



**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

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ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2019



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

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## **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, 2019, 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, 2019, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The Library adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 10 to the basic financial statements. Our opinion is not modified with respect to this matter.

## **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 22, 2019

## **BASIC FINANCIAL STATEMENTS**

# HINSDALE PUBLIC LIBRARY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2019

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As the management of the Hinsdale Public Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended April 30, 2019. 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 27-31 of this report.

(See independent auditor's report)

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

**GOVERNMENT-WIDE STATEMENTS**

**Net Position**

The following table reflects the condensed Statement of Net Position as of April 30, 2019 compared to April 30, 2018.

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

	<u>Governmental Activities</u>	
Assets	2018	2019
	<u>2018</u>	<u>2019</u>
Current and Other Assets	\$5,519,885	\$5,829,396
Capital Assets	<u>3,230,544</u>	<u>3,128,367</u>
<b>Total Assets</b>	<u>8,750,429</u>	<u>8,957,763</u>
<b>Deferred Outflows of Resources</b>		
Pension Items	72,581	700,158
<b>Total assets and deferred outflows of resources</b>	<u>8,823,010</u>	<u>9,657,921</u>
<b>Liabilities and Deferred Inflows</b>		
Long-Term Liabilities	1,994,842	2,902,271
Other Liabilities	370,793	354,345
Deferred Inflows	<u>3,463,348</u>	<u>2,986,906</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>5,828,983</u>	<u>6,243,522</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,125,264	1,249,228
Restricted for Art	31,645	5,752
Restricted for Special Projects	1,237,347	1,583,376
Unrestricted	<u>599,771</u>	<u>576,043</u>
<b>Total Net Position</b>	<u>\$2,994,027</u>	<u>\$3,414,399</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 \$420,372, from to \$2,994,027 to \$3,414,399 during FY 2019.

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 2019 compared to FY 2018.

**Table 2  
Changes in Net Position**

**Governmental Activities**

<b>Revenues</b>	<u>2018</u>	<u>2019</u>
Program Revenues		
Charges for Services	\$23,578	\$22,950
Operating Grants	21,020	21,020
General Revenues		
Property Taxes	2,886,568	2,990,733
Replacement Taxes	19,690	24,578
Investment Income	27,447	76,167
Miscellaneous	152,969	21,748
<b>Total Revenues</b>	<u>3,131,272</u>	<u>3,157,196</u>
<b>Expenses</b>		
Culture and Recreation	2,624,699	2,700,780
Interest	60,518	53,498
<b>Total Expenses</b>	<u>2,685,217</u>	<u>2,754,278</u>
<b>Change in Net Position</b>	446,055	402,918
<b>Total Net Position, Beginning of Year Restated</b>	<u>2,547,972</u>	<u>3,011,481</u>
<b>Total Net Position, End of Year</b>	<u>\$2,994,027</u>	<u>\$3,414,399</u>

(See independent auditor's report)

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

**FINANCIAL OVERVIEW  
HINSDALE PUBLIC LIBRARY**

<b>INCOME SOURCES</b>	<b>2019</b>	
Local Property and other Taxes	95%	\$2,990,733
Fees and Charges	1%	22,950
Grants	1%	21,020
Gifts, Memorials, Other	1%	46,326
Investment Income	2%	76,167
 Total Income		 \$ 3,157,196

<b>GENERAL FUND EXPENDITURES BY CATEGORY</b>	<b>2019</b>	
Personal Services	62%	\$1,758,952
Materials and Supplies	12%	347,094
Debt Service	8%	230,265
Contractual Services and Supplies, Programs	6%	174,746
Computers, Repairs and Maintenance	3%	93,313
Risk Management, Staff Development, Other	6%	179,348
Capital Expenses	1%	39,812
 Total Expenditures: \$2,823,530		

<b>RESERVE FUND EXPENDITURES BY CATEGORY</b>	<b>2019</b>	
Capital Outlay	35%	\$27,673
Debt Service		
Principal Retirement	64%	50,000
Interest and Fiscal Charges	1%	936
 Total Expenditures: \$78,609		

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

**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 2017 tax rate (property taxes received in FY 2019) was .1539 for Du Page County and .173 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 subject to the controls set forth in the Public Funds Investment Act (30 ILCS 235/). 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.

