

HODGKINS PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015
AND
INDEPENDENT AUDITORS' REPORT

HODGKINS PUBLIC LIBRARY DISTRICT

As of and For the Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Hodgkins Public Library District
Hodgkins, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of the Hodgkins Public Library District, Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hodgkins Public Library District'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 the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' 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 from 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 auditors' 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 Hodgkins Public Library District'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 Hodgkins Public Library District'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.

To the Board of Trustees
Hodgkins Public Library District

Basis for Qualified Opinion on Governmental Activities

The Hodgkins Public Library District does not maintain detailed records of the historical cost, accumulated depreciation, or depreciation expense of its capital assets. Therefore, we were unable to obtain sufficient evidence to form an opinion on the capital assets, accumulated depreciation, and depreciation expense within the governmental activities.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the Hodgkins Public Library District, Illinois, as of June 30, 2015 and the respective changes in the modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the major fund of the Hodgkins Public Library, Illinois, as of June 30, 2015, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Emphasis of Matter

As discussed in Note I to the financial statements, the Hodgkins Public Library District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

Basis of Accounting

We draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hodgkins Public Library District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Trustees
Hodgkins Public Library District

Prior-Year Comparative Information

We have previously audited the Hodgkins Public Library District's 2014 financial statements, and we expressed unmodified audit opinions on the respective modified cash basis financial statements of the governmental activities and the major fund in our report dated September 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly Viechow Krause, LLP

Oak Brook, Illinois
October 7, 2015

Hodgkins Public Library District

Management's Discussion and Analysis (Unaudited)

As of and For the Year Ended June 30, 2015

The discussion and analysis of Hodgkins Public Library District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2015. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- ❑ The Hodgkins Public Library District's financial status continues to be strong.
- ❑ The Hodgkins Public Library District's total net position increased by \$75,586.
- ❑ At the close of the current fiscal year, the Hodgkins Public Library District's governmental fund reported fund balance of \$551,711 an increase of \$141,639 in comparison with the prior year.
- ❑ General revenues accounted for \$565,378 or 97% of all fiscal 2015 revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$17,171 or 3% of all fiscal 2015 revenues.

Overview of the Financial Statements

This discussion is intended to serve as an introduction to the Hodgkins Public Library District's basic financial statements. The Hodgkins Public Library District's basic financial statements are comprised of three components:

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to financial statements.

This report also contains other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Hodgkins Public Library District's finances, in a manner similar to a private-sector business and are reported using the modified cash basis of accounting and economic resources measurement focus.

The Statement of Net Position presents information on all of the Hodgkins Public Library District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Hodgkins Public Library District is improving.

Hodgkins Public Library District

Management's Discussion and Analysis (Unaudited)

As of and For the Year Ended June 30, 2015

The Statement of Activities presents information showing how the government's net position changed during the fiscal year being reported. The modified cash basis recognizes receipts and cash disbursements when they result from cash transactions with a provision for depreciation. The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities reflect the District's basic services including library services.

Fund Financial Statements

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 Hodgkins Public Library District, like other units of government, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District are governmental funds (the District maintains no proprietary or fiduciary funds).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified cash basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. All of the District's services are reported in a governmental fund, which focus on how money flows into and out of these funds and the balances left at year end that are available for use. Both the governmental fund balance sheet and the governmental statement of cash receipts, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between government funds and government activities.

The Hodgkins Public Library District maintains one individual governmental fund. Information for this fund (General Fund) is presented in the governmental fund balance sheet – modified cash basis and in the governmental fund statement of receipts, expenditures, and changes in fund balances – modified cash basis for this fund, which is considered to be the only major fund.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to understanding the government-wide financial statements and the various fund financial statements.

Other Information

Other information is also included in this report. The information includes the changes in the net pension liability and employer contributions of the Illinois Municipal Retirement Fund, budget to actual comparisons of the General Fund and real estate tax information.

Hodgkins Public Library District
Management's Discussion and Analysis (Unaudited)
As of and For the Year Ended June 30, 2015

Government-Wide Financial Analysis

The District's combined net position increased \$75,586 from \$983,817 to \$1,059,403.

