

THE URBANA FREE LIBRARY

Audit Report

For the Year Ended June 30, 1992

THE URBANA FREE LIBRARY

Audit Report

For the Year Ended June 30, 1992

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**Clifton,
Gunderson & Co.**
Certified Public Accountants & Consultants

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Board of Trustees
The Urbana Free Library
Urbana, Illinois

Independent Auditor's Report

We have audited the accompanying component unit financial statements and the combining special revenue financial statements of The Urbana Free Library, Urbana, Illinois, as of June 30, 1992, and for the year then ended, as listed in the table of contents. These component unit financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of The Urbana Free Library, Urbana, Illinois, as of June 30, 1992, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining special revenue financial statements referred to above present fairly, in all material respects, the financial position of each of the special revenue funds of The Urbana Free Library, Urbana, Illinois, as of June 30, 1992, and the results of operations of such funds for the year ended in conformity with generally accepted accounting principles.

Clifton, Gunderson & Co.

Champaign, Illinois
September 16, 1992

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1992

	Governmental Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
ASSETS	General	Special Revenue	Trust And Agency	General Fixed Assets	General Long-term Debt	1992	1991
Cash:							
On Hand	\$516	\$ --	\$ --	\$ --	\$ --	\$516	\$516
Checking	598,197	98,452	41,929	--	--	738,578	733,333
Receivables (net of uncollectibles):							
Property Tax	511,566	--	--	--	--	511,566	509,633
Due From Other Governments	19,739	21,389	--	--	--	41,128	15,108
Due From Other Funds	296	--	--	--	--	296	--
Prepaid Expenditures	--	--	--	--	--	--	8,861
Fixed Assets	--	--	--	2,478,955	--	2,478,955	2,432,383
Amount to be Provided for Debt Retirement	--	--	--	--	32,269	32,269	36,461
Total Assets	\$1,130,314	\$119,841	\$41,929	\$2,478,955	\$32,269	\$3,803,308	\$3,736,295
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	\$5,351	\$5,907	\$ --	\$ --	\$ --	\$11,258	\$5,920
Deferred Revenues	559,736	--	--	--	--	559,736	526,430
Accrued Salaries and Taxes	34,662	1,379	--	--	--	36,041	36,126
Due to Other Funds	--	296	--	--	--	296	--
Accumulated Compensated Absences	--	--	--	--	32,269	32,269	36,461
Total Liabilities	599,749	7,582	--	--	32,269	639,600	604,937
Fund Equity:							
Investment in General Fixed Assets	--	--	--	2,478,955	--	2,478,955	2,432,383
Fund Balance:							
Reserved for Memorial Purchases	--	--	41,929	--	--	41,929	45,050
Reserved for Grant Expenditures	--	15,336	--	--	--	15,336	8,861
Unreserved	530,565	96,923	--	--	--	627,488	645,064
Total Fund Balance	530,565	112,259	41,929	--	--	684,753	698,975
Total Fund Equity	530,565	112,259	41,929	2,478,955	--	3,163,708	3,131,358
Total Liabilities and Fund Equity	\$1,130,314	\$119,841	\$41,929	\$2,478,955	\$32,269	\$3,803,308	\$3,736,295

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

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Fund

For the Year Ended June 30, 1992

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Expendable Trust	1992	1991
Revenues:					
Real Property Tax	\$1,074,020	\$ --	\$ --	\$1,074,020	\$1,004,947
Intergovernmental:					
Corporate Personal Property Replacement Tax	45,000	--	--	45,000	43,000
Grant, Champaign County	10,000	--	--	10,000	10,000
State Aid-Public Libraries	33,073	--	--	33,073	36,772
Grant, City of Urbana	--	45,540	--	45,540	44,000
Grant, State Library	--	60,817	--	60,817	--
Book Fines	48,365	--	--	48,365	41,927
Copier Rental	20,178	--	--	20,178	17,062
Donations	--	--	6,672	6,672	5,567
Interest	23,562	5,241	2,174	30,977	42,718
House Rental	--	6,000	--	6,000	6,000
Sale of Books and Materials	3,172	5,878	9,388	18,438	18,636
Non-resident User Fees	14,005	--	--	14,005	12,043
Miscellaneous	--	1,512	--	1,512	--
Total Revenues	1,271,375	124,988	18,234	1,414,597	1,282,672
Expenditures:					
Current:					
Centralized Costs	313,751	21,604	21,355	356,710	309,628
Administration	101,766	39,891	--	141,657	128,464
Adult Department	294,484	--	--	294,484	281,213
Children's Department	154,349	--	--	154,349	144,070
Archives Department	96,501	--	--	96,501	88,422
Maintenance	47,021	5,788	--	52,809	47,250
Acquisitions	98,099	--	--	98,099	97,382
Circulation	192,180	--	--	192,180	173,738
Publishing Costs	--	3,312	--	3,312	5,244
Professional Fees	--	21,716	--	21,716	20,750
Library Materials	--	17,002	--	17,002	--
Total Expenditures	1,298,151	109,313	21,355	1,428,819	1,296,161
Excess of Revenues Over (Under) Expenditures	(26,776)	15,675	(3,121)	(14,222)	(13,489)
Fund Balance, Beginning of Year	557,341	96,584	45,050	698,975	712,464
Fund Balance, End of Year	\$530,565	\$112,259	\$41,929	\$684,753	\$698,975

