

**LINCOLNWOOD PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**



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## **Independent Auditor's Report**

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Board of Trustees  
Lincolnwood Public Library District  
Lincolnwood, Illinois

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

# Independent Auditor's Report

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5 and page 17 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincolnwood Public Library District's financial statements. The accompanying financial information listed as Additional Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*McCune, Inseena & Co., Chtd.*

September 23, 2019

## **Management's Discussion and Analysis**

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Management of Lincolnwood Public Library District provides this narrative overview and analysis for the fiscal year ended June 30, 2019. It is recommended that readers consider this information 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 District'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 District 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 policies to the government-wide statements.

### **Financial Highlights**

The District's total net position as of June 30, 2019 and 2018 were \$7,345,908 and \$7,495,598, respectively. For the years ended June 30, 2019 and 2018, net position (decreased)/increased (\$149,690) and \$82,293, 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 District are intended to provide the reader with an understanding of the financial position of the District 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 provide information on the District's assets and liabilities/deferred inflows of resources. The difference between these two represents governmental fund balances for the current financial resources reporting and net position for the government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenditures/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 District's revenues, expenditures and activities during the year and the corresponding effect on fund and net position balances. This statement shows the source of District 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 appropriation to actual revenues and expenditures.

### **Financial Analysis**

Net position may serve, over time, as a useful indicator of a government's financial position. The District's assets exceed liabilities/deferred inflows of resources by \$7,345,908 as of the close of the year. Of the net position balance, \$179,532 is restricted, \$2,123,409 is unrestricted and \$5,042,967 is the net investment in capital assets.

# Management's Discussion and Analysis

## Condensed Statement of Net Position

	June 30,	
	2019	2018
Current Assets	\$ 3,609,741	\$ 3,409,660
Capital Assets, net of Accumulated Depreciation	7,102,477	7,480,858
<b>Total Assets</b>	<b>10,712,218</b>	<b>10,890,518</b>
Current Liabilities	105,264	112,160
Non-Current Liabilities	2,059,510	2,225,253
<b>Total Liabilities</b>	<b>2,164,774</b>	<b>2,337,413</b>
Deferred Inflows of Resources	1,201,536	1,057,507
<b>Net Position</b>		
Net Investment in Capital Assets	5,042,967	5,255,605
Restricted	179,532	176,793
Unrestricted	2,123,409	2,063,200
<b>Total Net Position</b>	<b>\$ 7,345,908</b>	<b>\$ 7,495,598</b>

## Condensed Statement of Activities

	For Years Ended June 30,	
	2019	2018
<b>Revenues</b>		
Property Taxes	\$ 2,394,217	\$ 2,561,160
Grants	15,738	25,513
Fines, Fees and Other	14,719	15,488
Gifts and Memorials	555	325
Interest Income	35,216	19,066
<b>Total Revenues</b>	<b>2,460,445</b>	<b>2,621,552</b>
<b>Expenses</b>		
Library Materials	188,360	182,770
Supplies	33,434	39,526
Outside Services	66,147	32,460
Operating	151,916	140,594
Training and Development	30,933	29,532
Community Relations	27,327	27,227
Salaries and Benefits	1,212,310	1,224,039
Capital Equipment and Lease	36,444	42,721
Contingency and Other	1,945	1,568
Building Maintenance	115,113	94,701
Social Security	85,948	84,929
Liability Insurance	12,064	13,408
Audit	9,500	12,000
Special Reserve	58,250	39,324
Interest and Fees	51,124	54,324
Depreciation	529,320	520,136
<b>Total Expenses</b>	<b>2,610,135</b>	<b>2,539,259</b>
<b>Increase (Decrease) in Net Position</b>	<b>(149,690)</b>	<b>82,293</b>
Net Position, Beginning of Year	7,495,598	7,413,305
<b>Net Position, End of Year</b>	<b>\$ 7,345,908</b>	<b>\$ 7,495,598</b>

## Management's Discussion and Analysis

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

<u>Governmental Funds</u>	<u>Fund Balance June 30, 2018</u>	<u>Increase (Decrease)</u>	<u>Fund Balance June 30, 2019</u>
General	\$ 1,975,468	\$ (242,604)	\$ 1,732,864
Building Maintenance	98,843	(6,979)	91,864
Social Security	44,691	6,054	50,745
Liability Insurance	27,566	3,583	31,149
Audit	5,694	80	5,774
Special Reserve	148,381	291,750	440,131
	<u>\$ 2,300,643</u>	<u>\$ 51,884</u>	<u>\$ 2,352,527</u>

The General Fund transferred \$350,000 to the Special Reserve Fund.

