

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2014

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

630.566.8400 // www.sikich.com

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 (the Library), as of and for the year ended April 30, 2014, 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, as of April 30, 2014, 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.

Emphasis of Matter

The Library adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, during the year ended April 30, 2014. The adoption of this statement resulted in the removal of the Library as a component unit of the Village of Hinsdale.

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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Naperville, Illinois
August 22, 2014

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

HINSDALE PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2014

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, 2014. 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

Historically, the primary focus of local government financial statements has been summarized fund type information on a current financial resource basis. This approach was modified by Government Accounting Standards Board Statement No. 34. The Library's financial statements now present two kinds of statements, each with a different snapshot of the Library's finances. The focus of the financial statements is now on both the Library as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Library's accountability.

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 and 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 through 23 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 24 through 27 of this 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, 2014 compared to April 30, 2013.

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

	2013	2014
<u>Governmental Activities</u>		
Assets		
Current and Other Assets	\$ 4,303,942	\$ 4,535,762
Capital Assets	3,188,032	3,191,286
Total Assets	7,491,974	7,727,048
Liabilities and deferred Inflows		
Long-Term Liabilities	3,446,525	3,226,598
Other Liabilities	132,070	95,209
Deferred Inflows	2,513,216	2,588,076
Total Liabilities and Deferred Inflows	6,091,811	5,909,883
Net Position		
Net Investment in Capital Assets	(172,263)	76,766
Restricted for Special Projects	523,158	576,918
Unrestricted	1,049,268	1,163,481
Total Net Position	\$ 1,400,163	\$ 1,817,165

The Library's combined net position increased by \$417,002 from \$1,400,163 to \$1,817,165 during FY 2014.

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

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

GOVERNMENT-WIDE STATEMENTS (Continued)

Activities

The following table summarizes the revenue and expenses of the Library's activities for FY 2014 compared to FY 2013.

**Table 2
Changes in Net Position**

Governmental Activities

	<u>2013</u>	<u>2014</u>
Assets		
Program Revenues		
Charges for Services	\$ 48,183	\$ 48,847
Operating Grants	17,281	21,020
General Revenues		
Property Taxes	2,575,149	2,728,753
Replacement Taxes	18,989	18,841
Investment Income	4,207	4,591
Miscellaneous	32,552	22,614
Total Revenues	<u>2,696,361</u>	<u>2,844,666</u>
Expenses		
Culture and Recreation	2,601,701	2,336,893
Interest	128,969	90,771
Total Expenses	<u>2,730,670</u>	<u>2,427,664</u>
Change in Net Position	(34,309)	417,002
Total Net Position, Beginning of Year	<u>1,434,472</u>	<u>1,400,163</u>
Total Net Position, End of Year	<u>\$ 1,400,163</u>	<u>\$ 1,817,165</u>

(See independent auditor's report)

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

**FINANCIAL OVERVIEW
HINSDALE PUBLIC LIBRARY**

INCOME SOURCES

	2014
Local Property and Other Taxes	96.59%
Fees and Charges	1.72%
Grants	0.74%
Gifts, Memorials, Other	0.79%
Interest Income	0.16%
Total Income: \$2,844,666	

EXPENDITURES BY CATEGORY

	2014
Personal Services	59.55%
Materials and Supplies	11.85%
Debt Service	12.20%
Contractual Services and Supplies, Programs	5.95%
Computers, Repairs and Maintenance	3.03%
Risk Management, Staff Development, Other	2.28%
Capital Expenses	5.14%
Total Income: \$2,663,242	

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 2012 tax rate (property taxes received in FY 2014) was .1695 for Du Page County and .198 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 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, 2014, revenues totaled \$2,844,666. Property taxes, the Library's largest single revenue source, amounted to \$2,728,753 representing 95.9% of total revenues. Property taxes increased by \$153,604 or 5.96% compared to the prior fiscal year 2013. 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.

Property taxes received by the Library in FY 2014 represent roughly 3% of the typical Hinsdale property tax bill.

Expenses

The Library's expenses were \$2,427,664 in FY 2014. As required by GASB Statement No. 34, the expense totals include depreciation expense of \$117,602 for governmental activities.

