

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2017



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



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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, 2017, 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, 2017, 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.

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
October 11, 2017

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

HINSDALE PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2017

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, 2017. 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 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 9-26 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 27-32 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, 2017 compared to April 30, 2016.

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

Governmental Activities

Assets	<u>2016</u>	<u>2017</u>
Current and Other Assets	\$4,821,980	\$5,072,268
Capital Assets	<u>3,442,691</u>	<u>3,332,814</u>
Total Assets	<u>8,264,671</u>	<u>8,405,082</u>
Deferred Outflows of Resources		
Pension Items	606,282	470,877
Total assets and deferred outflows of resources	<u>8,870,953</u>	<u>8,875,959</u>
Liabilities and Deferred Inflows		
Long-Term Liabilities	3,412,220	3,143,795
Other Liabilities	403,587	441,927
Deferred Inflows	<u>2,667,719</u>	<u>2,742,265</u>
Total Liabilities and Deferred Inflows	<u>6,483,526</u>	<u>6,327,987</u>
Net Position		
Net Investment in Capital Assets	804,063	954,301
Restricted for Art	34,244	23,491
Restricted for Special Projects	752,761	963,600
Unrestricted	<u>796,359</u>	<u>606,580</u>
Total Net Position	<u>\$2,387,427</u>	<u>\$2,547,972</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 \$160,545, from \$2,387,427 to \$2,547,972 during FY 2017.

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 2017 compared to FY 2016.

**Table 2
Changes in Net Position**

Governmental Activities

Revenues	<u>2016</u>	<u>2017</u>
Program Revenues		
Charges for Services	\$40,793	\$37,157
Operating Grants	12,963	13,057
General Revenues		
Property Taxes	2,844,579	2,869,712
Replacement Taxes	18,883	23,862
Investment Income	5,346	13,670
Miscellaneous	14,321	16,674
Total Revenues	<u>2,936,885</u>	<u>2,974,132</u>
Expenses		
Culture and Recreation	2,277,322	2,746,383
Interest	73,119	67,204
Total Expenses	<u>2,350,441</u>	<u>2,813,587</u>
Change in Net Position	586,444	160,545
Total Net Position, Beginning of Year	<u>1,800,983</u>	<u>\$2,387,427</u>
Total Net Position, End of Year	<u>\$2,387,427</u>	<u>\$2,547,972</u>

(See independent auditor's report)

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

**FINANCIAL OVERVIEW
HINSDALE PUBLIC LIBRARY**

INCOME SOURCES	2017	
Local Property and other Taxes	97.36%	\$2,893,574
Fees and Charges	1.25%	37,157
Grants	0.44%	13,057
Gifts, Memorials, Other	0.56%	16,674
Investment Income	0.39%	13,670

Total Income: \$ 2,974,132

EXPENDITURES BY CATEGORY	2017	
Personal Services	59.86%	\$1,650,765
Materials and Supplies	13.34%	367,904
Debt Service	11.92%	328,733
Contractual Services and Supplies, Programs	7.65%	210,991
Computers, Repairs and Maintenance	3.28%	90,434
Risk Management, Staff Development, Other	2.62%	72,337
Capital Expenses	1.32%	36,386

Total Expenditures: \$2,757,550

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 2015 tax rate (property taxes received in FY 2017) was .1729 for Du Page County and .219 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

(See independent auditor's report)

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

Valuation (EAV) of real property within the district, value of new construction within the district, and the CPI (all urban consumers).

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, 2017, revenues totaled \$2,974,132. Property taxes, the Library's largest single revenue source, amounted to \$2,869,712 representing 97.36% of total revenues. Property taxes increased by \$25,113 or .88% 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 Board voted not to increase the amount levied for in the 2017 Fiscal Year. The Board agreed that the Library's operating reserves were sufficient to fund any expenses in excess of revenue for the year.

(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 \$13,057.

