

**SCHAUMBURG TOWNSHIP
DISTRICT LIBRARY**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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Independent Auditor's Report

Board of Trustees
Schaumburg Township District Library
Schaumburg, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of Schaumburg Township District Library as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Schaumburg Township District Library, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 6 and 18 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McCure, Inserra & Co., Chtd.

November 4, 2019

Management's Discussion and Analysis

As management of Schaumburg Township District Library, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the Library's financial statements. The statements presented include a Governmental Funds Balance Sheet and Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities, and notes to the financial statements. The Library qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column, on the face of the statements, which reconciles the fund-based accounting to the government-wide statements.

Financial Highlights

The Library's total net assets, as of June 30, 2019 and 2018 were \$47,262,682 and \$46,091,283, respectively. Net assets increased by \$1,171,399 and \$39,027 for the years ended June 30, 2019 and 2018, respectively. The term "net position" represents the difference between total assets/deferred outflows of resources and total liabilities/deferred inflows of resources

Financial Statements

The financial statements of the Library are intended to provide the reader with an understanding of the financial position of the Library as of the close of the fiscal year and the results of activities for the year then ended. The fund financial statements focus on current financial resources while government-wide financial statements are similar to a private-sector business.

The Governmental Funds Balance Sheet and Statement of Net Position provides information on the Library's assets/deferred outflows of resources and liabilities/deferred inflows of resources. The difference between these two statements is that governmental fund balances represent current financial resources reporting and net position represents government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenses. Information is presented for each major fund or group of funds and shows any restrictions on the fund or net position.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities reflects the results of the Library's revenues, expenditures and activities during the year and the corresponding effect on fund and net position balances. This statement shows the source of Library revenues and how those revenues were used to provide Library services.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of a comparison of estimated receipts and appropriation to actual revenues and expenditures and more detailed data on the retirement fund.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The Library's assets exceed liabilities/deferred inflows of resources by \$47,262,682 as of the close of the year. Of the Net Position balance, \$4,764,095 is restricted, \$17,110,094 is unrestricted and \$25,388,493 is net investment in capital assets.

Management's Discussion and Analysis

Condensed Statement of Net Position

	June 30,	
	2019	2018
Current and Other Assets	\$ 29,823,532	\$ 27,026,554
Capital Assets, net of accumulated depreciation	25,388,493	26,367,757
Total Assets	55,212,025	53,394,311
Current Liabilities	544,512	707,348
Non-Current Liabilities	158,310	221,716
Total Liabilities	702,822	929,064
Deferred Inflows of Resources	7,246,521	6,373,964
Total Liabilities and Deferred Inflows of Resources	7,949,343	7,303,028
Net Position		
Net Investment in Capital Assets	25,388,493	26,367,757
Restricted	4,764,095	4,764,095
Unrestricted	17,110,094	14,959,431
Total Net Position	\$ 47,262,682	\$ 46,091,283

Condensed Statement of Activities

	For Years Ended June 30,	
	2019	2018
Revenues		
Property and Replacement Taxes	\$ 15,794,039	\$ 15,230,228
Investment Income	450,226	253,168
Grants	27,000	158,561
Fines, Fees and Other	216,176	226,816
Miscellaneous	46,714	45,823
Total Revenues	16,534,155	15,914,596
Expenses		
Materials	586,972	559,306
Salaries and Benefits	9,650,694	9,805,662
Administration	2,637,906	3,188,879
Capital Improvements	153,710	103,365
Depreciation	2,328,971	2,217,110
Contingency	4,503	1,247
Total Expenses	15,362,756	15,875,569
Increase in Net Position	1,171,399	39,027
Net Position, Beginning of Year	46,091,283	46,052,256
Net Position, End of Year	\$ 47,262,682	\$ 46,091,283

Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended June 30, 2019:

<u>Governmental Funds</u>	<u>Fund Balance June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Fund Balance June 30, 2019</u>
General	\$ 6,665,467	\$ (589,924)	\$ 6,075,543
Working Cash	5,506,342	19,738	5,526,080
Special Reserve	<u>7,773,433</u>	<u>2,657,443</u>	<u>10,430,876</u>
	<u>\$ 19,945,242</u>	<u>\$ 2,087,257</u>	<u>\$ 22,032,499</u>