The Library had \$136,982 in capital expenses this year. The Library renovated the main floor in the spring of 2014. Improvements included a new Digital Media Lab, Board Room, Travel Shelving, and New and Audiovisual Material Shelving. Some furniture deliveries took place after April 30, 2014 and will be listed as expenses for FY 2015.

(See independent auditor's report)

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

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, 2014, the governmental funds (as presented on the balance sheet on page 6) had combined fund balances of \$1,852,477. This represents a fund balance of 1,275,559 in the General Fund and 576,918 in the Capital Reserve. This reflects a combined increase of \$181,424 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.

Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended April 30, 2014

	Original and Final Budget	Actual
Revenues		
Local Property and other Taxes	\$ 2,697,105	\$ 2,747,594
Fees and Charges	44,500	48,847
Grants	-	21,020
Gifts, Memorials, Other	11,800	22,614
Interest Income	3,000	3,931
Total Revenues	2,756,405	2,844,006
Expenditures		
Personal Services	1,674,885	1,586,070
Material and Supplies	340,000	315,607
Debt Service	261,308	264,233
Contractual Services	175,095	158,351
Other	185,609	141,246
Total Expenditures	2,636,897	2,465,507
Excess (Deficiency of Revenues Over Expenditures)	119,508	378,499
Other Financing Sources (Uses)		
Net Transfer (Out)	(110,835)	(250,835)
Net Changes in Fund Balance	\$ 8,673	\$ 127,664

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

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS (Continued)

General Fund revenues concluded the year over the budgeted amount. Charges for services came in under the budgeted amount. Both Property Tax revenue and Replacement Tax revenue came in slightly above the budgeted amount. The Library also received a \$21,020 grant from the State of Illinois. Because of previous delays in receipt of payment, this revenue was unbudgeted for FY 2014.

The Library transferred \$250,835 from the General Fund to the Capital Reserve. This transfer includes funds for HVAC loan repayment and capital repairs and improvements.

General Fund expenditures for FY2014 were \$ 171,390 below the adopted expenditure budget. The largest variance from the General Fund budget was in Personal Services. Of the \$1,674,885 budgeted, \$1,586,070 was actually spent. This was due largely to the resignation of a senior staff member and the restructuring of a major public service unit.

Capital Assets

The following schedule reflects the Library's capital asset balances as of April 30, 2014:

**Table 4
Capital Assets
As of April 30, 2014**

Capital Assets Being Depreciated

Buildings and Improvements	\$ 3,688,125
Machinery and equipment	968,630
Library books/multimedia	<u>2,678,800</u>

Total Capital Assets Being Depreciated	<u>7,335,555</u>
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Less accumulated depreciation for

Buildings and Improvements	779,939
Machinery and equipment	685,530
Library books/multimedia	<u>2,678,800</u>

Total Accumulated Depreciation	<u>4,144,269</u>
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Total Capital Assets Being Depreciated, Net	<u>3,191,286</u>
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Governmental Activity - Library Capital Assets, Net	<u>\$ 3,191,286</u>
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**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$ 3,191,286. See Note 4 for further information regarding capital assets.

Long-Term Debt

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

**Table 5
Long-Term Debt
Balances as of April 30, 2014**

Due to Village	\$ 3,138,477
Compensated Absences	29,370
Other postemployment benefit obligation	<u>58,751</u>
Total Long-Term Liabilities	<u><u>\$ 3,226,598</u></u>

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 \$3,226,598 in long-term debt. This includes:

- General Obligation Library Fund Tax (Alternate Revenue Source) Bonds Series 2006, for Library renovation
- General Obligation Refunding Bonds (Library Fund Tax ARS), Series 2013A
- Installment Loan for 2008 HVAC replacement
- General Obligation Taxable Pension Bonds, Series 2011

See Note 5 to the financial statements for further information regarding long term debt.

