

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
April 30, 2016



**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
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**HINSDALE, ILLINOIS**  
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**INDEPENDENT AUDITOR'S REPORT**



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

**Certified Public Accountants & Advisors**  
*Members of American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Public Library Board  
Hinsdale Public Library  
Hinsdale, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hinsdale Public Library, Hinsdale, Illinois (the Library), as of and for the year ended April 30, 2016, and the related notes to financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

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

### **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 of 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 Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hinsdale Public Library, Hinsdale, Illinois as of April 30, 2016, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Footnote 10, the Library adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, which establish standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

*Sikich LLP*

Naperville, Illinois  
November 11, 2016

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

# HINSDALE PUBLIC LIBRARY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2016

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As the management of the Hinsdale Public Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended April 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Library's Financial Statements (beginning on page 3).

This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activity, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year's challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

### USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The focus of the *Statement of Net Position* presents information on all of the Library's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *Statement of Activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

(See independent auditor's report)



**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Fund Financial Statements**

Fund financial statements will be more familiar to traditional users of governmental financial statements. The focus of the presentation is on major funds rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two governmental funds. The General Fund is used to account for all of the Library's general activities not accounted for in another fund. The Capital Reserve Fund is used to account for resources restricted to capital improvements at the Library.

The Library adopts an annual budget for each of its governmental funds, as well as adopting an annual appropriation.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-25 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in funding its expenditures and changes in fund balance. Required supplementary information can be found on pages 26-31 of this report.

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**GOVERNMENT-WIDE STATEMENTS**

**Net Position**

The following table reflects the condensed Statement of Net Position as of April 30, 2016 compared to April 30, 2015.

**Table 1  
Statement of Net Position – Comparative Summaries**

	<u>Governmental Activities</u>	
Fiscal Years Ending April 30th	2015	2016
<b>Assets</b>		
Current and Other Assets	\$4,713,530	\$4,821,980
Capital Assets	3,435,253	3,442,691
<b>Total Assets</b>	<u>8,148,783</u>	<u>8,264,671</u>
<b>Deferred Outflows of Resources</b>		
Pension Items	-	606,282
<b>Total Assets and Deferred Outflows</b>	<u>-</u>	<u>8,870,953</u>
<b>Liabilities and Deferred Inflows</b>		
Long-Term Liabilities	3,008,731	3,412,220
Other Liabilities	184,967	403,587
Deferred Inflows	2,661,350	2,667,719
<b>Total Liabilities and Deferred Inflows</b>	<u>5,855,048</u>	<u>6,483,526</u>
<b>Net Position</b>		
Net Investment in Capital Assets	549,621	804,063
Restricted for Art		34,244
Restricted for Special Projects	483,754	752,761
Unrestricted	1,260,360	796,359
<b>Total Net Position</b>	<u>\$2,293,735</u>	<u>\$2,387,427</u>

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The Library's combined net position increased by \$93,692 from \$2,293,735 to \$2,387,427 during FY 2016. This increase was after a change in accounting principle that resulted in a decrease in net position of \$492,752. The change in accounting principle was a result of the implementation of GASB Statement No. 68 which required the library to report the IMRF net pension liability.

For more detailed information, see the Statement of Net Position on page 3.

**Activities**

The following table summarizes the revenue and expenses of the Library's activities for FY 2016 compared to FY 2015.

**Table 2  
Changes in Net Position**

**Governmental Activities**

	<u>2015</u>	<u>2016</u>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$48,621	\$40,793
Operating Grants	21,020	12,963
General Revenues		
Property Taxes	2,753,842	2,844,579
Replacement Taxes	21,202	18,883
Investment Income	(6,695)	5,346
Miscellaneous	57,216	14,321
<b>Total Revenues</b>	<u>2,895,206</u>	<u>2,936,885</u>
<b>Expenses</b>		
Culture and Recreation	2,337,855	2,277,322
Interest	80,781	73,119
<b>Total Expenses</b>	<u>2,418,636</u>	<u>2,350,441</u>
<b>Change in Net Position</b>	476,570	586,444
<b>Total Net Position, Beginning of Year, Restated</b>	<u>1,817,165</u>	<u>1,800,983</u>
<b>Total Net Position, End of Year</b>	<u>\$2,293,735</u>	<u>\$2,387,427</u>

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL OVERVIEW  
HINSDALE PUBLIC LIBRARY**

<b>INCOME SOURCES</b>	<b>2016</b>
Local Property and other Taxes	97.50%
Fees and Charges	1.39%
Grants	0.44%
Gifts, Memorials, Other	0.49%
Interest Income	0.18%
Total Income:	\$2,936,885

