

**LINCOLNWOOD PUBLIC
LIBRARY DISTRICT**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022



Contents

INDEPENDENT AUDITOR'S REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet and Statement of Net Position.....	7
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities.....	8
Notes to Financial Statements.....	9
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Schedule of Revenues and Expenditures - Budget and Actual.....	17
SUPPLEMENTARY INFORMATION	
Other Funds - Combining Balance Sheet.....	18
Other Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	19

Independent Auditor's Report

Board of Trustees
Lincolnwood Public Library District
Lincolnwood, Illinois

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise Lincolnwood Public Library District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincolnwood Public Library District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lincolnwood Public Library District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincolnwood Public Library District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4 through 6 and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying financial information listed as Supplementary Information 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

Independent Auditor's Report

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 financial statements as a whole.

October 18, 2022

ATA Group, LLP

Management's Discussion and Analysis

Management of Lincolnwood Public Library District provides this narrative overview and analysis for the fiscal year ended June 30, 2022. 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 financial statements to the government-wide statements.

Financial Highlights

The District's total net position as of June 30, 2022 and 2021 were \$7,733,165 and \$7,451,142, respectively. For the years ended June 30, 2022 and 2021, net position increased \$282,023 and \$55,143, 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 \$7,733,165 as of the close of the year. Of the net position balance, \$265,533 is restricted, \$2,729,446 is unrestricted and \$4,738,186 is the net investment in capital assets.

Management's Discussion and Analysis

Condensed Statement of Net Position

	June 30,	
	2022	2021
Current Assets	\$ 4,670,696	\$ 4,153,313
Capital Assets, net of Accumulated Depreciation	6,287,364	6,549,318
Total Assets	<u>10,958,060</u>	<u>10,702,631</u>
Current Liabilities	169,050	167,688
Non-Current Liabilities	1,549,178	1,723,972
Total Liabilities	<u>1,718,228</u>	<u>1,891,660</u>
Deferred Inflows of Resources	<u>1,506,667</u>	<u>1,359,829</u>
Net Position		
Net Investment in Capital Assets	4,738,186	4,825,346
Restricted	265,533	199,395
Unrestricted	2,729,446	2,426,401
Total Net Position	<u>\$ 7,733,165</u>	<u>\$ 7,451,142</u>

Condensed Statement of Activities

	For Years Ended June 30,	
	2022	2021
Revenues		
Property Taxes	\$ 3,005,685	\$ 2,674,549
Grants	58,848	23,570
Fines, Fees and Other	5,906	1,656
Gifts and Memorials	650	200
Interest Income	2,069	3,439
Total Revenues	<u>3,073,158</u>	<u>2,703,414</u>
Expenses		
Library Materials	194,647	176,486
Supplies	27,863	23,750
Outside Services	54,604	39,214
Operating	147,223	156,103
Training and Development	37,962	29,926
Community Relations	31,680	30,620
Salaries and Benefits	1,387,027	1,292,409
Capital Equipment	41,193	37,551
Contingency and Other	1,370	3,082
Building Maintenance	112,272	127,972
Social Security	95,984	83,857
Liability Insurance	28,725	22,208
Audit	9,900	9,600
Special Reserve	51,312	24,465
Interest and Fees	42,639	45,689
Depreciation	526,734	545,339
Total Expenses	<u>2,791,135</u>	<u>2,648,271</u>
Increase (Decrease) in Net Position	282,023	55,143
Net Position, Beginning of Year	7,451,142	7,395,999
Net Position, End of Year	<u>\$ 7,733,165</u>	<u>\$ 7,451,142</u>

Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended June 30, 2022:

Governmental Funds	Fund Balance June 30, 2021	Increase (Decrease)	Fund Balance June 30, 2022
General	\$ 2,054,114	\$ 136,585	\$ 2,190,699
Building Maintenance	103,481	39,613	143,094
Social Security	78,988	26,410	105,398
Liability Insurance	12,865	(1,133)	11,732
Audit	4,061	1,248	5,309
Special Reserve	441,688	165,643	607,331
	<u>\$ 2,695,197</u>	<u>\$ 368,366</u>	<u>\$ 3,063,563</u>

During the fiscal year, the General Fund transferred \$300,000 to the Special Reserve Fund.

Budgetary Highlight

The District's General Fund expended \$2,299,154, which was \$943,646 less than the final appropriation of \$3,242,800.