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

Although the Library did see a slight increase this year, investment income remains limited as a source of funding.

Expenditures

The Library's expenditures were \$2,757,550 in FY 2017.

The Library had \$36,386 in capital expenditures this year. Expenditures included an interior signage project and meeting room projector upgrades.

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, 2017, the governmental funds (as presented on the balance sheet on page 5) had combined fund balances of \$2,263,464. This represents a fund balance of \$1,299,864 in the General Fund and \$963,600 in the Capital Reserve. This reflects a combined increase of \$216,582 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 \$300,000 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, 2017**

Revenues	Original and Final Budget	Actual
Local Property and other Taxes	\$2,863,100	\$2,893,574
Fees and Charges	45,250	37,157
Grants		13,057
Gifts, Memorials, Other	1,000	16,674
Investment Income	3,000	11,553
	<hr/>	<hr/>
Total Revenues	2,912,350	2,972,015
	<hr/>	<hr/>
Expenditures		
Personal Services	1,700,948	1,650,765
Materials and Supplies	394,000	367,904
Debt Service	274,813	273,841
Contractual Services	256,130	210,991
Other	215,050	162,771
Total Expenditures	2,840,941	2,666,272
Excess (Deficiency) of Revenues Over Expenditures	71,409	305,743
Other Financing Sources (Uses)		
Net Transfer Out	(128,380)	(300,000)
	<hr/>	<hr/>
Net Changes In Fund Balance	<u>\$(56,971)</u>	<u>\$5,743</u>

General Fund revenues concluded the year over the budgeted amount.

Property Tax revenue and miscellaneous revenue came in over the budgeted amount. Due to their unpredictable nature, the Library typically budgets a minimal amount for gifts and donations. The Library also received a \$13,057 grant from the State of Illinois. Because of previous delays in receipt of payment, this revenue was unbudgeted for FY 2017.

The Library transferred \$300,000 from the General Fund to the Capital Reserve. This transfer includes funds for HVAC loan repayment, current, and planned future capital repairs and improvements.

(See independent auditor's report)

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

General Fund expenditures for FY2017 were \$174,669 below the adopted expenditure budget.

The largest variance from the General Fund budget was in Personal Services. Of the \$1,700, 938 budgeted, \$1,650,099 was actually spent. This 3% variance is largely due to staff turnover.

The delay in the purchase of new accounting software for the Village of Hinsdale meant that the additional funds budgeted for Contractual Services this year were not spent.

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, 2017:

**Table 4
Capital Assets
As of April 30, 2017**

Capital Assets Being Depreciated	
Buildings and Improvements	\$3,688,125
Machinery and equipment	1,528,771
Library books/multimedia	2,678,800
Total Capital Assets Being Depreciated	<u>\$7,895,696</u>
Less accumulated depreciation for	
Buildings and Improvements	1,082,903
Machinery and equipment	801,179
Library books/multimedia	2,678,800
Total Accumulated Depreciation	<u>4,562,882</u>
Total Capital Assets Being Depreciated, Net	<u>3,332,814</u>
Governmental Activity -- Library Capital Assets, Net	<u>\$3,332,814</u>

At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$3,332,814. 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, 2017**

Due to Village	\$2,378,510
Compensated Absences	\$35,362
Net pension liability for the Illinois Municipal Retirement Fund	\$923,975
Net other postemployment benefit obligation	\$ 96,879
Total Long-Term Liabilities	\$3,434,726

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 \$3,434,726 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 \$923,975. This is now recorded on the government wide financial statements with the implementation of GASB Statement No. 68.

