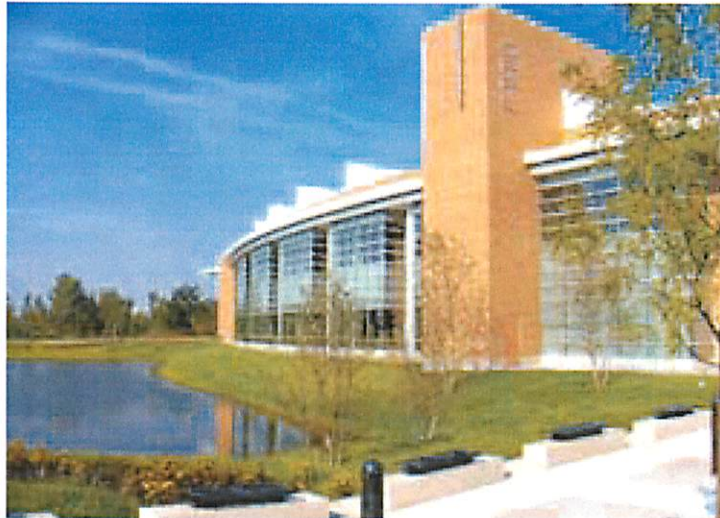


**ORLAND PARK PUBLIC LIBRARY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Orland Park Public Library  
Orland Park, Illinois

We have audited the accompanying financial statements of the governmental activities and each major and non-major fund of Orland Park Public Library, a component unit of the Village of Orland Park, as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Orland Park Public Library's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 and non-major fund of the Orland Park Public Library, as of December 31, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 2 through 4 and 19 through 20 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's financial statements as a whole. The accompanying financial information listed as Additional Information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

May 21, 2012

*McClure, Inerra & Co., Chtd.*



# ORLAND PARK PUBLIC LIBRARY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Management of Orland Park Public Library provides this narrative overview and analysis for the year ending December 31, 2011. It is recommended that readers consider this information in conjunction with the financial statements as a whole.

### **Overview of the Financial Statements**

Management's discussion and analysis serves as an introduction to the Library's financial statements. The statements presented include a Governmental Funds Balance Sheet and Statement of Net Assets, a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities, and notes to the financial statements. The Library qualifies as a special-purpose government engaged in only one governmental type activity allowing it to combine the fund and government-wide financial statements. This is done through the use of an adjustment column, on the face of the statements, which reconciles the fund based accounting policies to the government-wide statements.

### **Financial Highlights**

The Library's total net assets as of December 31, 2011 and 2010 were \$23,768,032 and \$23,511,320 respectively. For the years ended December 31, 2011 and 2010, net assets increased \$256,712 and decreased \$55,723 respectively. The term "net assets" represents the difference between total assets and total liabilities.

### **Financial Statements**

The financial statements of the Library are intended to provide the reader with an understanding of the financial position of the Library as of the close of the fiscal year and the results of activities for the year then ended. The fund financial statements focus on current financial resources while government-wide financial statements are similar to a private-sector business.

The Governmental Funds Balance Sheet and Statement of Net Assets provides information on the Library's assets and liabilities. The difference between these two represents governmental fund balances for the current financial resources reporting and net assets for the government-wide reporting. Increases in fund balances and net assets occur when revenues exceed expenditures. Information is presented for each fund and shows any restrictions on the fund or net assets.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities reflects the results of the Library's revenues, expenditures and activities during the year and the corresponding effect on fund and net asset balances. This statement shows the source of Library revenues and how those revenues were used to provide Library services.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of a retirement fund and other post-employment schedule of funding progress and a comparison of estimated receipts and appropriation to actual revenues and expenditures.

### **Financial Analysis**

Net assets may serve, over time, as a useful indicator of a government's financial position. The Library's assets exceeded liabilities by \$23,768,032 as of the close of the year. Of the net asset balance, \$5,615,645 is unrestricted, \$705,418 is restricted, and \$17,446,969 is invested in capital assets.