Capital Assets and Debt Administration

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

	2022	2021
Land	\$ 829,514	\$ 829,514
Sculpture	18,000	18,000
Land Improvements	650,777	650,777
Building and Improvements	7,784,974	7,730,710
Furniture and Equipment	646,279	586,576
Computer Equipment	49,131	40,683
Books and Other Library Materials	871,288	843,785
Cost of Capital Assets	10,849,963	10,700,045
Less Accumulated Depreciation	4,562,599	4,150,727
Net Capital Assets	<u>\$ 6,287,364</u>	<u>\$ 6,549,318</u>

Significant capital asset purchases during the year include building improvements and furniture. Note 4 on page 14 contains more detail on capital assets. During the year, the District retired \$170,000 in debt certificates bringing the outstanding balance to \$1,530,000. Note 5 on pages 14 and 15 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, 2022

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET POSITION
ASSETS						
Cash	\$ 2,183,744	\$ 616,134	\$ 254,073	\$ 3,053,951	\$ -	\$ 3,053,951
Deposit with Payroll Company	45,151	-	-	45,151	-	45,151
Property Taxes Receivable, net of allowance of \$94,794	1,346,474	-	160,193	1,506,667	-	1,506,667
Other Receivables	34,448	11,559	-	46,007	-	46,007
Due from Other Fund	6,008	-	-	6,008	(6,008)	-
Prepaid Expenses	-	-	18,920	18,920	-	18,920
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	6,287,364	6,287,364
Total Assets	\$ 3,615,825	\$ 627,693	\$ 433,186	\$ 4,676,704	6,281,356	10,958,060
LIABILITIES						
Accounts Payable	\$ 15,517	\$ 20,362	\$ 1,452	\$ 37,331	-	37,331
Accrued Salaries	63,135	-	-	63,135	-	63,135
Accrued Compensated Absences	-	-	-	-	60,934	60,934
Accrued Interest Payable	-	-	-	-	7,650	7,650
Due to Other Fund	-	-	6,008	6,008	(6,008)	-
Long-Term Liabilities						
Due within one year	-	-	-	-	174,373	174,373
Due after one year	-	-	-	-	1,374,805	1,374,805
Total Liabilities	78,652	20,362	7,460	106,474	1,611,754	1,718,228
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	1,346,474	-	160,193	1,506,667	-	1,506,667
Total Liabilities and Deferred Inflows of Resources	1,425,126	20,362	167,653	1,613,141	1,611,754	3,224,895
FUND BALANCES / NET POSITION						
Fund Balances						
Restricted for Statutory Purposes	-	-	265,533	265,533	(265,533)	-
Committed for Capital Projects	-	607,331	-	607,331	(607,331)	-
Unassigned	2,190,699	-	-	2,190,699	(2,190,699)	-
Total Fund Balances	2,190,699	607,331	265,533	3,063,563	(3,063,563)	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,615,825	\$ 627,693	\$ 433,186	\$ 4,676,704		
Net Position						
Net Investment in Capital Assets					4,738,186	4,738,186
Restricted					265,533	265,533
Unrestricted					2,729,446	2,729,446
Total Net Position					\$ 7,733,165	\$ 7,733,165

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, 2022

	GENERAL FUND	SPECIAL RESERVE FUND	OTHER FUNDS	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES						
Property Taxes	\$2,692,829	\$ -	\$ 312,856	\$ 3,005,685	\$ -	\$ 3,005,685
Grants	34,448	24,400	-	58,848	-	58,848
Fines, Fees and Other	5,906	-	-	5,906	-	5,906
Gifts and Memorials	650	-	-	650	-	650
Interest Income	1,906	-	163	2,069	-	2,069
Total Revenues	<u>2,735,739</u>	<u>24,400</u>	<u>313,019</u>	<u>3,073,158</u>	<u>-</u>	<u>3,073,158</u>
EXPENDITURES / EXPENSES						
Library Materials	337,012	-	-	337,012	(142,365)	194,647
Supplies	27,863	-	-	27,863	-	27,863
Outside Services	54,604	-	-	54,604	-	54,604
Operating	147,223	-	-	147,223	-	147,223
Training and Development	37,962	-	-	37,962	-	37,962
Community Relations	31,680	-	-	31,680	-	31,680
Salaries and Benefits	1,387,277	-	-	1,387,277	(250)	1,387,027
Capital Equipment	56,163	-	-	56,163	(14,970)	41,193
Contingency and Other	1,370	-	-	1,370	-	1,370
Building Maintenance	-	-	112,272	112,272	-	112,272
Social Security	-	-	95,984	95,984	-	95,984
Liability Insurance	-	-	28,725	28,725	-	28,725
Audit	-	-	9,900	9,900	-	9,900
Special Reserve	-	158,757	-	158,757	(107,445)	51,312
Debt Certificate Principal	170,000	-	-	170,000	(170,000)	-
Interest and Fees	48,000	-	-	48,000	(5,361)	42,639
Depreciation	-	-	-	-	526,734	526,734
Total Expenditures / Expenses	<u>2,299,154</u>	<u>158,757</u>	<u>246,881</u>	<u>2,704,792</u>	<u>86,343</u>	<u>2,791,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	436,585	(134,357)	66,138	368,366	(86,343)	-
OTHER FINANCING SOURCES (USES)						
Operating Transfer	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	136,585	165,643	66,138	368,366	(368,366)	-
Change in Net Position	-	-	-	-	282,023	282,023
FUND BALANCES / NET POSITION						
Beginning of Year	<u>2,054,114</u>	<u>441,688</u>	<u>199,395</u>	<u>2,695,197</u>	<u>4,755,945</u>	<u>7,451,142</u>
End of Year	<u>\$2,190,699</u>	<u>\$ 607,331</u>	<u>\$ 265,533</u>	<u>\$ 3,063,563</u>	<u>\$ 4,669,602</u>	<u>\$ 7,733,165</u>