(See independent auditor's report)

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

**Current Year Impacts**

**Revenues**

For the fiscal year ended April 30, 2019, revenues totaled \$3,157,196. Property taxes, the Library's largest single revenue source, amounted to \$2,990,733 representing 95% of total revenues. Property tax revenue increased by \$104,165 from fiscal year 2018. 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 to increase the amount levied for to \$3,048,000 for the 2019 Fiscal Year. This was an increase of \$79,363. This was the first time in two years that the Library increased its levy request.

Property taxes received by the Library in FY 2019 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.

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 significant increase this year, investment income remains limited as a source of funding.

**Expenditures**

The Library's operating expenditures in the General Fund were \$2,823,530 in FY 2019.

The Library had \$27,673 in capital expenditures this year. Expenditures included replacing roll roofing, sealing the concrete in the boiler room, and replacing a hot water pump.

**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, 2019, the governmental funds (as presented on the balance sheet on page 5) had combined fund balances of \$2,872,881. This represents a fund balance of \$1,289,505 in the General Fund and \$1,583,376 in the Capital Reserve. This reflects a combined increase of \$255,057 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 \$400,000 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, 2019**

<b>Revenues</b>	<b>Original and Final Budget</b>	<b>Actual</b>
Local Property and other Taxes	\$2,985,637	\$3,015,311
Fees and Charges	23,850	22,950
Grants		21,020
Gifts, Memorials, Other	143,500	21,748
Investment Income	12,000	51,529
	<hr/>	<hr/>
Total Revenues	<u>3,164,987</u>	<u>3,132,558</u>
<b>Expenditures</b>		
Personal Services	1,839,119	1,758,952
Materials and Supplies	383,652	347,094
Debt Service	230,512	230,265
Contractual Services	209,711	174,746
Other	350,952	312,473
Total Expenditures	3,013,946	2,823,530
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	151,041	309,028
<b>Other Financing Sources (Uses)</b>		
Net Transfer Out	(150,985)	(400,000)
	<hr/>	<hr/>
<b>Net Changes In Fund Balance</b>	<u>\$56</u>	<u>\$(90,972)</u>

(See independent auditor’s report)

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

General Fund revenues concluded the year over the budgeted amount.

Property Tax revenue and interest income 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 knew in advance that it would have \$135,000 from the estate of former Hinsdale resident George Myrtle. 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 2019.

The Library transferred \$400,000 from the General Fund to the Capital Reserve. This transfer includes funds for current and 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 FY2019 were \$190,416 below the adopted expenditure budget.

The largest percent variance from the General Fund budget was in Contractual Services. Of the \$209,711 budgeted, \$174,746 was spent. This variance is largely due to the delay in the purchase of new accounting software for the Village of Hinsdale and the reduced scope and cost of projected planning services costs for Strategic Plan facilitation.

Staff turnover resulted in a \$80,167 cost savings in Personal Services. Changes in the publishing and electronic database market resulted in lower spending for adult materials than expected.

In addition, the Library had minimal risk management claims impacting the budgeted deductible for these services.

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

**Capital Assets**

The following schedule reflects the Library's capital asset balances as of April 30, 2019:

**Table 4  
Capital Assets  
As of April 30, 2019**

**Capital Assets Being Depreciated**

Buildings and Improvements	\$3,701,376
Machinery and equipment	1,612,478
Library books/multimedia	2,678,800
Total Capital Assets Being Depreciated	7,992,654
Less accumulated depreciation for	
Buildings and Improvements	1,285,212
Machinery and equipment	900,275
Library books/multimedia	2,678,800
Total Accumulated Depreciation	4,864,287
Total Capital Assets Being Depreciated, Net	3,128,367
<b>Governmental Activity -- Library Capital Assets, Net</b>	<u>\$3,128,367</u>

At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$3,128,367. 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, 2019**

Due to Village	\$1,879,139
Compensated Absences	\$36,759
Net pension liability for the Illinois Municipal Retirement Fund	\$1,123,283
Total postemployment benefit obligation	\$95,503
	<hr/>
<b>Total Long-Term Liabilities</b>	<b>\$3,134,684</b>
	<hr/> <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 \$3,134,684 in long-term debt. This includes:

- 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.