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

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP) and Actual - General Fund

For the Year Ended June 30, 1992

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Real Property Tax	\$1,109,096	\$1,074,020	(\$35,076)
Intergovernmental:			
Corporate Personal Property			
Replacement Tax	45,000	45,000	--
Grant, Champaign County	10,000	10,000	--
State Aid-Public Libraries	33,072	33,073	1
Book Fines	45,700	48,365	2,665
Copier Rental	18,500	20,178	1,678
Interest	33,000	23,562	(9,438)
Sale of Books and Materials	2,501	3,172	671
Non-resident User Fees	12,000	14,005	2,005
	-----	-----	-----
Total Revenues	1,308,869	1,271,375	(37,494)
	-----	-----	-----
Expenditures:			
Current:			
Centralized Costs	325,748	313,751	11,997
Administration	102,835	101,766	1,069
Adult Department	295,326	294,484	842
Children's Department	156,393	154,349	2,044
Archives Department	95,962	96,501	(539)
Maintenance	45,715	47,021	(1,306)
Acquisitions	99,093	98,099	994
Circulation	187,797	192,180	(4,383)
	-----	-----	-----
Total Expenditures	1,308,869	1,298,151	10,718
	-----	-----	-----
Excess of Revenues Over (Under) Expenditures	--	(26,776)	(26,776)
	-----	-----	-----
Fund Balance, Beginning of Year	557,341	557,341	--
	-----	-----	-----
Fund Balance, End of Year	\$557,341	\$530,565	(\$26,776)
	=====	=====	=====

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

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Notes to Financial Statements

June 30, 1992

Note 1 - Summary of Significant Accounting Policies:

- A. The Urbana Free Library, funded in 1874, provides a broad range of basic library services, including adult and children departments, archives, and municipal documents. Operations for the Library are administered by a nine-member Board of Directors. These directors are appointed by the Mayor and confirmed by the City Council of the City of Urbana to three year staggered terms. The Library Board is responsible for budgetary matters, library policies, and day-to-day operational matters. The City Council of the City of Urbana is the authority for levying the annual property tax. Thus, The Urbana Free Library is also included in the annual report of the City of Urbana, according to the criteria specified in Statement 3 of the National Council on Governmental Accounting.
- B. The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds of The Urbana Free Library are:

GOVERNMENT FUNDS:

- 1) General Fund - the general operating fund of the Library is used to account for all financial resources except those required to be accounted for in another fund.
- 2) Special Revenue Funds - used to account for receipts that are restricted to expenditures for specified purposes. The individual special revenue funds are:
 - a) Building - used to account for the operations of the Jaques House and for acquisition of property for future use. The Jaques House was acquired by the Library in 1977 for possible future expansion and is currently being rented.

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Notes to Financial Statements

June 30, 1992

- b) Publications - used to account for receipts and costs of publications and other items for sale.
- c) State Grant - used to account for receipts and costs related to a State of Illinois grant award.
- d) Documents Project - used to account for receipts and costs associated with the operation of the municipal document center.

FIDUCIARY FUND:

- 1) Trust and Agency - the only fiduciary fund is the Trust Fund. It is used to account for a variety of donations to purchase memorial books and materials.

C. Fixed Assets and Long-Term Liabilities:

- 1) Fixed assets in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in funds. No depreciation has been provided for. All fixed assets are valued at historical cost or estimated historical cost if actual is not available. Donated fixed assets are valued at their estimated fair value on the date donated.
- 2) Long-term liabilities are reported in the General Long-Term Accounts Group, rather than in the funds.

D. The financial statements of The Urbana Free Library are prepared on the modified accrual basis of accounting. Accordingly, revenues are recognized in the period in which they become available and objectively measurable as net current assets. The recognition of property taxes is more fully described in Note 2. Expenditures are recognized in the accounting period in which they are incurred except for unmatured principal and interest on general long-term debt, which is recognized when due.

