

PALATINE PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

***WITH
SUPPLEMENTARY INFORMATION***

Year Ended June 30, 2008

PALATINE PUBLIC LIBRARY DISTRICT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

As management of the Palatine Public Library District, we offer readers of the Palatine Public Library District's financial statements this narrative overview and analysis of the financial activities of the Palatine Public Library District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Library's total net assets, as of June 30, 2008 were \$14,426,060. Revenues exceeded expenses by \$1,525,666. Net assets increased by \$1,525,666 for the year as the value of capital assets decreased by \$457,242.

Overview of the Financial Statements

The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library's is improving or deteriorating.

The statement of activities presents information showing how the Library's net assets changed during the most recent fiscal year.

Fund financial statements are prepared using the accrual basis of accounting. Fund financial statements report the Library's operations in more detail than the government-wide statements by providing information about the Library's various funds.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required supplementary information consists of more detailed data on budget to actual revenues and expenditures.

Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$14,426,060 at the close of the fiscal year. A substantial portion of the Library's net assets reflects its investment in capital assets \$6,701,690. The Library uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net asset balance of \$7,724,370 is made up of \$1,706,427 which is restricted for debt service, and \$6,017,943 that is unrestricted.

Changes in net assets for years ending June 30, 2007 and 2008

	2007	2008
Current assets	\$ 11,237,019	\$ 11,901,892
Capital assets	11,998,932	11,541,690
TOTAL ASSETS	23,235,951	23,443,582
Other liabilities	3,970,557	4,177,522
Long-term debt	6,365,000	4,840,000
TOTAL LIABILITIES	10,335,557	9,017,522
Net Assets		
Investment in capital assets, net of debt	5,633,932	6,701,690
Restricted assets	1,627,637	1,706,427
Unrestricted assets	5,638,825	6,017,943
TOTAL NET ASSETS	\$ 12,900,394	\$ 14,426,060
Revenue		
Property tax	\$ 6,321,882	\$ 6,666,628
Other	804,301	689,001
TOTAL Revenue	7,126,183	7,355,629
Expenses -- Library Services	5,365,749	5,829,963
CHANGES IN NET ASSETS	\$ 1,760,434	\$ 1,525,666

Budgetary Highlights

The Library's General fund expended \$4,237,944, which was \$1,697,056 less than the appropriation of \$5,935,000. The appropriation sets the maximum spending limits for the fiscal year.

Capital Assets

The following is a summary of capital assets.

	<u>2007</u>	<u>2008</u>
Land	\$ 926,302	\$ 926,032
Buildings and improvements	16,670,533	16,713,118
Equipment, furniture, and fixtures	369,677	369,677
TOTAL ASSETS	<u>17,966,242</u>	<u>18,008,827</u>
Accumulated depreciation	<u>(5,967,310)</u>	<u>(6,467,137)</u>
TOTAL CAPITAL ASSETS	<u>\$ 11,998,932</u>	<u>\$ 11,541,690</u>

Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Library in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director, Palatine Public Library District, 700 N. North Court, Palatine, Illinois, 60067.

GEORGE ROACH & ASSOCIATES, P.C.
44 N. WALKUP AVE.
CRYSTAL LAKE, IL 60014
(815) 459-0700
Fax: (815) 477-8764

INDEPENDENT AUDITOR'S REPORT

To the President
and Members of the Board of Trustees
Palatine Public Library District

We have audited the accompanying basic financial statements of the Palatine Public Library District as of June 30, 2008 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Palatine Public Library 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Palatine Public Library District as of June 30, 2008 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information listed in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Palatine Public Library District. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management discussion and analysis included in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Palatine Public Library District. We did not examine this data and, accordingly, do not express an opinion thereon.

George Roach & Associates, P.C.

July 28, 2008

EXHIBIT A

**PALATINE PUBLIC LIBRARY DISTRICT
GOVERNMENT-WIDE FUND BALANCE SHEET
STATEMENT OF NET ASSETS
Year Ended June 30, 2008**

ASSETS

Cash and Investments, at cost	\$ 8,143,822
Property tax receivable	3,758,070
Fixed Assets	<u>11,541,690</u>
TOTAL ASSETS	<u>\$ 23,443,582</u>

LIABILITIES

Accounts payable/accruals	\$ 419,452
Deferred property taxes	3,758,070
Bonds payable--current portion	1,570,000
Bonds payable--long term portion	<u>3,270,000</u>
TOTAL LIABILITIES	<u>9,017,522</u>

NET ASSETS

Investment in capital assets, net of related debt	6,701,690
Restricted	1,706,427
Unrestricted	<u>6,017,943</u>
Total Net Assets	<u>\$ 14,426,060</u>