**EXPENDITURES BY CATEGORY**

	<b>2016</b>
Personal Services	57.31%
Materials and Supplies	12.66%
Debt Service	11.66%
Contractual Services and Supplies, Programs	7.01%
Computers, Repairs and Maintenance	3.96%
Risk Management, Staff Development, Other	2.00%
Capital Expenses	5.41%
Total Expenditures:	\$2,757,216

**IMPACTS**

**Normal Impacts**

**Revenues**

**Property Tax Rate.** The Library, based on its organization under Illinois statutes, approves an annual tax levy request which is forwarded to the Village of Hinsdale Board of Trustees for final adoption. The Library’s 2014 tax rate (property taxes received in FY 2016) was .1869 for Du Page County and 0.218 for Cook County.

The Library’s tax rate is limited by tax cap legislation. This means that the Library’s taxes from year to year cannot increase more than the lesser of the cost of living adjustments as identified by the State of Illinois or 5%. The tax rate is based on the Equalized Assessed Valuation (EAV) of real property within the district, value of new construction within the district, and the CPI (all urban consumers).

(See independent auditor’s report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring.)** Certain recurring revenues (State per capita grant, State replacement taxes, etc.) may experience significant changes periodically while non-recurring or one-time grants are less predictable and often distort their impact on year-to-year comparisons.

**Market impacts on investment income.** The Library's investment portfolio is concentrated in local bank and money market funds similar to many other governments. Market conditions may cause investment income to fluctuate. Most funds are invested in the Illinois Funds or IMET (Illinois Metropolitan Investment Fund) accounts, which typically offer a competitive return, liquidity and safety, requisites of the Library's investment policy.

**Expenses**

**Introduction of new programs.** Within functional expense categories, individual programs may be added or deleted in order to meet the changing needs of the Library.

**Changes in authorized personnel.** Changes in service demand may cause the Library Board to increase or decrease staffing levels. Personnel costs are the Library's most significant operating cost.

**Salary increases (annual adjustments).** The ability to attract and retain quality personnel requires the Library to strive to have competitive salary ranges and pay practices.

**Inflation.** While overall inflation has increased slowly, some of the Library's functions and services may experience unusual commodity-specific increases.

**Current Year Impacts**

**Revenues**

For the fiscal year ended April 30, 2016, revenues totaled \$2,936,885. Property taxes, the Library's largest single revenue source, amounted to \$2,844,579 representing 96.9% of total revenues. Property taxes increased by \$109,620 or 3.98% compared to the prior fiscal year 2015. The increase in property tax revenue was used to fund both Library operations (including Social Security, IMRF, and Liability costs) and long term capital repairs and replacements.

The Library received less in property taxes than expected. Part of this difference is due to the fact that the Village of Hinsdale receives property taxes from both DuPage and Cook County. The majority of property tax revenue comes from DuPage County. However, due to the timing of Cook County property tax cycle, the prior year's total levy has to be estimated when the Village of Hinsdale is levying taxes in December. This means there is often an adjustment to the total eligible extension.

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Property taxes received by the Library in FY 2016 represent roughly 3% of the typical Hinsdale property tax bill.

The Library did receive a State of Illinois Per Capita Grant in the amount of \$12,963.

As more and more patrons borrow digital resources, the amount of revenue collected from fines and fees for physical materials has continued to decrease.

Investment income remains limited as a source of funding.

**Expenditures**

The Library's expenditures were \$2,757,216 in FY 2016.

The Library had \$205,993 in capital expenses this year. Budgeted capital expenses included completing the renovation of the lower level Youth Services department.

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of April 30, 2016, the governmental funds (as presented on the balance sheet on page 5) had combined fund balances of \$2,046,882. This represents a fund balance of 1,294,121 in the General Fund and 752,761 in the Capital Reserve. This reflects a combined increase of \$179,669 over the prior year.

On an annual basis, the Library Board determines how much money to transfer to the Capital Reserve based on projects that need to be funded. During the fiscal year, the Library transferred \$475,000 to the Capital Reserve Fund.

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table 3  
General Fund Budgetary Highlights  
For the Fiscal Year Ended April 30, 2016**

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>Revenues</b>		
Local Property and other Taxes	\$2,879,721	\$2,863,462
Fees and Charges	48,250	40,793
Grants		12,963
Gifts, Memorials, Other	11,000	14,321
Interest Income	3,600	5,346
	<hr/>	<hr/>
Total Revenues	2,942,571	2,936,885
	<hr/>	<hr/>
<b>Expenditures</b>		
Personal Services	1,674,178	1,580,099
Materials and Supplies	381,000	349,060
Debt Service	267,315	264,584
Contractual Services	211,885	193,280
Other	203,050	164,200
	<hr/>	<hr/>
Total Expenditures	2,737,428	2,551,223
	<hr/>	<hr/>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	205,143	385,662
	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>		
Net Transfer Out	(205,000)	(475,000)
	<hr/>	<hr/>
<b>Net Changes In Fund Balance</b>	\$143	\$(89,338)
	<hr/>	<hr/>

General Fund revenues concluded the year over the budgeted amount.