Budgetary Highlights

The Library's General Fund expended \$13,880,029, which was \$2,878,404 less than the appropriation of \$16,758,433. The appropriation sets the maximum spending limits for the fiscal year. Notable favorable variances occurred in the area of Salaries and Benefits and are attributable to staff vacancies and delays in hiring for budgeted positions. In addition, computer operations were below budget due to a delay of a scheduled software conversion which was pushed out into the next fiscal year. At the end of Fiscal Year 2019, the board approved a transfer of \$3,200,000 from the General Fund to the Special Reserve Fund. Special Reserve fund balances will finance large capital expenditures projected over the next five years. Included in these projects, is a renovation to the Circulation area budgeted in the next fiscal year.

Capital Assets

The following is a summary of capital assets, net of accumulated depreciation:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 3,755,513	\$ 3,755,513
Construction in Progress	-	46,643
Artwork	168,989	168,989
Building and Improvements	30,017,730	29,866,979
Furniture and Equipment	3,409,028	3,120,232
Vehicles	63,380	60,333
Books and Library Materials	<u>11,409,349</u>	<u>12,125,129</u>
Cost of Capital Assets	48,823,989	49,143,818
Less Accumulated Depreciation	<u>23,435,496</u>	<u>22,776,061</u>
Net Capital Assets	<u>\$ 25,388,493</u>	<u>\$ 26,367,757</u>

Significant capital asset acquisitions during the year were included the acquisition of furniture and equipment and books and library materials. Notable capital purchases include, furniture purchased in the Reference, Youth and Outreach departments as well as equipment replacements to the HVAC system. Trends reallocating the purchase of electronic resources from physical books and materials have resulted in a decrease in the capitalization of books and library materials. Additional information regarding the Library's capital assets can be found in Note 4 on page 15.

Description of Current or Expected Conditions

Currently, management is not aware of any changes in conditions that could have a significant effect on the financial position or results of activities of the Library in the near future.

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the Library's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Schaumburg Township District Library, 130 S. Roselle Rd., Schaumburg, Illinois 60193.

Basic Financial Statements

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY
GOVERNMENTAL FUNDS BALANCE SHEET
AND
STATEMENT OF NET POSITION

JUNE 30, 2019

	GENERAL FUND	WORKING CASH FUND	SPECIAL RESERVE FUND	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF NET POSITION
ASSETS						
Cash and Investments	\$ 6,265,801	\$ 5,526,080	\$ 10,450,943	\$ 22,242,824	\$ -	\$ 22,242,824
Receivables (Net)						
Property Tax	7,246,521	-	-	7,246,521	-	7,246,521
Accrued Interest	116,743	-	-	116,743	-	116,743
Other	38,925	-	-	38,925	-	38,925
Prepaid Items	178,519	-	-	178,519	-	178,519
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	25,388,493	25,388,493
Total Assets	\$ 13,846,509	\$ 5,526,080	\$ 10,450,943	\$ 29,823,532	25,388,493	55,212,025
LIABILITIES						
Accounts Payable	\$ 339,642	\$ -	\$ 20,067	\$ 359,709	-	359,709
Accrued Payroll	159,315	-	-	159,315	-	159,315
Unearned Revenue	25,488	-	-	25,488	-	25,488
Long-Term Liabilities						
Due within one year	-	-	-	-	158,310	158,310
Total Liabilities	524,445	-	20,067	544,512	158,310	702,822
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	7,246,521	-	-	7,246,521	-	7,246,521
Total Liabilities and Deferred Inflows of Resources	7,770,966	-	20,067	7,791,033	158,310	7,949,343
FUND BALANCES / NET POSITION						
Fund Balances						
Nonspendable for Prepaid Items	178,519	-	-	178,519	(178,519)	-
Nonspendable for Working Cash	-	4,764,095	-	4,764,095	(4,764,095)	-
Committed for Capital Projects	-	-	10,430,876	10,430,876	(10,430,876)	-
Committed for Art Purchases and Special Projects	268,534	-	-	268,534	(268,534)	-
Assigned for Working Cash Purposes	-	761,985	-	761,985	(761,985)	-
Unassigned	5,628,490	-	-	5,628,490	(5,628,490)	-
Total Fund Balances	6,075,543	5,526,080	10,430,876	22,032,499	(22,032,499)	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 13,846,509	\$ 5,526,080	\$ 10,450,943	\$ 29,823,532		
Net Assets						
Net Investment in Capital Assets					25,388,493	25,388,493
Restricted					4,764,095	4,764,095
Unrestricted					17,110,094	17,110,094
Total Net Position					\$ 47,262,682	\$ 47,262,682

