

**SCHAUMBURG TOWNSHIP DISTRICT  
LIBRARY**

Schaumburg, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2018

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Schaumburg Township District Library  
Schaumburg, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Schaumburg Township District Library, as of and for the year ended June 30, 2018, 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.

### ***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.

### ***Auditors' 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 auditors' 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 Schaumburg Township District Library'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 Schaumburg Township District Library'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.

To the Board of Trustees  
Schaumburg Township District Library

### ***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, 2018 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schaumburg Township District Library's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Oak Brook, Illinois  
October 16, 2018

**SCHAUMBURG TOWNSHIP DISTRICT LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**PROFILE OF THE SCHAUMBURG TOWNSHIP DISTRICT LIBRARY**

The Schaumburg Township Public Library was formed in 1962. In 1988, the form of government was changed to that of a district library. The Library is governed by seven elected trustees and two appointed student advisory trustees. The current central library in Schaumburg was opened in 1998 and is over 166,000 square feet. There are two branch libraries; the current 9,700 square foot Hoffman Estates Branch Library opened in 2002, while the 9,000 square foot Hanover Park Branch Library opened in 2006. The Library currently has over 489,000 books and collection items, as well as just over 78,000 pieces of audio visual materials.

**FINANCIAL HIGHLIGHTS**

- The net position of the Library was \$46,091,282 at June 30, 2018.
- The Library's total net position increased by \$39,027 during the year.
- Expenses totaled \$15,875,569, an increase of .46% from the preceding year.
- At June 30, 2018 the Library's governmental funds reported a combined fund balance of \$19,945,241, compared to \$18,611,916 at June 30, 2017.
- For fiscal year ending June 30, 2018, the Library's General Fund reported revenues exceeding expenditures by \$1,988,598, comparing favorably to the budgeted surplus of \$29,057. Fund balance in the General Fund was \$6,665,467, representing 47% of expenditures.
- At June 30, 2018 the Library had \$5.5 million of fund balance in the Working Cash Fund and \$7.8 million of fund balance in the Special Reserve Fund.
- The Library does not offer a defined benefit pension plan to employees, so there is no unfunded pension obligation. The Library instead pays a fixed percentage of earnings into full-time employees' 401a accounts.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

In accordance with generally-accepted accounting principles, the Library presents its financial statements so as to offer two perspectives of its financial condition and results of operation. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the Library for specific purposes. Both perspectives (government-wide and individual fund) address likely user questions, provide a broad basis for comparison (year to year or government to government), and enhance the Library's accountability.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Library's assets, liabilities, and deferred outflows and inflows of resources, with the difference between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. The Statement of Activities presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues

See independent auditors' report.

and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Government-wide financial statements typically distinguish functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All of the Library's activities are considered governmental activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are considered governmental funds. The Library does not have any funds classified as proprietary or fiduciary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Reserve Fund, and Working Cash Fund.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 33.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Included in this report is a budgetary comparison statement for the General Fund, Special Reserve Fund, and the Working Cash Fund. Required supplemental information can be found on pages 34 through 38.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the Schaumburg Township District Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46,091,282 at June 30, 2018. This is an increase of \$39,027 over the prior year. Following is a table that shows the total net position of the Library as of June 30, 2018, with a comparison to the preceding fiscal year.

**Statement of Net Position  
As of June 30, 2018 and 2017**

Category	FY2018	FY2017	Increase (Decrease)
Current and Other Assets	\$27,026,554	\$25,198,871	\$1,827,683
Capital Assets (Net)	26,367,757	27,528,195	(1,160,438)
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	53,394,311	52,727,066	667,245
Current and Other Liabilities	707,349	359,926	347,423
Long-term Liabilities	221,716	186,347	35,369
Deferred Inflows of Resources	6,373,964	6,128,538	245,426
Total Liabilities and Deferred Inflows of Resources	7,303,029	6,674,811	628,218
Net Position:			
Net Investment in Capital Assets	26,367,757	27,528,195	(1,160,438)
Restricted	4,764,095	4,764,095	-
Unrestricted	14,959,430	13,759,965	1,199,465
Total Net Position	\$46,091,282	\$46,052,255	\$39,027

The value of Library assets at June 30, 2018 increased \$667,245 over the previous year. Cash and investments increased \$1,827,683 due to positive operating results. Capital assets, net of depreciation, decreased \$1,160,438 due to a net increase in asset retirements against capital asset additions.

Current liabilities increased \$347,423 due primarily to the timing of disbursements for outstanding payables at June 30, 2018. Accrued payroll also increased by about 24K. Long-term liabilities increased \$35,369 due to an increase in the compensated balance accrual at year end.