EXHIBIT B**PALATINE PUBLIC LIBRARY DISTRICT****GOVERNMENT-WIDE****STATEMENT OF REVENUE, EXPENDITURES AND****CHANGES IN NET ASSETS--STATEMENT OF ACTIVITIES**

Year Ended June 30, 2008

REVENUE

Property taxes -- 2006 2nd half	\$ 3,528,201
Property taxes -- 2007 1st half	3,138,427
Replacement taxes	74,146
Fines and fees	212,423
Grants and gifts	114,868
Interest	263,494
Nonresident fees	22,621
Other	1,449
TOTAL REVENUE	<u>7,355,629</u>

EXPENDITURES

Salaries and benefits	2,567,840
Materials	930,633
Utilities	273,513
Uncapitalized equipment	121,800
Contractual services	247,317
Supplies	87,904
Operating expenses	889,807
Auxiliary projects	31,177
Depreciation	499,827
Interest, fiscal, refunding	180,145
TOTAL EXPENDITURES	<u>5,829,963</u>

**EXCESS (DEFICIENCY) OF
REVENUE OVER EXPENDITURES**

1,525,666

DISTRICT NET ASSETS

Balance, beginning of year	<u>12,900,394</u>
TOTAL DISTRICT NET ASSETS	<u>\$ 14,426,060</u>

The accompanying notes are an integral part of these statements.

EXHIBIT C

PALATINE PUBLIC LIBRARY DISTRICT
 GOVERNMENTAL FUND BALANCE SHEET
 STATEMENT OF NET ASSETS

Year Ended June 30, 2008

	Total (Memorandum Only)	Governmental Fund Types		
		General	Special Revenue	Debt Service
A S S E T S				
Cash and investments, at cost	\$ 8,143,822	\$ 2,758,842	\$ 3,678,553	\$ 1,706,427
Property tax receivable	3,758,070	2,365,688	404,495	987,887
Fixed assets, net	11,541,690	11,541,690		
TOTAL ASSETS	\$ 23,443,582	\$ 16,666,220	\$ 4,083,048	\$ 2,694,314
L I A B I L I T I E S				
Accounts payable/accruals	\$ 419,452	\$ 401,965	\$ 17,487	\$ 987,887
Deferred revenue	3,758,070	2,365,688	404,495	1,570,000
Bonds payable--current portion	1,570,000			3,270,000
Bonds payable--long term portion	3,270,000			
TOTAL LIABILITIES	9,017,522	2,767,653	421,982	5,827,887
N E T A S S E T S				
Investment in capital assets, net of related debt	6,701,690	6,701,690		1,706,427
Restricted	1,706,427			(4,840,000)
Unrestricted	6,017,943	7,196,877	3,661,066	(3,133,573)
TOTAL LIBRARY DISTRICT EQUITY	14,426,060	13,898,567	3,661,066	(3,133,573)
TOTAL LIABILITIES AND LIBRARY DISTRICT EQUITY	\$ 23,443,582	\$ 16,666,220	\$ 4,083,048	\$ 2,694,314

The accompanying notes are an integral part of these statements.

PALATINE PUBLIC LIBRARY DISTRICT

COMBINED STATEMENT OF REVENUES AND

EXPENDITURES AND CHANGES IN NET ASSETS

GOVERNMENTAL FUND TYPES

Year Ended June 30, 2008

	Total	Governmental Fund Types		
		General	Nonmajor Funds	Debt Service
REVENUE				
Property taxes -- 2006 2nd half	\$ 3,528,201	\$ 2,193,170	\$ 376,323	\$ 958,708
Property taxes -- 2007 1st half	3,138,427	1,975,432	337,768	825,227
Replacement taxes	74,146	62,487	11,659	
Fines and fees	212,423	212,423		
Grants and gifts	114,868	114,868		
Interest	263,494	263,494		
Nonresident fees	22,621	22,621		
Other	1,449	1,449		
TOTAL REVENUE	7,355,629	4,845,944	725,750	1,783,935
EXPENDITURES				
Operating expenses	5,149,991	4,409,350	740,641	
Depreciation	499,827	499,827		
Interest, fiscal, refunding	180,145			180,145
TOTAL EXPENDITURES	5,829,963	4,909,177	740,641	180,145
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,525,666	(63,233)	(14,891)	1,603,790
OPERATIONAL TRANSFERS IN/(OUT)	0	(157,415)	157,415	
DISTRICT NET ASSETS				
Balance, beginning of year	12,900,394	14,119,215	3,518,542	(4,737,363)
TOTAL DISTRICT NET ASSETS	\$ 14,426,060	\$ 13,898,567	\$ 3,661,066	\$ (3,133,573)

The accompanying notes are an integral part of these statements.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies

The accounting policies of Palatine Public Library District (the "Library") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Library's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Library's activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

Reporting Entity

The Library is located in the City of Palatine, Illinois and is governed by board. The Library is primarily funded through a tax levy, fines and fees, and charitable donations. Revenue is used to operate and staff the Library. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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 statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to library patrons 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 meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

The primary sources of revenue are property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund, while the Library Debt Service Fund accounts for the resources associated with taxes levied specifically for the retirement of the Library's bonded indebtedness.