Charges for services and Property Tax revenue came in under the budgeted amount. The Library also received a \$12,963 grant from the State of Illinois. Because of previous delays in receipt of payment, this revenue was unbudgeted for FY 2015.

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The Library transferred \$475,000 from the General Fund to the Capital Reserve. This transfer includes funds for HVAC loan repayment, current, and planned future capital repairs and improvements.

General Fund expenditures for FY2016 were \$186,205 below the adopted expenditure budget. (Not including the budgeted \$205,000 transfer out to the Capital Reserve.)

The largest variance from the General Fund budget was in Personal Services. Of the \$1,674,178 budgeted, \$1,580,099 was actually spent. The Library realized significant cost savings this year as the result of the resignation of a senior department manager. Other open positions took longer to fill than expected, which meant months of cost savings when those positions were vacant.

Materials purchasing slowed down during staffing transitions and the completion of several large recataloging projects reduced the need for as many technical services supplies.

In addition, the Library had no risk management claims that required spending the budgeted deductible for these services.

**Capital Assets**

The following schedule reflects the Library's capital asset balances as of April 30, 2016:

**Table 4  
Capital Assets  
As of April 30, 2016**

<b>Capital Assets Being Depreciated</b>	
Buildings and Improvements	\$3,688,125
Machinery and equipment	1,492,385
Library books/multimedia	2,678,800
Total Capital Assets Being Depreciated	7,859,310
Less accumulated depreciation for	
Buildings and Improvements	981,915
Machinery and equipment	755,904
Library books/multimedia	2,678,800
Total Accumulated Depreciation	4,416,619
Total Capital Assets Being Depreciated, Net	3,442,691
<b>Governmental Activity -- Library Capital Assets, Net</b>	<b>\$3,442,691</b>

At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$3,442,691. See Note 4 for further information regarding capital assets.

(See independent auditor's report)



**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Long-Term Debt**

The table below summarizes the Library's outstanding long-term debt:

**Table 5  
Long-Term Debt  
Balances as of April 30, 2016**

Due to Village	\$2,638,628
Compensated Absences	28,965
Net pension liability for the Illinois Municipal Retirement Fund	936,460
Net other postemployment benefit obligation	84,384
<b>Total Long-Term Liabilities</b>	<b><u>\$3,688,437</u></b>

The Village of Hinsdale issued bonds on behalf of the Library for the 2006 renovation and a subsequent refinancing of those bonds. The Library makes payments directly to the Village of Hinsdale for these bonds. Overall, the Library maintains \$3,688,437 in long-term debt. This includes:

- Taxable General Obligation Bonds (Alternate Revenue Source) Series 2011, for Library renovation
- General Obligation Library Fund Tax (Alternate Revenue Source) Bonds Series 2013A, refunding bonds from Library renovation
- General Obligation Installment Loan for 2008 HVAC replacement

In addition, the Library has a net pension liability for its participation in IMRF of \$936,460. This is now recorded on the government wide financial statements with the implementation of GASB Statement No. 68. See Note 5 to the financial statements for further information regarding long term debt and Note 8 for additional information regarding IMRF.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Nancy Marvan, Business Manager, Hinsdale Public Library, 20 E. Maple Street, Hinsdale, Illinois, 60521.