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)

BASIC FINANCIAL STATEMENTS

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,365,898
Receivables, net of allowance	
Property taxes	2,676,388
Other	897
Due from other governments	14,355
Prepaid expenses	14,730
Capital assets	
Capital assets being depreciated, net of accumulated depreciation	<u>3,332,814</u>
Total assets	<u>8,405,082</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items	<u>470,877</u>
Total deferred outflows of resources	<u>470,877</u>
Total assets and deferred outflows of resources	<u>8,875,959</u>
LIABILITIES	
Accounts payable	72,702
Accrued payroll	59,714
Accrued interest payable	18,580
Noncurrent liabilities	
Due within one year	290,931
Due in more than one year	<u>3,143,795</u>
Total liabilities	<u>3,585,722</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	2,676,388
Pension items	<u>65,877</u>
Total deferred inflows of resources	<u>2,742,265</u>
Total liabilities and deferred inflows of resources	<u>6,327,987</u>
NET POSITION	
Net investment in capital assets	954,301
Restricted for	
Art	23,491
Special projects	963,600
Unrestricted	<u>606,580</u>
TOTAL NET POSITION	<u><u>\$ 2,547,972</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation	\$ 2,746,383	\$ 37,157	\$ 13,057	\$ -	\$ (2,696,169)
Interest	67,204	-	-	-	(67,204)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,813,587	\$ 37,157	\$ 13,057	\$ -	(2,763,373)
			General Revenues		
			Taxes		
			Property		2,869,712
			Replacement		23,862
			Investment income		13,670
			Miscellaneous		16,674
			Total		2,923,918
			CHANGE IN NET POSITION		160,545
			NET POSITION, MAY 1		2,387,427
			NET POSITION, APRIL 30		\$ 2,547,972

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

April 30, 2017

	General	Capital Reserve	Total
ASSETS			
Cash and investments	\$ 1,402,298	\$ 963,600	\$ 2,365,898
Receivables			
Property tax	2,676,388	-	2,676,388
Other	897	-	897
Due from other governments	14,355	-	14,355
Prepaid items	14,730	-	14,730
	\$ 4,108,668	\$ 963,600	\$ 5,072,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 72,702	\$ -	\$ 72,702
Accrued payroll	59,714	-	59,714
	132,416	-	132,416
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,676,388	-	2,676,388
	2,676,388	-	2,676,388
	2,808,804	-	2,808,804
FUND BALANCES			
Nonspendable			
Prepaid items	14,730	-	14,730
Restricted			
Art	23,491	-	23,491
Special projects	-	963,600	963,600
Unrestricted			
Unassigned	1,261,643	-	1,261,643
	1,299,864	963,600	2,263,464
	\$ 4,108,668	\$ 963,600	\$ 5,072,268

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, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,263,464
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	3,332,814
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	405,000
Interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds	(18,580)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(35,362)
Due to the Village	(2,378,510)
Net pension liability for the Illinois Municipal Retirement Fund	(923,975)
Net other postemployment benefit obligation	<u>(96,879)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,547,972</u></u>

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, 2017

	General	Capital Reserve	Total
REVENUES			
Taxes			
Property	\$ 2,869,712	\$ -	\$ 2,869,712
Replacement	23,862	-	23,862
Intergovernmental			
Grants	13,057	-	13,057
Charges for services	8,340	-	8,340
Fees, fines and penalties	28,817	-	28,817
Investment income	11,553	2,117	13,670
Miscellaneous	16,674	-	16,674
	<hr/>		
Total revenues	2,972,015	2,117	2,974,132
	<hr/>		
EXPENDITURES			
Current			
Culture and recreation	2,365,969	-	2,365,969
Capital outlay	26,462	36,386	62,848
Debt service			
Principal retirement	218,976	50,000	268,976
Interest and fiscal charges	54,865	4,892	59,757
	<hr/>		
Total expenditures	2,666,272	91,278	2,757,550
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	305,743	(89,161)	216,582
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers in	-	300,000	300,000
Transfers (out)	(300,000)	-	(300,000)
	<hr/>		
Total other financing sources (uses)	(300,000)	300,000	-
	<hr/>		
NET CHANGE IN FUND BALANCES	5,743	210,839	216,582
	<hr/>		
FUND BALANCES, MAY 1	1,294,121	752,761	2,046,882
	<hr/>		
FUND BALANCES, APRIL 30	\$ 1,299,864	\$ 963,600	\$ 2,263,464
	<hr/>		