E. Prior to July 1 of each year, the Library Board submits a budget for the general fund to the City of Urbana City Council that includes a request for the annual tax levy for the following year. The City of Urbana then adopts this budget as part of the annual city appropriation and budget ordinances. No budgets are adopted for the

Notes to Financial Statements

June 30, 1992

special revenue funds. Thus, only a comparison of budgetary to actual is presented for the general fund. Budgetary control of the individual trust funds is provided by the agreements between the Library and the donor concerning authorized uses of the funds.

- F. Investments are stated at cost, which approximates market. The Library is authorized by Illinois statutes to invest in obligations of the U. S. Treasury and its agencies, non-negotiable certificates of deposit, obligations of the State of Illinois and its political subdivisions, savings accounts, credit union shares, commercial paper noted within the three highest classifications by at least two standard rating agencies, and the Illinois Public Treasurer's Investment Pool. All investments during the year were in bank certificates of deposit. Amounts of the certificates of deposit, above federal government deposit insurance agency levels, are 100% collateralized by U. S. government securities held by the bank's agent, in the name of the Urbana Free Library.
- G. Accumulated Vacation and Sick Leave - Library employees are granted vacation and sick pay in various amounts. Sick leave and vacation benefits may be accumulated; however, upon death or retirement, employees are eligible to receive only a portion of accumulated time. Governmental and expendable trust funds record as an expenditure the amount accrued during the year that would normally be liquidated with expendable available financial resources. Under criteria specified in N.C.G.A. Statement 4, the current portion of the liability is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability should be reported in the General Long-Term Debt Account Group. Since it is impossible to determine what amount, if any, will be liquidated next year, the total amount of compensated employee absences (\$32,269) is reported in the General Long-Term Debt Account Groups as a noncurrent liability.
- H. The total columns on the combined statements are presented only to help the reader analyze the financial data. This data does not include all necessary interfund eliminations. For this reason, they are captioned "Memorandum Only".

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Notes to Financial Statements

June 30, 1992

- I. Encumbrances - The Library does not utilize encumbrance accounting, which provides for commitments of expenditures to be a reserve of fund balance at year-end. Appropriations which are not spent at year-end lapse and may be acted upon as a supplemental appropriation.

Note 2 - Property Tax:

The City Council of the City of Urbana passes the annual tax levy for the Urbana Free Library on or before December 1. The taxes are extended by the Champaign County Clerk against the equalized assessed valuation as of January 1, of the calendar year that the levy ordinance was enacted. Property tax bills are due and payable in two installments, the first half about June 1 and the balance about September 1. Receipts are remitted by the Champaign County Treasurer within a short time after collection. The amount of property tax recognized as revenue in the current period is that amount which is available to finance current operations (N.C.G.A. Interpretation 3). Therefore, one-half of the tax levy has been deferred. No amount has been provided for delinquent taxes, since in past years, the amount has averaged less than one percent per year.

Note 3 - Home Rule Unit:

The City of Urbana is a Home Rule Unit under provisions of the Illinois Constitution. As a home rule community, no statutory limit exists on the issuance of debt or the levying of property taxes upon real estate.

Note 4 - Changes in General Fixed Assets:

	Balance 06/30/91	Additions	Balance 06/30/92
Land	\$ 119,914	\$ -	\$ 119,914
Building and Improvements	1,116,468	-	1,116,468
Equipment	1,196,001	46,572	1,242,573
Total	\$2,432,383	\$ 46,572	\$2,478,955

Note 5 - Pension and Retirement Fund Commitments:

The City of Urbana (on behalf of the Library) pays all required contributions to the Illinois Municipal Retirement Fund ("IMRF"), and agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for 2,575 local government units. Information concerning the plan

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Notes to Financial Statements

June 30, 1992

description and funding status is included in the Comprehensive Annual Financial Report of the City of Urbana. The value of these payments is \$132,263 in 1992 and \$127,790 in 1991.

Note 6 - Lease Commitments:

The Library has entered into various short-term operating leases, all of which are cancelable by either party within 60 days. Amounts paid under these lease agreements during 1992 were immaterial.

Note 7 - Related Party Transactions:

In addition to IMRF employee payments described above, the Urbana Free Library and City of Urbana have entered into various other related party transactions. The most significant ones are listed below:

- 1) The City paid the Library a \$45,540 grant toward the municipal documents project in 1992. It is anticipated that the City will continue to award the Library this grant.
- 2) The City paid the Library's share of auditing costs for 1992 and 1991. This amount was approximately \$4,000 each year. No provisions for this amount has been made in these statements.
- 3) The Library paid \$6,000 to the City in 1992 and \$4,800 in 1991 for data processing services.