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2016

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 2,130,231
Receivables, net of allowance	
Property taxes	2,667,719
Other	2,214
Due from other governments	10,365
Prepaid expenses	11,451
Capital assets	
Capital assets being depreciated, net of accumulated depreciation	<u>3,442,691</u>
 Total assets	 <u>8,264,671</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension items	<u>606,282</u>
 Total deferred outflows of resources	 <u>606,282</u>
 Total assets and deferred outflows of resources	 <u>8,870,953</u>
<b>LIABILITIES</b>	
Accounts payable	51,116
Accrued payroll	56,263
Accrued interest payable	19,991
Noncurrent liabilities	
Due within one year	276,217
Due in more than one year	<u>3,412,220</u>
 Total liabilities	 <u>3,815,807</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property taxes	<u>2,667,719</u>
 Total deferred inflows of resources	 <u>2,667,719</u>
 Total liabilities and deferred inflows of resources	 <u>6,483,526</u>
<b>NET POSITION</b>	
Net investment in capital assets	804,063
Restricted for	
Art	34,244
Special projects	752,761
Unrestricted	<u>796,359</u>
 <b>TOTAL NET POSITION</b>	 <u><u>\$ 2,387,427</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 2,277,322	\$ 40,793	\$ 12,963	\$ -	\$ (2,223,566)
Interest	73,119	-	-	-	(73,119)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,350,441</b>	<b>\$ 40,793</b>	<b>\$ 12,963</b>	<b>\$ -</b>	<b>(2,296,685)</b>
		General Revenues			
		Taxes			
		Property		2,844,579	
		Replacement		18,883	
		Investment income		5,346	
		Miscellaneous		14,321	
		Total		2,883,129	
		CHANGE IN NET POSITION			586,444
		NET POSITION, MAY 1			2,293,735
		Change in accounting principle			(492,752)
		NET POSITION, MAY 1, RESTATED			1,800,983
		<b>NET POSITION, APRIL 30</b>			<b>\$ 2,387,427</b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2016

	General	Capital Reserve	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,373,970	\$ 756,261	\$ 2,130,231
Receivables			
Property tax	2,667,719	-	2,667,719
Other	2,214	-	2,214
Due from other governments	10,365	-	10,365
Prepaid items	11,451	-	11,451
	<b>\$ 4,065,719</b>	<b>\$ 756,261</b>	<b>\$ 4,821,980</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 47,616	\$ 3,500	\$ 51,116
Accrued payroll	56,263	-	56,263
	103,879	3,500	107,379
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	2,667,719	-	2,667,719
	2,667,719	-	2,667,719
Total liabilities and deferred inflows of resources	2,771,598	3,500	2,775,098
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	11,451	-	11,451
Restricted			
Art	34,244	-	34,244
Special projects	-	752,761	752,761
Unrestricted			
Unassigned	1,248,426	-	1,248,426
	1,294,121	752,761	2,046,882
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,065,719</b>	<b>\$ 756,261</b>	<b>\$ 4,821,980</b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

April 30, 2016

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 2,046,882
--	--------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	3,442,691
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Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date (IMRF only) are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	606,282

Interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds	(19,991)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(28,965)
Due to the Village	(2,638,628)
Net pension liability for the Illinois Municipal Retirement Fund	(936,460)
Net other postemployment benefit obligation	(84,384)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 2,387,427</u>
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See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

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

For the Year Ended April 30, 2016

	<b>General</b>	<b>Capital Reserve</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes			
Property	\$ 2,844,579	\$ -	\$ 2,844,579
Replacement	18,883	-	18,883
Intergovernmental			
Grants	12,963	-	12,963
Charges for services	9,956	-	9,956
Fees, fines and penalties	30,837	-	30,837
Investment income	5,346	-	5,346
Miscellaneous	14,321	-	14,321
	<hr/>		
Total revenues	2,936,885	-	2,936,885
<b>EXPENDITURES</b>			
Current			
Culture and recreation	2,283,297	-	2,283,297
Capital outlay	3,342	149,120	152,462
Debt service			
Principal retirement	205,862	50,000	255,862
Interest and fiscal charges	58,722	6,873	65,595
	<hr/>		
Total expenditures	2,551,223	205,993	2,757,216
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	385,662	(205,993)	179,669
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	475,000	475,000
Transfers (out)	(475,000)	-	(475,000)
	<hr/>		
Total other financing sources (uses)	(475,000)	475,000	-
<b>NET CHANGE IN FUND BALANCES</b>			
	(89,338)	269,007	179,669
<b>FUND BALANCES, MAY 1</b>			
	1,383,459	483,754	1,867,213
<hr/>			
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 1,294,121</b>	<b>\$ 752,761</b>	<b>\$ 2,046,882</b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 179,669</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	149,816
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds	(142,378)
Payments made to the Village to pay for the principal due on the bonds issued by the Village on behalf of the Library reported as an expenditure in the governmental funds, but not on the statement of activities	255,862
The change in deferred inflows and outflows of resources for IMRF is reported only in the statement of activities	557,492
The change in net pension liability is shown as an expense on the statement of activities	(394,918)
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	938
Net other postemployment benefit obligation	(12,513)
Interest payable	1,335
The amortization of costs included in the liability to the Village are deferred and amortized over the life of the liability on the statement of activities	<u>(8,859)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 586,444</u></u></b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Hinsdale Public Library, Hinsdale, Illinois (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 Library's accounting policies are described below.

a. Reporting Entity

The Library is a library corporation governed by an elected seven-member board of trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The Hinsdale Library Foundation and Friends of the Library, while potential component units, are not significant to the Library and, therefore, have been excluded from its reporting entity. The Library has been determined not to be a component unit of the Village of Hinsdale, Illinois (the Village).