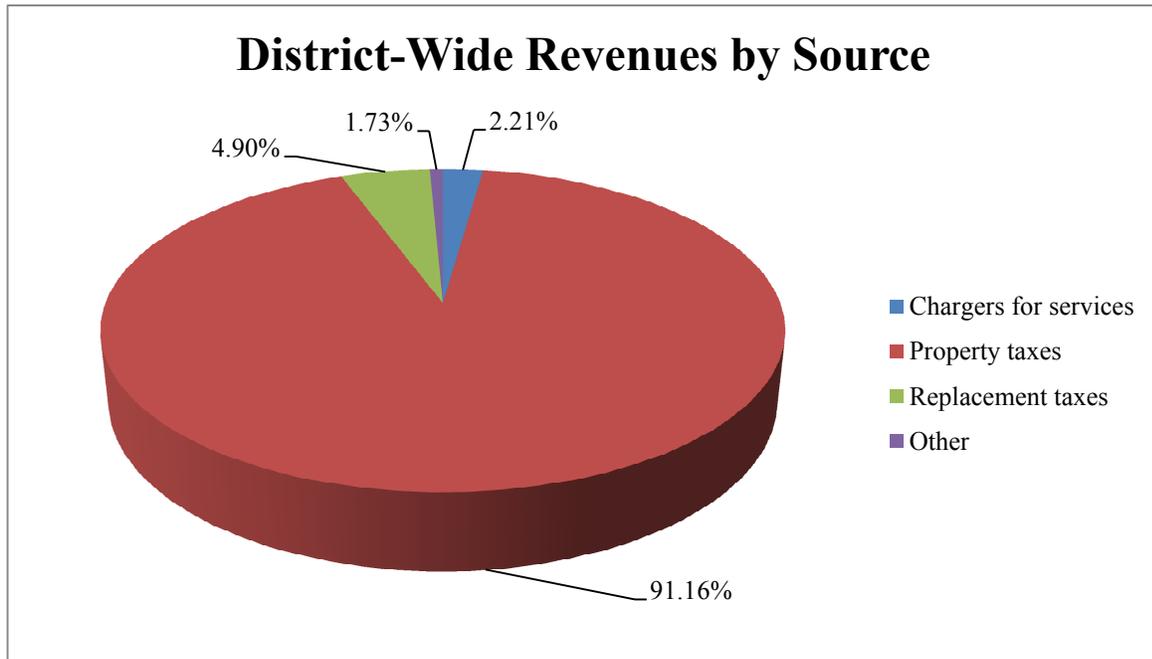
The District's total revenue was \$582,549. Real estate taxes account for most of the District's revenue, contributing 91.16% received. Another 4.90% came from replacement taxes. The remaining 3.94% of revenue consisted of grant revenue, special program revenue, investment earnings and miscellaneous sources.

| Table 1 | | |
|--|--------------------|------------------|
| Condensed Statement of Net Position | | |
| | <u>2015</u> | <u>2014</u> |
| Current and other assets | \$ 551,711 | \$ 410,156 |
| Capital assets | <u>507,692</u> | <u>573,745</u> |
| Total assets | <u>1,059,403</u> | <u>983,901</u> |
| Other liabilities | <u>-</u> | <u>84</u> |
| Total liabilities | <u>-</u> | <u>84</u> |
| Net position: | | |
| Net investment in capital assets | 507,692 | 573,745 |
| Unrestricted | <u>551,711</u> | <u>410,072</u> |
| Total net position | <u>\$1,059,403</u> | <u>\$983,817</u> |

Hodgkins Public Library District
Management's Discussion and Analysis (Unaudited)
As of and For the Year Ended June 30, 2015

| Table 2 | | |
|--------------------------------|--------------------|--------------------|
| Changes in Net Position | | |
| | <u>2015</u> | <u>2014</u> |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 12,885 | \$ 12,897 |
| Grants and donations | 4,286 | 2,371 |
| General revenues: | | |
| Property taxes | 531,062 | 504,441 |
| Replacement taxes | 28,574 | 28,516 |
| Interest income | 1,567 | 1,409 |
| Other | <u>4,175</u> | <u>3,187</u> |
| Total revenues | <u>\$ 582,549</u> | <u>\$ 552,821</u> |
| Expenses: | | |
| Library services | <u>\$ 506,963</u> | <u>\$ 608,282</u> |
| Total expenses | <u>\$ 506,963</u> | <u>\$ 608,282</u> |
| Change in net position | \$ 75,586 | \$ (55,461) |

Hodgkins Public Library District
Management's Discussion and Analysis (Unaudited)
As of and For the Year Ended June 30, 2015



Financial Analysis of the Government Fund

The Hodgkins Public Library District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund: The focus of the Hodgkins Public Library District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Hodgkins Public Library District's financing requirements.

The Hodgkins Public Library District's only major fund is the General Fund.

As of the end of the current fiscal year, the Hodgkins Public Library District's governmental fund reported an ending fund balance of \$551,711, an increase of \$141,639 from fiscal year 2014.