### Budgetary Highlight

The District's General Fund expended \$2,127,686, which was \$973,704 less than the final appropriation of \$3,101,390.

### Capital Assets and Debt Administration

The following is a summary of capital assets on June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 829,514	\$ 829,514
Sculpture	18,000	18,000
Land Improvements	650,777	650,777
Building and Improvements	7,505,830	7,505,830
Furniture and Equipment	551,067	551,067
Computer Equipment	30,986	35,622
Books and Other Library Materials	905,348	884,631
Cost of Capital Assets	10,491,522	10,475,441
Less Accumulated Depreciation	<u>3,389,045</u>	<u>2,994,583</u>
Net Capital Assets	<u>\$ 7,102,477</u>	<u>\$ 7,480,858</u>

There were no significant capital asset purchases during the year. Note 4 on page 13 contains more detail on capital assets. During the year, the District retired \$160,000 in debt certificates bringing the outstanding balance to \$2,025,000. Note 5 on pages 13 and 14 contains more details.

### Description of Current or Expected Conditions

Presently, 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 District in the near future.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Library Director, Lincolnwood Public Library District, 4000 W. Pratt Avenue, Lincolnwood, Illinois 60712-3531.

# Basic Financial Statements

LINCOLNWOOD PUBLIC LIBRARY DISTRICT  
GOVERNMENTAL FUNDS BALANCE SHEET AND  
STATEMENT OF NET POSITION

JUNE 30, 2019

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF NET POSITION
<b>ASSETS</b>						
Cash	\$ 1,768,211	\$ 440,131	\$ 180,840	\$ 2,389,182	\$ -	\$ 2,389,182
Property Taxes Receivable, net of allowance of \$79,470	1,090,275	-	111,261	1,201,536	-	1,201,536
Grant Receivable	15,738	-	-	15,738	-	15,738
Prepaid Expenses	-	-	3,285	3,285	-	3,285
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	7,102,477	7,102,477
Total Assets	<u>\$ 2,874,224</u>	<u>\$ 440,131</u>	<u>\$ 295,386</u>	<u>\$ 3,609,741</u>	<u>7,102,477</u>	<u>10,712,218</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 10,647	\$ -	\$ 4,593	\$ 15,240	-	15,240
Accrued Salaries	40,438	-	-	40,438	-	40,438
Accrued Compensated Absences	-	-	-	-	40,286	40,286
Accrued Interest Payable	-	-	-	-	9,300	9,300
Long-Term Liabilities						
Due within one year	-	-	-	-	165,427	165,427
Due after one year	-	-	-	-	1,894,083	1,894,083
Total Liabilities	51,085	-	4,593	55,678	2,109,096	2,164,774
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Property Taxes	1,090,275	-	111,261	1,201,536	-	1,201,536
Total Liabilities and Deferred Inflows of Resources	<u>1,141,360</u>	<u>-</u>	<u>115,854</u>	<u>1,257,214</u>	<u>2,109,096</u>	<u>3,366,310</u>
<b>FUND BALANCES / NET POSITION</b>						
<b>Fund Balances</b>						
Nonspendable Prepaid Expenses	-	-	3,285	3,285	(3,285)	-
Restricted for Statutory Purposes	-	-	176,247	176,247	(176,247)	-
Committed for Capital Projects	-	440,131	-	440,131	(440,131)	-
Unassigned	1,732,864	-	-	1,732,864	(1,732,864)	-
Total Fund Balances	<u>1,732,864</u>	<u>440,131</u>	<u>179,532</u>	<u>2,352,527</u>	<u>(2,352,527)</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,874,224</u>	<u>\$ 440,131</u>	<u>\$ 295,386</u>	<u>\$ 3,609,741</u>		
<b>Net Position</b>						
Net Investment in Capital Assets					5,042,967	5,042,967
Restricted					179,532	179,532
Unrestricted					2,123,409	2,123,409
Total Net Position					<u>\$ 7,345,908</u>	<u>\$ 7,345,908</u>