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	WORKING CASH FUND	SPECIAL RESERVE FUND	TOTAL	ADJUSTMENTS (Note 11)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$ 15,662,497	\$ -	\$ -	\$ 15,662,497	\$ -	\$ 15,662,497
Replacement Taxes	131,542	-	-	131,542	-	131,542
Investment Income	406,176	19,738	24,312	450,226	-	450,226
Fines, Fees and Other	216,176	-	-	216,176	-	216,176
Intergovernmental Grants	27,000	-	-	27,000	-	27,000
Miscellaneous	46,714	-	-	46,714	-	46,714
Total Revenues	16,490,105	19,738	24,312	16,534,155	-	16,534,155
EXPENDITURES / EXPENSES						
Materials	1,503,638	-	-	1,503,638	(916,666)	586,972
Salaries and Benefits	9,714,100	-	-	9,714,100	(63,406)	9,650,694
Administration	2,637,906	-	-	2,637,906	-	2,637,906
Capital Improvements	8,392	-	566,869	575,261	(421,551)	153,710
Depreciation/Loss on Disposal of Asset	-	-	-	-	2,328,971	2,328,971
Contingency	15,993	-	-	15,993	(11,490)	4,503
Total Expenditures / Expenses	13,880,029	-	566,869	14,446,898	915,858	15,362,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,610,076	19,738	(542,557)	2,087,257	(915,858)	-
OTHER FINANCING SOURCES (USES)						
Operating Transfers (Out)	(3,200,000)	-	3,200,000	-	-	-
Net Change in Fund Balance	(589,924)	19,738	2,657,443	2,087,257	(2,087,257)	-
Change in Net Position	-	-	-	-	1,171,399	1,171,399
FUND BALANCES / NET POSITION						
Beginning of Year	6,665,467	5,506,342	7,773,433	19,945,242	26,146,041	46,091,283
End of Year	\$ 6,075,543	\$ 5,526,080	\$ 10,430,876	\$ 22,032,499	\$ 25,230,183	\$ 47,262,682

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

The Library's reporting entity includes all entities for which the Library exercised oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The Library has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the Library has not included in its financial statements the activities of any other entity.

B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them. The Governmental Funds Balance Sheet and Statement of Net Assets and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Library functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are the general fund, special reserve and working cash. Following is a description of major and non-major funds.

General Fund Type - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund Type - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund of the Library is: Working Cash.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Projects Fund Type - The Capital Projects Funds are used to account for the acquisition of fixed assets or construction of major capital projects. The Capital Project Fund of the Library is the Special Reserve Fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements (the Statement of Net Assets and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days after year end. Property taxes are recorded in the year levied as taxes receivable and deferred inflows of resources. Property taxes not received by year end are recognized as revenues in the succeeding year when services financed by the levy are being provided. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, replacement taxes and investment income.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

E. Cash and Investments

Illinois Revised Statutes authorize the Library to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ICLS 30, 235-2, e), interest bearing bonds of governmental units and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks, which are insured by the Federal Deposit Insurance Corporation.

Cash includes amounts in demand deposits and are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing).

The Library has adopted an investment policy. The policy is in accordance with the state statute for allowable investments. Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record fair value are deemed unrealized gains and losses, are recorded as increases or decreases in investment income and recorded in the statement of revenues, expenditures and changes in net position. Investment income on commingled investments is allocated to the General Fund.

F. Capital Assets

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

Government-wide Statements

In the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

Buildings and Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	8 years
Books and Library Materials	3-7 years

The minimum capitalization threshold is any item with a total cost greater than \$10,000, except for book and library materials.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave as it does not vest. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government-wide statements. Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at June 30, 2019, are determined on the basis of current salary rates and include salary related payments.

H. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time. Deferred property taxes represent a future recognition of revenue, therefore are classified as a deferred inflow of resources.

I. Long Term Obligations

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligation of the Library consists of accrued compensated absences.

J. Fund Equity

The Library follows the reporting standards of GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. The board

Note 1: Summary of Significant Accounting Policies (Continued)

of trustees establish (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Library Board that originally created the commitment.

- Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The Library has adopted a financial policy authorizing the Director of the Finance to assign amounts for a specific purpose. 2) Any remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted or committed. Assignments may take place at the end of the period.
- Unassigned fund balance – Includes residual positive fund balance within the general fund which has not been classified within any of the above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

When fund balance resources are available for a specific purpose in more than one classification, it is the Library's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The amount reported as nonspendable in the Working Cash Fund represents cumulative property tax collections levied for working cash purposes, which can only be used to earn interest and for temporary interfund loans as required by Illinois Compiled Statutes.

K. Estimates

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

Note 2: Deposits and Investments

Deposits. At year end, the carrying amount of the Library's deposits, excluding petty cash and cash on hand of \$1,900, was \$3,105,166 and the bank balance was \$3,251,100. Of the bank balance, \$296,208 was covered by federal depository insurance and the remaining \$2,954,892 was collateralized with securities held by the pledging financial institution's trust department in the Library's name.

Investments. The Library's investments at year-end were comprised of the following:

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

	Weighted Average Rate	Original Cost	Fair Value
Advised Insured Deposit Account	1.86%	\$ 44	\$ 44
U.S. Agencies – Explicitly Guaranteed	2.36	4,343,272	4,372,413
U.S. Treasury Obligations	2.23	11,747,382	11,805,881
Negotiable Certificates of Deposit	2.23	2,664,000	2,687,420
Municipal Bonds	1.86	<u>270,002</u>	<u>270,000</u>
		<u>\$ 19,024,700</u>	<u>\$ 19,135,758</u>

Custodial Credit Risk. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned. The Library's investment policy protects it from custodial risk by requiring funds on deposit in excess of FDIC limits to be secured by collateral.

Investments – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2019, the Library's investments were rated as follows:

Investment Type	Standard & Poors
Municipal Bonds	AA
Negotiable Certificates of Deposit	Not Rated

Concentration of Credit Risk. Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific issues of securities. At June 30, 2019, there were no investments that represented a concentration of the portfolio.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of June 30, 2019, the Library's investments were maturing as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less Than One Year	1-5 Years
U.S. Agencies – Explicitly Guaranteed	\$ 4,372,413	\$ 4,372,413	\$ -
U.S. Treasury Obligations	11,805,881	8,951,493	2,854,388
Negotiable Certificates of Deposit	2,687,420	1,953,672	733,748
Municipal Bonds	<u>270,000</u>	<u>270,000</u>	<u>-</u>
	<u>\$19,135,714</u>	<u>\$ 15,547,578</u>	<u>\$ 3,508,136</u>

Notes to Financial Statements

Note 3: Property Tax Revenue Recognition

The Library's property tax was levied in September 2018 by passage of a Tax Levy Ordinance on all taxable real property located in the Library. Property taxes, which are due within the current fiscal year and collected, are recorded as revenues.

The County Assessor is responsible for assessment of all taxable real property within Cook County (County) except for certain railroad property, which is assessed directly by the State. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the governmental units their respective share of the collections. Tax bills were issued on or about February 1 and July 1. Payment is due 30 days following these dates.

The 2018 property taxes attach as an enforceable lien on January 1, 2018. Tax payments are due on or about March 1 and August 1. Tax payments not received by the due date are deemed delinquent and the County may assess penalties and interest. Substantially all of the collected taxes are received by the Library between March 2019 and January 2020.

The second installment of the 2018 property tax levy is recorded as receivable at June 30, 2019, net of estimated uncollectibles. The Library has provided an allowance for uncollectible real property taxes equivalent to 3.0% of the current year's levy. All uncollected taxes relating to prior years' levies have been written off. The second installment will be used for fiscal 2020 operations and is reflected as deferred revenue at June 30, 2019.