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified as governmental funds.

The General Fund is used to account for all of the Library's general activities not accounted for in another fund.

The Capital Reserve Fund is used to account for resources restricted, committed or assigned for capital improvements at the Library.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of activities and the statement of net position) report information on all of the activities of the Library. Governmental activities normally are supported by taxes and intergovernmental revenues.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements (Continued)

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

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

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those accounted for in another fund.

The Capital Reserve Fund, a capital projects fund, is used to account for the financial resources restricted, committed, or assigned for the acquisition or constructions of major capital facilities.

d. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Library recognizes property taxes when they become both measurable and available in the year intended to finance. A one-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Basis of Accounting (Continued)

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

The Library reports unearned revenue and unavailable/deferred revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period, under the modified accrual basis of accounting or accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable/deferred revenue are removed from the financial statements and revenue is recognized.

e. Investments

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value.

f. Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-45
Machinery and equipment	5-20
Library books/multimedia	5

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Compensated Absences

Vested or accumulated vacation and sick leave, including related Social Security and Medicare, that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and sick leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees.

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

j. Fund Equity/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Library Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The Library Board of Trustees has not delegated the authority to assign fund balance. Any residual fund balance of the General Fund or any deficit fund balances of any other governmental funds are reported as unassigned.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Fund Equity/Net Position (Continued)

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. None of the Library's restricted net positions are restricted as a result of enabling legislation adopted by the Library. Net investment in capital assets is the book value of the Library's capital assets, net of any debt outstanding that was issued to construct or acquire the capital assets.

**2. DEPOSITS AND INVESTMENTS**

a. Deposits with Financial Institutions

Permitted Deposits and Investments - Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds, Illinois Funds, the Illinois Metropolitan Investment Fund (IMET), or any other local government investment pool. Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for. IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The Library's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and yield.

**2. DEPOSITS AND INVESTMENTS (Continued)**

a. Deposits with Financial Institutions (Continued)

1) Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 105% of the fair market value of the funds secured, with the collateral held by the Library, an independent third party or the Federal Reserve Bank of Chicago.

2) Investments

In accordance with its investment policy, the Library limits its exposure to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment, by structuring the portfolio so that securities mature concurrent with cash needs. The investment policy limits the maximum maturity length of investments to five years from date of purchase, unless specific authority is given to exceed. Investments in reserve funds other funds may be purchased with maturities to match future projects or liability requirements. In addition, the policy requires the Library to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Library limits its exposure to credit risk limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Illinois Funds and IMET funds are rated AAA. The Library has no formal policy relating to a specific investment-related risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Library's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Library's name. Illinois Funds are not subject to custodial credit risk.

**2. DEPOSITS AND INVESTMENTS (Continued)**

a. Deposits with Financial Institutions (Continued)

2) Investments (Continued)

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment. The Library's investment policy requires diversification of investments but does not establish specific portfolio percentages to avoid unreasonable risk by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPS's) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations.

**3. RECEIVABLES - TAXES**

Property taxes for 2015 attach as an enforceable lien on January 1, 2015, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by DuPage County and issued on or about May 1, 2016 and August 1, 2016, and are payable in two installments, on or about June 1, 2016 and September 1, 2016. Tax bills are prepared by Cook County and issued on or about February 1, 2016 and September 1, 2016, and are payable in two installments, on or about March 1, 2016 and October 1, 2016. The Counties collect such taxes and remit them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience. Those 2015 taxes (except for Cook County taxes received prior to April 30, 2016) are intended to finance the 2017 fiscal year and are not considered available for current operations and, therefore, are reported as unavailable/unearned revenue. For the 2016 tax levy that attached as a lien on property as of January 1, 2016 and will be levied in December 2016, this tax levy has not been recorded as a receivable as of April 30, 2016 since it is not measurable or available.