Condensed Statement of Net Assets

	December 31, 2011	December 31, 2010
Assets		
Current Assets	\$ 12,323,152	\$ 11,311,831
Capital Assets, net of accumulated depreciation	17,446,969	17,962,841
<b>Total Assets</b>	<b>29,770,121</b>	<b>29,274,672</b>
Liabilities		
Current Liabilities	5,988,880	5,750,847
Non-current Liabilities	13,209	12,505
<b>Total Liabilities</b>	<b>6,002,089</b>	<b>5,763,352</b>
Net Assets		
Invested in Capital Assets	17,446,969	17,962,841
Restricted	705,418	559,513
Unrestricted	5,615,645	4,988,966
<b>Total Net Assets</b>	<b>\$ 23,768,032</b>	<b>\$ 23,511,320</b>

Condensed Statement of Changes in Net Assets

	<u>For the Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Revenues		
Property and Replacement Taxes	\$ 5,911,016	\$ 5,472,622
Grants	60,723	60,591
Interest Income	17,074	28,205
Gifts	12,790	14,425
Fines, Fees and Other	115,706	80,017
<b>Total Revenues</b>	<b>6,117,309</b>	<b>5,655,860</b>
Expenses		
Staff	2,248,679	2,211,087
Library Materials	596,569	512,607
Contractual Services	203,324	200,641
Physical Facilities	221,612	197,907
Development	87,386	72,282
Supplies	52,566	48,844
IMRF and FICA	292,908	294,130
Audit	9,935	9,300
Insurance	30,558	39,101
Debt Service	1,578,393	1,576,100
Special Reserve	-	19,881
Capital Campaign	4,920	360
Depreciation	533,747	529,343
<b>Total Expenses</b>	<b>5,860,597</b>	<b>5,711,583</b>
<b>Change in Net Assets</b>	<b>256,712</b>	<b>(55,723)</b>
Net Assets,		
Beginning of Year	23,511,320	23,567,043
End of Year	<u>\$ 23,768,032</u>	<u>\$ 23,511,320</u>



The following is a summary of changes in fund balances for the year ended December 31, 2011:

Governmental Funds	Fund Balance December 31, 2010	Increase (Decrease)	Fund Balance December 31, 2011
General	\$ 4,890,377	\$ 265,655	\$ 5,156,032
Special Reserve	384,459	425,540	809,999
Capital Campaign	69,993	(3,877)	66,116
Debt Service	216,155	85,970	302,125
<b>Total Fund Balances</b>	<b>\$ 5,560,984</b>	<b>\$ 773,288</b>	<b>\$ 6,334,272</b>

The General Fund transferred \$425,000 to the Special Reserve Fund during the year.

### Budgetary Highlight

The Library's General Fund expended \$3,760,708, which was \$700,048 less than the appropriation of \$4,460,756 for the year ended December 31, 2011. The appropriation sets the maximum spending limit for the fiscal year.

### Capital Assets and Debt Administration

The following is a summary of capital assets:

	December 31,	
	2011	2010
Land	\$ 200,000	\$ 200,000
Artwork	62,702	62,702
Building and Improvements	20,990,193	20,990,193
Equipment	129,643	111,768
Vehicles	21,027	21,027
<b>Cost of Capital Assets</b>	<b>21,403,565</b>	<b>21,385,690</b>
<b>Less Accumulated Depreciation</b>	<b>3,956,596</b>	<b>3,422,849</b>
<b>Net Capital Assets</b>	<b>\$ 17,446,969</b>	<b>\$ 17,962,841</b>

The Library acquired audio visual shelving during 2011. The Library paid the Village of Orland Park principal and interest on bonds the Village issued to construct the Library that were refinanced in February 2011. As of December 31, 2011, the Library portion of the refunding bonds outstanding was \$12,385,000. See Notes 4 and 5 on pages 12 and 13 for more information on capital assets and debt.

### Description of Current or Expected Conditions

Presently, management is not aware of any significant changes in conditions that could have a significant effect on the financial position or results of activities of the Library in the near future.

### Requests for Information

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, Orland Park Public Library, 14921 Ravinia Avenue, Orland Park, Illinois 60462.

