



**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Eight Months Ended December 31, 2019



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HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS
TABLE OF CONTENTS

	<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 Changes in the Employer’s Total OPEB Liability and Related Ratios	28
Illinois Municipal Retirement Fund	
Schedule of Employer Contributions	29
Schedule of Changes in the Employers’ Proportionate Share of the Net Pension Liability.....	30
Notes to Required Supplementary Information	31

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

	<u>Page(s)</u>
SUPPLEMENTAL DATA	
Detailed Schedule of Expenditures - Budget and Actual - General Fund.....	32-33
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Reserve Fund	34

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 eight months ended December 31, 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 December 31, 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.

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
July 20, 2020

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

HINSDALE PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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 audit period ended December 31, 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 audit period. 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 audit period. 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 December 31, 2019 compared to April 30, 2019.

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

	<u>Governmental Activities</u>	
Assets	4/30/2019	12/31/2019
	\$5,829,396	\$7,263,268
Current and Other Assets		
Capital Assets	3,128,367	3,052,978
Total Assets	8,957,763	10,316,246
Deferred Outflows of Resources		
Pension Items	700,158	146,190
Total assets and deferred outflows of resources	9,657,921	10,462,436
Liabilities and Deferred Inflows		
Long-Term Liabilities	2,902,271	1,863,709
Other Liabilities	354,345	315,721
Deferred Inflows	2,986,906	3,567,846
Total Liabilities and Deferred Inflows	6,243,522	5,747,276
Net Position		
Net Investment in Capital Assets	1,249,228	1,367,932
Unrestricted	2,165,171	3,347,228
Total Net Position	\$3,414,399	\$4,715,160

(See independent auditor's report)

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

The Library's combined net position increased by \$1,300,761, from to \$3,414,399 to \$4,715,160 during the audit period ended December 31, 2019. This unusually large increase is due to the fact that the Library only incurred expenses for 8 months, rather than 12, as a result of changing fiscal year start dates.

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 audit period ended December 31, 2019 compared to the audit period ended April 30, 2019.

**Table 2
Changes in Net Position**

Governmental Activities

Revenues	<u>4/30/2019</u>	<u>12/31/2019</u>
Program Revenues		
Charges for Services	\$22,950	\$13,482
Operating Grants	21,020	
General Revenues		
Property Taxes	2,990,733	2,866,508
Replacement Taxes	24,578	13,904
Investment Income	76,167	58,654
Miscellaneous	21,748	31,762
Total Revenues	<u>3,157,196</u>	<u>2,984,310</u>
Expenses		
Culture and Recreation	2,700,780	1,730,495
Interest	53,498	33,426
Total Expenses	<u>2,754,278</u>	<u>1,763,921</u>
Change in Net Position	402,918	1,220,389
Total Net Position, Beginning of Year Restated	<u>3,011,481</u>	<u>3,494,771</u>
Total Net Position, End of Year	<u>\$3,414,399</u>	<u>\$4,715,160</u>

(See independent auditor's report)

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

**FINANCIAL OVERVIEW
HINSDALE PUBLIC LIBRARY**

INCOME SOURCES	2019	
Local Property and other Taxes	96.5%	\$2,880,412
Fees and Charges	0.5%	13,482
Grants		-
Gifts, Memorials, Other	1.1%	31,762
Investment Income	2.0%	58,654

Total Income: \$2,984,310

GENERAL FUND EXPENDITURES BY CATEGORY	2019	
Personal Services	61.9%	\$1,144,679
Materials and Supplies	13.0%	240,158
Debt Service	13.0%	241,402
Contractual Services and Supplies, Programs	6.5%	119,919
Computers, Repairs and Maintenance	4.0%	73,657
Risk Management, Staff Development, Other	1.5%	28,144
Capital Expenses	0.1%	2,683

Total Expenditures: \$1,850,642

RESERVE FUND EXPENDITURES BY CATEGORY	2019	
Capital Outlay	100%	29,757

Total Expenditures: \$29,757

**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 the most recent audit period in 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 audit period ended December 31, 2019, revenues totaled \$2,984,310. Property taxes, the Library's largest single revenue source, amounted to \$2,866,508 representing 96.5% of total revenues. Property tax revenue decreased by \$124,225 from the prior audit period ended April 30, 2019. This decrease is due to fact that the Library closed its fiscal year on December 31, 2019. Previously, the fiscal year ended on April 30. The Library only collected revenue for 8 months this audit year.

