

# **THE URBANA FREE LIBRARY**

## **Audit Report**

**For the Years Ended June 30, 1995 and 1994**



**THE URBANA FREE LIBRARY**

**Audit Report**

**For the Year Ended June 30, 1995**

THE URBANA FREE LIBRARY

Audit Report

For the Year Ended June 30, 1995

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

Board of Trustees  
The Urbana Free Library  
Urbana, Illinois

### **Independent Auditor's Report**

We have audited the accompanying financial statements of The Urbana Free Library, a special revenue fund of the City of Urbana, as of and for the year ended June 30, 1995, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these 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.

As described more fully in Note 1, the financial statements present only one special revenue fund of the City of Urbana and are not intended to present fairly the financial position and results of operations of the City in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Urbana Free Library, a special revenue fund of the City of Urbana, as of June 30, 1995, and the results of that fund's operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of The Urbana Free Library, a special revenue fund of the City of Urbana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the financial statements taken as a whole.

*Clifton, Gunderson & Co.*

Champaign, Illinois  
September 14, 1995

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ACCOUNTANTS

## URBANA FREE LIBRARY

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Combined Balance Sheet  
All Fund Types and Account Groups

June 30, 1995

	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	1995	1994
Cash:							
On Hand	\$516	\$ --	\$ --	\$ --	\$ --	\$516	\$516
Checking	512,587	84,116	73,658	--	--	670,361	600,054
Receivables:							
Property Tax	572,838	--	--	--	--	572,838	566,507
Due From Other Governments	9,546	--	--	--	--	9,546	38,571
Due From Other Funds	--	--	3,970	--	--	3,970	7,823
Fixed Assets	--	--	--	3,007,145	--	3,007,145	2,948,956
Amount to be Provided for Debt Retirement	--	--	--	--	51,224	51,224	48,615
Total Assets	\$1,095,487	\$84,116	\$77,628	\$3,007,145	\$51,224	\$4,315,600	\$4,211,042
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	\$4,073	\$452	\$ --	\$ --	\$ --	\$4,525	\$14,153
Deferred Revenues	641,898	--	--	--	--	641,898	600,845
Accrued Salaries and Taxes	37,921	1,645	--	--	--	39,566	40,550
Due to City of Urbana	2,700	--	--	--	--	2,700	--
Due to Other Funds	3,970	--	--	--	--	3,970	7,823
Accumulated Compensated Absences	--	--	--	--	51,224	51,224	48,615
Total Liabilities	690,562	2,097	--	--	51,224	743,883	711,986
Fund Equity:							
Investment in General Fixed Assets	--	--	--	3,007,145	--	3,007,145	2,948,956
Fund Balance:							
Reserved for Memorial Purchases	--	--	35,308	--	--	35,308	49,326
Reserved for Building Expansion	--	--	42,320	--	--	42,320	--
Unreserved	404,925	82,019	--	--	--	486,944	500,774
Total Fund Balance	404,925	82,019	77,628	--	--	564,572	550,100
Total Fund Equity	404,925	82,019	77,628	3,007,145	--	3,571,717	3,499,056
Total Liabilities and Fund Equity	\$1,095,487	\$84,116	\$77,628	\$3,007,145	\$51,224	\$4,315,600	\$4,211,042

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

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

For the Year Ended June 30, 1995

	Governmental Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)		
	General	Special Revenue	Expendable Trust	1995	1994
Revenues:					
Real Property Tax	\$1,232,185	\$ --	\$ --	\$1,232,185	\$1,181,423
Intergovernmental:					
Corporate Personal Property					
Replacement Tax	49,058	--	--	49,058	44,785
Grant, Champaign County	9,800	--	--	9,800	10,100
State Aid-Public Libraries	45,479	--	--	45,479	45,249
Grant, City of Urbana	1,500	47,600	--	49,100	331,795
Grant, Federal	--	3,183	--	3,183	11,817
Grant, Urbana School District	30,000	--	--	30,000	--
Book Fines	69,925	--	--	69,925	60,364
Equipment Rental Fees	19,514	--	--	19,514	16,649
Donations	--	--	35,742	35,742	6,438
Interest	11,790	3,075	2,225	17,090	15,297
Sale of Books and Materials	5,169	8,523	10,301	23,993	24,848
Non-resident User Fees	18,122	--	--	18,122	15,128
Total Revenues	1,492,542	62,381	48,268	1,603,191	1,763,893
Expenditures:					
Centralized Costs	353,906	19,325	19,966	393,197	751,062
Administration	102,193	42,231	--	144,424	131,830
Adult Department	332,495	--	--	332,495	307,644
Children's Department	174,390	--	--	174,390	163,871
Archives Department	109,294	--	--	109,294	99,893
Maintenance	52,790	--	--	52,790	57,695
Acquisitions	113,569	--	--	113,569	106,585
Circulation	261,375	--	--	261,375	236,253
Publishing Costs	--	4,002	--	4,002	974
Library Materials	--	3,183	--	3,183	11,817
Total Expenditures	1,500,012	68,741	19,966	1,588,719	1,867,624
Excess of Revenues Over (Under) Expenditures	(7,470)	(6,360)	28,302	14,472	(103,731)
Other Financing Sources (Uses):					
Operating Transfers In (Out)	(12,000)	12,000	--	--	--
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(19,470)	5,640	28,302	14,472	(103,731)
Fund Balance, Beginning of Year	424,395	76,379	49,326	550,100	653,831
Fund Balance, End of Year	\$404,925	\$82,019	\$77,628	\$564,572	\$550,100