**Hodgkins Public Library District
Management's Discussion and Analysis (Unaudited)
As of and For the Year Ended June 30, 2015**

General Fund Budgetary Highlights

The actual revenues were greater than the projected revenues by \$31,549 in the General Fund for the year ended June 30, 2015, primarily due to an increase in the amount of property tax revenues received.

The actual expenditures for fiscal 2015 were less than budgeted expenditures by \$147,290. The variance from budget can be attributed to the conservative budgeting practices of the District as well as the careful spending practices. The fund balance in the General Fund at June 30, 2015 is \$551,711.

Capital Assets

At the end of fiscal 2015, the Hodgkins Public Library District had total capital assets (net of accumulated depreciation) of \$507,692, invested in a broad range of capital assets including furniture, equipment, buildings, land, land improvements and library materials. The District purchased \$7,435 and retired \$2,300 in capital assets during the year. More detailed information about capital assets can be found in Note III B. of the basic financial statements.

| Table 3 Capital Assets (net of accumulated depreciation) | | |
|---|-------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| Land | \$ 57,500 | \$ 57,500 |
| Buildings | 337,139 | 350,687 |
| Land improvements | 34,744 | 39,713 |
| Furniture and equipment | 15,544 | 28,374 |
| Library materials | <u>62,765</u> | <u>97,471</u> |
| Total | <u>\$ 507,692</u> | <u>\$ 573,745</u> |

Hodgkins Public Library District
Management's Discussion and Analysis (Unaudited)
As of and For the Year Ended June 30, 2015

Economic Factors Affecting the District

Property tax appeals resulting in tax refunds and assessment reductions are a continuing concern, eroding the District's tax base. However the library is financially sound and in FY 15 will apply for grants available to libraries.

At the time these financial statements were prepared and audited, Hodgkins Public Library District was unaware of any other existing circumstances that would significantly affect its financial health in the future.

Requests for Information

This financial report is designed to provide a general overview of the Hodgkins Public Library District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hodgkins Public Library District, 6500 Wenz Avenue, Hodgkins, Illinois 60525.

BASIC FINANCIAL STATEMENTS

HODGKINS PUBLIC LIBRARY DISTRICT

Statement of Net Position - Modified Cash Basis

As of June 30, 2015

Assets

| | |
|---|------------------|
| Cash and Cash Equivalents | \$ 551,711 |
| Capital assets: | |
| Land | 57,500 |
| Depreciable buildings, property, and equipment, net of depreciation | <u>450,192</u> |
| Total assets | <u>1,059,403</u> |

Liabilities

| | |
|-------------------|----------|
| Total liabilities | <u>-</u> |
|-------------------|----------|

Net position

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 507,692 |
| Unrestricted | <u>551,711</u> |
| Total net position | <u>\$ 1,059,403</u> |

See Notes to Financial Statements

HODGKINS PUBLIC LIBRARY DISTRICT

Statement of Activities - Modified Cash Basis

As of June 30, 2015

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expenses) Revenues and Changes in Net Position</u> |
|-------------------------------|-------------------|-----------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities | | | | |
| Library services | \$ 506,963 | \$ 12,885 | \$ 4,286 | \$ (489,792) |
| Total governmental activities | <u>\$ 506,963</u> | <u>\$ 12,885</u> | <u>\$ 4,286</u> | <u>(489,792)</u> |
| General revenues: | | | | |
| Taxes | | | | |
| Property taxes | | | | 531,062 |
| Replacement taxes | | | | 28,574 |
| Interest income | | | | 1,567 |
| Other | | | | <u>4,175</u> |
| Subtotal, general revenues | | | | <u>565,378</u> |
| Change in net position | | | | 75,586 |
| Net position: | | | | |
| June 30, 2014 | | | | <u>983,817</u> |
| June 30, 2015 | | | | <u>\$ 1,059,403</u> |

See Notes to Financial Statements

HODGKINS PUBLIC LIBRARY DISTRICT

Governmental Fund

Balance Sheet - Modified Cash Basis

As of June 30, 2015

With Comparative Totals as of June 30, 2014

| | 2015 General Fund | 2014 General Fund |
|---------------------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash | \$ 551,711 | \$ 410,156 |
| Total assets | <u>\$ 551,711</u> | <u>\$ 410,156</u> |
| | | |
| Liabilities and fund balance | | |
| Liabilities | | |
| | \$ - | \$ 84 |
| Total liabilities | <u>-</u> | <u>84</u> |
| | | |
| Fund balance | | |
| Unassigned fund balance | <u>551,711</u> | <u>410,072</u> |
| Total fund balance | <u>551,711</u> | <u>410,072</u> |
| | | |
| Total liabilities and fund balance | <u>\$ 551,711</u> | <u>\$ 410,156</u> |