The Library Board voted to increase the amount levied for to \$3,048,000 for the most recent audit period.

Property taxes received by the Library in the most recent audit period represent roughly 3% of the typical Hinsdale property tax bill.

The Library did not receive a State of Illinois Per Capita Grant during this audit period.

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 receive more investment income than budgeted, investment income remains limited as a source of funding.

Expenditures

The Library's operating expenditures in the General Fund were \$1,850,642 in the audit period ended December 31, 2019.

The Library had \$29,757 in capital expenditures in the most recent audit period. Expenditures included consulting on a skylight replacement project, proposals for an interior ramp replacement and family bathroom, and a new Youth Services desk.

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 December 31, 2019, the governmental funds (as presented on the balance sheet on page 5) had combined fund balances of \$4,057,164. This represents a fund balance of \$2,335,261 in the General Fund and \$1,721,903 in the Capital Reserve. This reflects a combined increase of \$1,103,911 over the prior audit period. The Library Board agreed to maintaining a higher fund balance than usual this year, due to the change in fiscal year and the need to fund operations for before the majority of property tax revenue is received.

(See independent auditor's report)

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

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 most recent audit period, the Library transferred \$145,000 to the Capital Reserve Fund.

**Table 3
General Fund Budgetary Highlights
For the Audit Period Ended December 31, 2019**

Revenues	Original and Final Budget	Actual
Local Property and other Taxes	\$3,064,500	\$2,880,412
Fees and Charges	21,650	13,482
Grants	-	-
Gifts, Memorials, Other	22,000	31,792
Investment Income	28,000	35,370
	<u>3,136,150</u>	<u>2,961,026</u>
Total Revenues	3,136,150	2,961,026
Expenditures		
Personal Services	1,916,198	1,144,679
Materials and Supplies	388,300	240,158
Debt Service	241,712	241,402
Contractual Services	211,400	119,919
Other	338,450	104,484
	<u>3,096,060</u>	<u>1,850,642</u>
Total Expenditures	3,096,060	1,850,642
Excess (Deficiency) of Revenues Over Expenditures	40,090	1,110,384
Other Financing Sources (Uses)		
Net Transfer Out	(145,000)	(145,000)
	<u>(145,000)</u>	<u>(145,000)</u>
Net Changes In Fund Balance	(\$104,910)	\$965,384

(See independent auditor's report)

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

General Fund revenues concluded the year under the budgeted amount. Again, this was due to operating for only 8 months in this fiscal year.

Property Tax revenue came in under the budgeted amount. Revenue from fees and charges was similarly impacted by the reduced budget year. Even though we only received interest income for 8 months, it exceeded our budgeted amount. The Library did not receive a Per Capita Grant from the State of Illinois during this abbreviated budget year. Because of previous delays in receipt of payment, this revenue was unbudgeted for the most recent audit period.

The Library transferred \$145,000 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 the audit period ended April 30, 2019 and anticipates close to \$3,000,000 in capital repairs and improvements over the next 20 years.

General Fund expenditures for the audit period ended December 31, 2019 were \$1,245,418 below the adopted expenditure budget. Although the Library only spent 60% of its operations budget in the fiscal year ending, December 31, 2019, this fiscal year was only 67% of the typical 12-month year.

(See independent auditor's report)

**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 December 31, 2019:

**Table 4
Capital Assets
As of December 31, 2019**

Capital Assets Being Depreciated	
Buildings and Improvements	\$3,706,432
Machinery and equipment	1,634,680
Library books/multimedia	2,678,800
 Total Capital Assets Being Depreciated	 8,019,912
 Less accumulated depreciation for	
Buildings and Improvements	1,353,106
Machinery and equipment	935,028
Library books/multimedia	2,678,800
 Total Accumulated Depreciation	 4,966,934
 Total Capital Assets Being Depreciated, Net	 3,052,978
 Governmental Activity -- Library Capital Assets, Net	 <u>\$ 3,052,978</u>

At year-end, the Library's net investment in capital assets (net of accumulated depreciation) for its governmental-type activities was \$3,052,978. See Note 4 for further information regarding capital assets.