Financial Statement Amounts

Bank Deposits and Investments - The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The District maintains a cash and investment pool which is available for use by the General and Special Revenue Funds.

The District's investment policies are governed by state statutes. All funds are deposited in federally insured banks and savings and loans. The cash and investments reflected in the combined balance sheet consist of demand accounts and deposits in the Illinois Public Treasurers Investment Pool.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st.

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	20-40 years
Equipment, furniture, and fixtures	5-10 years

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Library does not have a policy to pay any amounts when employees separate from service with the Library. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund - General Fund only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subjective to change.

The District has a pension plan covering substantially all the full time employees. Employees are covered by the Illinois Municipal Retirement Fund.

The budget represents departmental appropriations as authorized by the District's appropriation ordinance and includes revisions authorized by the District Board to reflect changes in departmental programs. At June 30, 2008, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the cash basis. The 2008 appropriations ordinance was adopted September 11, 2007.

(2) Cash and Investments

The District's investment policies are governed by state statutes whereby District money must be deposited in FDIC insured banks located within the state. Permissible investments include demand accounts and certificates of deposits.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(2) Cash and Investments (Continued)

The District's pooled and nonpooled deposits are categorized to give an indication of the level of risk assumed by the District at June 30, 2008. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Uncollateralized.

	<u>Category</u>			<u>Bank balance</u>	<u>Carrying amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
<u>Pooled deposits</u>					
Checking/savings	\$ 1,648,628	\$ 0	\$ 0	\$ 1,648,628	\$ 1,597,972
Illinois Funds				<u>6,545,850</u>	<u>6,545,850</u>
Totals	<u>\$ 1,648,628</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,194,478</u>	<u>\$ 8,143,822</u>

(3) Illinois Municipal Retirement Fund

A. Plan Description

The District'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 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 percent 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 calendar year 2007 was 9.78 percent 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 25 years.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(3) Illinois Municipal Retirement (Continued)

For December 31, 2007, the District's annual pension cost of \$207,764 was equal to the District'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 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.

B. Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 207,764	100%	\$ 0
12/31/06	216,877	100%	0
12/31/05	206,069	100%	0
12/31/04	198,756	100%	0
12/31/03	159,008	100%	0
12/31/02	134,462	100%	0
12/31/01	150,458	100%	0
12/31/00	172,746	100%	0
12/31/99	177,667	100%	0
12/31/98	178,933	100%	0
12/31/97	169,639	100%	0
12/31/96	157,016	100%	0
12/31/95	167,246	100%	0
12/31/94	171,949	100%	0
12/31/93	148,455	100%	0

C. 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.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(3) Illinois Municipal Retirement (Continued)

D. Analysis 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)
12/31/07	\$ 7,334,178	\$ 7,676,575	\$ 342,397	95.54%	2,124,376	16.12%
12/31/06	6,560,438	7,006,416	445,978	93.63%	2,153,692	20.71%
12/31/05	6,045,347	6,514,835	469,488	92.79%	2,187,567	21.46%
12/31/04	5,677,505	6,182,046	504,541	91.84%	2,174,572	23.20%
12/31/03	5,388,570	5,701,745	313,175	94.51%	2,134,332	14.67%
12-31/02	5,019,810	5,188,877	169,067	96.74%	2,141,114	7.90%
12/31/01	5,061,607	4,807,988	(253,619)	105.27%	2,143,281	0.00%
12/31/00	5,127,966	4,732,719	(395,247)	108.35%	1,994,757	0.00%
12/31/99	4,852,030	4,646,372	(205,658)	104.43%	1,924,891	0.00%
12/31/98	3,966,046	4,172,912	206,866	95.04%	1,863,887	11.10%
12/31/97	3,303,617	3,669,843	366,226	90.02%	1,721,609	21.27%
12/31/96	2,761,097	3,202,816	441,719	86.21%	1,731,159	25.52%
12/31/95	2,442,008	2,939,259	497,251	83.08%	1,732,269	28.71%
12/31/94	1,892,029	2,193,229	301,200	86.27%	1,690,779	17.81%
12/31/93	1,630,378	2,091,172	460,794	77.96%	1,461,173	31.54%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$7,772,994. On a market basis, the funded ratio would be 101.26%.