The Library's investment in capital assets (e.g., land, buildings, furniture & equipment, books & materials), less any related debt used to acquire those assets still outstanding, is still by far the largest portion of Library's net position. As of June 30, 2018, the net investment in capital assets totaled \$26,367,757, representing 57% of total net position. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be pointed out that there was no bonded debt outstanding at June 30, 2018.

Just under \$4.8 million of the Library's net position represents resources that are subject to restrictions on how they may be used. This amount reflects the working cash tax levy proceeds that cannot legally be spent. The remaining balance of unrestricted net position, \$14.9 million, may be used to meet the Library's ongoing obligations to citizens and creditors. Unrestricted net position increased by \$1,199,465 from the prior year.

See independent auditors' report.

## Activities

The table below summarizes the revenue and expenses of the Library's activities, with a comparison to the preceding year.

Net position increased by \$39,027 in the current year on revenues of \$15,914,596 and expenses of \$15,875,569.

**Changes in Net Position  
For the Fiscal Years Ended June 30, 2018 and 2017**

Category	FY2018	FY2017	Increase (Decrease)
Revenues			
Property and Replacement Taxes	\$15,230,228	\$15,219,081	\$11,147
Investment Income	253,168	120,194	132,974
Miscellaneous	45,823	184,716	(138,893)
Charges for Services	226,816	273,496	(46,680)
Operating Grants	158,561	100,991	57,570
Total Revenues	15,914,596	15,898,478	16,118
Expenses	15,875,569	15,803,310	72,259
Change in Net Position	39,027	95,168	(56,141)
Net Position – July 1	46,052,255	45,957,087	95,168
Net Position – June 30	\$46,091,282	\$46,052,255	\$39,027

Property and replacement tax revenue increased \$11,147 over 2017. Property tax revenue was up \$34,467 from the previous year. Replacement tax revenue was down \$23,320 from the previous year.

Investment income increased \$132,974 in FY2018. This increase can be attributed to interest rate hikes that occurred in FY18 in conjunction with 36K in unrealized gains on investments. The previous year surplus also allowed for an increase in principal investment.

Charges for services decreased \$46,680, or 17% over last year, due to decreases in both program revenue and fines and fees collected. These losses were offset slightly by increases in copy income.

Grant revenue in FY2018 from the Per Capita grant increased by around 60K from the previous year. In FY17, the state awarded only a portion of amounts awarded in previous years. In FY18 funding resumed back to historical funding levels. In FY2017, the library received a one time insurance reimbursement of 101K. There was no reimbursement in FY2018, resulting in a decrease in miscellaneous income.

Expenses totaled \$15.8 million in FY2018, which is consistent with the prior year. The more noteworthy expenditures include: computer purchases totaling 219K, a remodel of the fiction area at 81K, new furniture purchases of 210K, and larger scale building repairs of 97K.

See independent auditors' report.



## FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

### General Fund

The General Fund is the main operating fund of the Library. It accounts for all activities not required to be reported in a separate fund.

Fund balance in the General Fund increased by \$1,988,598 (before net transfers of \$1.5 million) during FY2018, comparing favorably to the surplus of \$29,057 that was budgeted. Revenues of \$15.8 million came in over budget by \$277,021, or 1.7%. Expenditures of \$13.9 million came in under budget by \$1.6 million, or 10.7%.

The table below summarizes General Fund revenues and expenditures, with a comparison to budget.

**General Fund Revenues, Expenditures and Changes in Fund Balance  
Fiscal Year Ended June 30, 2018**

	FY2018 Final Budget	FY2018 Actual	Variance (%)
Revenues			
Taxes	\$15,198,073	\$15,230,228	.21%
Intergovernmental	50,000	257,052	414
Fines and Forfeits	95,000	87,326	(8.0)
Investment Income	140,000	228,175	62.9
Miscellaneous	228,000	185,313	(19.0)
Total Revenues	15,711,073	15,988,094	1.8
Expenditures			
Library Materials	1,646,267	1,484,179	(9.8)
Administrative Expenditures	3,333,744	2,735,270	(17.9)
Personnel	10,624,005	9,770,293	(8.0)
Contingency	50,000	1,247	(97.5)
Capital Outlay	28,000	8,507	(69.6)
Total Expenditures	15,682,016	13,999,496	(10.7)
Excess of Revenues Over Expenditures	29,057	1,988,598	6743%
Transfer to Special Reserve Fund	0	(1,500,000)	-
Net Change in Fund Balance	29,057	488,598	1581%
Fund Balance – July 1, 2017	2,993,630	\$6,176,869	106 %
Fund Balance – June 30, 2018	\$3,022,687	\$6,665,467	121 %

Tax revenue of \$15.2 million came in .21% above budget estimates. This excess can be attributed to favorable variances relating to prior year tax appeals and refunds. Intergovernmental revenue of \$257,052 was above budget by 414%. Per Capita Grant revenue attributed to both FY2017 and FY2018 was received in FY2018. Fines and forfeits totaled \$87,326, came in at 8% below budget. The decrease in fines and forfeits can be attributed to an increase in circulation for electronic materials, as well as expanded renewal policies, that provide longer borrowing periods. Investment earnings of \$228,175 came in 62.9% above budget. Federal interest rate hikes during the year exceeded budget expectations. Unrealized market gains also contributed to favorable variances in investment income.