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



# Basic Financial Statements

## LINCOLNWOOD PUBLIC LIBRARY DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>						
Property Taxes	\$ 2,171,780	\$ -	\$ 222,437	\$ 2,394,217	\$ -	\$ 2,394,217
Grants	15,738	-	-	15,738	-	15,738
Fines, Fees and Other	14,719	-	-	14,719	-	14,719
Gifts and Memorials	555	-	-	555	-	555
Interest Income	32,290	-	2,926	35,216	-	35,216
<b>Total Revenues</b>	<b>2,235,082</b>	<b>-</b>	<b>225,363</b>	<b>2,460,445</b>	<b>-</b>	<b>2,460,445</b>
<b>EXPENDITURES / EXPENSES</b>						
Library Materials	339,299	-	-	339,299	(150,939)	188,360
Supplies	33,434	-	-	33,434	-	33,434
Outside Services	66,147	-	-	66,147	-	66,147
Operating	151,916	-	-	151,916	-	151,916
Training and Development	30,933	-	-	30,933	-	30,933
Community Relations	27,327	-	-	27,327	-	27,327
Salaries and Benefits	1,222,841	-	-	1,222,841	(10,531)	1,212,310
Capital Equipment and Lease	36,444	-	-	36,444	-	36,444
Contingency and Other	1,945	-	-	1,945	-	1,945
Building Maintenance	-	-	115,113	115,113	-	115,113
Social Security	-	-	85,948	85,948	-	85,948
Liability Insurance	-	-	12,064	12,064	-	12,064
Audit	-	-	9,500	9,500	-	9,500
Special Reserve	-	58,250	-	58,250	-	58,250
Debt Certificate Principal	160,000	-	-	160,000	(160,000)	-
Interest and Fees	57,400	-	-	57,400	(6,276)	51,124
Depreciation	-	-	-	-	529,320	529,320
<b>Total Expenditures / Expenses</b>	<b>2,127,686</b>	<b>58,250</b>	<b>222,625</b>	<b>2,408,561</b>	<b>201,574</b>	<b>2,610,135</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,396	(58,250)	2,738	51,884	(201,574)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfer	(350,000)	350,000	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(242,604)</b>	<b>291,750</b>	<b>2,738</b>	<b>51,884</b>	<b>(51,884)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(149,690)</b>	<b>(149,690)</b>
<b>FUND BALANCES / NET POSITION</b>						
Beginning of Year	1,975,468	148,381	176,794	2,300,643	5,194,955	7,495,598
End of Year	\$ 1,732,864	\$ 440,131	\$ 179,532	\$ 2,352,527	\$ 4,993,381	\$ 7,345,908

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

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

The financial statements of Lincolnwood Public Library District (District) 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 District's accounting policies are described below.

#### A. Reporting Entity

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

The District 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 District (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 District 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 Position 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 District functions or activities.

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

General Fund Type - The General Fund is the general operating fund of the District. 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

**Note 1: Summary of Significant Accounting Policies (Continued)**

restricted to expenditures for specified purposes. The special revenue funds of the District are: Building Maintenance, Social Security, Liability Insurance and Audit.

Capital Projects Fund Type - Used to account for the acquisition of capital assets or construction of major capital projects. The Special Reserve Fund is used in this fund type.

**C. Basis of Accounting**

The government-wide statements (the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are prepared using the current financial measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

For the 2018 property tax levy, Cook County has accelerated collections of taxes so that a substantial amount of property taxes receivable at year end are now collected within 60 days after year end. The District has not treated these funds as being available for the year ended June 30, 2019, since in years past the second installment of the tax levy has been received far beyond 60 days after year end and the District has designated the second installment for the subsequent year budget. As such, the entire property tax receivable at year end has been treated as deferred inflows of resources.

The District reports deferred inflows of resources on its balance sheet and statement of net position. Deferred inflows of resources arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and statement of net position and revenue is recognized.

**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. Project-length financial plans are adopted for all capital projects funds.

