

**SCHAUMBURG TOWNSHIP
DISTRICT LIBRARY**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



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Independent Auditor's Report

Governing Board Members
Schaumburg Township District Library
Schaumburg, Illinois

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Schaumburg Township District Library's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Schaumburg Township District Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Schaumburg Township District Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

Independent Auditor's Report

accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individual or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Schaumburg Township District Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Schaumburg Township District Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we have identified during the audit.

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.

ATA Group, LLP

November 13, 2023

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, 2023. 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 position, as of June 30, 2023 and 2022 were \$52,885,765 and \$50,611,922, respectively. Net position increased by \$2,273,843 and \$2,244,799 for the years ended June 30, 2023 and 2022, respectively. The term "net position" represents the difference between total assets 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 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 appropriations to actual revenues and expenditures.

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 \$52,885,765 as of the close of the year. Of the Net Position balance, \$4,764,095 is restricted, \$25,937,744 is net investment in capital assets, and \$22,183,926 is unrestricted.

Management's Discussion and Analysis

Condensed Statement of Net Position

	June 30,	
	2023	2022
Current and Other Assets	\$ 36,425,021	\$ 33,508,239
Capital Assets, net of accumulated depreciation	26,362,301	25,518,235
Total Assets	62,787,322	59,026,474
Current Liabilities	1,004,348	548,284
Non-Current Liabilities	279,168	251,186
Total Liabilities	1,283,516	799,470
Deferred Inflows of Resources	8,618,041	7,615,082
Total Liabilities and Deferred Inflows of Resources	9,901,557	8,414,552
Net Position		
Net Investment in Capital Assets	25,937,744	25,518,235
Restricted	4,764,095	4,764,095
Unrestricted	22,183,926	20,329,592
Total Net Position	\$ 52,885,765	\$ 50,611,922

Condensed Statement of Activities

	For Years Ended June 30,	
	2023	2022
Revenues		
Property and Replacement Taxes	\$ 17,025,042	\$ 17,248,693
Investment Gains (Losses)	608,213	(149,577)
Grants	236,148	235,929
Fines and Fees	69,774	62,185
Miscellaneous	97,592	53,435
Total Revenues	18,036,769	17,450,665
Expenses		
Materials	759,899	705,101
Salaries and Benefits	10,364,506	9,732,531
Administration	2,568,235	2,616,119
Capital Improvements	-	19,380
Depreciation/Loss on Disposal of Assets	2,070,286	2,107,735
Contingency	-	25,000
Total Expenses	15,762,926	15,205,866
Increase in Net Position	2,273,843	2,244,799
Net Position, Beginning of Year	50,611,922	48,367,123
Net Position, End of Year	\$ 52,885,765	\$ 50,611,922

Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended June 30, 2023:

Governmental Funds	Fund Balance June 30, 2022	Increase (Decrease)	Fund Balance June 30, 2023
General	\$ 11,205,822	\$ (4,535,712)	\$ 6,670,110
Working Cash	5,454,397	39,451	5,493,848
Special Reserve	8,684,654	5,954,020	14,638,674
	<u>\$ 25,344,873</u>	<u>\$ 1,457,759</u>	<u>\$ 26,802,632</u>

Budgetary Highlights

The Library's General Fund expended \$14,473,952 which was \$2,771,032 less than the appropriation of \$17,244,984. The appropriation sets the maximum spending limits for the fiscal year. Notable under-budget variances occurred in the area of salaries and benefits which was attributable to staff vacancies, and delays in hiring for budgeted positions. The planned renovation of the entire second floor of the Central branch also resulted in a reduction of other operating expenses such as material purchases, routine repairs and maintenance and utilities. At the end of Fiscal Year 2023, the board approved a transfer of \$8,000,000 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 the completion of the renovation of the second floor of the main Library branch as well as capital projects addressed in the most recent capital assessment reports for the main branch and satellite locations.

Capital Assets

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

	June 30,	
	2023	2022
Land	\$ 3,755,513	\$ 3,755,513
Artwork	168,989	168,989
Construction in Progress	1,426,232	-
Building and Improvements	33,585,409	33,585,409
Furniture and Equipment	4,515,103	3,836,277
Vehicles	70,648	70,648
Books and Library Materials	8,737,026	10,370,884
Cost of Capital Assets	52,258,920	51,787,720
Less Accumulated Depreciation	25,896,619	26,269,485
Net Capital Assets	<u>\$ 26,362,301</u>	<u>\$ 25,518,235</u>

Significant capital asset acquisitions during the year included the start of the second floor renovation at the main Library branch and 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, other than the completion of the planned renovation of the second floor of the Central branch in 2024.

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 Road, Schaumburg, Illinois 60193.