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 216,582
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	36,386
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	(146,263)
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	268,976
The change in deferred inflows and outflows of resources for IMRF is reported only in the statement of activities	(201,282)
The change in net pension liability is shown as an expense on the statement of activities	12,485
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	(6,397)
Net other postemployment benefit obligation	(12,495)
Interest payable	1,411
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>(8,858)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 160,545</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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)

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.

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Library does not have any investments at April 30, 2017 subject to fair value measurements.

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 acquisition 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

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:

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. 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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions (Continued)

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.

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.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions (Continued)

2) Investments (Continued)

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.

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 2016 attach as an enforceable lien on January 1, 2016, 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, 2017 and August 1, 2017, and are payable in two installments, on or about June 1, 2017 and September 1, 2017. Tax bills are prepared by Cook County and issued on or about February 1, 2017 and September 1, 2017, and are payable in two

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

3. RECEIVABLES - TAXES (Continued)

installments, on or about March 1, 2017 and October 1, 2017. 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 2016 taxes (except for Cook County taxes received prior to April 30, 2017) are intended to finance the 2018 fiscal year and are not considered available for current operations and, therefore, are reported as unavailable/unearned revenue. For the 2017 tax levy that attached as a lien on property as of January 1, 2017 and will be levied in December 2017, this tax levy has not been recorded as a receivable as of April 30, 2017 since it is not measurable or available.

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	1,492,385	36,386	-	1,528,771
Library books/multimedia	2,678,800	-	-	2,678,800
Total capital assets being depreciated	<u>7,859,310</u>	<u>36,386</u>	<u>-</u>	<u>7,895,696</u>
Less accumulated depreciation for				
Buildings and improvements	981,915	100,988	-	1,082,903
Machinery and equipment	755,904	45,275	-	801,179
Library books/multimedia	2,678,800	-	-	2,678,800
Total accumulated depreciation	<u>4,416,619</u>	<u>146,263</u>	<u>-</u>	<u>4,562,882</u>
Total capital assets being depreciated, net	<u>3,442,691</u>	<u>(109,877)</u>	<u>-</u>	<u>3,332,814</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 3,442,691</u>	<u>\$ (109,877)</u>	<u>\$ -</u>	<u>\$ 3,332,814</u>

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

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 146,263</u>

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

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, 2017:

	Balances May 1,	Additions	Retirements	Balances April 30	Current Portion
Due to Village	\$ 2,638,628	\$ -	\$ 260,118	\$ 2,378,510	\$ 282,090
Compensated absences	28,965	6,397	-	35,362	8,841
Net other postemployment benefits obligation	84,384	12,495	-	96,879	-
Net pension liability - IMRF	936,460	-	12,485	923,975	-
TOTAL LONG-TERM LIABILITIES	\$ 3,688,437	\$ 18,892	\$ 272,603	\$ 3,434,726	\$ 290,931

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 May1,	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	\$ 111,066	\$ -	\$ 53,976	\$ 57,090	\$ 57,090
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	2,475,000	-	165,000	2,310,000	175,000
Total bonds payable		2,586,066	-	218,976	2,367,090	232,090

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

5. LONG-TERM DEBT (Continued)

b. Governmental Activities (Continued)

	Fund Debt Retired By	Balances May1,	Additions	Reductions	Balances April 30	Current Portion
General Obligation Debt Certificates Series 2008B due in annual installments of \$50,000 plus interest at 3.94% through October 1, 2018.	Capital Reserve	\$ 150,000	\$ -	\$ 50,000	\$ 100,000	\$ 50,000
Unamortized premium		48,162	-	4,378	43,784	-
Unamortized loss on refunding		(145,600)	-	(13,236)	(132,364)	-
TOTAL		\$ 2,638,628	\$ -	\$ 260,118	\$ 2,378,510	\$ 282,090

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
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	-	-
TOTAL	\$ 2,367,090	\$ 296,685	\$ 100,000	\$ 3,940

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

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, 2017 consisted of the following:

	Transfer To	Transfer From
General Fund	\$ -	\$ 300,000
Capital Reserve Fund	300,000	-
TOTAL	\$ 300,000	\$ 300,000

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

- \$300,000 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.

8. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

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.

Contributions

Participating members are required to contribute 4.50% 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 2016 was 12.88% of covered payroll. For the year ended April 30, 2017, salaries totaling \$1,033,231 were paid that required employer contributions of \$131,956, which was equal to the Library's actual contributions.

Net Pension Liability

At April 30, 2017, the Library reported a liability of \$923,975 for its proportionate share of the net pension liability. The net pension liability was measured as of April 30, 2017, 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, 2017 relative to the contributions of the Village, actuarially determined. At April 30, 2017, the Library's proportion was 19.75% of the total contribution.

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

8. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2016 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

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). 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 2012). 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 7.5%. 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 Library's 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 projected to be available to make all projected future benefit payments of current plan members.

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

8. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2017, the Library recognized pension expense of \$314,645. At April 30, 2017, 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	\$ 84,905	\$ 51,883
Changes in assumption	3,966	13,994
Net difference between projected and actual earnings on pension plan investments	339,153	-
Contributions made subsequent to the measurement date	42,853	-
TOTAL	\$ 470,877	\$ 65,877

The contributions of \$42,853 were made after the plan's measurement date and will be recognized in pension expense for the fiscal year ended April 30, 2017. Other 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 April 30,</u>	
2018	\$ 147,984
2019	108,447
2020	99,440
2021	6,276
Thereafter	-
TOTAL	\$ 362,147

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

8. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

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 7.5% 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 1,989,943	\$ 923,975	\$ 45,547

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.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2017, 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>
 TOTAL	 <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.

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
2015	\$ 13,120	\$ -	0.00%	\$ 71,871
2016	13,334	821	6.16%	84,384
2017	13,932	1,437	10.32%	96,879

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, 2017 was calculated as follows:

Annual required contribution	\$ 13,369
Interest on net OPEB obligation	3,375
Adjustment to annual required contribution	<u>(2,812)</u>
Annual OPEB cost	13,932
Contributions made	<u>1,437</u>
Increase in net OPEB obligation	12,495
Net OPEB obligation, beginning of year	<u>84,384</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 96,879</u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2017, 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)	\$ 917,504
UAAL as a percentage of covered payroll	8.26%

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, 2017, 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 3.2% with an ultimate healthcare trend rate of 5.5%. Both rates include a 2.5% 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, 2017 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, 2017

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property	\$ 2,846,100	\$ 2,869,712
Replacement	17,000	23,862
Intergovernmental		
Grants	-	13,057
Charges for services	15,750	8,340
Fees, fines and penalties	29,500	28,817
Investment income	3,000	11,553
Miscellaneous	1,000	16,674
	<u>2,912,350</u>	<u>2,972,015</u>
Total revenues		
EXPENDITURES		
Current		
Culture and recreation	2,538,128	2,365,969
Capital outlay	28,000	26,462
Debt service		
Principal retirement	270,588	218,976
Interest and fiscal charges	4,225	54,865
	<u>2,840,941</u>	<u>2,666,272</u>
Total expenditures		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>71,409</u>	<u>305,743</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	<u>(128,380)</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(128,380)</u>	<u>(300,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (56,971)</u>	<u>5,743</u>
FUND BALANCE, MAY 1		<u>1,294,121</u>
FUND BALANCE, APRIL 30		<u><u>\$ 1,299,864</u></u>