(4) Changes in General Fixed Assets

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2008</u>
Library building	\$ 16,670,533	42,585		\$ 16,713,118
Land	926,032			926,032
Furniture, fixtures and equipment	369,677			369,677
	<u>17,966,242</u>	<u>42,585</u>		<u>18,008,827</u>
Less: Accumulated Depreciation	<u>5,967,310</u>			<u>6,467,137</u>
Net fixed Assets	<u>\$11,998,932</u>			<u>\$ 11,541,690</u>

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2008

(5) Changes in Long-Term Debt

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2008</u>
Bonds payable	\$ 6,365,000		\$ 1,525,000	\$ 4,840,000

(6) Risk management

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

(7) General Obligation Bonds

The District has bonds payable related to a library addition in effect at June 30, 2008, as follows:

Final payment date	
Bonds dated September 1, 2003	December 1, 2010
Bonds dated May 20, 1998	December 1, 2008
Interest rate (range)	2.0% to 4.0%
Bond paying agents	LaSalle National Bank Chicago, Illinois Amalgamated Bank of Chicago Chicago, Illinois

Bond principal and interest maturity's for each issue are on the following page.

PALATINE PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year ending June 30, 2008

(7) General Obligation Bonds (Continued)

Bonds Dated September 1, 2003

Bond Numbers	Interest Rate	Fiscal Year Ended due	Outstanding June 30, 2008	
			Principal	Interest
778-1022	3.000	6-30-09	1,225,000	142,975
1023-1353	3.125	6-30-10	1,655,000	106,225
1354-1676	3.375	6-30-11	1,615,000	54,506
TOTALS			\$ 4,495,000	\$ 303,706

Bonds Dated May 20, 1998

Bond Numbers	Interest Rate	Fiscal Year Ended due	Outstanding June 30, 2008	
			Principal	Interest
787-855	4.000	6-30-09	345,000	13,800
			\$ 345,000	\$ 13,800
Total			\$ 4,840,000	\$ 317,506

SUPPLEMENTARY INFORMATION

PALATINE PUBLIC LIBRARY DISTRICT
GOVERNMENTAL FUND TYPES
GENERAL AND SPECIAL REVENUE FUNDS

COMBINED BUDGETARY-BASIS STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
(AND COMPARISON WITH ESTIMATED REVENUE AND APPROPRIATIONS)
 Year Ended June 30, 2008

	Total (Memorandum Only)		General Fund		Special Revenue		Debt Service	
	Estimated Revenue and Appropriations	Actual	Estimated Revenue and Appropriations	Actual	Estimated Revenue and Appropriations	Actual	Estimated Revenue and Appropriations	Actual
REVENUES COLLECTED								
Property taxes	\$ 4,571,000	\$ 6,666,628	\$ 3,900,000	\$ 4,168,602	\$ 671,000	\$ 714,091	\$	\$ 1,783,935
Replacement taxes	58,000	74,146	53,000	62,487	5,000	11,659		
Fines and fees	210,500	212,423	210,500	212,423				
Grants and gifts	112,000	114,868	112,000	114,868				
Interest	275,000	263,494	275,000	263,494				
Nonresident fees	28,000	22,621	28,000	22,621				
Other	1,000	1,449	1,000	1,449				
TOTAL REVENUE COLLECTED	5,255,500	7,355,629	4,579,500	4,845,944	676,000	725,750	0	1,783,935
EXPENDITURES PAID								
Salaries and benefits	2,825,000	2,549,827	2,825,000	2,549,827				
Materials	1,150,000	774,796	1,150,000	774,796				
Utilities	395,000	286,107	395,000	286,107				
Equipment	405,000	122,629	405,000	122,629				
Contractual services	503,000	248,430	503,000	248,430				
Supplies	161,000	83,221	161,000	83,221				
Operating expenses	1,978,000	923,236	450,000	144,292	1,528,000	778,944		1,705,145
Bond Principal and interest	0	1,705,145						
Auxiliary projects	46,000	28,642	46,000	28,642				
TOTAL EXPENDITURES PAID	7,463,000	6,722,033	5,935,000	4,237,944	1,528,000	778,944	0	1,705,145
OPERATIONAL TRANSFERS IN/(OUT)	0	0	0	(200,000)		200,000		
BUDGETARY-BASIS EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER USES	\$ (2,207,500)	\$ 633,596	\$ (1,355,500)	\$ 408,000	\$ (852,000)	\$ 146,806	\$ 0	\$ 78,790