Basic Financial Statements

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY
GOVERNMENTAL FUNDS BALANCE SHEET
AND
STATEMENT OF NET POSITION
JUNE 30, 2023

	GENERAL FUND	WORKING CASH FUND	SPECIAL RESERVE FUND	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF NET POSITION
ASSETS						
Cash and Investments	\$ 7,147,442	\$ 5,493,848	\$ 14,689,910	\$ 27,331,200	\$ -	\$ 27,331,200
Receivables						
Property Tax, Net	8,618,041	-	-	8,618,041	-	8,618,041
Grants	192,259	-	-	192,259	-	192,259
Miscellaneous	132,250	-	-	132,250	-	132,250
Prepaid Items	151,271	-	-	151,271	-	151,271
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	26,362,301	26,362,301
Total Assets	\$ 16,241,263	\$ 5,493,848	\$ 14,689,910	\$ 36,425,021	26,362,301	62,787,322
LIABILITIES						
Accounts Payable	\$ 669,029	\$ -	\$ 51,236	\$ 720,265	\$ -	\$ 720,265
Accrued Payroll	284,083	-	-	284,083	-	284,083
Compensated Absences, Long-term	-	-	-	-	279,168	279,168
Total Liabilities	953,112	-	51,236	1,004,348	279,168	1,283,516
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	8,618,041	-	-	8,618,041	-	8,618,041
Total Liabilities and Deferred Inflows of Resources	9,571,153	-	51,236	9,622,389	279,168	9,901,557
FUND BALANCES / NET POSITION						
Fund Balances						
Nonspendable for Prepaid Items	151,271	-	-	151,271	(151,271)	-
Nonspendable for Working Cash	-	4,764,095	-	4,764,095	(4,764,095)	-
Committed for Capital Projects	-	-	14,638,674	14,638,674	(14,638,674)	-
Committed for Art Purchases and Special Projects	343,229	-	-	343,229	(343,229)	-
Assigned for Working Cash Purposes	-	729,753	-	729,753	(729,753)	-
Unassigned	6,175,610	-	-	6,175,610	(6,175,610)	-
Total Fund Balances	6,670,110	5,493,848	14,638,674	26,802,632	(26,802,632)	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 16,241,263	\$ 5,493,848	\$ 14,689,910	\$ 36,425,021		
Net Assets						
Net Investment in Capital Assets					25,937,744	25,937,744
Restricted					4,764,095	4,764,095
Unrestricted					22,183,926	22,183,926
Total Net Position					\$ 52,885,765	\$ 52,885,765

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, 2023

	GENERAL FUND	WORKING CASH FUND	SPECIAL RESERVE FUND	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$ 16,574,791	\$ -	\$ -	\$ 16,574,791	\$ -	\$ 16,574,791
Replacement Taxes	450,251	-	-	450,251	-	450,251
Investment Gains (Losses)	509,684	39,451	59,078	608,213	-	608,213
Fines and Fees	69,774	-	-	69,774	-	69,774
Intergovernmental Grants	236,148	-	-	236,148	-	236,148
Miscellaneous	97,592	-	-	97,592	-	97,592
Total Revenues	17,938,240	39,451	59,078	18,036,769	-	18,036,769
EXPENDITURES / EXPENSES						
Materials	1,569,193	-	-	1,569,193	(809,294)	759,899
Salaries and Benefits	10,336,524	-	-	10,336,524	27,982	10,364,506
Administration	2,568,235	-	-	2,568,235	-	2,568,235
Capital Improvements	-	-	2,105,058	2,105,058	(2,105,058)	-
Depreciation/Loss on Disposal of Asset	-	-	-	-	2,070,286	2,070,286
Total Expenditures / Expenses	14,473,952	-	2,105,058	16,579,010	(816,084)	15,762,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,464,288	39,451	(2,045,980)	1,457,759	816,084	-
OTHER FINANCING SOURCES (USES)						
Operating Transfers In (Out)	(8,000,000)	-	8,000,000	-	-	-
Net Change in Fund Balances	(4,535,712)	39,451	5,954,020	1,457,759	(1,457,759)	-
Change in Net Position	-	-	-	-	-	2,273,843
FUND BALANCES / NET POSITION						
Beginning of Year	11,205,822	5,454,397	8,684,654	25,344,873	25,267,049	50,611,922
End of Year	\$ 6,670,110	\$ 5,493,848	\$ 14,638,674	\$ 26,802,632	\$ 23,809,290	\$ 52,885,765

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

Notes to 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 the Working Cash Fund.

Notes to Financial Statements

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

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	10-50 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 books 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 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, 2023 are determined on the basis of current salary rates and include salary related payments.

H. Deferred Inflows of Resources

Deferred inflows of resources represent 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 Executive Director 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 balances within the General Fund which have not been classified within any of the above-mentioned categories. It is the policy of the Library Board to maintain an unassigned fund balance in the General Fund of 35-45% of the subsequent year's budgeted expenditures.