Expenditures of \$14 million came in \$1,682,520, or 10.7%, below budget. A total of \$1,484,179 was spent on library books and materials, which was 9.8% less than budget. Administrative costs of \$2.7 million came in 17.9% below budget, with the larger variances being realized in the areas of repair and maintenance, library supplies, and utilities. Personnel costs of \$9.7 million came in 8% below budget. Most of the variance in personnel costs can be attributed to delays in filling budgeted positions and lower than anticipated staffing requirements. Capital outlay of \$8,507 came in 69.6% below the 28K that was budgeted. Of the 25K budgeted for artwork purchases, only 8K was spent.

See independent auditors' report.

At the end of FY2018, there was a board authorization to transfer \$1,500,000 from the General Fund to the Special Reserve Fund to cover larger capital projects and repairs budgeted in 2018/2019. These projects include replacement of furniture throughout the library, as well as large scale building maintenance identified in a recent capital assessment.

**Special Reserve Fund**

The Special Reserve Fund was established to accumulate assets for future building improvements and major repairs. Fund balance decreased by \$666,375 before a \$1,500,000 transfer from the General Fund. This \$1,500,000 was transferred from the General Fund to the Special Reserve Fund to cover future capital expenditures. The net increase after the transfer was \$833,625, increasing the fund balance from \$6,939,807 to \$7,773,432. The fund’s investments increased in market value by \$13,891.

**Working Cash Fund**

The market value of investments held by the Working Cash Fund increased by \$11,102 during the year, resulting in the fund balance increasing from \$5,495,240 to \$5,506,342. The Library is legally obligated to retain \$4,764,095 in fund balance, while the remaining \$742,247 could be appropriated in an emergency.

**CAPITAL ASSETS**

Total capital assets of the Library are valued at \$49.1 million, compared to last year’s figure of \$48.9 million. Accumulated depreciation of \$22.7 million brings the net value of capital assets to \$26.4 million at June 30, 2018.

The following schedule reflects the Library’s capital asset balances at June 30, 2018, with a comparison to the preceding year.

**Capital Assets  
As of June 30, 2018 and 2017**

Category	FY2018	FY2017
Land	\$3,755,513	\$3,755,513
Artwork	168,989	168,989
Construction in Progress	46,643	0
Buildings and Building Improvements	29,866,979	29,866,979
Furniture and Equipment	3,120,232	3,035,076
Vehicles	60,333	60,333
Books and Library Materials	12,125,129	12,045,465
Total Capital Assets	49,143,818	48,932,355
Less: Accumulated Depreciation	22,776,061	21,404,160
Total Net Capital Assets	\$26,367,757	\$27,528,195

See independent auditors’ report.

The following table illustrates how total net capital assets decreased by \$1,160,438.

<b>Change in Capital Assets, Net of Depreciation FY2018</b>	
<b>Capital Assets Being Depreciated:</b>	
Construction in Progress	46,643
Furniture and Equipment/ Vehicles	85,156
Books and Materials	<u>\$924,873</u>
Sub-Total	1,056,672
Depreciation Expense (Net of Retirements)	(2,217,110)
<b>Total Change in Capital Assets (Net)</b>	<b>(\$1,160,438)</b>

The Fiction area was remodeled in FY2018. This remodel and related furniture upgrades totaled 132K. Depreciation offset these additions resulting in a net decrease of capital assets other than books and materials of \$1,019,458. Books and materials showed a net decrease of \$140,980. A total of 36,454 books and 8,015 audio visual materials were added to the Library’s collection during the year, while 23,048 books and 19,848 of audio visual materials were withdrawn from the collection. At June 30, 2018 the Library had 489,547 books and 78,593 audio visual materials in circulation. The cost of new additions to the Library’s collection came to \$924,873 and deletions totaled \$845,209.

More detailed information about capital assets can be found in Note II C. of the basic financial statements.

### **DEBT ADMINISTRATION**

At June 30, 2018 the Library had no more bonded debt, having paid off the final \$1,150,000 of its Series 2011 Refunding Bonds in December of 2012. The Library does not have any plans to issue any new debt in the foreseeable future.

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The tax base of the Library District remains strong due to the stabilization of the real estate market. The Library’s 2017 equalized assessed valuation (“EAV”) was \$4.5 billion, which is an increase from the previous year. The Library’s property tax rates are still well below the maximum allowed by Illinois law. The Library’s corporate levy tax rate, which funds the General Fund, was \$0.357 per \$100 of EAV, compared to the legal limit of \$0.600.