(See independent auditor's report)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

STATEMENT OF NET POSITION

April 30, 2019

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,935,997
Receivables, net of allowance	
Property taxes	2,850,114
Due from other governments	26,616
Prepaid expenses	16,669
Capital assets	
Capital assets being depreciated, net of accumulated depreciation	<u>3,128,367</u>
 Total assets	 <u>8,957,763</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension items	<u>700,158</u>
 Total deferred outflows of resources	 <u>700,158</u>
 Total assets and deferred outflows of resources	 <u>9,657,921</u>
<b>LIABILITIES</b>	
Accounts payable	31,641
Accrued payroll	74,760
Accrued interest payable	15,531
Noncurrent liabilities	
Due within one year	232,413
Due in more than one year	<u>2,902,271</u>
 Total liabilities	 <u>3,256,616</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property taxes	2,850,114
Pension items	<u>136,792</u>
 Total deferred inflows of resources	 <u>2,986,906</u>
 Total liabilities and deferred inflows of resources	 <u>6,243,522</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,249,228
Restricted for	
Art	5,752
Special projects	1,583,376
Unrestricted	<u>576,043</u>
 <b>TOTAL NET POSITION</b>	 <u><u>\$ 3,414,399</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 2,700,780	\$ 22,950	\$ 21,020	\$ -	\$ (2,656,810)
Interest	53,498	-	-	-	(53,498)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,754,278</b>	<b>\$ 22,950</b>	<b>\$ 21,020</b>	<b>\$ -</b>	<b>(2,710,308)</b>
			General Revenues		
			Taxes		
			Property		2,990,733
			Replacement		24,578
			Investment income		76,167
			Miscellaneous		21,748
			Total		3,113,226
			CHANGE IN NET POSITION		402,918
			NET POSITION, MAY 1		2,994,027
			Change in accounting principle		17,454
			NET POSITION, MAY 1, RESTATED		3,011,481
			<b>NET POSITION, APRIL 30</b>		<b>\$ 3,414,399</b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

April 30, 2019

	<b>General</b>	<b>Capital Reserve</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 1,350,871	\$ 1,585,126	\$ 2,935,997
Receivables			
Property tax	2,850,114	-	2,850,114
Due from other governments	26,616	-	26,616
Prepaid items	16,669	-	16,669
	<b>\$ 4,244,270</b>	<b>\$ 1,585,126</b>	<b>\$ 5,829,396</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 29,891	\$ 1,750	\$ 31,641
Accrued payroll	74,760	-	74,760
	104,651	1,750	106,401
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	2,850,114	-	2,850,114
	2,850,114	-	2,850,114
Total liabilities and deferred inflows of resources	2,954,765	1,750	2,956,515
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	16,669	-	16,669
Restricted			
Art	5,752	-	5,752
Special projects	-	1,583,376	1,583,376
Unrestricted			
Unassigned	1,267,084	-	1,267,084
	1,289,505	1,583,376	2,872,881
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,244,270</b>	<b>\$ 1,585,126</b>	<b>\$ 5,829,396</b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

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

April 30, 2019

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 2,872,881
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	3,128,367
The net pension asset (liability) in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds	(1,123,283)
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	563,366
Interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds	(15,531)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(36,759)
Due to the Village	(1,879,139)
Total OPEB liability	<u>(95,503)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 3,414,399</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, 2019