PALATINE PUBLIC LIBRARY DISTRICT
STATEMENT OF CASH RECEIPTS AND
CASH DISBURSEMENTS AND CHANGES IN FUND BALANCE

GENERAL FUND--CASH BASIS
Year Ended June 30, 2008

	General
REVENUE	
Property taxes	\$ 4,168,602
Replacement taxes	62,487
Fines and fees	212,423
Grants and gifts	114,868
Interest	263,494
Nonresident fees	22,621
Other	1,449
TOTAL REVENUE	4,845,944
EXPENDITURES	
Salaries and benefits	2,549,827
Materials	774,796
Utilities	286,107
Equipment	122,629
Contractual services	248,430
Supplies	83,221
Operating expenses	144,292
Auxiliary projects	28,642
TOTAL EXPENDITURES	4,237,944
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	608,000
OPERATIONAL TRANSFERS IN/(OUT)	(200,000)
DISTRICT NET ASSETS	
Balance, beginning of year	2,350,842
TOTAL DISTRICT NET ASSETS	\$ 2,758,842

SCHEDULE 3

PALATINE PUBLIC LIBRARY DISTRICT
 REVENUE AND COMPARISON WITH ESTIMATED REVENUE

Year Ended June 30, 2008

GENERAL FUND - REVENUE

	CASH BASIS		Accrual Basis
	Estimated	Actual	
Property taxes -- 2006 2nd half	\$ 3,900,000)	\$ 2,193,170	\$ 2,193,170
Property taxes -- 2007 1st half	)	1,975,432	1,975,432
Replacement tax	53,000	62,487	62,487
Fines	145,000	149,709	149,709
Special purchases	12,000	6,857	6,857
Replacement fees	15,000	14,203	14,203
Book recovery service	13,000	12,812	12,812
Coin machine income	9,000	8,723	8,723
Printing fees	8,000	9,279	9,279
Program fees	1,000	380	380
Meeting room fees	7,000	10,016	10,016
Ill fees	500	444	444
Nonresident fees	28,000	22,621	22,621
Grants	110,000	109,057	109,057
Gifts	2,000	5,811	5,811
Interest	275,000	263,494	263,494
Miscellaneous	1,000	1,449	1,449
TOTAL REVENUE	4,579,500	4,845,944	4,845,944
Operational transfers			
TOTAL REVENUE AND OTHER SOURCES	\$ 4,579,500	\$ 4,845,944	\$ 4,845,944

SCHEDULE 4

**PALATINE PUBLIC LIBRARY DISTRICT
GENERAL FUND
COMPARISON OF CASH DISBURSEMENTS WITH APPROPRIATIONS
Year Ended June 30, 2008**

	CASH BASIS		Accrual
	Appropriations	Actual	Basis
Salaries			
Salaries	\$ 2,650,000	\$ 2,447,139	\$ 2,465,152
Employee health insurance	175,000	102,688	102,688
Total salaries	2,825,000	2,549,827	2,567,840
Materials			
Books/audio-visual	800,000	558,390	547,986
Continuations	150,000	88,023	135,852
Electronic references	200,000	128,383	246,795
Total materials	1,150,000	774,796	930,633
Utilities			
Gas	95,000	46,293	31,457
Electricity	275,000	228,161	230,495
Water	25,000	11,653	11,561
Total utilities	395,000	286,107	273,513
Equipment purchases			
Furniture	40,000	5,971	5,971
Office equipment	10,000	438	
Computers	250,000	115,740	115,349
Audio-visual equipment	5,000	480	480
Building upgrades	100,000		
Total uncapitalized equipment	405,000	122,629	121,800
Contractual services			
Copier maintenance	32,000	20,729	20,898
Postage machines	6,000	2,616	2,616
LAN management	60,000	45,400	45,400
Library information services	60,000	33,210	31,755
Internet service	40,000	17,460	18,915
Bibliographic support	35,000	2,152	2,152
Accounting	30,000	15,318	15,755
Consultants	70,000	44,578	43,111
Book Recovery Services	15,000	6,048	6,021
Office equipment	30,000	9,503	9,503
Leases (branch and copiers)	125,000	51,416	51,191
Total contractual services	503,000	248,430	247,317

SCHEDULE 4

(Continued)