## BASIC FINANCIAL STATEMENTS

ORLAND PARK PUBLIC LIBRARY  
GOVERNMENTAL FUNDS BALANCE SHEET  
AND STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET ASSETS
<b>ASSETS</b>							
Cash and Cash Investments	\$ 5,033,851	\$ 809,935	\$ 66,116	\$ 378,365	\$ 6,288,267	-	\$ 6,288,267
Property Taxes Receivable, net	4,315,012	-	-	1,653,142	5,968,154	-	5,968,154
Prepaid Expenses	58,610	-	-	-	58,610	-	58,610
Interest Receivable	7,313	64	-	744	8,121	-	8,121
Due From Other Funds	57,735	-	-	-	57,735	(57,735)	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	17,446,969	17,446,969
Total Assets	<u>\$ 9,472,521</u>	<u>\$ 809,999</u>	<u>\$ 66,116</u>	<u>\$ 2,032,251</u>	<u>\$ 12,380,887</u>	<u>17,389,234</u>	<u>29,770,121</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 28,024	\$ -	\$ -	\$ -	\$ 28,024	-	28,024
Deferred Property Tax Revenue	4,288,465	-	-	1,642,692	5,931,157	-	5,931,157
Due to Primary Government	-	-	-	29,699	29,699	-	29,699
Due to Other Funds	-	-	-	57,735	57,735	(57,735)	-
Compensated Absences Payable	-	-	-	-	-	13,209	13,209
Total Liabilities	<u>4,316,489</u>	<u>-</u>	<u>-</u>	<u>1,730,126</u>	<u>6,046,615</u>	<u>(44,526)</u>	<u>6,002,089</u>
<b>FUND BALANCES / NET ASSETS</b>							
<b>Fund Balances</b>							
Nonspendable Prepaid Expenses	58,610	-	-	-	58,610	(58,610)	-
Restricted By Donors	-	-	66,116	-	66,116	(66,116)	-
Restricted for Statutory Purposes	337,177	-	-	302,125	639,302	(639,302)	-
Committed for Capital Projects	-	809,999	-	-	809,999	(809,999)	-
Unassigned	4,760,245	-	-	-	4,760,245	(4,760,245)	-
Total Fund Balances	<u>5,156,032</u>	<u>809,999</u>	<u>66,116</u>	<u>302,125</u>	<u>6,334,272</u>	<u>(6,334,272)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 9,472,521</u>	<u>\$ 809,999</u>	<u>\$ 66,116</u>	<u>\$ 2,032,251</u>	<u>\$ 12,380,887</u>		
<b>Net Assets</b>							
Invested in Capital Assets						17,446,969	17,446,969
Restricted						705,418	705,418
Unrestricted						5,615,645	5,615,645
Total Net Assets						<u>\$ 23,768,032</u>	<u>\$ 23,768,032</u>

The accompanying notes are an integral part of these financial statements.



ORLAND PARK PUBLIC LIBRARY

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

FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 4,236,012	\$ -	\$ -	\$ 1,662,924	\$ 5,898,936	-	\$ 5,898,936
State Replacement Taxes	12,080	-	-	-	12,080	-	12,080
Grants	60,723	-	-	-	60,723	-	60,723
Fines and Fees	104,581	-	-	-	104,581	-	104,581
Interest Income	14,802	540	293	1,439	17,074	-	17,074
Gifts	12,040	-	750	-	12,790	-	12,790
Miscellaneous	11,125	-	-	-	11,125	-	11,125
<b>Total Revenues</b>	<b>4,451,363</b>	<b>540</b>	<b>1,043</b>	<b>1,664,363</b>	<b>6,117,309</b>	<b>-</b>	<b>6,117,309</b>
<b>EXPENDITURES / EXPENSES</b>							
Staff	2,247,975	-	-	-	2,247,975	704	2,248,679
Library Materials	596,569	-	-	-	596,569	-	596,569
Contractual Services	203,324	-	-	-	203,324	-	203,324
Physical Facilities	239,487	-	120	-	239,607	(17,875)	221,732
Furniture and Equipment	-	-	4,800	-	4,800	-	4,800
Development	87,386	-	-	-	87,386	-	87,386
Supplies	52,566	-	-	-	52,566	-	52,566
Contribution to IMRF	145,975	-	-	-	145,975	-	145,975
Contribution to FICA	146,933	-	-	-	146,933	-	146,933
Audit	9,935	-	-	-	9,935	-	9,935
Insurance	30,558	-	-	-	30,558	-	30,558
Debt Service Paid to Primary Government	-	-	-	1,578,393	1,578,393	-	1,578,393
Depreciation	-	-	-	-	-	533,747	533,747
<b>Total Expenditures / Expenses</b>	<b>3,760,708</b>	<b>-</b>	<b>4,920</b>	<b>1,578,393</b>	<b>5,344,021</b>	<b>516,576</b>	<b>5,860,597</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	690,655	540	(3,877)	85,970	773,288	(516,576)	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In (Out)	(425,000)	425,000	-	-	-	-	-
Net Change in Fund Balances	265,655	425,540	(3,877)	85,970	773,288	(773,288)	-
Change in Net Assets	-	-	-	-	-	256,712	256,712
<b>FUND BALANCES / NET ASSETS</b>							
Beginning of Year	4,890,377	384,459	69,993	216,155	5,560,984	17,950,336	23,511,320
End of Year	\$ 5,156,032	\$ 809,999	\$ 66,116	\$ 302,125	\$ 6,334,272	\$ 17,433,760	\$ 23,768,032