	General	Capital Reserve	Total
<b>REVENUES</b>			
Taxes			
Property	\$ 2,990,733	\$ -	\$ 2,990,733
Replacement	24,578	-	24,578
Intergovernmental			
Grants	21,020	-	21,020
Charges for services	8,742	-	8,742
Fees, fines and penalties	14,208	-	14,208
Investment income	51,529	24,638	76,167
Miscellaneous	21,748	-	21,748
	<hr/>		
Total revenues	3,132,558	24,638	3,157,196
	<hr/>		
<b>EXPENDITURES</b>			
Current			
Culture and recreation	2,553,453	-	2,553,453
Capital outlay	39,812	27,673	67,485
Debt service			
Principal retirement	185,000	50,000	235,000
Interest and fiscal charges	45,265	936	46,201
	<hr/>		
Total expenditures	2,823,530	78,609	2,902,139
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	309,028	(53,971)	255,057
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	400,000	400,000
Transfers (out)	(400,000)	-	(400,000)
	<hr/>		
Total other financing sources (uses)	(400,000)	400,000	-
	<hr/>		
NET CHANGE IN FUND BALANCES	(90,972)	346,029	255,057
	<hr/>		
FUND BALANCES, MAY 1	1,380,477	1,237,347	2,617,824
	<hr/>		
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 1,289,505</b>	<b>\$ 1,583,376</b>	<b>\$ 2,872,881</b>
	<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, 2019

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 255,057</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	49,802
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	(151,979)
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	235,000
The change in deferred inflows and outflows of resources for IMRF is reported only in the statement of activities	1,177,164
The change in net pension liability (asset) is shown as an expense on the statement of activities	(1,137,388)
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	(5,907)
Total OPEB liability	(11,534)
Interest payable	1,562
The amortization of costs included in the liability to the Village are deferred and amortized over the life of the liability on the statement of activities	<u>(8,859)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 402,918</u></u></b>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Hinsdale Public Library, Hinsdale, Illinois (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

a. Reporting Entity

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

b. Fund Accounting

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

Funds are classified as governmental funds.

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

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

c. Government-Wide and Fund Financial Statements

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

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

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

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

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

The Library reports the following major governmental funds:

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

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

d. Basis of Accounting

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

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

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

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

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

d. Basis of Accounting (Continued)

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

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

e. Investments

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

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 subject to fair value measurements at April 30, 2019.

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)

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**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:

Assets	Years
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.

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

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**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. \$1,583,376 of the restricted fund balance resulted 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. \$1,583,376 of the Library's restricted net position is 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.

k. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **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, The Illinois Funds, the Illinois Metropolitan Investment Fund (IMET) or any other local government investment pool.

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 fair 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.

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

**3. RECEIVABLES - TAXES**

Property taxes for 2018 attach as an enforceable lien on January 1, 2018, 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, 2019 and August 1, 2019, and are payable in two installments, on or about June 1, 2019 and September 1, 2019. Tax bills are prepared by Cook County and issued on or about February 1, 2019 and September 1, 2019, and are payable in two installments, on or about March 1, 2019 and October 1, 2019. 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 2018 taxes (except for Cook County taxes received prior to April 30, 2019) are intended to finance the 2020 fiscal year and are not considered available for current operations and, therefore, are reported as unavailable/deferred revenue. For the 2019 tax levy that attached as a lien on property as of January 1, 2019 and will be levied in December 2019, this tax levy has not been recorded as a receivable as of April 30, 2019 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
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets being depreciated				
Buildings and improvements	\$ 3,688,125	\$ 13,251	\$ -	\$ 3,701,376
Machinery and equipment	1,575,927	36,551	-	1,612,478
Library books/multimedia	2,678,800	-	-	2,678,800
Total capital assets being depreciated	<u>7,942,852</u>	<u>49,802</u>	<u>-</u>	<u>7,992,654</u>
Less accumulated depreciation for				
Buildings and improvements	1,183,891	101,321	-	1,285,212
Machinery and equipment	849,617	50,658	-	900,275
Library books/multimedia	2,678,800	-	-	2,678,800
Total accumulated depreciation	<u>4,712,308</u>	<u>151,979</u>	<u>-</u>	<u>4,864,287</u>
Total capital assets being depreciated, net	<u>3,230,544</u>	<u>(102,177)</u>	<u>-</u>	<u>3,128,367</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 3,230,544</u>	<u>\$ (102,177)</u>	<u>\$ -</u>	<u>\$ 3,128,367</u>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
Culture and recreation	<u>\$ 151,979</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, 2019:

	Balances			Balances	Current
	May 1, Restated	Additions	Retirements	April 30	Portion
Due to Village	\$ 2,105,280	\$ -	\$ 226,141	\$ 1,879,139	\$ 200,000
Compensated absences	30,852	13,620	7,713	36,759	8,537
Total OPEB liability	83,968	11,535	-	95,503	23,876
Net pension liability - IMRF	-	1,123,283	-	1,123,283	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 2,220,100</b>	<b>\$ 1,148,438</b>	<b>\$ 233,854</b>	<b>\$ 3,134,684</b>	<b>\$ 232,413</b>

b. Governmental Activities

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

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
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	\$ 2,135,000	\$ -	\$ 185,000	\$ 1,950,000	\$ 200,000
General Obligation Debt Certificates Series 2008B due in annual installments of \$50,000 plus interest at 3.94% through October 1, 2018.	Capital Reserve	50,000	-	50,000	-	-
Unamortized premium		39,407	-	4,378	35,029	-
Unamortized loss on refunding		(119,127)	-	(13,237)	(105,890)	-
<b>TOTAL</b>		<b>\$ 2,105,280</b>	<b>\$ -</b>	<b>\$ 226,141</b>	<b>\$ 1,879,139</b>	<b>\$ 200,000</b>

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

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

c. Debt Service Requirements to Maturity

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

Fiscal Year	Village General Obligation Bonds	
	Principal	Interest
2020	\$ 200,000	\$ 41,112
2021	210,000	37,112
2022	220,000	32,912
2023	240,000	28,512
2024	245,000	23,712
2025	265,000	18,812
2026	280,000	13,116
2027	290,000	6,816
<b>TOTAL</b>	<b>\$ 1,950,000</b>	<b>\$ 202,104</b>

**6. RISK MANAGEMENT**

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

**7. INTERFUND ACTIVITY**

Amounts transferred to/from other funds at April 30, 2019 consisted of the following:

	Transfer To	Transfer From
General Fund	\$ -	\$ 400,000
Capital Reserve Fund	400,000	-
<b>TOTAL</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>

**7. INTERFUND ACTIVITY (Continued)**

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.

*Benefits Provided*

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

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

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

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

Illinois Municipal Retirement Fund (Continued)

*Contributions*

Participating members are required to contribute 4.50% 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 2019 was 11.01% of covered payroll. For the year ended April 30, 2019, salaries totaling \$1,087,956 were paid that required employer contributions of \$119,829, which was equal to the Library's actual contributions.

*Net Pension Liability*

At April 30, 2019, the Library reported a liability of \$1,123,283 for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2018, 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, 2018 relative to the contributions of the Village, actuarially determined. The Library has determined that these contributions are appropriate as they are representative of future contributions. At April 30, 2019, the Library's proportion was 19.28% of the total contribution.

*Actuarial Assumptions*

The Library's net pension liability was measured as of December 31, 2018 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, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Cost of living adjustments	3.00%
Asset valuation method	Market value

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

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

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

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 7.25% (7.50% in 2017). 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.

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

For the year ended April 30, 2019, the Library recognized pension expense of \$80,171. At April 30, 2019, 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	\$ 794	\$ 34,604
Changes in assumption	157,910	102,188
Net difference between projected and actual earnings on pension plan investments	506,873	-
Contributions made subsequent to the measurement date	34,581	-
<b>TOTAL</b>	<b>\$ 700,158</b>	<b>\$ 136,792</b>

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

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

Illinois Municipal Retirement Fund (Continued)

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

The contributions of \$34,581 were made after the plan’s measurement date and will be recognized in pension expense for the fiscal year ending April 30, 2020. 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</u> <u>April 30,</u>	
2020	\$ 126,752
2021	109,028
2022	66,505
2023	226,500
2024	-
Thereafter	-
<b>TOTAL</b>	<b><u>\$ 528,785</u></b>

*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 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 2,167,033	\$ 1,123,283	\$ 263,708

