	11,601
Out-of-State Travel	19,232	19,232	13,499
Registration and Other Fees	8,730	8,730	7,323
CE and Meetings Non-Staff and Board	2,000	2,000	1,382
Special Projects	15,000	15,000	-

LEWIS & CLARK LIBRARY SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (Continued):			
Public Relations	4,000	4,000	1,180
Liability Insurance	12,030	12,030	8,949
Supplies, Postage and Printing:			
Computer Supplies	12,450	12,450	18,810
General Office Supplies and Equipment	7,100	7,100	11,036
Postage	1,500	1,500	3,467
Other Supplies	1,000	1,000	1,115
Telephone and Telecommunications	9,250	9,250	12,839
Equipment Rental, Repair and Maintenance:			
Equipment Rental	2,100	2,100	14,743
Equipment Repair and Maintenance Agreements	13,287	13,287	1,502
Professional Services:			
Legal	4,000	4,000	871
Accounting	5,360	5,360	5,561
Consulting	9,680	9,680	15,306
Contractual Staff	-	-	3,054
Contractual Services:			
Contractual Agreements	1,000	1,000	15,339
Outside Printing Services	2,000	2,000	1,556
Other Contractual Services	11,773	11,773	11,370
Professional Association Membership Dues	6,368	6,368	5,804
Miscellaneous	2,000	2,000	5,448
Capital Outlays:			
Vehicles	22,000	22,000	-
Total Disbursements	<u>1,332,292</u>	<u>1,332,292</u>	<u>1,285,701</u>
Excess (Deficiency) of Receipts Over			
Disbursements	<u>\$ (180,673)</u>	<u>\$ (180,673)</u>	<u>\$ (36,669)</u>

LEWIS & CLARK LIBRARY SYSTEM

**WEBJUNCTION ILLINOIS GRANT
BUDGETARY COMPARISON SCHEDULE**

GRANT PERIOD OCTOBER 1, 2007 THROUGH JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Illinois State Library Grant	<u>\$ 216,108</u>	<u>\$ 216,108</u>	<u>\$ 176,108</u>
Total Revenues	<u>216,108</u>	<u>216,108</u>	<u>176,108</u>
Expenditures:			
Library Materials	7,500	12,905	10,670
Professional Contracts	191,040	191,040	160,528
Personnel	9,568	9,568	4,059
Project Coursework	500	-	-
CE & Meetings for Others	1,000	-	-
Public Relations	1,700	1,700	25
Travel	3,000	895	826
Supplies, Postage and Printing	1,800	-	-
Total Expenditures	<u>216,108</u>	<u>216,108</u>	<u>176,108</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEWIS & CLARK LIBRARY SYSTEM

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Illinois Library Delivery Service Grant	Statewide Cataloging Maintenance Center Grant	Gates Staying Connected LSTA Grant	Gates Staying Connected Gates Grant	Bringing Library Services to Swansea Grant	The MARC of Quality Grant	Putting Illinois On The Map Grant	Total Nonmajor Governmental Funds
<u>Assets</u>								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 198	\$ -	\$ 1,389	\$ 1,587
Grant Receivable	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ 198	\$ -	\$ 1,389	\$ 1,587
<u>Liabilities and Fund Balance</u>								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	198	-	1,389	1,587
Total Liabilities	-	-	-	-	198	-	1,389	1,587
Fund Balances:								
Unreserved	-	-	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 198	\$ -	\$ 1,389	\$ 1,587

LEWIS & CLARK LIBRARY SYSTEM

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Illinois Library Delivery Service Grant	Statewide Cataloging Maintenance Center Grant	Gates Staying Connected LSTA Grant	Gates Staying Connected Gates Grant	Bringing Library Services to Swansea Grant	The MARC of Quality Grant	Putting Illinois On The Map Grant	Total Nonmajor Governmental Funds
Revenues:								
Grant Revenue								
Illinois State Library	\$ 46,000	\$ 75,435	\$ 14,400	\$ 132,877	\$ 25	\$ 8,200	\$ 98,611	\$ 375,548
Total Revenues	46,000	75,435	14,400	132,877	25	8,200	98,611	375,548
Expenditures:								
Current:								
Personnel	29,680	58,721	-	-	-	-	6,036	94,437
Contractual Services	12,934	16,001	14,400	132,877	-	8,200	92,575	276,987
Supplies and Materials	3,386	713	-	-	25	-	-	4,124
Total Expenditures	46,000	75,435	14,400	132,877	25	8,200	98,611	375,548
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LEWIS & CLARK LIBRARY SYSTEM

**GATES STAYING CONNECTED GRANT
BUDGETARY COMPARISON SCHEDULE**

**ACTUAL PERIOD AND BUDGET PERIOD
JANUARY 1, 2005 THROUGH SEPTEMBER 30, 2007**

	LSTA Funds		Gates Funds		Total	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Illinois State Library Grant	\$ 331,200	\$ 331,200	\$ 662,400	\$ 662,400	\$ 993,600	\$ 993,600
Other	-	-	-	5,000	-	5,000
Total Revenues	331,200	331,200	662,400	667,400	993,600	998,600
Expenditures:						
Public Relations	-	-	-	1,843	-	1,843
Contractual Agreements	331,200	331,200	319,400	437,997	650,600	769,197
Upgrades/Replacement	-	-	343,000	227,560	343,000	227,560
Total Expenditures	331,200	331,200	662,400	667,400	993,600	998,600
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LEWIS & CLARK LIBRARY SYSTEM

**GATES STAYING CONNECTED GRANT
BUDGETARY COMPARISON SCHEDULE**

BUDGET PERIOD JANUARY 1, 2005 THROUGH SEPTEMBER 30, 2007
ACTUAL PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007

	LSTA Funds		Gates Funds		Total	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Illinois State Library Grant	\$ 331,200	\$ 14,400	\$ 662,400	\$ 132,877	\$ 993,600	\$ 147,277
Total Revenues	<u>331,200</u>	<u>14,400</u>	<u>662,400</u>	<u>132,877</u>	<u>993,600</u>	<u>147,277</u>
Expenditures:						
Public Relations	-	-	-	430	-	430
Contractual Agreements	331,200	14,400	319,400	132,447	650,600	146,847
Upgrades/Replacement	-	-	343,000	-	343,000	-
Total Expenditures	<u>331,200</u>	<u>14,400</u>	<u>662,400</u>	<u>132,877</u>	<u>993,600</u>	<u>147,277</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LEWIS & CLARK LIBRARY SYSTEM

**PUTTING ILLINOIS ON THE MAP GRANT
BUDGETARY COMPARISON SCHEDULE**

GRANT PERIOD OCTOBER 1, 2007 THROUGH JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Illinois State Library Grant	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 98,611</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>98,611</u>
Expenditures:			
Contractual Services	92,500	92,500	92,575
Personnel	5,000	5,000	6,036
Public Relations	1,000	1,000	-
Supplies, Postage and Printing	1,500	1,500	-
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>98,611</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>