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

April 30, 2017

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
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%
2017	-	75,830	0.00%	75,830	917,504	8.26%

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, 2017

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2017	1,438	13,932	10.32%

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

Last Two Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017
Contractually required contribution	\$ 128,649	\$ 131,956
Contributions in relation to the contractually required contribution	<u>128,649</u>	<u>131,956</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 977,529	\$ 1,033,231
Contributions as a percentage of covered - employee payroll	13.16%	12.77%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2015 and 2016. 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 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2016	2017
Employer's proportion of net pension liability	19.38%	19.75%
Employer's proportionate share of net pension liability	\$ 936,460	\$ 923,975
Employer's covered employee payroll	1,016,996	1,024,598
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.08%	90.18%
Plan fiduciary net position as a percentage of the total pension liability	88.67%	89.15%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2017

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, 2017

	Original and Final Budget	Actual
EXPENDITURES		
Culture and recreation		
Personal services		
Salaries and wages	\$ 1,317,500	\$ 1,300,227
Temporary help	4,000	-
Social Security	82,344	78,558
IMRF	138,000	131,956
Medicare	19,104	18,373
Employee insurance	140,000	121,651
	1,700,948	1,650,765
Total personal services		
Contractual services		
Marketing	36,000	26,834
Library programs - youth	24,000	22,496
Library programs - adult	9,000	8,197
Custodial	44,000	38,370
Utilities	12,000	12,000
Maintenance contracts	9,000	7,274
Legal expenses	5,000	4,937
Postage	750	773
Telephone	6,000	5,806
Accounting	61,880	31,880
Planning services	35,000	39,139
Miscellaneous contractual services	13,500	13,285
	256,130	210,991
Total contractual services		
Materials and supplies		
Youth materials	65,000	61,311
Adult materials	189,000	178,464
Periodicals	19,000	17,815
E-books	36,000	46,029
Technical serve supplies	20,000	16,139
Hardware/software	40,000	26,792
Janitorial maintenance supplies	7,000	6,134
Office supplies	15,000	12,474
Copier supplies	3,000	2,746
	394,000	367,904
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, 2017

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Culture and recreation (Continued)		
Repairs and maintenance		
Computer support	\$ 66,500	\$ 56,948
Miscellaneous repairs - improvements	33,000	30,492
Office equip - maintenance	3,750	2,994
	103,250	90,434
Other expenditures		
Staff development/conferences	24,000	15,612
Staff recognition	3,000	2,460
Memberships - board development	3,000	1,791
Helen O'Neill scholarship	500	-
Special events	7,500	5,464
Friends pledges	-	3,874
Donation expenditures	-	1,543
Foundation expenditures	-	-
Personnel	-	24
Art acquisitions	-	-
	38,000	30,768
Risk management		
Insurance liability	300	-
IRMA premiums	35,500	15,107
Self-insured deductible	10,000	-
	45,800	15,107
Total culture and recreation		
	2,538,128	2,365,969
Capital outlay		
Buildings	28,000	26,462
	28,000	26,462
Debt service		
Bond principal	270,588	218,976
Interest	2,725	54,336
Fiscal charges	1,500	529
	274,813	273,841
TOTAL EXPENDITURES	\$ 2,840,941	\$ 2,666,272

(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, 2017

	Original and Final Budget	Actual
REVENUES		
Investment	\$ -	\$ 2,117
Total revenues	-	2,117
EXPENDITURES		
Capital outlay	73,455	36,386
Debt service		
Principal	50,000	50,000
Interest	4,925	4,892
Total expenditures	128,380	91,278
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(128,380)	(89,161)
OTHER FINANCING SOURCES (USES)		
Transfers in	128,380	300,000
Total other financing sources (uses)	128,380	300,000
NET CHANGE IN FUND BALANCE	\$ -	210,839
FUND BALANCE, MAY 1		752,761
FUND BALANCE, APRIL 30		\$ 963,600

(See independent auditor's report.)