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

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The financial statements of 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.

Typically, 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. This year these collections are occurring later. The District has not treated these funds as being available for the year ended June 30, 2022, 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 a demand deposit account and in a NOW account. Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts,

Note 1: Summary of Significant Accounting Policies (Continued)

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	6-7 years

The minimum capitalization threshold is any item with a total cost greater than \$2,500, except for books and other library materials.

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 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

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.

N. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other fund. At June 30, 2022, the Liability Insurance Fund owed the General Fund \$6,008.

Note 2: Deposits

At year-end, the carrying amount of the District's deposits, excluding petty cash of \$300, was \$3,053,651 and the bank balance was \$3,105,551. The entire bank balance was covered by federal depository insurance (\$423,878) and collateral with securities held by pledging institution's agent in the District's name (\$2,681,673).

Note 3: Property Taxes

Property taxes for 2021 attached as an enforceable lien on property as of January 1, 2021. They were levied in October 2021 by passage of a Tax Levy Ordinance. Taxes are generally payable in two installments on or around March 1 and August 1 (likely after December 1 this year). As such, significant tax monies are received in February, March, July and August (December this year). The County of Cook collects such taxes and remits them periodically during the period of February 2022 through January 2023. The second installment of the 2021 property tax levy is recorded as a receivable and deferred inflows of resources at June 30, 2022 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, 2023 operations and is reflected as deferred inflows of resources at June 30, 2022.

Notes to Financial Statements

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
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	7,730,710	54,264	-	7,784,974
Furniture and Equipment	586,576	59,703	-	646,279
Computer Equipment	40,683	8,448	-	49,131
Books and Other Library Materials	843,785	142,365	(114,862)	871,288
Total capital assets being depreciated	<u>9,852,531</u>	<u>264,780</u>	<u>(114,862)</u>	<u>10,002,449</u>
Less accumulated depreciation for				
Land Improvements	390,709	32,249	-	422,958
Building and Improvements	3,142,940	299,820	-	3,442,760
Furniture and Equipment	218,272	53,744	-	272,016
Computer Equipment	19,255	5,606	-	24,861
Books and Other Library Materials	379,551	135,315	(114,862)	400,004
Total accumulated depreciation	<u>4,150,727</u>	<u>526,734</u>	<u>(114,862)</u>	<u>4,562,599</u>
Total capital assets being depreciated, net	<u>5,701,804</u>	<u>(261,954)</u>	<u>-</u>	<u>5,439,850</u>
Capital assets, net	<u>\$ 6,549,318</u>	<u>\$ (261,954)</u>	<u>\$ -</u>	<u>\$ 6,287,364</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, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due In One Year
\$2,490,000 thirteen-year debt certificates dated May 3, 2016 with interest rates of 3.0%.	\$ 1,700,000	\$ -	\$ (170,000)	\$ 1,530,000	\$ 170,000
Plus (Minus) Deferred Amounts For Issuance Premium	<u>23,972</u>	<u>-</u>	<u>(4,794)</u>	<u>19,178</u>	<u>4,373</u>
	<u>\$ 1,723,972</u>	<u>\$ -</u>	<u>\$ (174,794)</u>	<u>\$ 1,549,178</u>	<u>\$ 174,373</u>

Notes to Financial Statements

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>
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>\$ 1,530,000</u>	<u>\$ 190,800</u>	<u>\$ 1,720,800</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, 2022, the District contributed \$75,960 to the deferred compensation plan, whereas employees contributed \$18,218.

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: 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

Notes to Financial Statements

Note 8: Jointly Governed Organization (Continued)

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, 2022 were \$63,965. The District received \$13,027 in rebates and grant passthrough during the year as well.