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

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Statement of Revenues and Expenditures  
Budget and Actual (Non-GAAP) - General Fund

For the Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Real Property Tax	\$1,273,996	\$1,232,185	(\$41,811)
Intergovernmental:			
Corporate Personal Property			
Replacement Tax	51,000	49,058	(1,942)
Grant, Champaign County	9,800	9,800	--
State Aid-Public Libraries	45,430	45,479	49
Grant, City of Urbana	--	1,500	1,500
Grant, Urbana School District	30,000	30,000	--
Book Fines	73,000	69,925	(3,075)
Equipment Rental	19,000	19,514	514
Interest	12,000	11,790	(210)
Sale of Books and Materials	5,001	5,169	168
Non-resident User Fees	16,500	18,122	1,622
	-----	-----	-----
Total Revenues	1,535,727	1,492,542	(43,185)
	-----	-----	-----
Expenditures:			
Centralized Costs	367,310	353,906	13,404
Administration	102,026	102,193	(167)
Adult Department	332,591	332,495	96
Children's Department	176,978	174,390	2,588
Archives Department	109,609	109,294	315
Maintenance	53,764	52,790	974
Acquisitions	113,588	113,569	19
Circulation	267,861	261,375	6,486
	-----	-----	-----
Total Expenditures	1,523,727	1,500,012	23,715
	-----	-----	-----
Excess of Revenues Over (Under) Expenditures	12,000	(7,470)	(19,470)
Other Financing Sources (Uses):			
Operating Transfers (Out)	(12,000)	(12,000)	--
	-----	-----	-----
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ --	(19,470)	(19,470)
	=====	=====	=====

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

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Notes to Financial Statements

June 30, 1995

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 governmental accounting standards.
- 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 acquisition of property for future expansion and major structural repairs and remodeling to current facilities.
  - b) Publications - used to account for receipts and costs of publications and other items for sale.



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Notes to Financial Statements

June 30, 1995

- c) Grant - used to account for receipts and costs related to a federal grant award. (See Note 9)
- d) Documents - 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 and future library building expansion.
- 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 in order to request the annual tax levy for the following year. The City of Urbana then adopts this tax levy appropriation request as part of the annual city appropriation ordinance. Budgets are adopted for the special revenue funds for internal management purposes only. Since these budgets are not used to control expenditures, only a comparison of budgetary to actual is

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Notes to Financial Statements

June 30, 1995

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. This budget is adopted on a basis different from generally accepted accounting principles (GAAP) in two ways:

1. Approximately one-half of the recognition of the current year's property tax levy is deferred under GAAP to next year. In the budget, the full amount of the current levy is recognized.
2. Certain accounts payable are not provided for in the budget.

Adjustments necessary to convert the results of operations and fund equity at the end of the year or the budget basis to the GAAP basis are as follows:

Actual net income, budgetary basis	(\$ 11,397)
To adjust property tax revenues recognized	( 36,153)
To adjust expenditures for accounts payable, reported under GAAP	5,016
Actual net income (loss), GAAP basis	<u>(\$ 19,740)</u>

- 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.

## Notes to Financial Statements

June 30, 1995

- 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 Statement 16 of the Governmental Accounting Standards Board, 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 (\$51,224) 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".
- 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

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Notes to Financial Statements

June 30, 1995

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 06/30/94	Additions	Deletions	Balance 06/30/95
Land	\$ 119,914	\$ --	\$ --	\$ 119,914
Building and Improvements	1,411,543	16,338	--	1,427,881
Equipment	<u>1,417,499</u>	<u>44,091</u>	<u>2,240</u>	<u>1,459,350</u>
Total	<u>\$2,948,956</u>	<u>\$ 60,429</u>	<u>\$ 2,240</u>	<u>\$3,007,145</u>

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"), an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for 2,605 local government units. Information concerning the plan description and funding status is included in the Comprehensive Annual Financial Report of the City of Urbana. The value of these payments is \$150,928 in 1995 and \$141,288 in 1994.

