

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018

We are submitting to you the following draft of your financial statements to expedite your review. As stated in our engagement letter with you, the fair presentation of the financial statements is your responsibility. This draft, or elements within should not be shared with any external parties, nor should any inference be made to any parties that no material adjustments or material disclosure modifications are expected before these statements are submitted as final.

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS
TABLE OF CONTENTS

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	5
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances ...	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	8
Notes to Financial Statements	9-26
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	27
Other Postemployment Benefit Plan	
Schedule of Funding Progress	28
Schedule of Employer Contributions	29
Illinois Municipal Retirement Fund	
Schedule of Employer Contributions	30
Schedule of Changes in the Employers’ Proportionate Share of the Net Pension Liability.....	31
Notes to Required Supplementary Information	32

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS
TABLE OF CONTENTS (Continued)

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

	<u>Page(s)</u>
SUPPLEMENTAL DATA	
Detailed Schedule of Expenditures - Budget and Actual - General Fund.....	33-34
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Reserve Fund	35

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

INDEPENDENT AUDITOR'S REPORT

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, 2018, 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, 2018, 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.

Naperville, Illinois
DATE OPEN, 2018

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

HINSDALE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2018

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, 2018. 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)**

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

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.

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

GOVERNMENT-WIDE STATEMENTS

Net Position

The following table reflects the condensed Statement of Net Position as of April 30, 2018 compared to April 30, 2017.

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

	<u>Governmental Activities</u>	
Assets	<u>2017</u>	<u>2018</u>
Current and Other Assets	\$5,072,268	\$5,519,885
Capital Assets	<u>3,332,814</u>	<u>3,230,544</u>
Total Assets	<u>8,405,082</u>	<u>8,750,429</u>
Deferred Outflows of Resources		
Pension Items	470,877	72,581
Total assets and deferred outflows of resources	<u>8,875,959</u>	<u>8,823,010</u>
Liabilities and Deferred Inflows		
Long-Term Liabilities	3,143,795	1,994,842
Other Liabilities	441,927	370,793
Deferred Inflows	<u>2,742,265</u>	<u>3,463,348</u>
Total Liabilities and Deferred Inflows	<u>6,327,987</u>	<u>5,828,983</u>
Net Position		
Net Investment in Capital Assets	954,301	1,125,264
Restricted for Art	23,491	31,645
Restricted for Special Projects	963,600	1,237,347
Unrestricted	<u>606,580</u>	<u>599,771</u>
Total Net Position	<u>\$2,547,972</u>	<u>\$2,994,027</u>

(See independent auditor's report)

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

The Library's combined net position increased by \$446,055, from \$2,547,972 to \$2,994,027 during FY 2018.

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 2018 compared to FY 2017.

**Table 2
Changes in Net Position**

Governmental Activities

Revenues	2017	2018
Program Revenues		
Charges for Services	\$37,157	\$23,578
Operating Grants	13,057	21,020
General Revenues		
Property Taxes	2,869,712	2,886,568
Replacement Taxes	23,862	19,690
Investment Income	13,670	27,447
Miscellaneous	16,674	152,969
Total Revenues	2,974,132	3,131,272
Expenses		
Culture and Recreation	2,746,383	2,624,699
Interest	67,204	60,518
Total Expenses	2,813,587	2,685,217
Change in Net Position	160,545	446,055
Total Net Position, Beginning of Year	2,387,427	2,547,427
Total Net Position, End of Year	\$2,547,972	\$2,994,027

(See independent auditor's report)

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

**FINANCIAL OVERVIEW
HINSDALE PUBLIC LIBRARY**

INCOME SOURCES	2018	
Local Property and other Taxes	93%	\$2,906,258
Fees and Charges	1%	23,578
Grants	1%	21,020
Gifts, Memorials, Other	5%	152,969
Investment Income	1%	27,447
Total Income		\$3,131,272

GENERAL FUND EXPENDITURES BY CATEGORY 2018

Personal Services	65%	\$1,720,510
Materials and Supplies	12%	319,612
Debt Service	11%	282,324
Contractual Services and Supplies, Programs	6%	169,644
Computers, Repairs and Maintenance	4%	99,228
Risk Management, Staff Development, Other	2%	51,552
Capital Expenses	0.01%	195

Total Expenditures: \$2,643,065

RESERVE FUND EXPENDITURES BY CATEGORY 2018

Capital Outlay	60%	80,936
Debt Service		
Principal Retirement	37%	50,000
Interest and Fiscal Charges	2%	2,911

Total Expenditures: \$133,847

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 2016 tax rate (property taxes received in FY 2018) was .1597 for Du Page County and .212 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).