See Notes to Financial Statements

HODGKINS PUBLIC LIBRARY DISTRICT
Reconciliation of the Governmental Fund Balance Sheet -
Modified Cash Basis to the Statement of Net Position - Modified Cash Basis
As of June 30, 2015

Total fund balance - governmental fund \$ 551,711

Amounts reported for governmental activities in the Statement of
Net Position - Modified Cash Basis are different because:

The cost of capital assets (land, buildings, furniture and equipment) purchased
or constructed is reported as an expenditure in governmental funds. The
Statement of Net Position - Modified Cash Basis includes those capital assets
among the assets of the District as a whole.

| | | |
|------------------------------|--------------------|----------------|
| Cost of capital assets | \$ 1,660,248 | |
| Depreciation expense to date | <u>(1,152,556)</u> | |
| | | <u>507,692</u> |

Net position of governmental activities \$ 1,059,403

HODGKINS PUBLIC LIBRARY DISTRICT

Governmental Fund

Statement of Cash Receipts, Expenditures and Changes in Fund Balances -

Modified Cash Basis - For the Year Ended June 30, 2015

With Comparative Totals For the Year Ended June 30, 2014

| | 2015 General Fund | 2014 General Fund |
|------------------------------------|-------------------------|-------------------------|
| Receipts | | |
| Real estate taxes | \$ 531,062 | \$ 504,441 |
| Replacement taxes | 28,574 | 28,516 |
| Interest | 1,567 | 1,409 |
| Grants | 4,286 | 2,371 |
| Other | <u>17,060</u> | <u>16,084</u> |
| Total receipts | <u>582,549</u> | <u>552,821</u> |
| Expenditures | | |
| Current: | | |
| Personnel | 198,476 | 236,570 |
| Library services | 62,914 | 123,906 |
| Physical facilities | 64,534 | 48,022 |
| Administration | 40,612 | 43,212 |
| Municipal retirement | 19,574 | 24,121 |
| Social security | 16,989 | 17,728 |
| Insurance | 30,376 | 41,720 |
| Capital outlay | <u>7,435</u> | <u>7,126</u> |
| Total expenditures | <u>440,910</u> | <u>542,405</u> |
| Net change in fund balances | 141,639 | 10,416 |
| Fund balance, beginning of year | <u>410,072</u> | <u>399,656</u> |
| Fund balance, end of year | <u>\$ 551,711</u> | <u>\$ 410,072</u> |

HODGKINS PUBLIC LIBRARY DISTRICT

Reconciliation of the Governmental Fund

Statement of Cash Receipts, Expenditures and Changes in Fund Balances -
Modified Cash Basis to the Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2015

Net change in fund balances - total governmental fund \$ 141,639

Amounts reported for governmental activities in the Statement of Activities -
Modified Cash Basis are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
depreciation expense exceeds capital outlays in the current period.

| | | |
|----------------------|--------------|-----------------|
| Depreciation expense | \$ (73,488) | |
| Capital outlays | <u>7,435</u> | |
| | | <u>(66,053)</u> |

Change in net position of governmental activities \$ 75,586

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hodgkins Public Library District (the "District") is located in Cook County, Illinois. The District operates under a President-Trustee form of government and provides services as authorized by its charter. For financial reporting purposes the District includes all funds, agencies and boards that are responsible to the District Board of Trustees. Responsibility to the Board of Trustees was determined on the basis of budget adoption, taxing authority, outstanding debt secured by receipts or general obligations of the District and obligations of the District to finance any deficits that may occur.

The following is a summary of the significant accounting policies of the Hodgkins Park District:

A. REPORTING ENTITY

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criterion.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This standard was implemented effective July 1, 2014.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no operating activities that would be considered "business-type activities".

The statement of activities demonstrates the degree to which the direct cash disbursements of a given function or segment is offset by program receipts. Direct cash disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program receipt are reported as general receipts. Internally dedicated resources are reported as general receipts rather than as program receipts.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, receipts, and cash disbursements.

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

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, receipts, or cash disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major governmental fund:

General Fund - accounts for the District's primary operating activities. It is used to account for all financial resources.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the modified cash basis of accounting. Under the modified cash basis of accounting, receipt, cash disbursements, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized when they result from cash transactions with a provision for depreciation in the government-wide statements. The modified cash basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Fund Financial Statements

Governmental fund financial statements are reported using the modified cash basis of accounting. Receipts and cash disbursements are recorded when they result from cash transactions. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

1. Deposits and Investments

Illinois Statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. Agencies, and bank and savings and loan associations covered by federal depository insurance. The District's investment policy prohibits investment in the following: commercial paper of any corporation, regardless how rated, repurchase agreements of government securities, derivative products, leveraging of assets through reverse repurchase agreements, and direct investments in tri-party repurchase agreements.