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.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2014

	Governmental Activities
<hr/>	
ASSETS	
Cash and investments	\$ 1,944,685
Receivables, net of allowance	
Property taxes	2,588,076
Other	1,644
Prepaid items	1,357
Capital assets	
Capital assets being depreciated, net of accumulated depreciation	<u>3,191,286</u>
Total assets	<u>7,727,048</u>
 DEFERRED OUTFLOWS OF RESOURCES	
None	<u>-</u>
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>7,727,048</u>
 LIABILITIES	
Accounts payable	49,674
Accrued payroll	45,535
Noncurrent liabilities	
Due within one year	269,048
Due in more than one year	<u>2,957,550</u>
Total liabilities	<u>3,321,807</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	<u>2,588,076</u>
Total deferred inflows of resources	<u>2,588,076</u>
Total liabilities and deferred inflows of resources	<u>5,909,883</u>
 NET POSITION	
Net investment in capital assets	76,766
Restricted for	
Special projects	576,918
Unrestricted	<u>1,163,481</u>
TOTAL NET POSITION	<u><u>\$ 1,817,165</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year April 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Change in Net Position Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation	\$ 2,336,893	\$ 48,847	\$ 21,020	\$ -	\$ (2,267,026)
Interest	90,771	-	-	-	(90,771)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,427,664	\$ 48,847	\$ 21,020	\$ -	(2,357,797)
General Revenues					
Taxes					
Property					
Replacement					
Investment income					
Miscellaneous					
Total					2,728,753
					18,841
					4,591
					22,614
					2,774,799
CHANGE IN NET POSITION					417,002
NET POSITION, MAY 1					1,400,163
NET POSITION, APRIL 30					\$ 1,817,165

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

April 30, 2014

	General	Capital Reserve	Total
ASSETS			
Cash and investments	\$ 1,351,641	\$ 593,044	\$ 1,944,685
Receivables			
Property tax	2,588,076	-	2,588,076
Other	1,644	-	1,644
Prepaid items	1,357	-	1,357
TOTAL ASSETS	\$ 3,942,718	\$ 593,044	\$ 4,535,762
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 33,548	\$ 16,126	\$ 49,674
Accrued payroll	45,535	-	45,535
Total liabilities	79,083	16,126	95,209
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,588,076	-	2,588,076
Total deferred inflows of resources	2,588,076	-	2,588,076
Total liabilities and deferred inflows of resources	2,667,159	16,126	2,683,285
FUND BALANCE			
Nonspendable			
Prepaid items	1,357	-	1,357
Restricted			
Special projects	-	576,918	576,918
Unrestricted			
Unassigned	1,274,202	-	1,274,202
Total fund balance	1,275,559	576,918	1,852,477
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,942,718	\$ 593,044	\$ 4,535,762

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, 2014

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,852,477
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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	3,191,286
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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	(29,370)
Due to the Village	(3,138,477)
Net other postemployment benefit obligation	<u>(58,751)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,817,165</u></u>
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See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2014

	General	Capital Reserve	Total
REVENUES			
Taxes			
Property	\$ 2,728,753	\$ -	\$ 2,728,753
Replacement	18,841	-	18,841
Intergovernmental			
Grants	21,020	-	21,020
Charges for services	10,137	-	10,137
Fees, fines and penalties	38,710	-	38,710
Investment income	3,931	660	4,591
Miscellaneous	22,614	-	22,614
Total revenues	2,844,006	660	2,844,666
EXPENDITURES			
Current			
Culture and recreation	2,201,274	-	2,201,274
Capital outlay	-	136,982	136,982
Debt service			
Principal retirement	204,634	50,000	254,634
Interest and fiscal charges	59,599	10,753	70,352
Total expenditures	2,465,507	197,735	2,663,242
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	378,499	(197,075)	181,424
OTHER FINANCING SOURCES (USES)			
Transfers in	-	250,835	250,835
Transfers (out)	(250,835)	-	(250,835)
Total other financing sources (uses)	(250,835)	250,835	-
NET CHANGE IN FUND BALANCE			
	127,664	53,760	181,424
FUND BALANCE, MAY 1			
	1,147,895	523,158	1,671,053
FUND BALANCE, APRIL 30			
	\$ 1,275,559	\$ 576,918	\$ 1,852,477

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

For the Year Ended April 30, 2014

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 181,424
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	120,856
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	(117,602)
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	254,634
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	11,142
Net other postemployment benefit obligation	(13,033)
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>(20,419)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 417,002</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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 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 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 nonfiduciary activities of the Library. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

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 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)

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 revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified 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 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 nonnegotiable 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)

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, which is considered the Library's highest level of decision-making authority. Formal actions include ordinances approved by the Library Board. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The Library Board has not delegated the authority to assign fund balance. Any residual fund balance of the General Fund is reported as unassigned.