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.

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

Current Year Impacts

Revenues

For the fiscal year ended April 30, 2018, revenues totaled \$3,131,272. Property taxes, the Library's largest single revenue source, amounted to \$2,886,568 representing 92.19% of total revenues. Property taxes increased by \$16,856 from fiscal year 2017. 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 2018 Fiscal Year. The Board agreed that the Library's operating reserves were sufficient to fund any expenses in excess of revenue for the year.

Property taxes received by the Library in FY 2018 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 \$21,020.

The Library also received a \$135,000 gift from the estate of former Hinsdale resident George Myrtle.

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 operating expenditures in the General Fund were \$2,643,065 in FY 2018.

The Library had \$80,936 in capital expenditures this year. Expenditures included completing the interior signage project, furniture for the Library's "Tech Help" space, and painting the Library's second floor.

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, 2018, the governmental funds (as presented on the balance sheet on page 5) had combined fund balances of \$2,617,824. This represents a fund balance of \$1,380,477 in the General Fund and \$1,237,347 in the Capital Reserve. This reflects a combined increase of \$354,360 over the prior year.

(See independent auditor's report)

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

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 \$400,000 to the Capital Reserve Fund.

**Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended April 30, 2018**

Revenues	Original and Final Budget	Actual
Local Property and other Taxes	\$2,863,100	\$2,906,258
Fees and Charges	39,450	23,578
Grants		21,020
Gifts, Memorials, Other	8,500	152,969
Investment Income	5,000	19,853
	<hr/>	<hr/>
Total Revenues	2,916,550	3,123,678
	<hr/>	<hr/>
Expenditures		
Personal Services	1,782,718	1,720,510
Materials and Supplies	381,000	319,612
Debt Service	282,608	282,324
Contractual Services	216,211	169,644
Other	202,296	150,975
	<hr/>	<hr/>
Total Expenditures	2,864,833	2,643,065
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	51,217	480,613
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Net Transfer Out	(163,745)	(400,000)
	<hr/>	<hr/>
Net Changes In Fund Balance	(\$112,528)	\$80,613
	<hr/>	<hr/>

(See independent auditor's report)

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

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. However, this year the Library received a \$135,000 gift from the estate of former Hinsdale resident George Myrtle. Investment income was higher than anticipated, generating \$19,853 in revenue for the Library in FY18. 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 2018.

The Library transferred \$400,000 from the General Fund to the Capital Reserve. This transfer includes funds for HVAC loan repayment, current, and planned future capital repairs and improvements. The Library had a Facilities Audit performed in 2018 and anticipates close to \$3,000,000 in capital repairs and improvements over the next 20 years.

General Fund expenditures for FY2018 were \$221,768 below the adopted expenditure budget.

The largest percent variance from the General Fund budget was in Contractual Services. Of the \$216,211 budgeted, \$169,644 was spent. This variance is largely due to the delay in the purchase of new accounting software for the Village of Hinsdale and using funds from the Myrtle Bequest instead of Marketing for the Library's Outreach Cart.

Staff turnover resulted in a \$62,208 cost savings in Personal Services. The departure of the Library's IT Manager resulted in reduced spending for computers and software, impacting the Materials & Supplies budget.

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

(See independent auditor's report)

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

Capital Assets

The following schedule reflects the Library's capital asset balances as of April 30, 2018:

**Table 4
Capital Assets
As of April 30, 2018**

Capital Assets Being Depreciated

Buildings and Improvements	\$3,688,125
Machinery and equipment	\$1,575,927
Library books/multimedia	<u>\$2,678,800</u>

Total Capital Assets Being Depreciated	<u>\$7,942,852</u>
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Less accumulated depreciation for

Buildings and Improvements	\$1,183,891
Machinery and equipment	\$849,617
Library books/multimedia	<u>\$2,678,800</u>

Total Accumulated Depreciation	<u>\$4,712,308</u>
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Total Capital Assets Being Depreciated, Net	<u>\$3,230,544</u>
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Governmental Activity -- Library Capital Assets, Net	<u>\$3,230,544</u>
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At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$3,230,544. See Note 4 for further information regarding capital assets.