The accompanying notes are an integral part of these financial statements.

ORLAND PARK PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Orland Park Public Library (Library) have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. 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's reporting entity includes all entities for which the Library exercised oversight responsibility as defined by the GASB.

The Library has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the Library has not included in its financial statements the activities of any other entity.

The Library is a component unit of the Village of Orland Park (Village).

B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them. The Governmental Funds Balance Sheet and Statement of Net Assets and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combine information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Library functions or activities.

Based on relative dollar values it has been determined that General and Debt Service are major funds and Special Reserve and Capital Campaign are non-major funds of the Library. Following is a description of the funds.

General Fund – The General Fund is the operating fund of the Library. It is used to account for all financial resources not accounted for in some other fund.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Reserve and Capital Campaign – These funds are used to account for the acquisition or construction of capital assets and for restricted contributions.

Debt Service Fund – This fund accounts for the monies received (primarily taxes) and payments made, to retire bond debt incurred by the Village on behalf of the Library.

### C. Basis of Accounting

The government-wide statements (the Statement of Net Assets and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are prepared using the current financial measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or within sixty days after the year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The Library recognizes property taxes receivable during the fiscal year in which the taxes are levied and become a legal claim of the Library. However, property taxes are not recognized as revenue until the subsequent year when the property taxes are extended by Cook County and remitted to the Library. Therefore, the 2011 levy is deferred and all of the 2010 levy which is collected in 2011 and the first 60 days of 2012 is recognized as revenue. Expenditures are recognized when the related obligations are incurred.

### D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general fund. All annual budget amounts lapse at fiscal year end.

A proposed budget is prepared annually and made available for public inspection at least thirty days prior to a public hearing and formal adoption. The Library may make transfers among the various items in any fund not exceeding, in the aggregate, ten percent of the total budget for a particular fund. The budget may be amended in other ways by the same procedures required for its original adoption.

### E. Deposits and Investments

Cash includes amounts in demand deposits, money market accounts and certificates of deposits. The vast majority of funds are invested with PMA Financial Network, Inc. which maintains a money market account and purchases certificates of deposit for the Library.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Illinois Revised Statutes authorize the Library to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ILCS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks that are insured by the Federal Deposit Insurance Corporation.

Investments are stated at cost, which approximates fair market value, and consist of The Illinois Funds (fair value equals value of pool shares). Oversight of The Illinois Funds is performed by the State of Illinois Treasurer's office.

### F. Capital Assets

The accounting treatment over property, furniture, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

#### *Government-wide Statements*

In the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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 Assets. 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:

Building	40 years
Equipment	5-15 years
Vehicles	5 years

The minimum capitalization threshold is any item with a total cost greater than \$10,000.

#### *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.

### G. Fund Equity

Beginning with fiscal year 2011, the Library implemented GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Non-spendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (such as amounts committed for capital projects); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board of trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. An assigned fund balance is established by the board of trustees through adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the Library's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

### H. Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since it does not vest. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the government-wide statements.