**E. Cash and Cash Investments**

Cash includes amounts in demand deposits. Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ICLS 30, 235-2, e), 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.

#### 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 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 of depreciation. The range of estimated useful lives by type of asset is as follows:

Land Improvements	10-20 years
Building and Improvements	5-40 years
Furniture and Equipment	5-20 years
Computer Equipment	3-5 years
Books and Other Library Materials	7 years

Effective July 1, 2005, the minimum capitalization threshold is any item with a total cost greater than \$2,500, except for books and other library materials. Prior to July 1, 2005, the amount was \$1,000.

##### *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 District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid, accumulated sick leave. Vacation pay is expected be liquidated with expendable available financial resources and is reported as an expenditure and a liability in the government-wide statements.

**Note 1: Summary of Significant Accounting Policies (Continued)**

**H. Deferred Inflows of Resources**

The District follows GASB Statement 65 which pertains to classification of certain items previously reported as assets and liabilities. The District has only one type of item, under the modified accrual basis of accounting, which is affected by this change in classification; deferred property taxes. Deferred property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather deferred property taxes represent a future recognition of revenue, therefore are classified as deferred inflows of resources.

**I. Interfund Transactions**

Interfund transfers between the General Fund and the Special Reserve Fund are reported as operating transfers. The purpose of these transfers is to accumulate resources for future capital acquisitions.

**J. Fund Equity**

The District follows 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 inventory) 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; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board of trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of trustees or management through adoption or amendment of the budget as intended for specific purpose.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

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

#### **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.

#### **L. Long-Term Obligations**

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums are deferred and amortized over the life of the bonds using a weighted average. Bonds payable are reported including the applicable bond premium.

#### **M. Interest Income Allocation**

The District does not allocate interest income to the Special Reserve Fund.

### **Note 2: Deposits**

At year-end, the carrying amount of the District's deposits, excluding petty cash of \$300, was \$2,388,882 and the bank balance was \$2,403,325. The entire bank balance was covered by federal depository insurance (\$500,000) and a \$1,903,325 letter of credit held with the Federal Home Loan Bank of Chicago.

### **Note 3: Property Taxes**

Property taxes for 2018 attached as an enforceable lien on property as of January 1, 2018. They were levied in October 2018 by passage of a Tax Levy Ordinance. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received in February, March, July and August. The County of Cook collects such taxes and remits them periodically during the period of February 2019 through January 2020. The second installment of the 2018 property tax levy is recorded as a receivable and deferred inflows of resources at June 30, 2019 net of estimated uncollectibles. The District has provided an allowance for uncollectible real property taxes equivalent to 3% 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 year ending June 30, 2020 operations and is reflected as deferred inflows of resources at June 30, 2019.

## Notes to Financial Statements

### Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 829,514	\$ -	\$ -	\$ 829,514
Sculpture	18,000	-	-	18,000
Total capital assets not being depreciated	<u>847,514</u>	<u>-</u>	<u>-</u>	<u>847,514</u>
Capital assets, being depreciated				
Land Improvements	650,777	-	-	650,777
Building and Improvements	7,505,830	-	-	7,505,830
Furniture and Equipment	551,067	-	-	551,067
Computer Equipment	35,622	-	(4,636)	30,986
Books and Other Library Materials	884,631	150,939	(130,222)	905,348
Total capital assets being depreciated	<u>9,627,927</u>	<u>150,939</u>	<u>(134,858)</u>	<u>9,644,008</u>
Less accumulated depreciation for				
Land Improvements	292,512	32,829	-	325,341
Building and Improvements	2,216,297	306,595	-	2,522,892
Furniture and Equipment	77,251	46,128	-	123,379
Computer Equipment	23,356	7,492	(4,636)	26,212
Books and Other Library Materials	385,167	136,276	(130,222)	391,221
Total accumulated depreciation	<u>2,994,583</u>	<u>529,320</u>	<u>(134,858)</u>	<u>3,389,045</u>
Total capital assets being depreciated, net	<u>6,633,344</u>	<u>(378,381)</u>	<u>-</u>	<u>6,254,963</u>
Capital assets, net	<u>\$ 7,480,858</u>	<u>\$ (378,381)</u>	<u>\$ -</u>	<u>\$ 7,102,477</u>

### Note 5: Long-Term Debt

Debt Certificates to a Bank. The District issued debt certificates in 2016 to provide funds to finance a renovation project at the library. The debt certificates have been designated as term certificates and have mandatory sinking fund payments due through November 1, 2029. There is a call option on November 1, 2024.