**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. No assets are accumulated in the trust that meets the criteria in paragraph 4 of GASB Statement No. 75. 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 100% of the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Library’s health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2019, the Library membership consisted of:

Inactive employees currently receiving benefits	-
Inactive employees entitled to benefits but not yet receiving them	-
Active employees	<u>21</u>
 TOTAL	 <u><u>21</u></u>
 Participating employers	 <u>1</u>

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

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

d. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2019, as determined by an actuarial valuation as of April 30, 2018, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	April 30, 2018
Actuarial cost method	Entry-age normal
Inflation	2.50%
Discount rate	3.79%
Healthcare cost trend rates	-1.40% to 0.00% in Fiscal 2018 based on type of plan, to an ultimate trend rate of 5.00%
Asset valuation method	N/A
Mortality rates	RP - 2014 rates improved generationally with MP-2016 or 2017 improvement rates

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at April 30, 2019.

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

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

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2018	<u>\$ 83,969</u>
Changes for the period	
Service cost	7,662
Interest	3,320
Changes in assumptions	1,212
Implicit benefit payments	<u>(660)</u>
Net changes	<u>11,534</u>
BALANCES AT APRIL 30, 2019	<u><u>\$ 95,503</u></u>

There was a change in assumptions related to the discount rate in 2019.

g. Rate Sensitivity

The following is a sensitivity analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Library calculated using the discount rate of 3.79% as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB liability	\$ 103,030	\$ 95,503	\$ 88,353

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

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

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Library calculated using the healthcare rate of (1.40%) to 0.00% as well as what the Library's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (varies) or 1 percentage point higher (varies) than the current rate:

	1% Decrease (varies)	Current Healthcare Rate (varies)	1% Increase (varies)
	<hr/>		
Total OPEB liability	\$ 84,011	\$ 95,503	\$ 109,182

**10. CHANGE IN ACCOUNTING PRINCIPLE**

The Library recorded the following change in accounting principle during the year ended April 30, 2019:

	<u>Increase (Decrease)</u>
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	
To record the total OPEB liability	\$ (83,969)
To write off the net OPEB obligation	<u>101,423</u>
<b>TOTAL CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>\$ 17,454</u>

For the fiscal year ended April 30, 2019, the Library implemented GASB Statement No. 75. With the implementation, the Library is required to retroactively record the total OPEB liability and write off the net OPEB obligation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

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

April 30, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes		
Property	\$ 2,968,637	\$ 2,990,733
Replacement	17,000	24,578
Intergovernmental		
Grants	-	21,020
Charges for services	7,850	8,742
Fees, fines and penalties	16,000	14,208
Investment income	12,000	51,529
Miscellaneous	143,500	21,748
	3,164,987	3,132,558
<b>EXPENDITURES</b>		
Current		
Culture and recreation	2,768,434	2,553,453
Capital outlay	15,000	39,812
Debt service		
Principal retirement	185,000	185,000
Interest and fiscal charges	45,512	45,265
	3,013,946	2,823,530
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>151,041</b>	<b>309,028</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers (out)	(150,985)	(400,000)
	(150,985)	(400,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 56</b>	<b>(90,972)</b>
<b>FUND BALANCE, MAY 1</b>		<b>1,380,477</b>
<b>FUND BALANCE, APRIL 30</b>		<b>\$ 1,289,505</b>

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Fiscal Year

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<b>MEASUREMENT DATE APRIL 30,</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 7,662
Interest	3,320
Changes in assumptions	1,212
Implicit benefit payments	<u>(660)</u>
Net change in total OPEB liability	11,534
Total OPEB liability - beginning	<u>83,969</u>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b><u><u>\$ 95,503</u></u></b>
Covered payroll	\$ 297,606
Employers total OPEB liability as a percentage of covered payroll	32.09%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

There was a change in assumptions related to the discount rate in 2019.