On July 16, 2018, the Library Board of Trustees approved the 2018/2019 management budget, which is the spending plan staff is expected to follow. The management budget shows a balanced budget in the General Fund, on revenues of \$16,008,433 and expenditures of \$16,008,433.

The 2018/2019 annual budget and appropriation ordinance, which is the legal authority to spend public funds, was passed by the Board of Trustees on August 20, 2018. The budget and appropriation ordinance is showing the General Fund with a deficit of \$750,000 due to the budgeting of an additional \$750,000 for contingencies from what was reflected in the management budget. The budget and appropriation ordinance maintains the \$5.5 million working cash fund. The ordinance authorizes the expenditure of \$692,854 out of the Building and Equipment Special Reserve Fund for capital projects and capital purchases, with \$7.1 million expected to be on hand at year-end.

See independent auditors’ report.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, customers, vendors, and creditors with a general overview of the Library District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Beth Valenziano, Director of Finance, Schaumburg Township District Library, 130 S. Roselle Road, Schaumburg, IL 60193.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

## STATEMENT OF NET POSITION As of June 30, 2018

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	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 20,305,403
Receivables (net)	
Property taxes	6,373,964
Accrued interest	62,391
Other	159,134
Prepaid items	125,662
Capital Assets	
Capital assets not being depreciated	3,971,145
Capital assets, net of accumulated depreciation	<u>22,396,612</u>
Total Assets	<u>53,394,311</u>
<b>LIABILITIES</b>	
Accounts payable	517,343
Accrued payroll	152,074
Unearned revenue	37,932
Noncurrent liabilities	
Due in more than one year	<u>221,716</u>
Total Liabilities	<u>929,065</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes levied for future periods	<u>6,373,964</u>
Total Deferred Inflows of Resources	<u>6,373,964</u>
<b>NET POSITION</b>	
Net investment in capital assets	26,367,757
Restricted for	
Working cash	4,764,095
Unrestricted	<u>14,959,430</u>
<b>TOTAL NET POSITION</b>	<u>\$ 46,091,282</u>

See accompanying notes to financial statements.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

### STATEMENT OF ACTIVITIES For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General government	\$ 15,875,569	\$ 226,816	\$ 158,561	\$ (15,490,192)
Total Governmental Activities	<u>\$ 15,875,569</u>	<u>\$ 226,816</u>	<u>\$ 158,561</u>	<u>\$ (15,490,192)</u>
General Revenues				
Taxes				
Property taxes				15,108,230
Replacement taxes				121,998
Investment income				253,168
Miscellaneous				<u>45,823</u>
Total General Revenues				<u>15,529,219</u>
<b>Change in net position</b>				39,027
NET POSITION - Beginning of Year				<u>46,052,255</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 46,091,282</u>

See accompanying notes to financial statements.

**SCHAUMBURG TOWNSHIP DISTRICT LIBRARY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2018

	<u>General</u>	<u>Working Cash</u>	<u>Special Reserve</u>
<b>ASSETS</b>			
Cash and investments	\$ 6,899,151	\$ 5,506,342	\$ 7,899,910
Receivables (net)			
Property taxes	6,373,964	-	-
Accrued interest	62,391	-	-
Other	159,134	-	-
Prepaid items	<u>125,662</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,620,302</u></b>	<b><u>\$ 5,506,342</u></b>	<b><u>\$ 7,899,910</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 390,865	\$ -	\$ 126,478
Accrued payroll	152,074	-	-
Unearned revenue	<u>37,932</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>580,871</u>	<u>-</u>	<u>126,478</u>
Deferred Inflows of Resources			
Property taxes levied for future periods	<u>6,373,964</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>6,373,964</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable for prepaid expenditures	125,662	-	-
Nonspendable for working cash	-	4,764,095	-
Committed for capital projects	-	-	7,773,432
Committed for art purchases and special projects	259,374	-	-
Assigned for working cash purposes	-	742,247	-
Unassigned	<u>6,280,431</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,665,467</u>	<u>5,506,342</u>	<u>7,773,432</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 13,620,302</u></b>	<b><u>\$ 5,506,342</u></b>	<b><u>\$ 7,899,910</u></b>

See accompanying notes to financial statements.