COMPARISON OF CASH DISBURSEMENTS WITH APPROPRIATIONS

Year Ended June 30, 2008

	CASH BASIS		Accrual
	Appropriations	Actual	Basis
Supplies			
Office and kitchen	10,000	3,702	3,795
Art and printing	16,000	9,973	10,225
Copiers	15,000	3,260	3,260
Library services	120,000	66,286	67,315
Maintenance			3,309
Total supplies	161,000	83,221	87,904
Operating expenses			
Library casualty insurance	85,000	24,029	24,029
Interlibrary loan/reprints	2,000	49	49
Telephone	64,000	39,737	39,916
Postage	35,000	16,439	16,429
Cultural and educational training	20,000	11,242	11,817
Program fees	15,000	538	245
In-services training	42,000	21,032	24,511
Memberships	6,000	3,141	4,308
Community information	9,000	579	573
Legal	25,000	4,062	4,062
Special purchases	25,000	6,403	6,139
Reimbursements	4,000	23	23
Want ads/legal notices	3,000	1,840	1,863
Expenditures of public gifts	100,000	5,178	5,202
Shared Administrative costs	15,000	10,000	10,000
Total operating expense	450,000	144,292	149,166
Auxiliary Projects			
Newsletters	40,000	27,714	30,249
Volunteer programs	6,000	928	928
Total auxiliary projects	46,000	28,642	31,177
Total general expenditures	5,935,000	4,237,944	4,409,350
Operating Transfers	0	200,000	157,415
Depreciation	0		499,827
TOTAL GENERAL FUND	\$ 5,935,000	\$ 4,437,944	\$ 5,066,592

PALATINE PUBLIC LIBRARY DISTRICT

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

Year Ended June 30, 2008

	Total	Audit	Special Reserve	Illinois Municipal Retirement	Social Security	Tort Immunity	Unemployment Insurance	Building Maintenance
ASSETS								
Cash and investments	\$ 3,678,553	\$ 3,296	\$ 2,931,782	\$ 199,736	\$ 175,628	\$ 103,000	\$ 69,747	\$ 195,364
Property tax receivable	404,495	3,065		130,236	105,719	41,368		124,107
TOTAL ASSETS	\$ 4,083,048	\$ 6,361	\$ 2,931,782	\$ 329,972	\$ 281,347	\$ 144,368	\$ 69,747	\$ 319,471
Accounts payable	\$ 17,487	\$	\$	\$	\$	\$	\$	\$ 17,487
Deferred	404,495	3,065		130,236	105,719	41,368		124,107
TOTAL LIABILITIES	421,982	3,065	0	130,236	105,719	41,368	0	141,594
LIBRARY DISTRICT EQUITY								
Fund balance	3,661,066	3,296	2,931,782	199,736	175,628	103,000	69,747	177,877
TOTAL LIABILITIES AND MUNICIPAL EQUITY	\$ 4,083,048	\$ 6,361	\$ 2,931,782	\$ 329,972	\$ 281,347	\$ 144,368	\$ 69,747	\$ 319,471

**PALATINE PUBLIC LIBRARY DISTRICT
SPECIAL REVENUE FUNDS
STATEMENT OF INCOME
AND CHANGES IN FUND BALANCE**

Year Ended June 30, 2008

	Total	Audit	Special Reserve	Illinois					Tort Immunity	Unemployment Insurance	Building Maintenance
				Municipal Retirement	Social Security	Tort Immunity	Unemployment Insurance	Building Maintenance			
REVENUE											
Property taxes -- 2006 2nd half	\$ 376,323	\$ 2,527	\$	\$ 121,141	\$ 97,290	\$ 39,178	\$	\$ 116,187			
Property taxes -- 2007 1st half	337,768	2,558		108,750	88,281	34,545		103,634			
Replacement taxes	11,659	56		3,469	3,487	1,125		3,320			
TOTAL REVENUE	725,750	5,141	0	233,360	189,058	74,848		223,141	202		
EXPENDITURES											
Operating Expenses	740,641	4,250	16,723	210,950	180,820	66,996		260,902			
OPERATING EXPENDITURES	740,641	4,250	16,723	210,950	180,820	66,996		260,902	0		
EXCESS (DEFICIENCY) OF REVENUE OVER DISBURSEMENTS	(14,891)	891	(16,723)	22,410	8,238	7,852		(37,761)	202		
OPERATING TRANSFERS IN (OUT)	157,415		157,415								
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	142,524	891	140,692	22,410	8,238	7,852		(37,761)	202		
FUND BALANCE											
Balance, beginning of year	3,518,542	2,405	2,791,090	177,326	167,390	95,148		215,638	69,545		
FUND BALANCE	\$ 3,661,066	\$ 3,296	\$ 2,931,782	\$ 199,736	\$ 175,628	\$ 103,000		\$ 177,877	\$ 69,747		