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. CAPITAL ASSETS**

The following is a summary of capital asset activity during the fiscal year:

	Balances May 1	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets being depreciated				
Buildings and improvements	\$ 3,688,125	\$ -	\$ -	\$ 3,688,125
Machinery and equipment	1,342,569	149,816	-	1,492,385
Library books/multimedia	2,678,800	-	-	2,678,800
Total capital assets being depreciated	<u>7,709,494</u>	<u>149,816</u>	<u>-</u>	<u>7,859,310</u>
Less accumulated depreciation for				
Buildings and improvements	880,927	100,988	-	981,915
Machinery and equipment	714,514	41,390	-	755,904
Library books/multimedia	2,678,800	-	-	2,678,800
Total accumulated depreciation	<u>4,274,241</u>	<u>142,378</u>	<u>-</u>	<u>4,416,619</u>
Total capital assets being depreciated, net	<u>3,435,253</u>	<u>7,438</u>	<u>-</u>	<u>3,442,691</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 3,435,253</u>	<u>\$ 7,438</u>	<u>\$ -</u>	<u>\$ 3,442,691</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Culture and recreation	<u>\$ 142,378</u>

**5. LONG-TERM DEBT**

a. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended April 30, 2016:

	Balances May 1, Restated	Additions	Retirements	Balances April 30	Current Portion
Due to Village	\$ 2,885,631	\$ -	\$ 247,003	\$ 2,638,628	\$ 268,976
Compensated absences	29,903	6,538	7,476	28,965	7,241
Net other postemployment benefits obligation	71,871	12,513	-	84,384	-
Net pension liability -IMRF	541,542	394,918	-	936,460	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>\$ 3,528,947</u>	<u>\$ 413,969</u>	<u>\$ 254,479</u>	<u>\$ 3,688,437</u>	<u>\$ 276,217</u>

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**5. LONG-TERM DEBT (Continued)**

b. Governmental Activities

General obligation bonds and debt certificates are direct obligations and pledge the full faith and credit of the Village. The Library is responsible for repayment to the Village. Payments due to the Village currently outstanding are as follows:

	Fund Debt Retired By	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
Taxable General Obligation Bonds (Alternate Revenue Source) Series 2011, due in annual installments of \$40,000 to \$55,830 plus interest at 1.45% to 2.55% through December 15, 2017.	Library Operating	\$ 161,928	\$ -	\$ 50,862	\$ 111,066	\$ 53,976
General Obligation Library Fund Tax (Alternate Revenue Source) Bonds Series 2013A, due in annual installments of \$25,000 to \$290,000 plus interest at 2.00% to 2.35% through December 15, 2026.	Library Operating	2,630,000	-	155,000	2,475,000	165,000
Total bonds payable		2,791,928	-	205,862	2,586,066	218,976
General Obligation Debt Certificates Series 2008B due in annual installments of \$50,000 plus interest at 3.94% through October 1, 2018.	Capital Reserve	200,000	-	50,000	150,000	50,000
Unamortized premium		52,540	-	4,378	48,162	-
Unamortized loss on refunding		(158,837)	-	(13,237)	(145,600)	-
<b>TOTAL</b>		<b>\$ 2,885,631</b>	<b>\$ -</b>	<b>\$ 247,003</b>	<b>\$ 2,638,628</b>	<b>\$ 268,976</b>



**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**5. LONG-TERM DEBT (Continued)**

c. Debt Service Requirements to Maturity

The Library reimbursement to the Village for village bonds and installment contracts requirements to maturity are as follows:

Fiscal Year	Village General Obligation Bonds		Village Installment Contract	
	Principal	Interest	Principal	Interest
2017	\$ 218,976	\$ 54,337	\$ 50,000	\$ 4,925
2018	232,090	49,769	50,000	2,955
2019	185,000	44,812	50,000	985
2020	200,000	41,112	-	-
2021	210,000	37,112	-	-
2022	220,000	32,912	-	-
2023	240,000	28,512	-	-
2024	245,000	23,712	-	-
2025	265,000	18,812	-	-
2026	280,000	13,116	-	-
2027	290,000	6,816	-	-
<b>TOTAL</b>	<b>\$ 2,586,066</b>	<b>\$ 351,022</b>	<b>\$ 150,000</b>	<b>\$ 8,865</b>

**6. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by participating in the Village program for health, worker's compensation and general liability insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

**7. INTERFUND ACTIVITY**

Amounts transferred to/from other funds at April 30, 2016 consisted of the following:

	Transfer To	Transfer From
General Fund	\$ -	\$ 475,000
Capital Reserve Fund	475,000	-
<b>TOTAL</b>	<b>\$ 475,000</b>	<b>\$ 475,000</b>

**7. INTERFUND ACTIVITY (Continued)**

The purpose of the amounts transferred to/from other funds are as follows:

- \$475,000 transferred from the General Fund to the Capital Reserve Fund is for funding of future capital needs. The transfer will not be repaid.

**8. DEFINED BENEFIT PENSION PLANS**

The Library contributes, through the Village, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. All disclosures for an agent plan can be found in the Village's annual financial report.

Illinois Municipal Retirement Fund

*Plan Administration*

All library and other village employees hired in positions that meet or exceed the prescribed annual hourly standards must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. Investments are reported at fair value.