**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 December 31, 2019**

Due to Village	\$1,685,045
Compensated Absences	\$30,774
Net pension liability for the Illinois Municipal Retirement Fund	\$283,270
Total postemployment benefit obligation	\$109,752
	<hr/>
Total Long-Term Liabilities	\$2,108,841
	<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 \$2,108,841 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)

BASIC FINANCIAL STATEMENTS

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,117,122
Receivables, net of allowance	
Property taxes	3,137,164
Due from other governments	3,493
Prepaid expenses	5,489
Capital assets	
Capital assets being depreciated, net of accumulated depreciation	<u>3,052,978</u>
 Total assets	 <u>10,316,246</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items	<u>146,190</u>
 Total deferred outflows of resources	 <u>146,190</u>
 Total assets and deferred outflows of resources	 <u>10,462,436</u>
LIABILITIES	
Accounts payable	26,780
Accrued payroll	42,160
Accrued interest payable	1,649
Noncurrent liabilities	
Due within one year	245,132
Due in more than one year	<u>1,863,709</u>
 Total liabilities	 <u>2,179,430</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	3,137,164
Pension items	<u>430,682</u>
 Total deferred inflows of resources	 <u>3,567,846</u>
 Total liabilities and deferred inflows of resources	 <u>5,747,276</u>
NET POSITION	
Net investment in capital assets	1,367,932
Unrestricted	<u>3,347,228</u>
 TOTAL NET POSITION	 <u><u>\$ 4,715,160</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Eight Months Ended December 31, 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	\$ 1,730,495	\$ 13,482	\$ -	\$ -	\$ (1,717,013)
Interest	33,426	-	-	-	(33,426)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,763,921	\$ 13,482	\$ -	\$ -	(1,750,439)
			General Revenues		
			Taxes		
			Property		2,866,508
			Replacement		13,904
			Investment income		58,654
			Miscellaneous		31,762
			Total		2,970,828
			CHANGE IN NET POSITION		1,220,389
			NET POSITION, MAY 1		3,414,399
			Prior period adjustment		80,372
			NET POSITION, MAY 1, RESTATED		3,494,771
			NET POSITION, DECEMBER 31		\$ 4,715,160

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2019

	General	Capital Reserve	Total
ASSETS			
Cash and investments	\$ 2,386,119	\$ 1,731,003	\$ 4,117,122
Receivables			
Property tax	3,137,164	-	3,137,164
Due from other governments	3,493	-	3,493
Prepaid items	5,489	-	5,489
	\$ 5,532,265	\$ 1,731,003	\$ 7,263,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 17,680	\$ 9,100	\$ 26,780
Accrued payroll	42,160	-	42,160
	59,840	9,100	68,940
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	3,137,164	-	3,137,164
	3,137,164	-	3,137,164
Total liabilities and deferred inflows of resources	3,197,004	9,100	3,206,104
FUND BALANCES			
Nonspendable			
Prepaid items	5,489	-	5,489
Unrestricted			
Assigned for special projects	-	1,721,903	1,721,903
Unassigned	2,329,772	-	2,329,772
	2,335,261	1,721,903	4,057,164
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,532,265	\$ 1,731,003	\$ 7,263,268

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

December 31, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 4,057,164
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	3,052,978
The net pension asset (liability) in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds	(283,270)
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	(284,492)
Interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds	(1,649)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(30,774)
Due to the Village	(1,685,045)
Total OPEB liability	<u>(109,752)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,715,160</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

For the Eight Months Ended December 31, 2019

	General	Capital Reserve	Total
REVENUES			
Taxes			
Property	\$ 2,866,508	\$ -	\$ 2,866,508
Replacement	13,904	-	13,904
Intergovernmental			
Grants	-	-	-
Charges for services	4,062	-	4,062
Fees, fines and penalties	9,420	-	9,420
Investment income	35,370	23,284	58,654
Miscellaneous	31,762	-	31,762
	<hr/>		
Total revenues	2,961,026	23,284	2,984,310
<hr/>			
EXPENDITURES			
Current			
Culture and recreation	1,606,557	-	1,606,557
Capital outlay	2,683	29,757	32,440
Debt service			
Principal retirement	200,000	-	200,000
Interest and fiscal charges	41,402	-	41,402
	<hr/>		
Total expenditures	1,850,642	29,757	1,880,399
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,110,384	(6,473)	1,103,911
<hr/>			
OTHER FINANCING SOURCES (USES)			
Transfers in	-	145,000	145,000
Transfers (out)	(145,000)	-	(145,000)
	<hr/>		
Total other financing sources (uses)	(145,000)	145,000	-
<hr/>			
NET CHANGE IN FUND BALANCES	965,384	138,527	1,103,911
<hr/>			
FUND BALANCES, MAY 1	1,289,505	1,583,376	2,872,881
	<hr/>		
Prior period restatement	80,372	-	80,372
<hr/>			
FUND BALANCES, MAY 1, RESTATED	1,369,877	1,583,376	2,953,253
<hr/>			
FUND BALANCES, DECEMBER 31	\$ 2,335,261	\$ 1,721,903	\$ 4,057,164