PALATINE PUBLIC LIBRARY DISTRICT

AUDIT FUND

STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	Cash Basis		Accrual Basis
	Estimated Revenue and Appropriations	Actual	
REVENUE			
Property taxes – 2006 2nd half	\$ 5,000)	\$ 2,527	\$ 2,527
Property taxes – 2007 1st half	)	2,558	2,558
Replacement tax		56	56
TOTAL REVENUE	5,000	5,141	5,141
EXPENDITURES			
Accounting	7,000	4,250	4,250
TOTAL EXPENDITURES	7,000	4,250	4,250
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (2,000)	\$ 891	891
FUND BALANCE			
Balance, beginning of year			2,405
TOTAL FUND BALANCE			\$ 3,296

PALATINE PUBLIC LIBRARY DISTRICT

SPECIAL RESERVE FUND

STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	Cash Basis		Accrual Basis
	Estimated Revenue and Appropriations	Actual	
REVENUE			
Property taxes -- 2006 2nd half	\$	\$	\$
Property taxes -- 2007 1st half			
Replacement tax			
TOTAL REVENUE		0	0
EXPENDITURES			
Operations			
Other Expenditures	500,000	59,308	16,723
TOTAL EXPENDITURES	500,000	59,308	16,723
Operational transfers in/(out)	250,000	200,000	157,415
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (250,000)	\$ 140,692	140,692
FUND BALANCE			
Balance, beginning of year			2,791,090
TOTAL FUND BALANCE			\$ 2,931,782

**PALATINE PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008**

	<u>Cash Basis</u>		<u>Accrual Basis</u>
	<u>Estimated Revenue and Appropriations</u>	<u>Actual</u>	
REVENUE			
Property taxes -- 2006 2nd half	\$ 171,000)	\$ 121,141	\$ 121,141
Property taxes -- 2007 1st half	) )	108,750	108,750
Replacement tax		3,469	3,469
TOTAL REVENUE	<u>171,000</u>	<u>233,360</u>	<u>233,360</u>
EXPENDITURES			
Employer's contribution	<u>280,000</u>	<u>210,950</u>	<u>210,950</u>
TOTAL EXPENDITURES	<u>280,000</u>	<u>210,950</u>	<u>210,950</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (109,000)</u>	<u>\$ 22,410</u>	22,410
FUND BALANCE			
Balance, beginning of year			<u>177,326</u>
TOTAL FUND BALANCE			<u>\$ 199,736</u>

PALATINE PUBLIC LIBRARY DISTRICT

SOCIAL SECURITY FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008**

	<u>Cash Basis</u>		<u>Accrual Basis</u>
	<u>Estimated Revenue and Appropriations</u>	<u>Actual</u>	
REVENUE			
Property taxes -- 2006 2nd half	\$ 171,000)	\$ 97,290	\$ 97,290
Property taxes -- 2007 1st half	) 2,000	88,281	88,281
Replacement tax	2,000	3,487	3,487
TOTAL REVENUE	<u>173,000</u>	<u>189,058</u>	<u>189,058</u>
EXPENDITURES			
Employer's contribution	<u>210,000</u>	<u>180,820</u>	<u>180,820</u>
TOTAL EXPENDITURES	<u>210,000</u>	<u>180,820</u>	<u>180,820</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (37,000)</u>	<u>\$ 8,238</u>	8,238
FUND BALANCE			
Balance, beginning of year			<u>167,390</u>
TOTAL FUND BALANCE			<u>\$ 175,628</u>

PALATINE PUBLIC LIBRARY DISTRICT
TORT IMMUNITY FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	<u>Cash Basis</u>		<u>Accrual Basis</u>
	<u>Estimated Revenue and Appropriations</u>	<u>Actual</u>	
REVENUE			
Property taxes -- 2006 2nd half	\$ 70,000)	\$ 39,178	\$ 39,178
Property taxes -- 2007 1st half	) )	34,545	34,545
Replacement tax		1,125	1,125
TOTAL REVENUE	<u>70,000</u>	<u>74,848</u>	<u>74,848</u>
EXPENDITURES			
Insurance premiums	<u>90,000</u>	<u>66,996</u>	<u>66,996</u>
TOTAL EXPENDITURES	<u>90,000</u>	<u>66,996</u>	<u>66,996</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (20,000)</u>	<u>\$ 7,852</u>	7,852
FUND BALANCE			
Balance, beginning of year			<u>95,148</u>
TOTAL FUND BALANCE			<u>\$ 103,000</u>