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Totals

\$ 20,305,403

6,373,964

62,391

159,134

125,662

\$ 27,026,554

\$ 517,343

152,074

37,932

707,349

6,373,964

6,373,964

125,662

4,764,095

7,773,432

259,374

742,247

6,280,431

19,945,241

\$ 27,026,554



## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of June 30, 2018

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Total Fund Balances - Governmental Funds \$ 19,945,241

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. 26,367,757

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences (221,716)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 46,091,282

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

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

For the Year Ended June 30, 2018

	General	Working Cash	Special Reserve	Totals
<b>REVENUES</b>				
Taxes	\$ 15,230,228	\$ -	\$ -	\$ 15,230,228
Intergovernmental	257,052	-	-	257,052
Fines, forfeitures and penalties	87,326	-	-	87,326
Investment income	228,175	11,102	13,891	253,168
Miscellaneous	185,313	-	-	185,313
Total Revenues	15,988,094	11,102	13,891	16,013,087
<b>EXPENDITURES</b>				
Current				
General government	13,990,989	-	453,609	14,444,598
Capital Outlay	8,507	-	226,657	235,164
Total Expenditures	13,999,496	-	680,266	14,679,762
Excess (deficiency) of revenues over expenditures	1,988,598	11,102	(666,375)	1,333,325
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,500,000	1,500,000
Transfers out	(1,500,000)	-	-	(1,500,000)
Total Other Financing Sources (Uses)	(1,500,000)	-	1,500,000	-
<b>Net Change in Fund Balances</b>	488,598	11,102	833,625	1,333,325
FUND BALANCES - Beginning of Year	6,176,869	5,495,240	6,939,807	18,611,916
<b>FUND BALANCES - END OF YEAR</b>	\$ 6,665,467	\$ 5,506,342	\$ 7,773,432	\$ 19,945,241

See accompanying notes to financial statements.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2018

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Net change in fund balances - total governmental funds	\$ 1,333,325
--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	235,164
Some items reported as capital outlay were not capitalized	(188,521)
Some items reported as operating expenditures in the fund financial statements are capitalized in the government-wide statements	1,010,029
Depreciation is reported in the government-wide financial statements	(2,217,110)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(98,491)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Compensated absences	<u>(35,369)</u>
--	-----------------

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 39,027</u></b>
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# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2018

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# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The Schaumburg Township District Library, Illinois (the Library) was incorporated in 1962. The Library is a district library, established under Illinois Compiled Statutes (ILCS), located in Cook County, Illinois. The Library is governed by an elected Board of Trustees.

The accounting policies of the Schaumburg Township District Library, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### **A. REPORTING ENTITY**

This report includes all of the funds of the Library. The reporting entity for the Library consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Library has not identified any organizations that meet this criteria.

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Library does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### ***Fund Financial Statements***

Financial statements of the Library are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

#### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the Library believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

- General Fund - accounts for the Library's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Working Cash Fund - used to account for funds used for working cash.
- Special Reserve Fund - used to account for and report financial resources that are committed to expenditures for capital projects.

### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

#### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

#### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Library is entitled the resources and the amounts are available. Amounts owed to the Library which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

#### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

#### ***1. Deposits and Investments***

Illinois Statutes authorize the Library to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***1. Deposits and Investments (cont.)***

The Library has adopted an investment policy. That policy follows the state statute for allowable investments.

#### **Interest Rate Risk**

The Library's investment policy seeks to ensure preservation of capital in the Library's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The Library's policy limits the maturities of investments purchased after the adoption date of the policy to no more than two years from the date of purchase, unless a temporary written extension of maturities is approved by the Board. In no event should an investment maturity exceed five years and no more than 35% of the value of the investment portfolio may be in securities with a final maturity longer than two years.

#### **Credit Risk**

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The Library's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

#### **Concentration of Credit Risk**

The Library's investment policy requires the Library to diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. In order to reduce the risk of default, the investment portfolio of the Library shall not exceed the following limits: 100% for U.S. Treasury obligations; 90% for U.S. Agency obligations; 75% for money market mutual funds; and 50% for state and local government bonds, certificates of deposit, Illinois Funds, and the Illinois Metropolitan Investment Fund.

#### **Custodial Credit Risk - Deposits**

The Library's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit.

#### **Custodial Credit Risk - Investments**

The Library's investment policy require all securities to be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts and a written custodial agreement.



# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **1. Deposits and Investments (cont.)**

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 investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the General Fund. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note II. A. for further information.

#### **2. Receivables**

Property taxes for levy year 2017 attaches as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2018 tax levy, which attached as an enforceable lien on the property as of January 1, 2018, has not been recorded as a receivable as of June 30, 2018, as the tax has not yet been levied by the Library and will not be levied until December 2018, and therefore, the levy is not measurable at June 30, 2018.

Tax bills for levy year 2017 are prepared by Cook County and issued on or about February 1, 2018 and July 1, 2018, and are payable in two installments, on or about March 1, 2018 and August 1, 2018 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2017 property tax levy is recognized as a receivable and deferred inflows in fiscal 2018, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At June 30, 2018, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2017 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 3 percent of outstanding property taxes at June 30, 2018.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

#### **3. Prepaid Items**

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

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **4. Capital Assets**

##### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets 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 position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	40 Years
Leasehold improvements	10 Years
Furniture	20 Years
Equipment	5-10 Years
Vehicles	8 Years
Books and library materials	3-7 Years

##### ***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.

#### **5. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources. As sick leave does not vest upon termination or retirement, no liability has been recorded.

Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at June 30, 2018, are determined on the basis of current salary rates and include salary related payments.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **6. Long-Term Obligations**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

#### **7. Deferred Inflows of Resources**

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

#### **8. Equity Classifications**

##### **Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

##### **Fund Statements**

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

---

## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **Fund Statements (cont.)**

- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the Library Board. 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.
- d. Assigned - 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 Finance to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other 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.

The Library considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Library would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

## NOTE II - DETAILED NOTES ON ALL FUNDS

### A. DEPOSITS AND INVESTMENTS

The Library's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 3,762,667	\$ 3,870,189	Custodial Credit Risk
U.S. agencies - explicitly guaranteed	1,995,180	1,995,180	Custodial Credit Risk, Interest Rate Risk
U.S. agencies - implicitly guaranteed	398,148	398,148	Credit Risk, Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Negotiable certificates of deposit	7,185,219	7,185,218	Credit Risk, Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk
U.S. treasury obligations	5,586,744	5,586,744	Custodial Credit Risk, Interest Rate Risk
Municipal bonds	1,375,370	1,375,370	Credit Risk, Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Petty cash	2,075	-	N/A
 Total Deposits and Investments	 <u>\$ 20,305,403</u>	 <u>\$ 20,410,849</u>	

Deposits in each local and area bank 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). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**SCHAUMBURG TOWNSHIP DISTRICT LIBRARY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

As of June 30, 2018, the Library's investments were measured using the market value approach and valuation inputs as follows:

Investment Type	June 30, 2018			
	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ -	\$ 2,393,328	\$ -	\$ 2,393,328
U.S. treasury obligations	5,586,744	-	-	5,586,744
Municipal bonds	-	1,375,370	-	1,375,370
Negotiable certificates of deposit	-	7,185,219	-	7,185,219
<b>Total</b>	<b>\$ 5,586,744</b>	<b>\$ 10,953,917</b>	<b>\$ -</b>	<b>\$ 16,540,661</b>

**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 to the Library.

The Library does not have any deposits exposed to custodial credit risk.

**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, 2018, the Library's investments were rated as follows:

Investment Type	Standard & Poors
U.S. agencies - implicitly guaranteed	AA+
Municipal bonds	AA- to AAA
Negotiable certificates of deposit	Not Rated

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

## NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

### A. DEPOSITS AND INVESTMENTS (cont.)

#### **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.

At June 30, 2018, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	US Agencies - implicitly guaranteed	12.06%

#### **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, 2018, the Library's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1 year	1-5 years
U.S. agencies	\$ 2,393,328	\$ 2,393,328	\$ -
Negotiable certificates of deposit	5,586,744	5,586,744	-
U.S. treasuries	1,375,370	1,107,041	268,329
Municipal bonds	7,185,219	4,465,639	2,719,580
Totals	<u>\$ 16,540,661</u>	<u>\$ 13,552,752</u>	<u>\$ 2,987,909</u>

See Note I.D.1. for further information on deposit and investment policies.

### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

### NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,755,513	\$ -	\$ -	\$ 3,755,513
Artwork	168,989	-	-	168,989
Construction in progress	-	46,643	-	46,643
Total Capital Assets Not Being depreciated	3,924,502	46,643	-	3,971,145
Capital assets being depreciated				
Buildings and building improvements	29,866,979	-	-	29,866,979
Furniture and equipment	3,035,076	85,156	-	3,120,232
Vehicles	60,333	-	-	60,333
Books and library materials	12,045,465	924,873	845,209	12,125,129
Total Capital Assets Being Depreciated	45,007,853	1,010,029	845,209	45,172,673
Total Capital Assets	48,932,355	1,056,672	845,209	49,143,818
Less: Accumulated depreciation for				
Buildings and building improvements	(11,582,333)	(775,599)	-	(12,357,932)
Furniture and equipment	(1,672,435)	(371,294)	-	(2,043,729)
Vehicles	(51,971)	(4,363)	-	(56,334)
Books and library materials	(8,097,421)	(1,065,854)	845,209	(8,318,066)
Total Accumulated depreciation	(21,404,160)	(2,217,110)	845,209	(22,776,061)
Net Capital Assets Being Depreciated	23,603,693	(1,207,081)	-	22,396,612
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 27,528,195	\$(1,160,438)	\$ -	\$ 26,367,757

#### D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Special Reserve Fund	General Fund	\$ 1,500,000	Transfer per fund balance policy
Total		\$ 1,500,000	