The District has adopted an investment policy. That policy follows the state statute for allowable investments.

Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy manages the District's exposure to fair value losses arising from increasing interest rates by forbidding any investment with a maturity in excess of one year. The policy requires the District's investment portfolio to be sufficiently liquid to meet all operating requirements as they come due.

Custodial Credit Risk - Deposits

The District's investment policy states that funds will only be maintained in financial institutions that are members of the Federal Deposit Insurance Corporation. Collateralization of investments or deposits in excess of FDIC or insurable limits is not required, unless the amount of funds deposited in a financial institution exceeds 50% of the net worth of a savings bank or savings and loan association, or exceeds 50% of the unimpaired capital and surplus of a credit union.

See Note III. A. for further information.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (CONT.)

2. Property Tax Receipts

The District must file its tax levy ordinance by the last Tuesday of December in each year. The District's 2014 levy ordinance was approved during the October 20, 2014 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of the real property on January 1 in any year is liable for taxes of that year. The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on April 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The District collects taxes shortly after the due dates, usually within 45 days.

3. Personal Property Replacement Taxes

The Personal Property Replacement Tax represents an additional income tax for corporations (including certain utilities) and trusts; a new income tax for partnerships and Subchapter S corporations; and a new tax on invested capital for public utilities providing gas, communication, electrical, and water services. Revenues collected under the replacement tax are held in a special fund in the State Treasury called the Personal Property Tax Replacement Fund. The monies are distributed to taxing districts in eight payments annually.

Monies received from the Personal Property Tax Replacement Fund shall be first applied towards payment of debt service or general obligation bonds outstanding as of December 31, 1978 and next applied toward payment to the proportionate share of Illinois Municipal Retirement obligations. Any remaining funds may be used for any corporate purpose for which personal property taxes are used at the discretion of the District.

4. Capital Assets

Government-Wide Statements

Capital assets, which include land, land improvements, buildings, furniture and equipment, and library materials, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (CONT.)

Government -Wide Statements (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------|------------|
| Buildings | 50 Years |
| Land Improvements | 20 Years |
| Furniture and Equipment | 5-15 Years |
| Library Materials | 15 Years |

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts is reported as another financing source and payments of principal and interest are reported as expenditures.

6. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (CONT.)

7. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (CONT.)

7. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not inspendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints place on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. Prior Period Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted for all governmental funds on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Budget amounts are as originally adopted by the Board of Trustees. All annual appropriations lapse at fiscal year end.

Prior to June 30, the District's administration submits to the District Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund.

The District is authorized to change budgeted amounts within any fund; however, revision must be approved by the members of the District Board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The District management is authorized to transfer budget amounts between departments within any fund; however, the District Board must approve revisions that alter the total expenditures of any fund.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The District's deposits and investments at year end were comprised of the following:

| | Carrying Value | Statement Balance | Associated Risks |
|------------------------------------|-----------------------|-----------------------|------------------|
| Deposits | \$ 156,240 | \$ 173,069 | Custodial Credit |
| Certificates of deposit | 394,971 | 394,750 | Custodial Credit |
| Petty cash | <u>500</u> | <u>-</u> | N/A |
| Total Deposits and Investments | <u>\$ 551,711</u> | <u>\$ 567,819</u> | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

The District does not have any deposits exposed to custodial credit risk.

See Note I.D.1. for further information on deposit and investment policies.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 57,500 | \$ - | \$ - | \$ 57,500 |
| Total Capital Assets Not Being Depreciated | <u>57,500</u> | <u>-</u> | <u>-</u> | <u>57,500</u> |
| Capital assets being depreciated | | | | |
| Land Improvements | 99,372 | - | - | 99,372 |
| Buildings | 677,397 | - | - | 677,397 |
| Furniture and equipment | 300,260 | 7,435 | 2,300 | 305,395 |
| Library materials | 520,584 | - | - | 520,584 |
| Total Capital Assets Being Depreciated | <u>1,597,613</u> | <u>7,435</u> | <u>2,300</u> | <u>1,602,748</u> |
| Total Capital Assets | <u>1,655,113</u> | <u>7,435</u> | <u>2,300</u> | <u>1,660,248</u> |
| Less: Accumulated depreciation for | | | | |
| Land Improvements | (59,659) | (4,969) | - | (64,628) |
| Buildings | (326,710) | (13,548) | - | (340,258) |
| Furniture and equipment | (271,886) | (20,265) | 2,300 | (289,851) |
| Library materials | (423,113) | (34,706) | - | (457,819) |
| Total Accumulated Depreciation | <u>(1,081,368)</u> | <u>(73,488)</u> | <u>2,300</u> | <u>(1,152,556)</u> |
| Net Capital Assets Being Depreciated | <u>516,245</u> | <u>(66,053)</u> | <u>-</u> | <u>450,192</u> |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 573,745</u> | <u>\$ (66,053)</u> | <u>\$ -</u> | <u>\$ 507,692</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|------------------|
| Governmental Activities | |
| Library services | <u>\$ 73,488</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 73,488</u> |