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 investment income and for temporary interfund loans as required by Illinois Compiled Statutes. The assigned fund balance for Working Cash purposes represents the investment income earned in the Working Cash Fund.

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 \$4,990,047 and the bank balance was \$5,218,019. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining \$4,718,019 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	4.62%	\$ 3,738,577	\$ 3,738,577
U.S. Agencies – Explicitly Guaranteed	.35%	100,000	99,328
U.S. T – Bills	4.99%	14,935,594	14,939,067
U.S. Treasury Notes	.25%	1,948,377	1,918,839
Municipal Bonds	.84%	545,155	544,288
Negotiable Certificates of Deposit	3.34%	1,100,000	1,099,154
		<u>\$ 22,367,703</u>	<u>\$ 22,339,253</u>

Custodial Credit Risk. 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. To limit its exposure, the investment policy requires that the investments are to be held by a third-party acting as the Library’s agent separate from where the investment was purchased.

Credit Risk. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits its exposure to credit risk by investing primarily in obligations guaranteed by the United States Government or its agencies. However, the Library’s investment policy does not specifically limit the Library to these types of investments. As of June 30, 2023, the Library’s investments were rated as follows:

Investment Type	Standard & Poor’s
Municipal Bonds	AA, AA+, AAA
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, 2023, 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. The Library manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to two years. As of June 30, 2023, the Library’s investments were maturing as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less Than One Year	1-2 Years
U.S. Agencies – Explicitly Guaranteed	\$ 99,328	\$ 99,328	\$ -
U.S. T – Bills	14,939,067	14,939,067	-
U.S. Treasury Notes	1,918,839	1,918,839	-
Municipal Bonds	544,288	544,288	-
Negotiable Certificates of Deposit	1,099,154	1,099,154	-
	<u>\$ 18,600,676</u>	<u>\$ 18,600,676</u>	<u>\$ -</u>

Notes to Financial Statements

Note 3: Property Tax Revenue Recognition

The Library's property tax was levied in September 2022 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, (the issue date in 2023 is November 1). Payment is due 30 days following these dates.

The 2022 property taxes attach as an enforceable lien on January 1, 2022. Tax payments are due on or about March 1 and August 1, (the due date in 2023 is December 1). Tax payments not received by the due date are deemed delinquent. Substantially all of the collected taxes are received by the Library between March 2023 and January 2024.

The second installment of the 2022 property tax levy is recorded as a receivable at June 30, 2023, net of estimated uncollectibles. The Library has provided an allowance for uncollectible 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 2024 operations and is reflected as deferred revenue at June 30, 2023.

Note 4: Capital Assets

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

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Capital assets, not being depreciated				
Land	\$ 3,755,513	\$ -	\$ -	\$ 3,755,513
Artwork	168,989	-	-	168,989
Construction in Progress	-	1,426,232	-	1,426,232
Total Capital Assets Not Being Depreciated	3,924,502	1,426,232	-	5,350,734
Capital assets, being depreciated				
Building and Improvements	33,585,409	-	-	33,585,409
Furniture and Equipment	3,836,277	678,826	-	4,515,103
Vehicles	70,648	-	-	70,648
Books and Library Materials	10,370,884	809,294	(2,443,152)	8,737,026
Total capital assets being depreciated	47,863,218	1,488,120	(2,443,152)	46,908,186
Less accumulated depreciation for				
Building and Improvements	(15,738,772)	(954,429)	-	(16,693,201)
Furniture and Equipment	(2,933,200)	(223,305)	-	(3,156,505)
Vehicles	(40,241)	(6,180)	-	(46,421)
Books and Library Materials	(7,557,272)	(886,372)	2,443,152	(6,000,492)
Total accumulated depreciation	(26,269,485)	(2,070,286)	2,443,152	(25,896,619)
Total capital assets being depreciated, net	21,593,733	(582,166)	-	21,011,567
Capital assets, net	\$ 25,518,235	\$ 844,066	\$ -	\$ 26,362,301

Notes to Financial Statements

Note 5: Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due In One Year
Compensated Absences	\$ 251,186	\$ 27,982	\$ -	\$ 279,168	\$ 279,168

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. The plan is voluntary for all employees except for part-time employees who were hired before January 1, 2011 and who opted out of social security. For the part-time employees who opted out of social security, the plan is mandatory. They contribute 3.75% and the Library contributes 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 (Mission Square Retirement) 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, 2023, the Library's matching contribution (expenditure) to the 457 plan was \$24,261.

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 a minimum of 37.5 hours per week), who have been employed for three months. For all eligible employees, the Library makes a 20% contribution of the employees' compensation for the employees who elected 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 are 100% vested after 5 years or reaching age 59 ½. For the year ending June 30, 2023, the Library contributed \$782,929 to the 401(a) Plan.