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

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 positions 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 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.

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

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 2013 attach as an enforceable lien on January 1, 2013, 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, 2014 and August 1, 2014, and are payable in two installments, on or about June 1, 2014 and September 1, 2014. Tax bills are prepared by Cook County and issued on or about February 1, 2014 and September 1, 2014, and are payable in two installments, on or about March 1, 2014 and October 1, 2014. 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 2013 taxes (except for Cook County taxes received prior to April 30, 2014) are intended to finance the 2015 fiscal year and are not considered available for current operations and are, therefore, reported as unavailable/unearned revenue. For the 2014 tax levy that attached as a lien on property as of January 1, 2014 and will be levied in December 2014, this tax levy has not been recorded as a receivable as of April 30, 2014 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
GOVERNMENTAL ACTIVITIES				
Capital assets being depreciated				
Buildings and improvements	\$ 3,688,125	\$ -	\$ -	\$ 3,688,125
Machinery and equipment	847,774	120,856	-	968,630
Library books/multimedia	2,678,800	-	-	2,678,800
Total capital assets being depreciated	7,214,699	120,856	-	7,335,555
Less accumulated depreciation for				
Buildings and improvements	678,951	100,988	-	779,939
Machinery and equipment	668,916	16,614	-	685,530
Library books/multimedia	2,678,800	-	-	2,678,800
Total accumulated depreciation	4,026,667	117,602	-	4,144,269
Total capital assets being depreciated, net	3,188,032	3,254	-	3,191,286
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 3,188,032	\$ 3,254	\$ -	\$ 3,191,286

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

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 117,602</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, 2014:

	Balance May 1	Additions	Retirements	Balance April 30	Current Portion
Due to Village	\$ 3,372,692	\$ -	\$ 234,215	\$ 3,138,477	\$ 261,705
Compensated absences	40,512	7,088	18,230	29,370	7,343
Net other postemployment benefits obligation	45,718	13,033	-	58,751	-
TOTAL LONG-TERM LIABILITIES	<u>\$ 3,458,922</u>	<u>\$ 20,121</u>	<u>\$ 252,445</u>	<u>\$ 3,226,598</u>	<u>\$ 269,048</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 of Hinsdale (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	Additions	Reductions	Balances April 30	Current Portion
General Obligation Library Fund Tax (Alternate Revenue Source) Bonds Series 2006, due in annual installments of \$70,000 to \$300,000 plus interest at 3.75% to 4.00% through December 15, 2015	Library Operating	\$ 220,000	\$ -	\$ 105,000	\$ 115,000	\$ 115,000
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	254,310	-	44,634	209,676	47,748
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	2,710,000	-	55,000	2,655,000	25,000
Total bonds payable		3,184,310	-	204,634	2,979,676	187,748
General Obligation Debt Certificates Series 2008B due in annual installments of \$50,000 plus interest at 3.94% through October 1, 2018	Capital Reserve	300,000	-	50,000	250,000	50,000
Unamortized premium		61,296	-	4,378	56,918	-
Unamortized loss on refunding		(185,311)	-	(13,237)	(172,074)	-
Accrued interest		12,397	-	(11,560)	23,957	23,957
TOTAL		\$ 3,372,692	\$ -	\$ 234,215	\$ 3,138,477	\$ 261,705

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
2015	\$ 187,748	\$ 64,207	\$ 50,000	\$ 8,865
2016	205,862	58,453	50,000	6,895
2017	218,976	54,336	50,000	4,925
2018	232,090	49,768	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	-	-
TOTAL	\$ 2,979,676	\$ 473,680	\$ 250,000	\$ 24,625

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 four fiscal years.