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in Regular Tier 2.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For Regular Tier 2, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Plan Membership. At December 31, 2014, the measurement date, membership of the plan was as follows:

| | |
|-------------------------------|-----------|
| Retirees and beneficiaries | 6 |
| Inactive, non-retired members | 2 |
| Active members | 4 |
| | <hr/> |
| Total | <u>12</u> |

Contributions. As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actuarially determined contribution rate for calendar year 2014 was 11.95 percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Illinois Municipal Retirement Fund (cont.)

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2014 annual actuarial valuation included (a) 7.50% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) inflation of 3.50% and price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Projected Returns/Risk | | |
|------------------------|------------------------|---------------------|--------------------|
| | Target Allocation | One Year Arithmetic | Ten Year Geometric |
| Equities | 63.20% | 9.15% | 7.60% |
| International equities | 2.60% | 9.80% | 7.80% |
| Fixed income | 23.50% | 3.05% | 3.00% |
| Real estate | 4.30% | 7.35% | 6.15% |
| Alternatives | 4.50% | | |
| Private equity | | 13.55% | 8.50% |
| Hedge funds | | 5.55% | 5.25% |
| Commodities | | 4.40% | 2.75% |
| Cash equivalents | 1.90% | 2.25% | 2.25% |

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Illinois Municipal Retirement Fund (cont.)

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2013 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.56% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2014 to arrive at a discount rate of 7.50 used to determine the total pension liability. The year ending December 31, 2091 is the last year in the 2015 to 2114 projection period for which projected benefit payments are fully funded.

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 pension liability of the District calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|-------------------|--------------------------|------------------|
| Total pension liability | \$ 819,239 | \$ 730,848 | \$ 657,529 |
| Plan fiduciary net position | <u>619,474</u> | <u>619,474</u> | <u>619,474</u> |
| Net pension liability/(asset) | <u>\$ 199,765</u> | <u>\$ 111,374</u> | <u>\$ 38,055</u> |

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements

As of and For the Year Ended June 30, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Illinois Municipal Retirement Fund (cont.)

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2014 was as follows:

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a) - (b) |
| Balances at December 31, 2013 | \$ 687,132 | \$ 599,602 | \$ 87,530 |
| Service cost | 19,913 | - | 19,913 |
| Interest on total pension liability | 50,327 | - | 50,327 |
| Differences between expected and actual experience of the total pension liability | (9,818) | - | (9,818) |
| Change of assumptions | 33,626 | - | 33,626 |
| Benefit payments, including refunds of employee contributions | (50,332) | (50,332) | - |
| Contributions - employer | - | 20,363 | (20,363) |
| Contributions - employee | - | 7,617 | (7,617) |
| Net investment income | - | 35,894 | (35,894) |
| Other (Net Transfer) | - | 6,330 | (6,330) |
| Balances at December 31, 2014 | <u>\$ 730,848</u> | <u>\$ 619,474</u> | <u>\$ 111,374</u> |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2015, the District recognized pension expense of \$19,574. The District's deferred outflows and inflows of resources related to pensions considered in the December 31, 2014 valuation were following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 7,170 |
| Assumption changes | 24,556 | - |
| Net difference between projected and actual earnings on pension plan investments | 6,780 | - |
| Total | <u>\$ 31,336</u> | <u>\$ 7,170</u> |

HODGKINS PUBLIC LIBRARY DISTRICT

Notes to Financial Statements
As of and For the Year Ended June 30, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Illinois Municipal Retirement Fund (cont.)

Amounts reported as deferred outflows and inflows of resources related to pensions will be amortized as follows:

| | Year Ending December 31, | Amount |
|-------|---------------------------------|------------------|
| 2015 | | \$ 8,117 |
| 2016 | | 8,117 |
| 2017 | | 6,237 |
| 2018 | | <u>1,695</u> |
| Total | | <u>\$ 24,166</u> |

B. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The District purchases commercial insurance to provide coverage for losses from (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the District in the General Fund.

C. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 77, *Tax Abatement Disclosures*. Application of these standards may restate portions of these financial statements.