PALATINE PUBLIC LIBRARY DISTRICT
UNEMPLOYMENT INSURANCE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	<u>Cash Basis</u>		<u>Accrual Basis</u>
	<u>Estimated Revenue and Appropriations</u>	<u>Actual</u>	
REVENUE			
Property taxes -- 2006 2nd half	\$)	\$	\$
Property taxes -- 2007 1st half)		
Replacement tax		202	202
TOTAL REVENUE	<u>0</u>	<u>202</u>	<u>202</u>
EXPENDITURES			
Employer's contribution	25,000		
TOTAL EXPENDITURES	<u>25,000</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (25,000)</u>	<u>\$ 202</u>	202
FUND BALANCE			
Balance, beginning of year			<u>69,545</u>
TOTAL FUND BALANCE			<u>\$ 69,747</u>

PALATINE PUBLIC LIBRARY DISTRICT
BUILDING AND MAINTENANCE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended June 30, 2008

	Cash Basis		
	Estimated Revenue and Appropriations	Actual	Accrual Basis
REVENUE			
Property taxes – 2006 2nd half	\$ 254,000)	\$ 116,187	\$ 116,187
Property taxes – 2007 1st half	) 3,000	103,634	103,634
Replacement tax	3,000	3,320	3,320
	257,000	223,141	223,141
 EXPENDITURES			
Cleaning service	95,000	76,748	76,298
Equipment	20,000	6,872	7,349
Trash	8,000	4,597	4,597
Landscaping	25,000	8,856	8,865
Fire and security	15,000	5,067	5,102
Elevator	20,000	13,199	13,467
Building maintenance	70,000	48,604	53,636
Snow removal	10,000	8,084	8,084
Heating, ventilating and air conditioning	60,000	35,096	36,856
Parking lot	15,000	4,487	4,487
Van	10,000	409	478
Pest control	3,000	120	120
Bookmobile maintenance	15,000	4,822	4,821
Roof maintenance	5,000	3,595	3,595
Maintenance supplies	45,000	36,064	33,147
	416,000	256,620	260,902
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (159,000)	\$ (33,479)	(37,761)
 FUND BALANCE			
Balance, beginning of year			215,638
 TOTAL FUND BALANCE			\$ 177,877

**PALATINE PUBLIC LIBRARY DISTRICT
 ASSESSED VALUATIONS, EXTENDED TAX RATES
 PERCENTAGE ALLOCATIONS AND AMOUNTS BY FUNDS**

TAX LEVY YEAR	<u>2007</u>	<u>2006</u>	<u>2005</u>
ASSESSED VALUATION			
Cook County	\$2,811,606,746	\$2,390,549,382	\$2,375,696,204

**TAX RATES AND PERCENTAGE
 ALLOCATIONS BY FUND**

Funds	<u>Rate</u>	<u>Percentage</u>	<u>Rate</u>	<u>Percentage</u>	<u>Rate</u>	<u>Percentage</u>
General Fund	0.1544	62.9434	0.1737	62.1689	0.1669	61.6094
Debt service	0.0645	26.2943	0.0759	27.1654	0.0750	27.6855
I. M. R. F.	0.0085	3.4651	0.0096	3.4359	0.0088	3.2484
Social Security	0.0069	2.8129	0.0077	2.7559	0.0078	2.8793
Audit	0.0002	0.0815	0.0002	0.0716	0.0002	0.0739
Tort Immunity	0.0027	1.1007	0.0031	1.1095	0.0032	1.1812
Building & Maintenance	0.0081	3.3021	0.0092	3.2928	0.0090	3.3223
Unemployment Insurance	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Totals	<u>0.2453</u>	<u>100.0000</u>	<u>0.2794</u>	<u>100.0000</u>	<u>0.2709</u>	<u>100.0000</u>

Property Tax Extensions

Funds	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund	\$ 4,341,120	\$ 4,152,384	\$ 3,965,036
Debt service	1,813,114	1,814,492	1,781,522
I. M. R. F.	238,986	229,492	209,061
Social Security	194,000	184,072	185,304
Audit	5,623	4,781	4,751
Tort Immunity	75,913	74,107	78,022
Building & Maintenance	227,740	219,930	213,812
Totals	<u>\$ 6,896,496</u>	<u>\$ 6,679,258</u>	<u>\$ 6,437,508</u>

PALATINE PUBLIC LIBRARY DISTRICT

STATEMENT OF DEBT LIMIT MARGIN

Year Ended June 30, 2008

ASSESSED VALUATION - 2007 Tax Levy	\$ 2,811,606,746
DEBT LIMITATION (2.875% OF \$2,811,606,746)	\$ 80,833,694
GENERAL BONDED DEBT:	
Library Construction Bonds	
Dated September 1, 2003	4,495,000
Dated May 20, 1998	345,000
TOTAL GENERAL BONDED DEBT	4,840,000
LEGAL DEBT MARGIN	\$ 75,993,694