### I. Interfund Transfers

This year's interfund transfer represented a transfer of equity.

### J. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



## NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the Library's deposits was \$5,719,148, excluding petty cash of \$300, and the bank balance was \$5,739,718. Of the bank balance, \$4,281,976 was covered by federal depository insurance and \$1,457,742 was covered by collateral with securities held by the pledging financial institution's agent in the Library's name. Included in deposits are certificates of deposit (CD's) totaling \$3,986,858. CD's terms are generally less than one year. Interest rates on CD's held at year end range from .150% to .557%.

Investments. The Library's investments are in The Illinois Funds. The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills, and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The funds are readily available to the Library on demand which thereby reduces any interest rate risk to a negligible level. The Illinois Funds is an "AAAm" rated fund. The carrying amount of deposits in The Illinois Funds at December 31, 2011 was \$568,819.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. The Library's investment policy protects it from custodial risk by requiring funds on deposit in excess of FDIC limits to be secured by collateral.

Concentration of Credit Risk – The Library's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific issues of securities.

Interest Rate Risk – The Library's investment policy addresses interest rate risk by requiring that investments be diversified and reviewed for concentration in maturity.

## NOTE 3 – PROPERTY TAXES

The Village of Orland Park passed its 2011 Tax Levy Ordinance on December 5, 2011, which included the Library's tax levy. Property Taxes for 2011 attached as an enforceable lien on property as of January 1, 2011. Taxes are payable to Cook County in two installments generally on or around March 1 and October 1. As such, significant tax monies are received by the county between March and November and they remit them to the library periodically. Substantially all of the 2010 taxes were collected by year end and within 60 days after year end. The 2011 levy is reflected as both a receivable and as deferred revenue, net of estimated uncollectible taxes of \$121,044.



## NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance December 31, 2010	Increases	Decreases	Balance December 31, 2011
Capital assets, not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Artwork	62,702	-	-	62,702
Total capital assets not being depreciated	<u>262,702</u>	<u>-</u>	<u>-</u>	<u>262,702</u>
Capital assets, being depreciated				
Building and Improvements	20,990,193	-	-	20,990,193
Equipment	111,768	17,875	-	129,643
Vehicles	21,027	-	-	21,027
Total capital assets being depreciated	<u>21,122,988</u>	<u>17,875</u>	<u>-</u>	<u>21,140,863</u>
Less accumulated depreciation for				
Building and Improvements	(3,323,123)	(524,755)	-	(3,847,878)
Equipment	(89,213)	(4,786)	-	(93,999)
Vehicles	(10,513)	(4,206)	-	(14,719)
Total accumulated depreciation	<u>(3,422,849)</u>	<u>(533,747)</u>	<u>-</u>	<u>(3,956,596)</u>
Total capital assets being depreciated, net	<u>17,700,139</u>	<u>(515,872)</u>	<u>-</u>	<u>17,184,267</u>
Capital assets, net	<u>\$ 17,962,841</u>	<u>\$ (515,872)</u>	<u>\$ -</u>	<u>\$ 17,446,969</u>

## NOTE 5 – LONG-TERM DEBT

General Obligation Bonds. The Village of Orland Park issued general obligation bonds Series 2002A to provide funds for the acquisition, construction, and renovation of the Library facility. On February 17, 2010 the Village of Orland Park refunded the Series 2002A bonds and issued new bonds. Listed below are the details of these bonds. The Library levies for principal and interest on these bonds and remits payment to the Village for the required amounts. The liability for these bonds is not reflected in the Library's financial statements, but rather in the Village statements since they are the debt's obligor.