OTHER INFORMATION SECTION

HODGKINS PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
Most Recent Fiscal Year

| | 2015 |
|---|-------------------|
| Total pension liability | |
| Service cost | \$ 19,913 |
| Interest | 50,327 |
| Differences between expected and actual experience | (9,818) |
| Changes of assumptions | 33,626 |
| Benefit payments, including refunds of member contributions | (50,332) |
| Net change in total pension liability | 43,716 |
| | |
| Total pension liability - beginning | 687,132 |
| Total pension liability - ending (a) | \$ 730,848 |
| | |
| Plan fiduciary net position | |
| Employer contributions | \$ 20,363 |
| Employee contributions | 7,617 |
| Net investment income | 35,894 |
| Benefit payments, including refunds of member contributions | (50,332) |
| Other (net transfer) | 6,330 |
| Net change in plan fiduciary net position | 19,872 |
| | |
| Plan fiduciary net position - beginning | 599,602 |
| Plan fiduciary net position - ending (b) | \$ 619,474 |
| | |
| Employer's net pension liability - ending (a) - (b) | \$ 111,374 |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 84.76% |
| | |
| Covered-employee payroll | \$ 151,612 |
| | |
| Employer's net pension liability as a percentage of covered-employee payroll | 73.46% |

Notes to Schedule:

The District implemented the disclosures recommended under GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

HODGKINS PUBLIC LIBRARY DISTRICT

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF DISTRICT CONTRIBUTIONS Most Recent Fiscal Year

| | <u>2015</u> |
|--|-------------------|
| Actuarially determined contribution | \$ 18,239 |
| Contributions in relation to the actuarially determined contribution | <u>(20,363)</u> |
| Contribution deficiency (excess) | <u>\$ (2,124)</u> |
| Covered-employee payroll | \$ 151,612 |
| Contributions as a percentage of covered-employee payroll | 13.43% |

Notes to Schedule:

The District implemented the disclosures recommended under GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 29 years |
| Asset valuation method | 5-Year Smoothed Market |
| Inflation | 3.00% |
| Salary increases | 4.40% to 16.00% including inflation |
| Investment rate of return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | RP-2000 CHBCA |

Other information:

There were no benefit changes during the year.

GENERAL FUND SCHEDULE

HODGKINS PUBLIC LIBRARY DISTRICT

General Fund

Schedule of Cash Receipts, Expenditures and Changes in Fund Balance -
Modified Cash Basis - Budget and Actual

For the Year Ended June 30, 2015

With Comparative Actual Amounts For the Year Ended June 30, 2014

| | 2015 | | Variance From Budget | 2014 Actual |
|-------------------------------------|----------------|----------------|----------------------------|----------------|
| | Budget | Actual | | |
| Receipts | | | | |
| Real estate taxes | \$ 504,000 | \$ 531,062 | \$ 27,062 | \$ 504,441 |
| Personal property replacement taxes | 27,000 | 28,574 | 1,574 | 28,516 |
| Interest | 1,000 | 1,566 | 566 | 1,409 |
| Grants | 2,000 | 4,287 | 2,287 | 2,371 |
| Other: | | | | |
| Non resident fees | - | 12,885 | 12,885 | 12,897 |
| Miscellaneous | 17,000 | 4,175 | (12,825) | 3,187 |
| | <u>551,000</u> | <u>582,549</u> | <u>31,549</u> | <u>552,821</u> |
| Expenditures | | | | |
| Personnel | | | | |
| Salaries | 215,000 | 194,990 | (20,010) | 232,051 |
| Staff development | 6,500 | 3,486 | (3,014) | 4,519 |
| Total personnel | <u>221,500</u> | <u>198,476</u> | <u>(23,024)</u> | <u>236,570</u> |
| Library services | | | | |
| Books and periodicals | 37,000 | 29,840 | (7,160) | 44,905 |
| Grant expenditures | - | 3,560 | 3,560 | 1,140 |
| Electronic resource | 5,000 | 3,359 | (1,641) | - |
| Audio-visual | 15,000 | 5,341 | (9,659) | 21,072 |
| Printing | 5,000 | 2,369 | (2,631) | 2,642 |
| Postage | 1,500 | 734 | (766) | 444 |
| Supplies | 6,500 | 5,627 | (873) | 6,251 |
| Equipment | 7,500 | 3,452 | (4,048) | 3,523 |
| Programming | 15,000 | 8,783 | (6,217) | 11,578 |
| Computer services | 1,000 | 450 | (550) | 35,152 |
| Total library services | <u>93,500</u> | <u>63,515</u> | <u>(29,985)</u> | <u>126,707</u> |
| Administration | | | | |
| Legal fees | 15,000 | 15,843 | 843 | 14,884 |
| Legal notices | 750 | 143 | (607) | 337 |
| Contractual services | 6,000 | 3,513 | (2,487) | 6,158 |
| Travel | 1,500 | 1,477 | (23) | 931 |
| Accounting services | 13,000 | 11,463 | (1,537) | 11,472 |
| Audit fees | 8,000 | 6,322 | (1,678) | 6,120 |
| Bank Fees | 1,000 | 717 | (283) | 1,430 |
| Contingency | 2,000 | 737 | (1,263) | 1,390 |
| Membership dues | 450 | 397 | (53) | 490 |
| Total administration | <u>47,700</u> | <u>40,612</u> | <u>(7,088)</u> | <u>43,212</u> |