**SCHAUMBURG TOWNSHIP DISTRICT LIBRARY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

***D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS - (cont.)***

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

***E. LONG-TERM OBLIGATIONS***

Long-term obligations activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Other Liabilities					
Vested compensated absences	\$ 186,347	\$ 763,501	\$ 728,132	\$ 221,716	\$ -
Total Other Liabilities	<u>186,347</u>	<u>763,501</u>	<u>728,132</u>	<u>221,716</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 186,347</u>	<u>\$ 763,501</u>	<u>\$ 728,132</u>	<u>\$ 221,716</u>	<u>\$ -</u>

**NOTE III - OTHER INFORMATION**

***A. RISK MANAGEMENT***

The Library is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The Library participates in a public entity risk pool called to provide coverage for losses from directors and officers insurance, tort, property damage, and general liability. However, other risks, such as errors and omission, workers compensation, and health care of its employees are accounted for and financed by the Library in the General Fund.

***Public Entity Risk Pool***

***Library Insurance Management and Risk Control Combination (LIMRCC)***

The Library participates in Library Insurance Management and Risk Control Combination (LIMRCC), a public entity risk pool with the transfer of risk. The Library is responsible for an annual premium payment and the pool is responsible for administering the program. If funds are insufficient in the judgment of the pool, the pool may assess the members' additional equal payments. The Library's policy is to record any related expenditures in the year in which they are notified of any additional assessments. The Library is not aware of any additional assessments owed as of June 30, 2018. The Library also pays premiums to a third party insurance carrier for employee medical insurance.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

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## NOTE III - OTHER INFORMATION (cont.)

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### A. RISK MANAGEMENT (cont.)

#### *Public Entity Risk Pool* (cont.)

#### *Libraries of Illinois Risk Agency (LIRA)*

Beginning in December of 2013, the Library has become a member of the Libraries of Illinois Risk Agency (LIRA), a public entity risk pool with the transfer of risk. Like LIMRCC, the Library is responsible for an annual premium payment and the pool is responsible for administering the program. LIRA protects the Library against loss due to property damage, crime, and general liabilities.

### B. DEFERRED COMPENSATION

The Library offers its employees 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 plan. Effective January 1, 2011, the plan is mandatory only for part-time employees who opted not to participate in social security. Part-time employees with under five years of service are required to contribute 7.50% with no contribution from the Library. Part-time employees with five years of service or more are required to contribute 3.75% and the Library contributes the remaining 3.75%. Employees may make voluntary contributions to the plan. Effective January 1, 2011, participation in the plan is voluntary. All employees hired after January 1, 2011 are required to participate in Social Security as well as the employees who elected to enter into Social Security. The deferred compensation plan 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 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. Therefore, these assets are not recorded on the financial statements of the Library. For the year ended June 30, 2018, the Library's matching contribution (expenditure) to the 457 plan was \$50,379.

The plans are administered by the ICMA Retirement Corporation. The plans, available to all permanent Library employees, permit them to defer a portion of their current salary to all future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs.

On December 1, 1996, the Library amended the deferred compensation plans. Under the amendment, the assets of the plans are now held in trust (ICMA Retirement Corporation Deferred Compensation Plan and Trust) with the Library serving as trustee, for the exclusive benefit of the plans' participants and their beneficiaries. The assets cannot be diverted to any other purpose. The Library's beneficial ownership of the plan's assets held in the ICMA Retirement Trust is held for the future exclusive benefit of the participants and their beneficiaries.

# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2018

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## NOTE III - OTHER INFORMATION (cont.)

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### **C. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Periods*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

### **D. 401(A) PENSION PLAN**

Effective July 1, 1995, the Library established a defined contribution money purchase 401(a) pension plan to assist its full-time employees (employees working 37.5 hours per week) who have been employed three months in providing for their retirement needs. For all eligible employees, the Library makes a 20% contribution of their compensation for employees who elected not to enter into Social Security Coverage and a 13.8% contribution of their compensation for the employees who elected to enter into Social Security Coverage on January 1, 2011. Total payroll for the year ended June 30, 2018 was \$7,891,880. Payroll for participating employees for the period was \$4,649,908. During the year ended June 30, 2018, the Library contributed \$707,562 net of forfeitures to the plan which represents the employer contribution of eligible participant wages. The Library Board of Trustees have the authority to establish and amend the plan provisions.