*Benefits Provided*

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Contributions*

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village and Library are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2015 was 13.06% of covered payroll. For the year ended April 30, 2016, salaries totaling \$1,016,996 were paid that required employer contributions of \$128,649, which was equal to the Library's actual contributions.

*Net Pension Liability*

At April 30, 2016, the Library reported a liability of \$936,460 for its proportionate share of the net pension liability. The net pension liability was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based in the Library's actual contribution to the plan for the year ended April 30, 2016 relative to the contributions of the Village, actuarially determined. At April 30, 2016, the Library's proportion was 19.38% of the total contribution.

*Actuarial Assumptions*

The Library's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the period ended April 30, 2016, the Library recognized pension expense of \$(33,358).

At April 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 143,504	\$ -
Changes in assumption	6,704	-
Net difference between projected and actual earnings on pension plan investments	410,888	-
Contributions made subsequent to the measurement date	45,186	-
<b>TOTAL</b>	<b>\$ 606,282</b>	<b>\$ -</b>

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)*

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending</u> <u>April 30,</u>	
2016	\$ 210,910
2017	165,723
2018	126,927
2019	102,722
2020	-
Thereafter	-
 TOTAL	 <u>\$ 606,282</u>

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Library calculated using the discount rate of 7.48% as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension liability	\$ 1,971,159	\$ 936,460	\$ 86,101

**9. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Library's governmental activities.

b. Benefits Provided

The Library provides continued health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the Library's retirement plan. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2016, Library membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>10</u>
<b>TOTAL</b>	<u><u>10</u></u>
Participating employers	<u>1</u>

d. Funding Policy

The Library is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

**HINSDALE PUBLIC LIBRARY**  
**HINSDALE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the last three years was as follows:

Fiscal Year Ended April 30,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 13,033	\$ -	0.00%	\$ 58,751
2015	13,120	-	0.00%	71,871
2016	13,334	821	6.16%	84,384

The net OPEB obligation as of April 30, 2016 was calculated as follows:

Annual required contribution	\$ 12,855
Interest on net OPEB obligation	2,875
Adjustment to annual required contribution	<u>(2,396)</u>
Annual OPEB cost	13,334
Contributions made	<u>821</u>
Increase in net OPEB obligation	12,513
Net OPEB obligation, beginning of year	<u>71,871</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<u><u>\$ 84,384</u></u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 75,830
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	75,830
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 885,166
UAAL as a percentage of covered payroll	8.57%

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2016, actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4% and an initial healthcare cost trend rate of 3.2% with an ultimate healthcare trend rate of 5.5%. Both rates include a 2.5% inflation assumption and 4% wage inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2016 was 30 years.

**10. CHANGE IN ACCOUNTING PRINCIPLE**

With the implementation of GASB Statements No. 68 and No. 71, the Library is required to retroactively record the net pension liability and a deferred outflow of resources for contributions made after the measurement date. This change in accounting principle resulted in a decrease to governmental activities of \$541,542 as of May 1, 2015 to record the IMRF net pension liability and an increase to net position of \$48,790 to record deferred outflows of resources as of May 1, 2015 for a net change in accounting principle that reduced opening net position by \$492,752.



**REQUIRED SUPPLEMENTARY INFORMATION**

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

April 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes		
Property	\$ 2,862,721	\$ 2,844,579
Replacement	17,000	18,883
Intergovernmental		
Grants	-	12,963
Charges for services	9,000	9,956
Fees, fines and penalties	39,250	30,837
Investment income	3,600	5,346
Miscellaneous	11,000	14,321
	2,942,571	2,936,885
<b>EXPENDITURES</b>		
Current		
Culture and recreation	2,461,113	2,283,297
Capital outlay	9,000	3,342
Debt service		
Principal retirement	260,574	205,862
Interest and fiscal charges	6,741	58,722
	2,737,428	2,551,223
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>205,143</b>	<b>385,662</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers (out)	(205,000)	(475,000)
	(205,000)	(475,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 143</b>	<b>(89,338)</b>
<b>FUND BALANCE, MAY 1</b>		<b>1,383,459</b>
<b>FUND BALANCE, APRIL 30</b>		<b>\$ 1,294,121</b>

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2016

<b>Actuarial Valuation Date April 30,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL)</b>	<b>(3) Funded Ratio (1)/(2)</b>	<b>(4) Unfunded AAL (UAAL) (2)-(1)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (4)/(5)</b>
2011	\$ -	\$ 80,902	0.00%	\$ 80,902	\$ 825,520	9.80%
2012	-	93,828	0.00%	93,828	825,520	11.37%
2013	-	75,595	0.00%	75,595	732,291	10.32%
2014	n/a	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a	n/a
2016	-	75,830	0.00%	75,830	885,166	8.57%

n/a - information not available

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2016

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<b>Fiscal Year</b>	<b>Employer Actual Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2011	\$ 788	\$ 12,987	6.07%
2012	2,512	12,987	19.34%
2013	2,512	12,987	19.34%
2014	-	12,728	0.00%
2015	-	12,728	0.00%
2016	821	12,855	6.39%