Note 8: Fund Balance

Committed Fund Balance

The Board has designated \$343,229 of the general fund balance for future art purchases. This money has been received through donations.

Notes to Financial Statements

Note 9: 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, 2023.

Note 10: 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.	\$ 26,362,301
Accrued compensated absences are recognized in governmental activities as they accrue.	<u>(279,168)</u>
	<u>\$ 26,083,133</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 capital outlays exceeded depreciation is \$844,066 (\$2,914,352 less \$2,070,286). In addition, the change in compensated absences of \$27,982 is eliminated from the statement of activities.

Note 11: Commitments

In 2023, the Library started a renovation of the entire second floor of the Central branch. The total cost of the renovation is expected to approximate \$11,050,000. As of June 30, 2023, the Board has approved various contracts related to the renovation totaling \$9,601,111. The Library has paid or accrued \$1,414,286 toward these commitments leaving a balance of \$8,186,825 due on the contracts.

Required Supplementary Information

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET AND APPROPRIATION	FINAL BUDGET AND APPROPRIATION	ACTUAL	VARIANCE
REVENUES				
Property Taxes	\$ 17,015,250	\$ 17,015,250	\$ 16,574,791	\$ (440,459)
Replacement Taxes	275,000	275,000	450,251	175,251
Investment Income	100,000	100,000	509,684	409,684
Fines and Fees	51,000	51,000	69,774	18,774
Intergovernmental Grants	199,102	199,102	236,148	37,046
Miscellaneous	34,000	34,000	97,592	63,592
Total Revenues	<u>17,674,352</u>	<u>17,674,352</u>	<u>17,938,240</u>	<u>263,888</u>
EXPENDITURES				
Materials				
Books-Adult	409,550	409,550	329,260	80,290
Books-Reference	64,575	64,575	41,734	22,841
Materials-Branch	214,677	214,677	190,022	24,655
Materials-Youth Services	223,335	223,335	204,821	18,514
Electronic Products	736,364	736,364	660,952	75,412
Serials	32,550	32,550	33,868	(1,318)
Popular Library Materials	124,950	124,950	108,536	16,414
Total Materials	<u>1,806,001</u>	<u>1,806,001</u>	<u>1,569,193</u>	<u>236,808</u>
Salaries and Benefits				
Popular Library Services	725,088	725,088	623,913	101,175
Business Office	1,324,722	1,324,722	1,113,780	210,942
Circulation	1,681,449	1,681,449	1,404,328	277,121
Extension Services	574,875	574,875	613,373	(38,498)
Reference	1,315,860	1,315,860	1,128,973	186,887
Adult Services	775,320	775,320	689,652	85,668
Youth Services	1,272,180	1,272,180	1,107,209	164,971
Computer Operations	610,313	610,313	434,173	176,140
Branch Libraries	862,680	862,680	691,256	171,424
Maintenance	465,192	465,192	320,975	144,217
Merit Salary Supplement	136,500	136,500	130,000	6,500
Personnel Benefits	2,399,482	2,399,482	2,078,892	320,590
Total Salaries and Benefits	<u>12,143,661</u>	<u>12,143,661</u>	<u>10,336,524</u>	<u>1,807,137</u>

(Continued)

Required Supplementary Information

SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

(Continued)

	ORIGINAL BUDGET AND APPROPRIATION	FINAL BUDGET AND APPROPRIATION	ACTUAL	VARIANCE
Administration				
Utilities	\$ 457,616	\$ 457,616	\$ 339,236	\$ 118,380
Insurance	269,693	269,693	207,202	62,491
Repairs and Maintenance	635,654	635,654	465,384	170,270
Equipment and Furniture	34,691	34,691	33,308	1,383
Library Supplies	299,166	299,166	243,609	55,557
Professional Fees	223,382	223,382	214,235	9,147
Professional Development	165,568	165,568	123,239	42,329
Public Library Information	175,765	175,765	162,358	13,407
Library Programs	292,373	292,373	247,010	45,363
Computer Operations	700,726	700,726	531,026	169,700
Legal Notice	788	788	-	788
Merchant Fees	3,150	3,150	1,628	1,522
Total Administration	<u>3,258,572</u>	<u>3,258,572</u>	<u>2,568,235</u>	<u>690,337</u>
Capital Improvements	<u>10,500</u>	<u>10,500</u>	-	<u>10,500</u>
Contingency	<u>26,250</u>	<u>26,250</u>	-	<u>26,250</u>
Total Expenditures	<u>17,244,984</u>	<u>17,244,984</u>	<u>14,473,952</u>	<u>2,771,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 429,368</u>	<u>\$ 429,368</u>	3,464,288	<u>\$ 3,034,920</u>
OTHER FINANCING SOURCES				
Operating Transfers In (Out)			<u>(8,000,000)</u>	
Net Change in Fund Balance			<u>\$ (4,535,712)</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.