Note 4: Capital Assets

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

	Balance June 30, 2018	Additions/ Transfers	Retirements	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 3,755,513	\$ -	\$ -	\$ 3,755,513
Construction in Progress	46,643	(46,643)	-	-
Artwork	168,989	-	-	168,989
Total Capital Assets Not Being Depreciated	3,971,145	(46,643)	-	3,924,502
Capital assets, being depreciated				
Building and Improvements	29,866,979	150,751	-	30,017,730
Furniture and Equipment	3,120,232	304,491	(15,695)	3,409,028
Vehicles	60,333	24,442	(21,395)	63,380
Books and Library Materials	12,125,129	916,666	(1,632,446)	11,409,349
Total capital assets being depreciated	45,172,673	1,396,350	(1,669,536)	44,899,487
Less accumulated depreciation for				
Building and Improvements	(12,357,932)	(780,527)	-	(13,138,459)
Furniture and Equipment	(2,043,729)	(337,474)	13,683	(2,367,520)
Vehicles	(56,334)	(5,272)	21,395	(40,211)
Books and Library Materials	(8,318,066)	(1,203,686)	1,632,446	(7,889,306)
Total accumulated depreciation	(22,776,061)	(2,326,959)	1,667,524	(23,435,496)
Total capital assets being depreciated, net	22,396,612	(930,609)	(2,012)	21,463,991
Capital assets, net	\$ 26,367,757	\$ (977,252)	\$ (2,012)	\$ 25,388,493

Notes to Financial Statements

Note 5: Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due In One Year
Compensated Absences	\$ 221,716	\$ 348,741	\$ 412,147	\$ 158,310	\$ 158,310

Note 6: Deferred Compensation Plan

The Library offers and administers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The current plan is available to all Library employees as of July 8, 1991. This plan permits employees to defer a portion of their salary until future years. Prior to January 1, 2011, employees were not participating in social security, so all part-time employees were required to participate in the 457 plan. Effective January 1, 2011, the plan is mandatory only for part-time employees who were hired before that date and who opt not to participate in social security. All employees hired after January 1, 2011 are required to participate in Social Security and therefore their participation in the plan is voluntary. Part-time employees contribute 3.75% and the Library contributes the remaining 3.75%. Employees may make voluntary contributions to the plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan provides for various levels of deferment depending upon the status of employee and years of employment experience. The plan is managed by ICMA Retirement Corporation, the plan's administrator, under various investment options as directed by the participant.

All amounts of compensation are held in trust until paid or made available to the employee or other beneficiary. These assets are not subject to the claims of the Library's creditors. For the year ended June 30, 2019, the Library matching contribution (expenditure) to the 457 plan was \$45,868.

Note 7: 401(a) Plan

Effective July 1, 1995, the Library established a defined contribution Money Purchase 401(a) Plan for all full-time employees (employees working 37.5 hours per week), who have been employed a minimum of three months. For all eligible employees, the Library makes a 20% contribution of the employees' compensation for the employees who elect not to enter into Social Security, and a 13.8% contribution of the employees' compensation for the employees who elected to enter into Social Security after January 1, 2011. Employees may make voluntary contributions to the Plan. Vesting achieved under the 457 Plan is transferable to the 401(a) plan. For the year ending June 30, 2019, the Library contributed \$685,950 to the 401(a) Plan.

Note 8: Fund Balance

Committed Fund Balance

The Board has designated \$268,534 of the general fund balance for future art purchases. This money has been received through donations.

Notes to Financial Statements

Note 9: Interfund Transactions

During the year, the General Fund transferred of \$3,200,000 to the Special Reserve Fund as a measure to provide for future capital expenditures. The Interfund transfer is reported as an operating transfer.

Note 10: Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Library carries commercial insurance for risks such as errors and omission and workers compensation.

For all other risks, the Library participates in the Libraries of Illinois Risk Agency (LIRA), a public entity risk pool. LIRA protects the Library against loss due to property damage, crime, and general liabilities. The Library is responsible for an annual premium payment and the pool is responsible for administering the program. If funds in the program are insufficient in the judgment of the pool, then the pool may assess the member's additional equal payments. The Library's policy is to record any related expenditures in the year in which that are notified of any additional assessments. The Library is not aware of any additional assessments owed as of June 30, 2019.