	Balance December 31, 2010	Reductions	Balance December 31, 2011	Amounts Due In One Year
\$13,785,000 thirteen-year General Obligation Refunding Bonds, Series 2010 dated February 1, 2010 with interest rates from 2.0% - 3.65%	<u>\$ 13,585,000</u>	<u>\$ 1,200,000</u>	<u>\$ 12,385,000</u>	<u>\$ 1,240,000</u>

NOTE 5 – LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2012	\$ 1,240,000	\$ 356,392	\$ 1,596,392
2013	1,275,000	331,593	1,606,593
2014	1,320,000	306,092	1,626,092
2015	1,360,000	273,093	1,633,093
2016	1,410,000	235,693	1,645,693
2017-2021	4,900,000	550,877	5,450,877
2022	880,000	32,120	912,120
	<u>\$ 12,385,000</u>	<u>\$2,085,860</u>	<u>\$ 14,470,860</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

*Plan Description:* The Library’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 Library’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. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The Library participates in IMRF through the Village of Orland Park.

*Funding Policy:* As set by statute, the Library’s Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library’s annual required contribution rate for calendar year 2011 was 10.8%. The Library 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.

*Annual Pension Cost:* The required contribution for calendar year 2011 was \$145,975.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 145,975	100%	\$0
12/31/10	150,833	100%	0
12/31/09	153,811	100%	0



## NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Library's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Library's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress:* As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 68.1% funded. The actuarial accrued liability for benefits was \$41,275,139 and the actuarial value of assets was \$28,109,004, resulting in an underfunded actuarial accrued liability (UAAL) of \$13,166,135. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$14,625,329 and the ratio of the UAAL to the covered payroll was 90%. These amounts reflect the plan taken as a whole, including the Village of Orland Park and the Library.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## NOTE 7 – DEFERRED COMPENSATION PLAN

The Village of Orland Park offers the Library employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time Village and Library employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are held in a trust. As such, plan assets are not subject to the claims of general creditors of the Library or Village.

## NOTE 8 – 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; and natural disasters for which the Library carries commercial insurance.



NOTE 9 – ADJUSTMENTS

Amounts reported in the statement of net assets are different from the governmental funds balance sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not capitalized in the funds.	\$ 17,446,969
Due to/from Other Fund eliminated	-
Accrued compensated absences are recognized in governmental activities as they accrue.	<u>(13,209)</u>
	<u>\$ 17,433,760</u>

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays is \$515,872 (\$533,747 less \$17,875). Also, the change in accrued compensated absences reduced net assets by \$704.

NOTE 10 – TRANSFER

During the year the General Fund transferred \$425,000 to the Special Reserve Fund.

NOTE 11 – DUE FROM/TO OTHER FUND

<u>General Fund</u>	
Due from Debt Service Fund	\$ 57,735
<u>Debt Service Fund</u>	
Due to General Fund	\$ 57,735

These interfund accounts were generated by the reallocation of revenues between these funds. The library intends on liquidating these accounts in 2012 through the reallocation of cash.

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

In July 2010, the Library Board signed an agreement to establish and participate in the System Wide Automated Network (SWAN). SWAN is an intergovernmental instrumentality formed by interested libraries who agree to use the Integrated Library System (ILS) and exists to improve patron service by sharing resources, technology and a planned process of individual and collective growth. SWAN seeks to accomplish this purpose by automating tasks involved in library functions, including but not limited to circulation activities, interlibrary loans, the maintenance of patron files including delinquencies, the maintenance of library catalogs, the acquisition of library materials and serials control. The Members will jointly finance the acquisition and use of an integrated

NOTE 12 – JOINTLY GOVERNED ORGANIZATION (Continued)

library system for automation of library functions. SWAN’s governing board is known as the SWAN Administrator’s Council which is comprised of seven administrators elected by the membership. The Library’s payment to SWAN for the 2011 fiscal year was \$55,847 and \$13,296 for 2010, the year of inception.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

*Plan Description*

In addition to providing pension benefits through IMRF, the Library provides certain health care insurance benefits for retired employees through participation in the Village of Orland Park’s health insurance plan. In accordance with the personnel policy, substantially all of the Library’s employees may be eligible for those benefits if they reach normal retirement age while working for the Library. The Library also provides COBRA health benefits to all prior employees as required by federal law. The prior employee pays the entire premium. The benefits provided, benefit levels, employer contributions, and employee contributions are governed by the Village Plan and can only be amended by the Village Board. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The Village does not issue a Plan financial report.