Long-term debt consists of the following debt certificates:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due In One Year
\$2,490,000 thirteen year debt certificates dated May 3, 2016 with interest rates of 2.0% and 3.0%.	\$ 2,185,000	\$ -	\$ (160,000)	\$ 2,025,000	\$ 160,000
Plus (Minus) Deferred Amounts For Issuance Premium	40,253	-	(5,743)	34,510	5,427
	<u>\$ 2,225,253</u>	<u>\$ -</u>	<u>\$ (165,743)</u>	<u>\$ 2,059,510</u>	<u>\$ 165,427</u>

## Notes to Financial Statements

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### Note 5: Long-Term Debt (Continued)

Annual debt service requirements to maturity for debt certificates, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>
2020	\$ 160,000	\$ 54,200	\$ 214,200	2.00%
2021	165,000	50,950	215,950	2.00%
2022	170,000	47,600	217,600	2.00%
2023	170,000	43,350	213,350	3.00%
2024	175,000	38,175	213,175	3.00%
2025	185,000	32,775	217,775	3.00%
2026	190,000	27,150	217,150	3.00%
2027	195,000	21,375	216,375	3.00%
2028	200,000	15,450	215,450	3.00%
2029	205,000	9,375	214,375	3.00%
2030	<u>210,000</u>	<u>3,150</u>	<u>213,150</u>	3.00%
Total	<u>\$ 2,025,000</u>	<u>\$ 343,550</u>	<u>\$ 2,368,550</u>	

### Note 6: Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan (Schwab Personal Choice Retirement Account), available to all full time employees, permits them to defer a portion of their salary until future years.

Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation are deferred under the plan or held in trust on behalf of the employees and are fully vested. Accordingly, the assets are not reported in these financial statements. Furthermore, the District made contributions of either 5% or 10% of the eligible employee's compensation, depending on their employee classification. This feature is available to all full time employees with one year of service (earlier for the Director and department heads). For the year ended June 30, 2019, the District contributed \$64,460 to the deferred compensation plan, whereas employees contributed \$17,009.

### Note 7: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements did not exceed coverage during the year.

### Note 8: Operating Leases

The District is committed under a lease for photocopy equipment. The lease is considered for accounting purposes to be an operating lease.



## Notes to Financial Statements

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### Note 8: Operating Leases (Continued)

Lease expenditures for the year ended June 30, 2019 amounted to \$4,532. Future minimum lease payments for the equipment lease are as follows:

Year Ending June 30	
2020	\$ 3,981
2021	3,980
2022	3,981
2023	3,980
2024	<u>2,985</u>
	<u>\$ 18,907</u>

### Note 9: Jointly Governed Organization

The District participates in Cooperative Computer Services (CCS). CCS is an intergovernmental instrumentality formed by library members of the former North Suburban Library System and exists to administer a jointly owned integrated library automation system. CCS's governing board is comprised of one member from each participating library. No participant has any obligation, entitlement, or residual interest in CCS. In order to terminate membership in CCS, member libraries must provide one-year notice of termination. The District's expenditures to CCS for the year ended June 30, 2019 were \$69,020. The District received a \$6,000 rebate during the year as well.

### Note 10: Adjustments

Amounts reported in the statement of net position are different from the governmental funds balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 7,102,477
Accrued compensated absences are recognized in governmental activities as they accrue.	(40,286)
Interest payable is recognized in governmental activities as it accrues.	(9,300)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	<u>(2,059,510)</u>
	<u>\$ 4,993,381</u>

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays is \$378,381 (\$529,320 less \$150,939). Also, there is a change in accrued compensated

## **Notes to Financial Statements**

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### **Note 10: Adjustments (Continued)**

absences of \$10,531. Furthermore there was a change in accrued interest payable of \$533 and amortization of debt premium of \$5,743. Finally, there was a debt certificate payment of \$160,000.