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 Eight Months Ended December 31, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,103,911
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	27,258
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	(102,647)
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	200,000
The change in deferred inflows and outflows of resources for IMRF is reported only in the statement of activities	(847,856)
The change in net pension liability (asset) is shown as an expense on the statement of activities	840,011
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	5,985
Total OPEB liability	(14,249)
Interest payable	13,882
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>(5,906)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,220,389</u></u>

See accompanying notes to financial statements.

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

b. Fund Accounting

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

Funds are classified as governmental funds.

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

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

c. Government-Wide and Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Library reports the following major governmental funds:

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

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

d. Basis of Accounting

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting (Continued)

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

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

e. Investments

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

The Library categorizes its fair value measurements within the fair value hierarchy established by 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 December 31, 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)

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.

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

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. \$1,721,903 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. \$1,721,903 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 2019 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 current 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. Property taxes which have been levied but are not due before the end of the fiscal year are recorded as receivable. The entire receivable is offset by deferred revenue as they are intended to finance the subsequent fiscal year.

4. CAPITAL ASSETS

The following is a summary of capital asset activity for the eight months ended December 31, 2019:

	Balances May 1	Increases	Decreases	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets being depreciated				
Buildings and improvements	\$ 3,701,376	\$ 5,056	\$ -	\$ 3,706,432
Machinery and equipment	1,612,478	22,202	-	1,634,680
Library books/multimedia	2,678,800	-	-	2,678,800
Total capital assets being depreciated	<u>7,992,654</u>	<u>27,258</u>	<u>-</u>	<u>8,019,912</u>
Less accumulated depreciation for				
Buildings and improvements	1,285,212	67,894	-	1,353,106
Machinery and equipment	900,275	34,753	-	935,028
Library books/multimedia	2,678,800	-	-	2,678,800
Total accumulated depreciation	<u>4,864,287</u>	<u>102,647</u>	<u>-</u>	<u>4,966,934</u>
Total capital assets being depreciated, net	<u>3,128,367</u>	<u>(75,389)</u>	<u>-</u>	<u>3,052,978</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 3,128,367</u>	<u>\$ (75,389)</u>	<u>\$ -</u>	<u>\$ 3,052,978</u>

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

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 102,647</u>

5. LONG-TERM DEBT

a. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the audit period ended December 31, 2019:

	Balances May 1	Additions	Retirements	Balances December 31	Current Portion
Due to Village	\$ 1,879,139	\$ -	\$ 194,094	\$ 1,685,045	\$ 210,000
Compensated absences	36,759	2,552	8,537	30,774	7,694
Total OPEB liability	95,503	38,125	23,876	109,752	27,438
Net pension liability - IMRF	1,123,283	-	840,013	283,270	-
TOTAL LONG-TERM LIABILITIES	<u>\$ 3,134,684</u>	<u>\$ 40,677</u>	<u>\$ 1,066,520</u>	<u>\$ 2,108,841</u>	<u>\$ 245,132</u>

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 December 31	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	\$ 1,950,000	\$ -	\$ 200,000	\$ 1,750,000	\$ 210,000
Unamortized premium		35,029	-	2,919	32,110	-
Unamortized loss on refunding		(105,890)	-	(8,825)	(97,065)	-
TOTAL		<u>\$ 1,879,139</u>	<u>\$ -</u>	<u>\$ 194,094</u>	<u>\$ 1,685,045</u>	<u>\$ 210,000</u>

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
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	\$ 1,750,000	\$ 160,992

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 December 31, 2019 consisted of the following:

	Transfer To	Transfer From
General Fund	\$ -	\$ 145,000
Capital Reserve Fund	145,000	-
TOTAL	\$ 145,000	\$ 145,000

7. INTERFUND ACTIVITY (Continued)

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

- \$145,000 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)

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 audit period ended December 31, 2019 was 8.86% of covered payroll. For the audit period ended December 31, 2019, salaries totaling \$731,972 were paid that required employer contributions of \$63,977, which was equal to the Library's actual contributions.

Net Pension Liability

At December 31, 2019, the Library reported a liability of \$283,270 for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2019, 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 audit period ended December 31, 2019 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 December 31, 2019, the Library's proportion was 19.08% of the total contribution.