*Funding Policy*

The contribution requirements for plan members and the Library are established through the employee handbook. The required contribution is based on projected pay-as-you-go financing requirements. Plan member contributions vary based on the coverage selected.

Membership in the plan consisted of the following as of:

	<u>December 31, 2011</u>
Retirees and beneficiaries receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	12
Active nonvested plan members	<u>14</u>
Total	<u>26</u>
Number of participating employers	1

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>December 31, 2011</u>
Annual required contribution	4,938
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost	4,938
Contributions made	<u>0</u>
Increase (decrease) in net OPEB obligation	4,938
Net OPEB obligation beginning of year	<u>0</u>
Net OPEB obligation end of year	<u>4,938</u>

The net OPEB obligation is not recorded as a liability in the financial statements due to its immateriality.

THREE-YEAR TREND INFORMATION

Fiscal Year <u>Ending</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/09	N/A	N/A	N/A
12/31/10	N/A	N/A	N/A
12/31/11	\$ 4,938	0.0%	\$ 4,938

Prior years' information is not available (N/A)

ANNUAL REQUIRED CONTRIBUTION

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Service Cost	\$ 3,444	\$ 3,540
Amortization	1,265	1,163
Interest	<u>235</u>	<u>235</u>
Annual required contribution	<u>\$ 4,944</u>	<u>\$ 4,938</u>



NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

Contribution rates:

Library Plan members	0.00%
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Actuarial valuation date	12/31/2011
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Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years

Asset valuation method	Market
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Actuarial assumptions:

Investment rate of return*	5.00%
Projected salary increases	5.00%
Healthcare inflation rate	8.00 % initial, 6.00 % ultimate
Mortality, Turnover, Disability, Retirement Ages	Same rates utilized for IMRF and Police Pension Fund

Percentage of Active Employees Assumed to Elect Benefit	20%
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Employer Provided Benefit	Explicit: None
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Implicit: 40% of premium to age 65  
(50% of \$551/mo +50% of \$1,643/mo)

*Includes inflation at	3.00%
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REQUIRED SUPPLEMENTARY INFORMATION

ORLAND PARK PUBLIC LIBRARY

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

The Orland Park Public Library participates in IMRF through the Village of Orland Park. It is not possible to present the following schedule for the Library alone. As such, the following schedule reflects the Village, inclusive of the Library.

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$28,109,004	\$ 41,275,139	\$ 13,166,135	68.10%	\$ 14,625,329	90.02%
12/31/10	28,783,045	40,112,495	11,329,450	71.76%	14,603,064	77.58%
12/31/09	30,112,270	37,167,977	7,055,707	81.02%	15,427,950	45.73%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$26,625,213. On a market basis, the funded ratio would be 64.51%.



ORLAND PARK PUBLIC LIBRARY

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ -0-	\$ 37,952	\$ 37,952	0.0%	N/A	N/A
12/31/10						
12/31/09						

The Library implemented GASB Statement 45 for the fiscal year ended December 31, 2011. Information for years prior to December 31, 2011 is not available.

ORLAND PARK PUBLIC LIBRARY

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -  
ESTIMATED RECEIPTS AND APPROPRIATIONS COMPARED TO ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

	Estimated Receipts and Appropriations Original and		Variance
	Final	Actual	
<b>REVENUES</b>			
Property Taxes	\$ 4,051,117	\$ 4,236,012	\$ 184,895
Replacement Taxes	10,000	12,080	2,080
State Grants	85,500	60,723	(24,777)
Fines and Fees	75,000	104,581	29,581
Gifts	12,000	12,040	40
Interest Income	34,000	14,802	(19,198)
Miscellaneous	1,500	11,125	9,625
Total Revenues	<u>4,269,117</u>	<u>4,451,363</u>	<u>182,246</u>
<b>EXPENDITURES</b>			
Staff	2,629,934	2,247,975	381,959
Library Materials	651,000	596,569	54,431
Contractual Services	247,807	203,324	44,483
Physical Facilities	354,900	239,487	115,413
Development	121,500	87,386	34,114
Supplies	67,000	52,566	14,434
Other	2,000	-	2,000
Contribution to IMRF	163,474	145,975	17,499
Contribution to FICA	160,141	146,933	13,208
Audit	12,000	9,935	2,065
Insurance	51,000	30,558	20,442
Total Expenditures	<u>4,460,756</u>	<u>3,760,708</u>	<u>700,048</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(191,639)	690,655	882,294
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>20,000</u>	<u>(425,000)</u>	<u>(445,000)</u>
Net Change in Fund Balances	<u>\$ (171,639)</u>	<u>\$ 265,655</u>	<u>\$ 437,294</u>