HODGKINS PUBLIC LIBRARY DISTRICT

General Fund

Schedule of Cash Receipts, Expenditures and Changes in Fund Balance -
Modified Cash Basis - Budget and Actual

For the Year Ended June 30, 2015

With Comparative Actual Amounts For the Year Ended June 30, 2014

| | 2015 | | Variance From Budget | 2014 Actual |
|-------------------------------------|--------------------|-------------------|----------------------------|-------------------|
| | Budget | Actual | | |
| Physical facilities | | | | |
| Utilities | \$ 15,000 | \$ 13,418 | (1,582) | \$ 12,602 |
| Telephone | 6,000 | 9,393 | 3,393 | 4,527 |
| Furniture | 7,500 | 1,934 | (5,566) | 3,733 |
| Supplies | 5,000 | 2,646 | (2,354) | 3,203 |
| Building maintenance | 25,000 | 10,703 | (14,297) | 12,562 |
| Building improvements | 30,000 | - | (30,000) | 7,339 |
| Computer equipment | 30,000 | 28,835 | (1,165) | - |
| Equipment | 10,000 | 4,440 | (5,560) | 8,381 |
| Total physical facilities | <u>128,500</u> | <u>71,369</u> | <u>(57,131)</u> | <u>52,347</u> |
| Municipal Retirement | | | | |
| Employer's share of I.M.R.F. | <u>30,000</u> | <u>19,574</u> | <u>(10,426)</u> | <u>24,121</u> |
| Social Security | | | | |
| Employer's share of Social Security | <u>20,000</u> | <u>16,988</u> | <u>(3,012)</u> | <u>17,728</u> |
| Insurance | | | | |
| Insurance | <u>47,000</u> | <u>30,376</u> | <u>(16,624)</u> | <u>41,720</u> |
| Total expenditures | <u>588,200</u> | <u>440,910</u> | <u>(147,290)</u> | <u>542,405</u> |
| Net change in fund balance | <u>\$ (37,200)</u> | 141,639 | <u>\$ 178,839</u> | 10,416 |
| Fund balance, beginning of year | | <u>410,072</u> | | <u>399,656</u> |
| Fund balance, end of year | | <u>\$ 551,711</u> | | <u>\$ 410,072</u> |

HODGKINS PUBLIC LIBRARY DISTRICT
 Five Year Summary of Assessed Valuations, Tax Rates
 Extensions and Collections
 As of June 30, 2015

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------------------|-----------------------|-----------------------|--------------------|--------------------|
| Assessed valuation | <u>\$ 272,316,838</u> | <u>\$ 223,778,989</u> | <u>\$ 215,723,601</u> | <u>203,973,812</u> | <u>206,426,102</u> |
| Tax rates: | | | | | |
| Corporate | <u>0.1775</u> | <u>0.2204</u> | <u>0.2369</u> | <u>0.2548</u> | <u>0.2515</u> |
| Total | <u>0.1775</u> | <u>0.2204</u> | <u>0.2369</u> | <u>0.2548</u> | <u>0.2515</u> |
| Tax extensions: | | | | | |
| Corporate | <u>\$ 484,724</u> | <u>\$ 493,208</u> | <u>\$ 511,049</u> | <u>\$ 519,725</u> | <u>\$ 519,150</u> |
| Total | <u>\$ 484,724</u> | <u>\$ 493,208</u> | <u>\$ 511,049</u> | <u>\$ 519,725</u> | <u>\$ 519,150</u> |
| Collections | <u>\$ 472,073</u> | <u>\$ 486,626</u> | <u>\$ 500,312</u> | <u>\$ 503,706</u> | <u>\$ 261,467</u> |
| Collected as a percentage of the total tax extension | <u>97.39%</u> | <u>98.67%</u> | <u>97.90%</u> | <u>96.92%</u> | <u>50.36%</u> |