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

Long-Term Debt

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

**Table 5
Long-Term Debt
Balances as of April 30, 2018**

Due to Village	\$2,105,280
Compensated Absences	\$30,852
Net pension liability for the Illinois Municipal Retirement Fund	
Net other postemployment benefit obligation	\$101,423
	<hr/>
Total Long-Term Liabilities	\$2,237,555
	<hr/>

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 \$2,237,555 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

See note 5 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.

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

BASIC FINANCIAL STATEMENTS

HINSDALE PUBLIC LIBRARY **PRELIMINARY AND TENTATIVE**
HINSDALE, ILLINOIS **FOR DISCUSSION PURPOSES ONLY**

STATEMENT OF NET POSITION

April 30, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,690,706
Receivables, net of allowance	
Property taxes	2,776,969
Other	443
Due from other governments	23,617
Prepaid expenses	14,045
Net pension asset	14,105
Capital assets	
Capital assets being depreciated, net of accumulated depreciation	<u>3,230,544</u>
Total assets	<u>8,750,429</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items	<u>72,581</u>
Total deferred outflows of resources	<u>72,581</u>
Total assets and deferred outflows of resources	<u>8,823,010</u>
LIABILITIES	
Accounts payable	43,280
Accrued payroll	67,707
Accrued interest payable	17,093
Noncurrent liabilities	
Due within one year	242,713
Due in more than one year	<u>1,994,842</u>
Total liabilities	<u>2,365,635</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	2,776,969
Pension items	<u>686,379</u>
Total deferred inflows of resources	<u>3,463,348</u>
Total liabilities and deferred inflows of resources	<u>5,828,983</u>
NET POSITION	
Net investment in capital assets	1,125,264
Restricted for	
Art	31,645
Special projects	1,237,347
Unrestricted	<u>599,771</u>
TOTAL NET POSITION	<u><u>\$ 2,994,027</u></u>

See accompanying notes to financial statements.

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**
HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation	\$ 2,624,699	\$ 23,578	\$ 21,020	\$ -	\$ (2,580,101)
Interest	60,518	-	-	-	(60,518)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,685,217	\$ 23,578	\$ 21,020	\$ -	(2,640,619)
	General Revenues				
	Taxes				
					2,886,568
					19,690
					27,447
					152,969
					3,086,674
					446,055
					2,547,972
					\$ 2,994,027

See accompanying notes to financial statements.

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**
HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	General	Capital Reserve	Total
ASSETS			
Cash and investments	\$ 1,450,752	\$ 1,239,954	\$ 2,690,706
Receivables			
Property tax	2,776,969	-	2,776,969
Other	443	-	443
Due from other governments	23,617	-	23,617
Prepaid items	14,045	-	14,045
TOTAL ASSETS	\$ 4,265,826	\$ 1,239,954	\$ 5,505,780
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 40,673	\$ 2,607	\$ 43,280
Accrued payroll	67,707	-	67,707
Total liabilities	108,380	2,607	110,987
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,776,969	-	2,776,969
Total deferred inflows of resources	2,776,969	-	2,776,969
Total liabilities and deferred inflows of resources	2,885,349	2,607	2,887,956
FUND BALANCES			
Nonspendable			
Prepaid items	14,045	-	14,045
Restricted			
Art	31,645	-	31,645
Special projects	-	1,237,347	1,237,347
Unrestricted			
Unassigned	1,334,787	-	1,334,787
Total fund balances	1,380,477	1,237,347	2,617,824
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,265,826	\$ 1,239,954	\$ 5,505,780

See accompanying notes to financial statements.

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY
HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

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

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,617,824
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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	3,230,544
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The net pension asset in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds	14,105
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Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date (IMRF only) are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	(613,798)

Interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds	(17,093)
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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	(30,852)
Due to the Village	(2,105,280)
Net other postemployment benefit obligation	(101,423)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,994,027</u></u>
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See accompanying notes to financial statements.