ADDITIONAL INFORMATION



ORLAND PARK PUBLIC LIBRARY

GENERAL FUND

STATEMENT OF EXPENDITURES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>STAFF</b>			
Salaries	1,974,764	\$ 1,867,901	\$ 106,863
Salaries - Maintenance	79,664	79,914	(250)
Life/Health Insurance	447,160	300,160	147,000
	<u>2,501,588</u>	<u>2,247,975</u>	<u>253,613</u>
<b>LIBRARY MATERIALS</b>			
Books	370,000	360,230	9,770
Electronic Databases	90,000	79,428	10,572
Periodicals	43,000	46,359	(3,359)
Audio Visual Materials	130,000	110,248	19,752
Audio Visual Equipment	1,000	304	696
	<u>634,000</u>	<u>596,569</u>	<u>37,431</u>
<b>CONTRACTUAL SERVICES</b>			
Book Rebinding	1,500	-	1,500
Accounting	7,053	6,887	166
Insurance	21,000	23,281	(2,281)
Landscaping and Grounds keeping	30,000	21,177	8,823
Building Maintenance	160,000	121,979	38,021
Security System	20,000	21,775	(1,775)
Library/Office Equipment	3,000	35	2,965
Legal Fees	15,000	8,190	6,810
Library Consultant	5,000	-	5,000
	<u>262,553</u>	<u>203,324</u>	<u>59,229</u>
<b>PHYSICAL FACILITIES</b>			
Electricity	1,500	-	1,500
Water and Sewer	8,000	6,939	1,061
Natural Gas	75,000	23,547	51,453
Telephone	17,000	11,803	5,197
Purchase - New Equipment	5,000	5,274	(274)
Building /Custodial Supplies	33,000	39,623	(6,623)
Building Repairs	25,000	6,175	18,825
Equipment Repairs and Maintenance	9,000	9,384	(384)
Machine Rental	1,200	675	525
Automation - Equipment	48,000	47,792	208
Automation - Line Costs	9,500	7,004	2,496
Automation - Consultant	4,000	2,862	1,138
Automation - Maintenance	90,000	59,817	30,183
Library Furniture	2,500	18,592	(16,092)
	<u>328,700</u>	<u>239,487</u>	<u>89,213</u>

(Continued)

Continued

GENERAL FUND - STATEMENT OF EXPENDITURES -  
 BUDGET AND ACTUAL (Continued)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>DEVELOPMENT</b>			
Outreach Services	6,000	4,102	1,898
Board Training and Education	6,000	5,110	890
Staff Training and Education	27,000	19,429	7,571
Conference Fees	3,800	4,269	(469)
Patron Programs and Events	46,000	30,490	15,510
Association Dues and Fees	7,000	6,603	397
Public Information	30,000	17,383	12,617
	<u>125,800</u>	<u>87,386</u>	<u>38,414</u>
<b>SUPPLIES</b>			
Library Supplies	30,000	26,779	3,221
Office Supplies	15,000	10,015	4,985
Postage	20,725	10,911	9,814
Printing	7,000	4,861	2,139
Bank Charges	-	-	-
	<u>72,725</u>	<u>52,566</u>	<u>20,159</u>
<b>OTHER EXPENDITURES</b>			
Contingency	2,000	-	2,000
Contribution to IMRF	144,587	145,975	(1,388)
Contribution to FICA	157,164	146,933	10,231
Audit	11,000	9,935	1,065
Insurance	45,000	30,558	14,442
Unemployment Compensation	4,000	-	4,000
	<u>363,751</u>	<u>333,401</u>	<u>30,350</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$4,289,117</u></u>	<u><u>\$3,760,708</u></u>	<u><u>\$ 528,409</u></u>