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 1995 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:

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Notes to Financial Statements

June 30, 1995

- 1) The City paid the Library a \$47,600 grant toward the municipal documents center in 1995. 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 1995 and 1994. This amount was approximately \$4,000 each year. No provisions for this amount has been made in these statements.
- 3) The Library paid \$6,748 to the City in 1995 and \$6,490 in 1994 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>1995</u>	<u>1994</u>
State - corporate personal property replacement tax	\$ 9,546	\$ 8,810
City of Urbana - employer's share of retirement costs	--	3,456
Federal - grant receivable	--	2,465
City of Urbana - Library's share of property tax	<u>--</u>	<u>23,840</u>
	<u>\$ 9,546</u>	<u>\$38,571</u>

Note 9 - State Aid and Other Grants:

The Library received \$45,479 in 1995 and \$43,249 in 1994 from the State of Illinois as financial aid. Current state law provides this annual grant, based on population.

The Library also received a grant of \$9,800 in 1995 and in 1994 from Champaign County to reimburse the Library for costs of operating the Archives Department. The grant received in 1995 covers the period from January 1, 1995, to January 1, 1996. Thus, \$4,900 of the 1995 grant award and \$4,900 of the 1994 grant award (total \$9,800) was recognized in 1995 and \$4,900 of the 1995 grant award is deferred until 1996 and reported as deferred revenue.

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Notes to Financial Statements

June 30, 1995

The Library was awarded a grant from the federal government for reimbursement for purchasing foreign language materials. In 1995, \$3,183 was recognized in costs and grant revenue.

The Library was awarded a grant from the Urbana School District in the amount of \$30,000, in 1995. This grant reimbursed the Library for costs of library services for students living in University of Illinois sponsored housing quarters and was part of a larger grant paid to the School District from the University.

It is anticipated that the state aid, county archives and School District grants will continue in the future.

Note 10 - Fund Balance Reserve:

The Fund Balance of the Library's Trust and Agency Fund was donated by private individuals for memorial purchases of library materials and for future library building expansion. Thus, the amount of fund balance (\$35,308 for library materials and \$42,320 for library building expansion at June 30, 1995, and \$49,326 for library materials at June 30, 1994) is reserved for these purposes.



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Special Revenue Funds  
Combining Balance Sheet

June 30, 1995

	Building	Publications	Grant	Documents Project	Total
ASSETS	-----	-----	-----	-----	-----
Cash-Checking	\$57,448	\$18,896	\$ --	\$7,772	\$84,116
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE					
-----					
Liabilities:					
Accounts Payable	\$ --	\$452	\$ --	\$ --	\$452
Accrued Salaries and Taxes	--	--	--	1,645	1,645
	-----	-----	-----	-----	-----
Total Liabilities	--	452	--	1,645	2,097
Fund Balance:					
Unreserved	57,448	18,444	--	6,127	82,019
	-----	-----	-----	-----	-----
Total Liabilities and Fund Balance	\$57,448	\$18,896	\$ --	\$7,772	\$84,116
	=====	=====	=====	=====	=====

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

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

For the Year Ended June 30, 1995

	Building Publications		Grant	Documents Project	Total
Revenues:	-----	-----	-----	-----	-----
Intergovernmental:					
Contribution, City of Urbana	\$ --	\$ --	\$ --	\$47,600	\$47,600
Grants, Federal	--	--	3,183	--	3,183
Interest	2,063	643	--	369	3,075
Sale of Books and Materials	--	4,565	--	3,958	8,523
	-----	-----	-----	-----	-----
Total Revenues	2,063	5,208	3,183	51,927	62,381
	-----	-----	-----	-----	-----
Expenditures:					
Centralized Costs	13,534	--	--	5,791	19,325
Administration	--	--	--	42,231	42,231
Publishing Costs	--	4,002	--	--	4,002
Library Materials	--	--	3,183	--	3,183
	-----	-----	-----	-----	-----
Total Expenditures	13,534	4,002	3,183	48,022	68,741
	-----	-----	-----	-----	-----
Excess of Revenues Over (Under) Expenditures	(11,471)	1,206	--	3,905	(6,360)
Other Financing Sources (Uses):					
Operating Transfers In	12,000	--	--	--	12,000
	-----	-----	-----	-----	-----
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	529	1,206	--	3,905	5,640
Fund Balance, Beginning of the Year	56,919	17,238	--	2,222	76,379
	-----	-----	-----	-----	-----
Fund Balance, End of the Year	\$57,448	\$18,444	\$ --	\$6,127	\$82,019
	=====	=====	=====	=====	=====

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