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

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

For the Year Ended April 30, 2018

	General	Capital Reserve	Total
REVENUES			
Taxes			
Property	\$ 2,886,568	\$ -	\$ 2,886,568
Replacement	19,690	-	19,690
Intergovernmental			
Grants	21,020	-	21,020
Charges for services	6,930	-	6,930
Fees, fines and penalties	16,648	-	16,648
Investment income	19,853	7,594	27,447
Miscellaneous	152,969	-	152,969
Total revenues	3,123,678	7,594	3,131,272
EXPENDITURES			
Current			
Culture and recreation	2,360,546	-	2,360,546
Capital outlay	195	80,936	81,131
Debt service			
Principal retirement	232,090	50,000	282,090
Interest and fiscal charges	50,234	2,911	53,145
Total expenditures	2,643,065	133,847	2,776,912
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	480,613	(126,253)	354,360
OTHER FINANCING SOURCES (USES)			
Transfers in	-	400,000	400,000
Transfers (out)	(400,000)	-	(400,000)
Total other financing sources (uses)	(400,000)	400,000	-
NET CHANGE IN FUND BALANCES	80,613	273,747	354,360
FUND BALANCES, MAY 1	1,299,864	963,600	2,263,464
FUND BALANCES, APRIL 30	\$ 1,380,477	\$ 1,237,347	\$ 2,617,824

See accompanying notes to financial statements.

PRELIMINARY AND TENTATIVE
HINSDALE PUBLIC LIBRARY FOR DISCUSSION PURPOSES ONLY
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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 354,360
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	47,156
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	(149,426)
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	282,090
The change in deferred inflows and outflows of resources for IMRF is reported only in the statement of activities	(1,018,798)
The change in net pension liability (asset) is shown as an expense on the statement of activities	938,080
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	4,510
Net other postemployment benefit obligation	(4,544)
Interest payable	1,487
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>(8,860)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 446,055</u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

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.

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 GAAP. 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, 2018 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.

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.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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.

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. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions (Continued)

2) Investments

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

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Library limits its exposure to credit risk limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. The 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. The 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 2017 attach as an enforceable lien on January 1, 2017, 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, 2018 and August 1, 2018, and are payable in two installments, on or about June 1, 2018 and September 1, 2018. Tax bills are prepared by Cook County and issued on or about February 1, 2018 and September 1, 2018, and are payable in two installments, on or about March 1, 2018 and October 1, 2018. 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 2017 taxes (except for Cook County taxes received prior to April 30, 2018) are intended to finance the 2019 fiscal year and are not considered available for current operations and, therefore, are reported as unavailable/deferred revenue. For the 2018 tax levy that attached as a lien on property as of January 1, 2018 and will be levied in December 2018, this tax levy has not been recorded as a receivable as of April 30, 2018 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	1,528,771	47,156	-	1,575,927
Library books/multimedia	2,678,800	-	-	2,678,800
Total capital assets being depreciated	7,895,696	47,156	-	7,942,852
Less accumulated depreciation for				
Buildings and improvements	1,082,903	100,988	-	1,183,891
Machinery and equipment	801,179	48,438	-	849,617
Library books/multimedia	2,678,800	-	-	2,678,800
Total accumulated depreciation	4,562,882	149,426	-	4,712,308
Total capital assets being depreciated, net	3,332,814	(102,270)	-	3,230,544
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 3,332,814	\$ (102,270)	\$ -	\$ 3,230,544

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

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 149,426</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, 2018:

	Balances May 1,	Additions	Retirements	Balances April 30	Current Portion
Due to Village	\$ 2,378,510	\$ -	\$ 273,230	\$ 2,105,280	\$ 235,000
Compensated absences	35,362	8,841	13,351	30,852	7,713
Net other postemployment benefits obligation	96,879	4,544	-	101,423	-
Net pension liability - IMRF	923,975	-	923,975	-	-
TOTAL LONG-TERM LIABILITIES	\$ 3,434,726	\$ 13,385	\$ 1,210,556	\$ 2,237,555	\$ 242,713

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	\$ 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	2,310,000	-	175,000	2,135,000	185,000
Total bonds payable		2,367,090	-	232,090	2,135,000	185,000

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

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	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
Unamortized premium		43,784	-	4,377	39,407	-
Unamortized loss on refunding		(132,364)	-	(13,237)	(119,127)	-
TOTAL		\$ 2,378,510	\$ -	\$ 273,230	\$ 2,105,280	\$ 235,000

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
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	\$ 2,135,000	\$ 246,916	\$ 50,000	\$ 985

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, 2018 consisted of the following:

	Transfer To	Transfer From
General Fund	\$ -	\$ 400,000
Capital Reserve Fund	400,000	-
TOTAL	\$ 400,000	\$ 400,000

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

- \$400,000 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 fiscal year ended 2018 was 12.34% of covered payroll. For the year ended April 30, 2018, salaries totaling \$1,034,695 were paid that required employer contributions of \$127,668, which was equal to the Library's actual contributions.