7. INTERFUND ACTIVITY

Amounts transferred to/from other funds at April 30, 2014 consisted of the following:

	Transfer To	Transfer From
General Fund	\$ -	\$ 250,835
Capital Reserve Fund	250,835	-
TOTAL	\$ 250,835	\$ 250,835

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

7. INTERFUND ACTIVITY (Continued)

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

- \$250,835 transferred from the General Fund to the Capital Reserve Fund is for funding of future capital needs. The transfer will not be repaid.

8. PENSION COMMITMENTS

The Library, under the sponsorship of the Village, contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system that acts as a common investment administrative agent for 2,594 local governments and school districts in Illinois.

Although IMRF is an agent multiple-employer pension plan, the Library's participation through the Village is considered to be that of a cost sharing, multiple-employer pension plan.

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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes (ILCS).

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.

These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and the Library are required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. A separate actuarial valuation for Library employees is not performed. Actuarial information regarding IMRF is presented in the Village's Annual Financial Report.

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

8. PENSION COMMITMENTS (Continued)

The amount shown below as the actuarial accrued liability is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of IMRF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial entry age normal method prorated on service and is the same as the funding method used to determine contributions to IMRF.

IMRF Funding Status	Total Village Plan	Library Portion*
Actuarial Accrued Liability		
2013	\$ 11,719,411	\$ 2,225,516
2012	12,509,334	2,573,170
2011	12,251,279	2,539,690
Actuarial Value of Assets		
2013	\$ 7,545,500	\$ 1,432,890
2012	7,457,610	1,534,030
2011	6,757,541	1,400,838
Unfunded Actuarial Accrued Liability		
2013	\$ 4,173,911	\$ 792,626
2012	5,051,724	1,039,140
2011	5,493,738	1,138,852

* Allocation estimated based on Library contribution rate to total Village and Library contribution.

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.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2013, Library membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	14
TOTAL	14
Participating employers	1

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.

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
2012	\$ 13,986	\$ 2,512	17.96%	\$ 35,010
2013	13,220	2,512	19.00%	45,718
2014	13,033	-	0.00%	58,751

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of April 30, 2013, was calculated as follows:

Annual required contribution	\$ 12,728
Interest on net OPEB obligation	1,829
Adjustment to annual required contribution	<u>(1,524)</u>
Annual OPEB cost	13,033
Contributions made	<u>-</u>
Increase in net OPEB obligation	13,033
Net OPEB obligation, beginning of year	<u>45,718</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 58,751</u></u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2013, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 75,595
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	75,595
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 732,291
UAAL as a percentage of covered payroll	10.32%

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.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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, 2013, actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.0% and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption and 4.0% 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, 2013 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

April 30, 2014

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property	\$ 2,682,461	\$ 2,728,753
Replacement	14,644	18,841
Intergovernmental		
Grants	-	21,020
Charges for services	10,000	10,137
Fees, fines and penalties	34,500	38,710
Investment income	3,000	3,931
Miscellaneous	11,800	22,614
Total revenues	<u>2,756,405</u>	<u>2,844,006</u>
EXPENDITURES		
Current		
Culture and recreation	2,364,789	2,201,274
Capital outlay	10,800	-
Debt service		
Principal retirement	254,447	204,634
Interest and fiscal charges	6,861	59,599
Total expenditures	<u>2,636,897</u>	<u>2,465,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		
	<u>119,508</u>	<u>378,499</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	<u>(110,835)</u>	<u>(250,835)</u>
Total other financing sources (uses)	<u>(110,835)</u>	<u>(250,835)</u>
NET CHANGE IN FUND BALANCE		
	<u><u>\$ 8,673</u></u>	127,664
FUND BALANCE, MAY 1		
		<u>1,147,895</u>
FUND BALANCE, APRIL 30		
		<u><u>\$ 1,275,559</u></u>

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2014

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL (OAAL) as a Percentage of Covered Payroll (4)/(5)
2009	\$ -	\$ 86,762	0.00%	\$ 86,762	\$ 725,643	11.96%
2010	-	93,454	0.00%	93,454	754,669	12.38%
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