### **Note 11: Commitment**

The District awarded a bid to replace windows for \$246,180. This project will be performed during the year ending June 30, 2020.

**Required Supplementary Information**

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
REVENUES			
Property Taxes	2,345,100	\$ 2,345,100	\$ 2,171,780
Fines, Fees, Grants, Gifts and Other	28,700	28,700	31,012
Interest Income	10,100	10,100	32,290
Total Revenues	<u>2,383,900</u>	<u>2,383,900</u>	<u>2,235,082</u>
EXPENDITURES			
Library Materials	462,320	462,320	339,299
Supplies	41,990	41,990	33,434
Outside Services	73,970	73,970	66,147
Operating	206,635	206,635	151,916
Training and Development	45,045	45,045	30,933
Community Relations	39,130	39,130	27,327
Salaries and Benefits	1,735,500	1,735,500	1,222,841
Capital Equipment and Lease	63,830	63,830	36,444
Debt Service	283,075	283,075	217,400
Contingency and Other	149,895	149,895	1,945
Total Expenditures	<u>3,101,390</u>	<u>3,101,390</u>	<u>2,127,686</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (717,490)</u>	<u>\$ (717,490)</u>	<u>\$ 107,396</u>

Budgets are adopted on a basis consistent with generally accepted accounting principles.  
All annual appropriations lapse at fiscal year end.

**Additional Information****LINCOLNWOOD PUBLIC LIBRARY DISTRICT****OTHER FUNDS****COMBINING BALANCE SHEET**

JUNE 30, 2019

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTAL</u>
<b>ASSETS</b>					
Cash	\$ 95,970	\$ 50,745	\$ 28,351	\$ 5,774	\$ 180,840
Property Taxes Receivable	56,952	43,256	6,848	4,205	111,261
Prepaid Expenses	-	-	3,285	-	3,285
Total Assets	<u>\$ 152,922</u>	<u>\$ 94,001</u>	<u>\$ 38,484</u>	<u>\$ 9,979</u>	<u>\$ 295,386</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,106	\$ -	\$ 487	\$ -	\$ 4,593
Accrued Wages	-	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes	56,952	43,256	6,848	4,205	111,261
Total Liabilities and Deferred Inflows of Resources	<u>61,058</u>	<u>43,256</u>	<u>7,335</u>	<u>4,205</u>	<u>115,854</u>
<b>FUND BALANCES</b>					
Nonspendable Prepaid Expenses	-	-	3,285	-	3,285
Restricted	91,864	50,745	27,864	5,774	176,247
Total Fund Balances	<u>91,864</u>	<u>50,745</u>	<u>31,149</u>	<u>5,774</u>	<u>179,532</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 152,922</u>	<u>\$ 94,001</u>	<u>\$ 38,484</u>	<u>\$ 9,979</u>	<u>\$ 295,386</u>

**Additional Information**

## LINCOLNWOOD PUBLIC LIBRARY DISTRICT

## OTHER FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTALS</u>
REVENUES					
Property Taxes	\$ 106,489	\$ 91,100	\$ 15,319	\$ 9,529	\$ 222,437
Other	-	-	-	-	-
Interest Income	<u>1,645</u>	<u>902</u>	<u>328</u>	<u>51</u>	<u>2,926</u>
Total Revenues	<u>108,134</u>	<u>92,002</u>	<u>15,647</u>	<u>9,580</u>	<u>225,363</u>
EXPENDITURES					
Building Maintenance	115,113	-	-	-	115,113
Social Security	-	85,948	-	-	85,948
Liability Insurance	-	-	12,064	-	12,064
Audit	-	-	-	9,500	9,500
Total Expenditures	<u>115,113</u>	<u>85,948</u>	<u>12,064</u>	<u>9,500</u>	<u>222,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,979)	6,054	3,583	80	2,738
FUND BALANCES					
Beginning of Year	<u>98,843</u>	<u>44,691</u>	<u>27,566</u>	<u>5,694</u>	<u>176,794</u>
End of Year	<u>\$ 91,864</u>	<u>\$ 50,745</u>	<u>\$ 31,149</u>	<u>\$ 5,774</u>	<u>\$ 179,532</u>