Net Pension Liability

At April 30, 2018, the Library reported an asset of \$14,105 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Library's proportion of the net pension asset was based in the Library's actual contribution to the plan for the year ended April 30, 2018 relative to the contributions of the Village, actuarially determined. At April 30, 2018, the Library's proportion was 19.28% of the total contribution.

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, 2017 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, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
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-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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 7.50%. 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.

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, 2018, the Library recognized pension expense of \$221,694. At April 30, 2018, 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	\$ 24,490	\$ 29,752
Changes in assumption	1,075	194,629
Net difference between projected and actual earnings on pension plan investments	-	461,998
Contributions made subsequent to the measurement date	47,016	-
TOTAL	\$ 72,581	\$ 686,379

The contributions of \$47,016 were made after the plan's measurement date and will be recognized in pension expense for the fiscal year ending April 30, 2019. 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>	
2019	\$ 151,438
2020	160,230
2021	177,955
2022	171,191
2023	-
Thereafter	-
TOTAL	\$ 660,814

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 (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Library calculated using the discount rate of 7.50% as well as what the Library's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 965,992	\$ (14,105)	\$ (825,131)

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.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2016 (the date of the most recent actuarial valuation), the 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>10</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
2016	\$ 13,334	\$ 821	6.16%	\$ 84,384
2017	13,932	1,437	10.32%	96,879
2018	22,463	17,919	79.77%	101,423

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of April 30, 2018 was calculated as follows:

Annual required contribution	\$ 21,819
Interest on net OPEB obligation	3,877
Adjustment to annual required contribution	<u>(3,233)</u>
Annual OPEB cost	22,463
Contributions made	<u>(17,919)</u>
Increase in net OPEB obligation	4,544
Net OPEB obligation, beginning of year	<u>96,879</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 101,423</u>

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

Actuarial accrued liability (AAL)	\$ 75,830
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	75,830
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 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, 2016 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.00% and an initial healthcare cost trend rate of 3.20% with an ultimate healthcare trend rate of 5.50%. Both rates include a 2.50% inflation assumption and 4.00% 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, 2018 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

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

April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property	\$ 2,846,100	\$ 2,886,568
Replacement	17,000	19,690
Intergovernmental		
Grants	-	21,020
Charges for services	9,450	6,930
Fees, fines and penalties	30,000	16,648
Investment income	5,000	19,853
Miscellaneous	8,500	152,969
	<u>2,916,050</u>	<u>3,123,678</u>
Total revenues		
EXPENDITURES		
Current		
Culture and recreation	2,567,225	2,360,546
Capital outlay	15,000	195
Debt service		
Principal retirement	280,402	232,090
Interest and fiscal charges	2,206	50,234
	<u>2,864,833</u>	<u>2,643,065</u>
Total expenditures		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>51,217</u>	<u>480,613</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(163,745)	(400,000)
	<u>(163,745)</u>	<u>(400,000)</u>
Total other financing sources (uses)		
NET CHANGE IN FUND BALANCE	<u>\$ (112,528)</u>	80,613
FUND BALANCE, MAY 1		<u>1,299,864</u>
FUND BALANCE, APRIL 30		<u>\$ 1,380,477</u>

(See independent auditor's report.)

PRELIMINARY AND TENTATIVE
HINSDALE PUBLIC LIBRARY FOR DISCUSSION PURPOSES ONLY
HINSDALE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

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)
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%
2018	-	75,830	0.00%	75,830	917,504	8.26%

n/a - information not available

(See independent auditor's report.)

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY
HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2018	17,919	21,819	82.13%

(See independent auditor's report.)

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY
**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Actuarially determined contribution	\$ 128,649	\$ 131,956	\$ 127,668
Contributions in relation to the contractually required contribution	128,649	131,956	127,668
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,033,230	\$ 1,033,231	\$ 1,034,695
Contributions as a percentage of covered - employee payroll	12.45%	12.77%	12.34%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. 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 26 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.