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, 2014

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 2,943	\$ 8,994	32.72%
2010	4,291	9,502	45.16%
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%

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2014

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 has the authority to approve the budget for the General Fund and Capital Reserve Fund; the Village Board 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. 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, 2014

	Original and Final Budget	Actual
EXPENDITURES		
Culture and recreation		
Personal services		
Salaries and wages	\$ 1,290,840	\$ 1,230,577
Temporary help	4,000	-
Social security	80,678	74,037
IMRF	155,690	142,890
Medicare	18,717	17,315
Employee insurance	124,960	121,251
	<hr/>	<hr/>
Total personal services	1,674,885	1,586,070
	<hr/>	<hr/>
Contractual services		
Marketing	31,000	27,403
Library programs - youth	20,000	19,182
Library programs - adult	4,500	5,515
Custodial	25,700	20,638
Utilities	18,375	10,071
Maintenance contracts	10,000	8,369
Legal expenses	5,000	1,087
Postage	3,500	2,483
Telephone	9,720	9,950
Accounting	25,000	25,000
Planning services	10,000	17,051
Building and grounds	-	611
Data processing	-	200
Miscellaneous contractual services	12,300	10,791
	<hr/>	<hr/>
Total contractual services	175,095	158,351
	<hr/>	<hr/>
Materials and supplies		
Youth materials	60,000	55,921
Adult materials	177,000	154,088
Periodicals	19,000	32,999
E-books	20,000	10,507
Technical serve supplies	15,000	18,935
Hardware/software	27,000	21,857
Janitorial maintenance supplies	7,000	6,892
Office supplies	12,500	11,972
Copier supplies	2,500	2,436
	<hr/>	<hr/>
Total materials and supplies	340,000	315,607
	<hr/>	<hr/>

(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, 2014

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Culture and recreation (Continued)		
Repairs and maintenance		
Computer support	\$ 58,500	\$ 57,112
Misc repairs - improvements	24,750	20,797
Office equip - maintenance	7,675	2,669
	<hr/>	<hr/>
Total repairs and maintenance	90,925	80,578
	<hr/>	<hr/>
Other expenditures		
Staff development/conferences	21,000	20,097
Memberships - board development	2,500	1,892
Special events	6,000	7,142
Helen O'Neill scholarship	500	500
Friends pledges	-	2,094
Donation expenditures	-	645
Foundation expenditures	-	1,000
Membership/subscriptions	-	396
Personnel	-	114
	<hr/>	<hr/>
Total other expenditures	30,000	33,880
	<hr/>	<hr/>
Risk management		
Insurance liability	43,884	266
IRMA premiums	-	26,522
Self-insured deductible	10,000	-
	<hr/>	<hr/>
Total risk management	53,884	26,788
	<hr/>	<hr/>
Total culture and recreation	2,364,789	2,201,274
	<hr/>	<hr/>
Capital outlay		
Buildings	10,800	-
	<hr/>	<hr/>
Total capital outlay	10,800	-
	<hr/>	<hr/>
Debt service		
Bond principal	254,447	204,634
Interest	5,361	55,174
Bond issuance costs	1,500	4,425
	<hr/>	<hr/>
Total debt service	261,308	264,233
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 2,636,897	\$ 2,465,507
	<hr/>	<hr/>

(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, 2014

	Original and Final Budget	Actual
REVENUE		
Investment income	\$ -	\$ 660
Total revenue	<u>-</u>	<u>660</u>
EXPENDITURES		
Capital outlay	218,114	136,982
Debt service		
Principal	50,000	50,000
Interest	<u>10,835</u>	<u>10,753</u>
Total expenditures	<u>278,949</u>	<u>197,735</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(278,949)</u>	<u>(197,075)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>110,835</u>	<u>250,835</u>
Total other financing sources (uses)	<u>110,835</u>	<u>250,835</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (168,114)</u></u>	53,760
FUND BALANCE, MAY 1		<u>523,158</u>
FUND BALANCE, APRIL 30		<u><u>\$ 576,918</u></u>

(See independent auditor's report.)