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 EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Four Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially determined contribution	\$ 128,649	\$ 131,956	\$ 127,668	\$ 119,829
Contributions in relation to the contractually required contribution	128,649	131,956	127,668	119,829
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 1,033,231	\$ 1,033,231	\$ 1,034,695	\$ 1,087,956
Contributions as a percentage of covered payroll	12.45%	12.77%	12.34%	11.01%

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 25 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 Four Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Employer's proportion of net pension liability (asset)	19.38%	19.75%	19.28%	19.28%
Employer's proportionate share of net pension liability (asset)	\$ 936,460	\$ 923,975	\$ (14,105)	\$ 1,123,283
Employer's covered payroll	1,016,996	1,024,598	1,034,695	1,087,956
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	92.08%	90.18%	(1.36%)	103.25%
Plan fiduciary net position as a percentage of the total pension liability	88.67%	89.15%	100.17%	86.94%

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, 2019

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**LEGAL COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

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

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

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

## **SUPPLEMENTAL DATA**

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES</b>		
Culture and recreation		
Personal services		
Salaries and wages	\$ 1,431,901	\$ 1,404,588
Temporary help	2,000	-
Social Security	89,463	84,872
IMRF	140,000	119,829
Medicare	20,755	19,849
Employee insurance	155,000	129,814
	1,839,119	1,758,952
Total personal services		
Contractual services		
Marketing	36,000	34,029
Library programs - youth	24,000	21,294
Library programs - adult	9,000	10,190
Custodial	30,000	34,453
Utilities	13,000	12,000
Maintenance contracts	8,000	6,519
Legal expenses	5,500	908
Planning services	11,000	2,500
Postage	650	917
Telephone	6,000	7,204
Accounting	52,061	32,502
Miscellaneous contractual services	14,500	12,230
	209,711	174,746
Total contractual services		
Materials and supplies		
Youth materials	67,250	65,078
Adult materials	186,000	175,405
Periodicals	18,000	17,468
E-books	50,000	41,181
Technical serve supplies	15,000	11,696
Hardware/software	26,552	17,373
Janitorial maintenance supplies	6,500	6,078
Office supplies	13,000	11,592
Copier supplies	1,350	1,223
	383,652	347,094
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, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>		
Culture and recreation (Continued)		
Repairs and maintenance		
Computer support	\$ 73,952	\$ 62,920
Miscellaneous repairs - improvements	38,000	26,863
Office equip - maintenance	3,000	3,530
	114,952	93,313
Total repairs and maintenance		
Other expenditures		
Staff development/conferences	24,000	17,478
Staff recognition	3,000	2,566
Memberships - board development	3,000	803
Helen O'Neill scholarship	500	500
Special events	9,000	10,151
Friends pledges	-	6,149
Donation expenditures	135,000	122,255
Foundation expenditures	-	1,500
Sewer charge	-	20
Personnel	-	246
	174,500	161,668
Total other expenditures		
Risk management		
Insurance liability	300	-
IRMA premiums	36,200	16,931
Self-insured deductible	10,000	749
	46,500	17,680
Total risk management		
Total culture and recreation		
	2,768,434	2,553,453
Capital outlay		
Buildings	15,000	39,812
	15,000	39,812
Total capital outlay		
Debt service		
Bond principal	185,000	185,000
Interest	44,812	44,812
Fiscal charges	700	453
	230,512	230,265
Total debt service		
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,013,946</b>	<b>\$ 2,823,530</b>

(See independent auditor's report.)

**HINSDALE PUBLIC LIBRARY  
HINSDALE, ILLINOIS**

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

For the Year Ended April 30, 2019

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Investment income	\$ -	\$ 24,638
Total revenues	<u>-</u>	<u>24,638</u>
<b>EXPENDITURES</b>		
Capital outlay	125,000	27,673
Debt service		
Principal	50,000	50,000
Interest	985	936
Total expenditures	<u>175,985</u>	<u>78,609</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(175,985)</u>	<u>(53,971)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	<u>163,745</u>	<u>400,000</u>
Total other financing sources (uses)	<u>163,745</u>	<u>400,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (12,240)</u>	346,029
<b>FUND BALANCE, MAY 1</b>		<u>1,237,347</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 1,583,376</u>

(See independent auditor's report.)