Actuarial Assumptions

The Library's net pension liability was measured as of December 31, 2019 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, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.35% 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)

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% (7.25% in 2018). 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 audit period ended December 31, 2019, the Library recognized pension expense of \$75,550. At December 31, 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	\$ 61,426	\$ 13,821
Changes in assumption	84,764	12,861
Net difference between projected and actual earnings on pension plan investments	-	404,000
TOTAL	\$ 146,190	\$ 430,682

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

8. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

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

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>December 31,</u>	
2020	\$ (47,600)
2021	(89,653)
2022	38,672
2023	(185,911)
2024	-
Thereafter	-
	<hr/>
TOTAL	<u>\$ (284,492)</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<hr/>		
Net pension liability (asset)	\$ 1,340,258	\$ 283,270	\$ (589,428)

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 December 31, 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>

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 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	2.25%
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	Market Value
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 December 31, 2019.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2019	\$ 95,503
Changes for the period	
Service cost	5,377
Interest	2,400
Changes in assumptions	7,524
Implicit benefit payments	<u>(1,052)</u>
Net changes	<u>14,249</u>
BALANCES AT DECEMBER 31, 2019	<u>\$ 109,752</u>

There was a change in assumptions related to the inflation rate, mortality rates, mortality improvement rates, retirement rates termination rates, and disability rates 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 3.74% 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 (2.74%) or 1 percentage point higher (4.74%) than the current rate:

	1% Decrease (2.74%)	Current Discount Rate (3.74%)	1% Increase (4.74%)
Total OPEB liability	\$ 117,870	\$ 109,752	\$ 101,808

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

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)
Total OPEB liability	\$ 96,546	\$ 109,752	\$ 125,472

10. PRIOR PERIOD ADJUSTMENT

For the audit period ended December 31, 2019, a prior period adjustment was made to record debt service payments to the Village.

	Governmental Activities	General Fund
NET POSITION/FUND BALANCE - MAY 1, 2019 (AS REPORTED)	\$ 3,414,399	\$ 1,289,505
To properly record debt service payments	80,372	80,372
NET POSITION/FUND BALANCE - MAY 1, 2019 (AS RESTATED)	\$ 3,494,771	\$ 1,369,877

REQUIRED SUPPLEMENTARY INFORMATION

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

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

December 31, 2019

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property	\$ 3,048,000	\$ 2,866,508
Replacement	16,500	13,904
Intergovernmental		
Grants	-	-
Charges for services	7,650	4,062
Fees, fines and penalties	14,000	9,420
Investment income	28,000	35,370
Miscellaneous	22,000	31,762
	3,136,150	2,961,026
EXPENDITURES		
Current		
Culture and recreation	2,849,348	1,606,557
Capital outlay	5,000	2,683
Debt service		
Principal retirement	200,000	200,000
Interest and fiscal charges	41,712	41,402
	3,096,060	1,850,642
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40,090	1,110,384
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(145,000)	(145,000)
	(145,000)	(145,000)
NET CHANGE IN FUND BALANCE	\$ (104,910)	965,384
FUND BALANCE, MAY 1		1,289,505
Prior period restatement		80,372
FUND BALANCE, MAY 1, RESTATED		1,369,877
FUND BALANCE, DECEMBER 31		\$ 2,335,261

(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 Two Audit Periods

MEASUREMENT DATE	April 30, 2019	December 31, 2019
TOTAL OPEB LIABILITY		
Service cost	\$ 7,662	\$ 5,377
Interest	3,320	2,400
Changes in assumptions	1,212	7,525
Implicit benefit payments	(660)	(1,052)
Net change in total OPEB liability	11,534	14,250
Total OPEB liability - beginning	83,969	95,503
TOTAL OPEB LIABILITY - ENDING	\$ 95,503	\$ 109,753
Covered payroll	\$ 297,606	\$ 665,876
Employers total OPEB liability as a percentage of covered payroll	32.09%	16.48%

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 inflation rate, mortality rates, mortality improvement rates, retirement rates termination rates and disability rates 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 Five Audit Periods

AUDIT PERIOD ENDED	April 30, 2016	April 30, 2017	April 30, 2018	April 30, 2019	December 31, 2019
Actuarially determined contribution	\$ 128,649	\$ 131,956	\$ 127,668	\$ 119,829	\$ 63,977
Contributions in relation to the contractually required contribution	128,649	131,956	127,668	119,829	63,977
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,033,231	\$ 1,033,231	\$ 1,034,695	\$ 1,087,956	\$ 731,972
Contributions as a percentage of covered payroll	12.45%	12.77%	12.34%	11.01%	8.74%