**REQUIRED SUPPLEMENTARY INFORMATION**

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>		
<b>TAXES</b>		
Property	\$ 15,058,073	\$ 15,108,230
Personal Property Replacement Taxes	<u>140,000</u>	<u>121,998</u>
Total Taxes	<u>15,198,073</u>	<u>15,230,228</u>
<b>INTERGOVERNMENTAL</b>		
Per capita grant	<u>50,000</u>	<u>257,052</u>
Total Intergovernmental	<u>50,000</u>	<u>257,052</u>
<b>FINES AND FORFEITS</b>		
Fines, forfeitures and penalties	<u>95,000</u>	<u>87,326</u>
Total Fines and forfeits	<u>95,000</u>	<u>87,326</u>
<b>INVESTMENT INCOME</b>		
Investment income	<u>140,000</u>	<u>228,175</u>
Total Investment income	<u>140,000</u>	<u>228,175</u>
<b>MISCELLANEOUS</b>		
Miscellaneous non-operating income	<u>228,000</u>	<u>185,313</u>
Total miscellaneous	<u>228,000</u>	<u>185,313</u>
Total Revenues	<u>15,711,073</u>	<u>15,988,094</u>
<b>EXPENDITURES</b>		
<b>GENERAL GOVERNMENT</b>		
Library materials		
Books - adult	393,220	337,789
Books - reference	97,700	112,168
Materials - branch	200,954	181,058
Materials - youth service	186,840	192,743
Serials	43,000	27,364
Popular library materials	157,500	101,086
Electronic resources	<u>567,053</u>	<u>531,971</u>
Total library materials	<u>1,646,267</u>	<u>1,484,179</u>

See independent auditors' report and accompanying notes to required supplementary information.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2018

	Original and Final Budget	Actual
Administration		
Utilities	\$ 518,400	\$ 387,504
Insurance	194,500	178,277
Repairs and maintenance	530,674	393,006
Equipment and furniture	45,880	26,989
Library supplies	331,098	267,483
Professional fees	167,430	139,636
Professional development	241,525	209,576
Public library information	153,050	147,832
Library programs	236,287	215,238
Computer operations	912,900	769,229
Legal notices	2,000	500
Total administration	<u>3,333,744</u>	<u>2,735,270</u>
Personnel		
Popular library services	471,957	453,610
Business office	917,991	894,934
Circulation	1,543,764	1,399,960
Extension services	329,390	312,687
Reference	1,174,027	1,114,606
Adult services	791,734	747,447
Youth services	940,228	847,263
Computer operations	475,038	360,688
Branch libraries	927,590	884,078
Maintenance	359,542	346,873
Sunday hours	460,530	400,439
Merit salary supplement	130,000	129,295
Personnel benefits	2,102,214	1,878,413
Total personnel	<u>10,624,005</u>	<u>9,770,293</u>
Contingency		
Contingency	50,000	1,247
Total contingency	<u>50,000</u>	<u>1,247</u>
Total General government	<u>15,654,016</u>	<u>13,990,989</u>
<b>CAPITAL OUTLAY</b>		
Capital Outlay	28,000	8,507
Total Expenditures	<u>15,682,016</u>	<u>13,999,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,057</u>	<u>1,988,598</u>

See independent auditors' report and accompanying notes to required supplementary information.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2018

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	<u>Original and Final Budget</u>	<u>Actual</u>
<b>OTHER FINANCING SOURCES</b>		
Transfers out	\$ -	\$ (1,500,000)
Total Other Financing Sources	<u>-</u>	<u>(1,500,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 29,057</u>	488,598
FUND BALANCE - Beginning of Year		<u>6,176,869</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 6,665,467</u>

See independent auditors' report and accompanying notes to required supplementary information.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - WORKING CASH FUND  
For the Year Ended June 30, 2018

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	<u>Original and Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>		
Investment income	\$ -	\$ 11,102
Total Revenues	<u>-</u>	<u>11,102</u>
<b>EXPENDITURES</b>		
Total Expenditures	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	11,102
<b>FUND BALANCE - Beginning of Year</b>		<u>5,495,240</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 5,506,342</u>

See independent auditors' report and accompanying notes to required supplementary information.



# SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2018

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### ***BUDGETARY INFORMATION***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts are as originally adopted by the Library Board. All annual appropriations lapse at fiscal year end.

Prior to June 30, the Library Executive Director submits to the Library Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The Library is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the Library Board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the Fund level. The appropriated budget is prepared by fund, function, and department. The Library Board must approve revisions that transfer budget amounts between departments within any fund and alter the total expenditures of any fund.

## SCHAUMBURG TOWNSHIP DISTRICT LIBRARY

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL RESERVE FUND  
For the Year Ended June 30, 2018

	Original and Final Budget	Actual
<b>REVENUES</b>		
Investment income	\$ -	\$ 13,891
Total Revenues	-	13,891
<b>EXPENDITURES</b>		
Current:		
General government	495,458	453,609
Capital Outlay	240,588	226,657
Total Expenditures	736,046	680,266
Excess (deficiency) of revenues over (under) expenditures	(736,046)	(666,375)
<b>OTHER FINANCING USES</b>		
Transfers in	-	1,500,000
Total Other Financing Uses	-	1,500,000
<b>Net Change in Fund Balance</b>	\$ (736,046)	833,625
<b>FUND BALANCE - Beginning of Year</b>		6,939,807
<b>FUND BALANCE - END OF YEAR</b>		\$ 7,773,432