Note 11: Adjustments

Amounts reported in the statement of net assets are different from the governmental fund balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 25,388,493
Accrued compensated absences are recognized in governmental activities as they accrue.	<u>(158,310)</u>
	<u>\$ 25,230,183</u>

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation and loss of disposal of assets exceeded capital outlays is \$979,264 (\$2,328,971 less \$1,349,707). In addition, the change in compensated absences salaries of \$63,406 is eliminated from the statement of activities.

Required Supplementary Information

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ESTIMATED RECEIPTS AND APPROPRIATION COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	ORIGINAL AND FINAL BUDGET AND APPROPRIATION	ACTUAL	VARIANCE
REVENUES			
Property Taxes	\$ 15,252,338	\$ 15,662,497	\$ 410,159
Replacement Taxes	125,000	131,542	6,542
Investment Income	140,000	406,176	266,176
Fines, Fees and Other	235,000	216,176	(18,824)
Intergovernmental Grants	173,561	27,000	(146,561)
Miscellaneous	82,534	46,714	(35,820)
Total Revenues	<u>16,008,433</u>	<u>16,490,105</u>	<u>481,672</u>
EXPENDITURES			
Materials			
Books-Adult	416,870	323,204	93,666
Books-Reference	107,700	93,599	14,101
Materials-Branch	220,954	207,063	13,891
Materials-Youth Services	206,840	187,383	19,457
Electronic Products	-	553,574	(553,574)
Serials	43,000	26,248	16,752
Popular Library Materials	167,500	112,567	54,933
Total Materials	<u>1,162,864</u>	<u>1,503,638</u>	<u>(340,774)</u>
Salaries and Benefits			
Popular Library Services	529,804	466,818	62,986
Business Office	1,068,686	911,923	156,763
Circulation	1,584,123	1,330,828	253,295
Extension Services	550,794	489,650	61,144
Reference	1,200,906	1,062,336	138,570
Adult Services	792,762	671,564	121,198
Youth Services	975,939	897,431	78,508
Computer Operations	393,894	300,441	93,453
Branch Libraries	745,729	689,465	56,264
Maintenance	461,407	343,603	117,804
Sunday Hours	449,663	422,811	26,852
Merit Salary Supplement	130,000	129,104	896
Personnel Benefits	2,250,430	1,998,126	252,304
Total Salaries and Benefits	<u>11,134,137</u>	<u>9,714,100</u>	<u>1,420,037</u>

Required Supplementary Information

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ESTIMATED RECEIPTS AND APPROPRIATION COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

(Continued)

	ORIGINAL AND FINAL BUDGET AND APPROPRIATION	ACTUAL	VARIANCE
Administration			
Utilities	\$ 530,400	\$ 380,612	\$ 149,788
Insurance	237,255	162,628	74,627
Repairs and maintenance	555,969	373,747	182,222
Equipment and Furniture	79,630	51,685	27,945
Library Supplies	362,230	291,586	70,644
Professional Fees	226,290	156,927	69,363
Professional Development	199,847	121,643	78,204
Public Library Information	198,805	143,789	55,016
Library Programs	311,087	237,178	73,909
Computer Operations	1,647,919	711,782	936,137
Legal Notice	2,000	404	1,596
Merchant Fees	15,000	5,925	9,075
Total Administration	<u>4,366,432</u>	<u>2,637,906</u>	<u>1,728,526</u>
Capital Improvements	<u>25,000</u>	<u>8,392</u>	<u>16,608</u>
Contingency	<u>70,000</u>	<u>15,993</u>	<u>54,007</u>
Total Expenditures	<u>16,758,433</u>	<u>13,880,029</u>	<u>2,878,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (750,000)</u>	2,610,076	<u>\$3,360,076</u>
OTHER FINANCING SOURCES			
Operating Transfers In (Out)		<u>(3,200,000)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		<u>\$ (589,924)</u>	

Notes: Budgets are adopted on the modified accrual basis of accounting. All appropriations lapse at fiscal year end.

No budget is adopted for the Working Cash Fund because there is no legal requirement to do so. Therefore a budgetary comparison schedule is not presented for the Working Cash Fund.