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

PRELIMINARY AND TENTATIVE
 FOR DISCUSSION PURPOSES ONLY

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2016	2017	2018
Employer's proportion of net pension liability (asset)	19.38%	19.75%	19.28%
Employer's proportionate share of net pension liability (asset) \$	936,460	\$ 923,975	\$ (14,105)
Employer's covered employee payroll	1,016,996	1,024,598	1,034,695
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	92.08%	90.18%	(1.36%)
Plan fiduciary net position as a percentage of the total pension liability	88.67%	89.15%	100.17%

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, 2018

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

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
EXPENDITURES		
Culture and recreation		
Personal services		
Salaries and wages	\$ 1,390,710	\$ 1,363,027
Temporary help	4,000	-
Social Security	86,857	82,345
IMRF	136,000	127,668
Medicare	20,151	19,258
Employee insurance	145,000	128,212
	<hr/>	<hr/>
Total personal services	1,782,718	1,720,510
	<hr/>	<hr/>
Contractual services		
Marketing	54,000	32,831
Library programs - youth	24,000	23,896
Library programs - adult	9,000	9,214
Custodial	31,000	30,594
Utilities	12,000	12,000
Maintenance contracts	9,000	7,541
Legal expenses	5,500	1,886
Postage	650	528
Telephone	5,500	5,335
Accounting	52,061	31,846
Miscellaneous contractual services	13,500	13,973
	<hr/>	<hr/>
Total contractual services	216,211	169,644
	<hr/>	<hr/>
Materials and supplies		
Youth materials	66,750	61,180
Adult materials	185,000	152,851
Periodicals	19,000	17,613
E-books	44,000	48,684
Technical serve supplies	18,000	10,427
Hardware/software	25,000	10,204
Janitorial maintenance supplies	6,500	6,696
Office supplies	14,000	11,089
Copier supplies	2,750	868
	<hr/>	<hr/>
Total materials and supplies	381,000	319,612
	<hr/>	<hr/>

(This schedule is continued on the following page.)

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Culture and recreation (Continued)		
Repairs and maintenance		
Computer support	\$ 65,122	\$ 58,164
Miscellaneous repairs - improvements	33,000	38,259
Office equip - maintenance	3,500	2,805
	<hr/>	<hr/>
Total repairs and maintenance	101,622	99,228
	<hr/>	<hr/>
Other expenditures		
Staff development/conferences	24,000	15,344
Staff recognition	3,000	2,923
Memberships - board development	3,000	1,691
Helen O'Neill scholarship	500	1,000
Special events	7,500	3,392
Friends pledges	-	6,516
Donation expenditures	-	1,145
	<hr/>	<hr/>
Total other expenditures	38,000	32,011
	<hr/>	<hr/>
Risk management		
Insurance liability	300	-
IRMA premiums	37,374	19,541
Self-insured deductible	10,000	-
	<hr/>	<hr/>
Total risk management	47,674	19,541
	<hr/>	<hr/>
Total culture and recreation	2,567,225	2,360,546
	<hr/>	<hr/>
Capital outlay		
Buildings	15,000	195
	<hr/>	<hr/>
Total capital outlay	15,000	195
	<hr/>	<hr/>
Debt service		
Bond principal	280,402	232,090
Interest	1,456	49,768
Fiscal charges	750	466
	<hr/>	<hr/>
Total debt service	282,608	282,324
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 2,864,833	\$ 2,643,065
	<hr/>	<hr/>

(See independent auditor's report.)

HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
REVENUES		
Investment	\$ -	\$ 7,594
Total revenues	-	7,594
EXPENDITURES		
Capital outlay	110,790	80,936
Debt service		
Principal	50,000	50,000
Interest	2,955	2,911
Total expenditures	163,745	133,847
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(163,745)	(126,253)
OTHER FINANCING SOURCES (USES)		
Transfers in	163,745	400,000
Total other financing sources (uses)	163,745	400,000
NET CHANGE IN FUND BALANCE	\$ -	273,747
FUND BALANCE, MAY 1		963,600
FUND BALANCE, APRIL 30		\$ 1,237,347

(See independent auditor's report.)