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2016

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	<u>2016</u>
Contractually required contribution	\$ 128,649
Contributions in relation to the contractually required contribution	<u>128,649</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 1,016,996
Contributions as a percentage of covered - employee payroll	12.65%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013 and 2014. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2016

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	<u><b>2016*</b></u>
Employer's proportion of net pension liability	19.38%
Employer's proportionate share of net pension liability	\$ 936,460
Employer's covered employee payroll	1,016,996
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.08%
Plan fiduciary net position as a percentage of the total pension liability	88.67%

\*IMRF's measurement date is December 31, 2015; therefore, information above is presented for the calendar year ended December 31, 2015.

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2016

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**LEGAL COMPLIANCE AND ACCOUNTABILITY**

Budgets

The budget is adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted at the fund level for the General Fund and Capital Reserve Fund. All annual appropriations lapse at fiscal year end.

The Library Board of Trustees has the authority to approve the budget for the General Fund and Capital Reserve Fund; the Village Board of Trustees approves the tax levy. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budget at the fund level. Budget amounts are as originally adopted or as amended by the Library Board of Trustees. During the year, no budget amendments were made.

## **SUPPLEMENTAL DATA**



**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES</b>		
Culture and recreation		
Personal services		
Salaries and wages	\$ 1,307,500	\$ 1,238,028
Temporary help	4,000	-
Social Security	81,719	74,550
IMRF	140,000	128,649
Medicare	18,959	17,435
Employee insurance	122,000	121,437
	1,674,178	1,580,099
Total personal services		
Contractual services		
Marketing	36,000	29,555
Library programs - youth	21,000	20,761
Library programs - adult	4,500	3,455
Custodial	41,000	40,877
Utilities	12,000	12,000
Maintenance contracts	9,500	7,933
Legal expenses	5,500	1,835
Postage	750	230
Telephone	8,000	5,853
Accounting	30,635	31,095
Planning services	30,000	27,924
Miscellaneous contractual services	13,000	11,517
	211,885	193,280
Total contractual services		
Materials and supplies		
Youth materials	60,000	59,148
Adult materials	177,000	168,448
Periodicals	19,000	16,387
E-books	33,000	35,319
Technical serve supplies	25,000	15,637
Hardware/software	40,000	32,806
Janitorial maintenance supplies	7,000	8,105
Office supplies	16,000	11,426
Copier supplies	4,000	1,784
	381,000	349,060
Total materials and supplies		

(This schedule is continued on the following page.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>		
Culture and recreation (Continued)		
Repairs and maintenance		
Computer support	\$ 76,500	\$ 65,815
Misc repairs - improvements	35,000	40,061
Office equip - maintenance	3,750	3,244
	115,250	109,120
Other expenditures		
Staff development/conferences	23,000	19,071
Staff recognition	3,000	2,626
Memberships - board development	3,000	738
Helen O'Neill scholarship	500	-
Special events	7,500	6,826
Friends pledges	-	3,404
Donation expenditures	-	1,065
Foundation expenditures	-	203
Personnel	-	108
Art acquisitions	-	96
	37,000	34,137
Risk management		
Insurance liability	300	-
IRMA premiums	31,500	17,601
Self-insured deductible	10,000	-
	41,800	17,601
Total culture and recreation	2,461,113	2,283,297
Capital outlay		
Buildings	9,000	3,342
	9,000	3,342
Debt service		
Bond principal	260,574	205,862
Interest	3,741	58,453
Fiscal charges	3,000	269
	267,315	264,584
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,737,428</b>	<b>\$ 2,551,223</b>

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL RESERVE FUND

For the Year Ended April 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
None	\$ -	\$ -
Total revenues	-	-
<b>EXPENDITURES</b>		
Capital outlay	190,000	149,120
Debt service		
Principal	50,000	50,000
Interest	6,895	6,873
Total expenditures	246,895	205,993
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(246,895)	(205,993)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	205,000	475,000
Total other financing sources (uses)	205,000	475,000
NET CHANGE IN FUND BALANCE	\$ (41,895)	269,007
FUND BALANCE, MAY 1		483,754
<b>FUND BALANCE, APRIL 30</b>		<b>\$ 752,761</b>

(See independent auditor's report.)