Note 8 - Due From Other Governments:

Following is a breakdown of amounts due from other governments:

	<u>June 30</u>	
	<u>1992</u>	<u>1991</u>
State - corporate personal property replacement tax	\$17,134	\$12,680
City of Urbana - employer's share of retirement costs	2,605	2,428
State - grant entitlement receivable	<u>21,389</u>	<u>-</u>
	<u>\$41,128</u>	<u>\$15,108</u>

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Notes to Financial Statements

June 30, 1992

Note 9 - State Aid and Other Grants:

The Library received \$33,073 in 1992 and \$36,772 in 1991 from the State of Illinois as financial aid. Current state law provides this annual grant, based on population. During 1992 and 1991, the Library also received an annual grant of \$10,000 from Champaign County to reimburse the Library for costs of operating the Archives Department. The grant received in 1992 covers the period from January 1, 1992, to January 1, 1993. Thus, \$4,800 of this amount was recognized in 1992 and \$5,200 is deferred until 1993 and reported as deferred revenue.

In 1992, the Library was awarded a State of Illinois Library Services grant to encourage and study library usage by minorities, in the amount of \$60,817.

It is anticipated that the state aid and county archives grants will continue in the future. The State Library Services grant will not be recurring.

Note 10 - Fund Balance Reserve:

The Fund Balance of the Library's Trust and Agency funds \$41,929 at June 30, 1992 and \$45,050 in 1991, was donated by private individuals for memorial purchases of library materials, and is thus reserved for this purpose. The Fund Balance of the Library Grant Special Revenue fund (\$15,336) is reserved for certain expenditures in accordance with the grant contract.

Special Revenue Funds
Combining Balance Sheet

June 30, 1992

ASSETS	Building	Publications	State Grant	Documents Project	Total
-----	-----	-----	-----	-----	-----
Cash-Checking	\$83,128	\$12,853	\$ --	\$2,471	\$98,452
Receivables-Due From Other Governments	--	--	21,389	--	21,389
Total Assets	\$83,128	\$12,853	\$21,389	\$2,471	\$119,841
	=====	=====	=====	=====	=====
 <u>LIABILITIES AND FUND BALANCE</u>					
 Liabilities:					
Accounts Payable	\$ --	\$150	\$5,757	\$ --	\$5,907
Accrued Salaries	--	--	--	1,379	1,379
Due to Other Funds	--	--	296	--	296
Total Liabilities	--	150	6,053	1,379	7,582
	-----	-----	-----	-----	-----
 Fund Balance:					
Reserved for State Library Grant Expenditures	--	--	15,336	--	15,336
Unreserved	83,128	12,703	--	1,092	96,923
Total Fund Balance	83,128	12,703	15,336	1,092	112,259
	-----	-----	-----	-----	-----
Total Liabilities and Fund Balance	\$83,128	\$12,853	\$21,389	\$2,471	\$119,841
	=====	=====	=====	=====	=====

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

Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance

For the Year Ended June 30, 1992

	Building	Publications	State Grant	Documents Project	Total
Revenues:	-----	-----	-----	-----	-----
Intergovernmental:					
Grants	\$ --	\$ --	\$60,817	\$45,540	\$106,357
Interest	4,105	527	--	609	5,241
House Rental	6,000	--	--	--	6,000
Sale of Books and Materials	--	5,878	--	--	5,878
Miscellaneous	--	--	--	1,512	1,512
	-----	-----	-----	-----	-----
Total Revenues	10,105	6,405	60,817	47,661	124,988
	-----	-----	-----	-----	-----
Expenditures:					
Centralized Costs	--	--	--	21,604	21,604
Administration	--	--	6,763	33,128	39,891
Maintenance	5,788	--	--	--	5,788
Publishing Costs	--	3,312	--	--	3,312
Professional Fees	--	--	21,716	--	21,716
Library Materials	--	--	17,002	--	17,002
	-----	-----	-----	-----	-----
Total Expenditures	5,788	3,312	45,481	54,732	109,313
	-----	-----	-----	-----	-----
Excess of Revenues Over (Under) Expenditures	4,317	3,093	15,336	(7,071)	15,675
	-----	-----	-----	-----	-----
Fund Balance, Beginning of the Year	78,811	9,610	--	8,163	96,584
	-----	-----	-----	-----	-----
Fund Balance, End of the Year	\$83,128	\$12,703	\$15,336	\$1,092	\$112,259
	=====	=====	=====	=====	=====

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