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 7.25% annually, projected salary increases assumption of 3.35% 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 Five Audit Periods

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019
Employer's proportion of net pension liability (asset)	19.38%	19.75%	19.28%	19.28%	18.69%
Employer's proportionate share of net pension liability (asset)	\$ 936,460	\$ 923,975	\$ (14,105)	\$ 1,123,283	\$ 277,305
Employer's covered payroll	1,016,996	1,024,598	1,034,695	1,087,956	731,972
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%	37.88%
Plan fiduciary net position as a percentage of the total pension liability	88.67%	89.15%	100.17%	86.94%	96.78%

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

December 31, 2019

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 year end.

The Library Board of Trustees has the authority to approve the budget for the General Fund and Capital Reserve Fund. State statutes and local ordinances require that the budget be approved before the beginning of the 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 most recent audit period, no budget amendments were made.

SUPPLEMENTAL DATA

**HINSDALE PUBLIC LIBRARY
HINSDALE, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Eight Months Ended December 31, 2019

	Original and Final Budget	Actual
EXPENDITURES		
Culture and recreation		
Personal services		
Salaries and wages	\$ 1,486,285	\$ 926,845
Temporary help	2,000	-
Social Security	92,868	55,929
IMRF	143,500	63,977
Medicare	21,545	13,080
Employee insurance	170,000	84,848
	1,916,198	1,144,679
Total personal services		
Contractual services		
Marketing	36,000	21,246
Library programs - youth	22,000	17,531
Library programs - adult	8,000	6,185
Custodial	30,000	21,070
Utilities	13,000	8,000
Maintenance contracts	7,500	6,082
Legal expenses	5,500	661
Planning services	5,000	-
Postage	1,000	1,035
Telephone	7,000	4,341
Accounting	60,000	24,946
Miscellaneous contractual services	16,400	8,822
	211,400	119,919
Total contractual services		
Materials and supplies		
Youth materials	66,000	39,335
Adult materials	181,000	121,423
Periodicals	17,000	14,850
E-books	58,000	35,771
Technical serve supplies	15,000	5,827
Hardware/software	32,000	10,829
Janitorial maintenance supplies	6,000	4,056
Office supplies	12,000	7,023
Copier supplies	1,300	1,044
	388,300	240,158
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 Eight Months Ended December 31, 2019

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Culture and recreation (Continued)		
Repairs and maintenance		
Computer support	\$ 76,000	\$ 54,585
Miscellaneous repairs - improvements	37,000	16,151
Office equip - maintenance	2,750	2,921
	115,750	73,657
Other expenditures		
Staff development/conferences	25,000	11,513
Staff recognition	3,000	1,631
Memberships - board development	3,000	1,406
Helen O'Neill scholarship	500	500
Special events	5,000	4,516
Friends pledges	50,000	4,242
Donation expenditures	70,000	1,854
Foundation expenditures	15,000	2,304
Sewer charge	-	-
Personnel	-	178
	171,500	28,144
Risk management		
Insurance liability	-	-
IRMA premiums	36,200	-
Self-insured deductible	10,000	-
	46,200	-
Total culture and recreation		
	2,849,348	1,606,557
Capital outlay		
Buildings	5,000	2,683
	5,000	2,683
Debt service		
Bond principal	200,000	200,000
Interest	41,112	41,113
Fiscal charges	600	289
	241,712	241,402
TOTAL EXPENDITURES	\$ 3,096,060	\$ 1,850,642

(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 Eight Months Ended December 31, 2019

	Original and Final Budget	Actual
REVENUES		
Investment income	\$ -	\$ 23,284
Total revenues	-	23,284
EXPENDITURES		
Capital outlay	245,000	29,757
Debt service		
Principal	-	-
Interest	-	-
Total expenditures	245,000	29,757
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(245,000)	(6,473)
OTHER FINANCING SOURCES (USES)		
Transfers in	145,000	145,000
Total other financing sources (uses)	145,000	145,000
NET CHANGE IN FUND BALANCE	\$ (100,000)	138,527
FUND BALANCE, MAY 1		1,583,376
FUND BALANCE, DECEMBER 31		\$ 1,721,903

(See independent auditor's report.)