Note 9: 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.	\$ 6,287,364
Accrued compensated absences are recognized in governmental activities as they accrue.	(60,934)
Interest payable is recognized in governmental activities as it accrues.	(7,650)
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>(1,549,178)</u>
	<u>\$ 4,669,602</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 \$261,954 (\$526,734 less \$264,780). Also, there is a change in accrued compensated absences of \$250. Furthermore, there was a change in accrued interest payable of \$567 and amortization of debt premium of \$4,794. Finally, there was a debt certificate payment of \$170,000.

Note 10: Subsequent Event

On July 1, 2022, the District began participation in the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. It is a defined benefit pension plan available to all employees who work 1,000 or more hours in a year. State statutes require employee members to contribute 4.5% of their salary and employers must contribute an amount necessary to finance the retirement coverage of its own employees. The net pension obligation will be evaluated at December 31, 2022.

Required Supplementary Information

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
REVENUES			
Property Taxes	\$ 2,543,000	\$ 2,543,000	\$ 2,692,829
Fines, Fees, Grants, Gifts and Other	29,050	29,050	41,004
Interest Income	23,100	23,100	1,906
Total Revenues	<u>2,595,150</u>	<u>2,595,150</u>	<u>2,735,739</u>
EXPENDITURES			
Library Materials	404,602	404,602	337,012
Supplies	39,065	39,065	27,863
Outside Services	135,925	135,925	54,604
Operating	222,066	222,066	147,223
Training and Development	49,595	49,595	37,962
Community Relations	47,060	47,060	31,680
Salaries and Benefits	1,849,078	1,849,078	1,387,277
Capital Equipment	55,510	55,510	56,163
Debt Service	283,335	283,335	218,000
Contingency and Other	156,564	156,564	1,370
Total Expenditures	<u>3,242,800</u>	<u>3,242,800</u>	<u>2,299,154</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (647,650)</u>	<u>\$ (647,650)</u>	<u>\$ 436,585</u>

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

Supplementary Information

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

OTHER FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2022

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTAL</u>
ASSETS					
Cash	\$ 143,366	\$ 105,398	\$ -	\$ 5,309	\$ 254,073
Property Taxes Receivable, net	76,148	61,420	16,703	5,922	160,193
Prepaid Expenses	-	-	18,920	-	18,920
Total Assets	<u>\$ 219,514</u>	<u>\$ 166,818</u>	<u>\$ 35,623</u>	<u>\$ 11,231</u>	<u>\$ 433,186</u>
LIABILITIES					
Accounts Payable	\$ 272	\$ -	\$ 1,180	\$ -	\$ 1,452
Due to Other Fund	-	-	6,008	-	6,008
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	76,148	61,420	16,703	5,922	160,193
Total Liabilities and Deferred Inflows of Resources	<u>76,420</u>	<u>61,420</u>	<u>23,891</u>	<u>5,922</u>	<u>167,653</u>
FUND BALANCES					
Restricted	143,094	105,398	11,732	5,309	265,533
Total Fund Balances	<u>143,094</u>	<u>105,398</u>	<u>11,732</u>	<u>5,309</u>	<u>265,533</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 219,514</u>	<u>\$ 166,818</u>	<u>\$ 35,623</u>	<u>\$ 11,231</u>	<u>\$ 433,186</u>

Supplementary Information

LINCOLNWOOD PUBLIC LIBRARY DISTRICT

OTHER FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2022

	<u>BUILDING MAINTENANCE</u>	<u>SOCIAL SECURITY</u>	<u>LIABILITY INSURANCE</u>	<u>AUDIT</u>	<u>TOTALS</u>
REVENUES					
Property Taxes	\$ 151,797	\$ 122,341	\$ 27,574	\$ 11,144	\$ 312,856
Interest Income	88	53	18	4	163
Total Revenues	<u>151,885</u>	<u>122,394</u>	<u>27,592</u>	<u>11,148</u>	<u>313,019</u>
EXPENDITURES					
Building Maintenance	112,272	-	-	-	112,272
Social Security	-	95,984	-	-	95,984
Liability Insurance	-	-	28,725	-	28,725
Audit	-	-	-	9,900	9,900
Total Expenditures	<u>112,272</u>	<u>95,984</u>	<u>28,725</u>	<u>9,900</u>	<u>246,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,613	26,410	(1,133)	1,248	66,138
FUND BALANCES					
Beginning of Year	<u>103,481</u>	<u>78,988</u>	<u>12,865</u>	<u>4,061</u>	<u>199,395</u>
End of Year	<u>\$ 143,094</u>	<u>\$ 105,398</u>	<u>\$ 11,732</u>	<u>\$ 5,309</u>	<u>\$ 265,533</u>