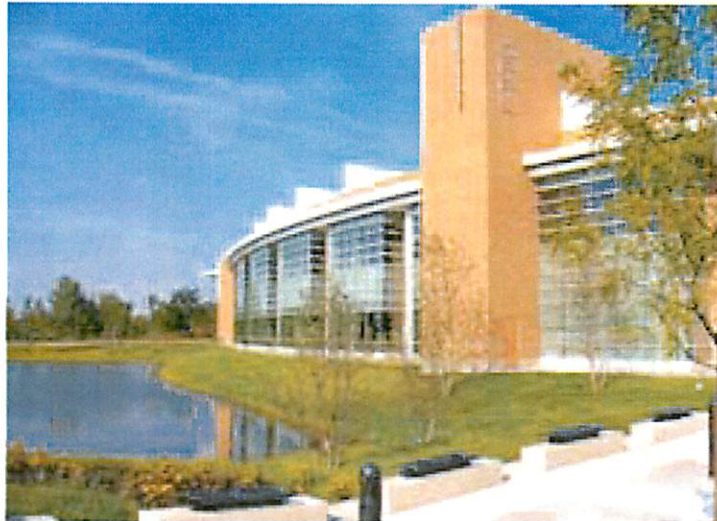


ORLAND PARK PUBLIC LIBRARY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013



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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, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major and non-major fund of the Orland Park Public Library, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5 and 17 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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.

McClure, Imena + Co, Chtd.

April 21, 2014

ORLAND PARK PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

Management of Orland Park Public Library provides this narrative overview and analysis for the year ending December 31, 2013. 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 Position, a Governmental Funds Statement of 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 position as of December 31, 2013 and 2012 were \$22,875,723 and \$23,516,475 respectively. For the years ended December 31, 2013 and 2012, net position decreased \$640,752 and \$251,559 respectively. The term "net position" 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 Position provides information on the Library's assets, liabilities, and deferred inflows. The difference between these three represents governmental fund balances for the current financial resources reporting and net position for the government-wide reporting. Increases in fund balances and net position occur when revenues exceed expenditures. Information is presented for each fund and shows any restrictions on the fund or net position.

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 position 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 a comparison of estimated receipts and appropriation to actual revenues and expenditures.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The Library's assets exceeded liabilities by \$22,875,723 as of the close of the year. Of the net position balance, \$5,410,556 is unrestricted, \$845,733 is restricted, and \$16,619,434 is invested in capital assets.

Condensed Statement of Net Position

	December 31,	
	2013	2012
Assets		
Current Assets	\$ 12,390,312	\$ 12,646,653
Capital Assets, net of accumulated depreciation	16,619,434	16,955,666
Total Assets	29,009,746	29,602,319
Liabilities		
Current Liabilities	78,840	83,999
Non-Current Liabilities	14,378	14,319
Total Liabilities	93,218	98,318
Deferred Inflows of Resources		
Deferred Property Taxes	6,040,805	5,987,526
Net Position		
Invested in Capital Assets	16,619,434	16,955,666
Restricted	845,733	813,049
Unrestricted	5,410,556	5,747,760
Total Net Position	\$ 22,875,723	\$ 23,516,475

Condensed Statement of Activities

	For the Years Ended December 31,	
	2013	2012
Revenues		
Property and Replacement Taxes	\$ 5,954,355	\$ 5,869,038
Grants	58,337	58,215
Interest Income	19,967	25,972
Gifts	14,290	12,630
Fines, Fees and Other	123,868	117,431
Total Revenues	6,170,817	6,083,286
Expenses		
Staff	2,573,183	2,441,049
Library Materials	620,602	570,310
Contractual Services	279,880	238,625
Physical Facilities	550,196	325,598
Development	110,806	98,396
Supplies	42,511	65,255
Other Expenses	1,174	-
IMRF and FICA	367,164	342,917
Audit	8,950	9,300
Insurance	29,784	29,476
Debt Service	1,604,468	1,594,326
Special Reserve	59,460	81,359
Capital Campaign	410	3,495
Depreciation	562,981	534,739
Total Expenses	6,811,569	6,334,845
Change in Net Position	(640,752)	(251,559)
Net Position,		
Beginning of Year	23,516,475	23,768,034
End of Year	\$ 22,875,723	\$ 23,516,475

The following is a summary of changes in fund balances for the year ended December 31, 2013:

<u>Governmental Funds</u>	<u>Fund Balance December 31, 2012</u>	<u>Increase (Decrease)</u>	<u>Fund Balance December 31, 2013</u>
General	\$ 5,435,092	\$ (298,731)	\$ 5,136,361
Special Reserve	734,421	(55,857)	678,564
Capital Campaign	63,656	1,679	65,335
Debt Service	341,959	48,448	390,407
Total Fund Balances	\$ 6,575,128	\$ (304,461)	\$ 6,270,667

Budgetary Highlight

The Library's General Fund expended \$4,810,940, which was \$306,858 less than the appropriation of \$5,117,798 for the year ended December 31, 2013. The appropriation sets the maximum spending limit for the fiscal year.

Capital Assets and Debt Administration

The following is a summary of capital assets:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 200,000	\$ 200,000
Artwork	62,702	62,702
Software	172,262	22,919
Building and Improvements	20,990,193	20,990,193
Equipment	138,736	150,161
Vehicles	21,027	21,027
Cost of Capital Assets	21,584,920	21,447,002
Less Accumulated Depreciation	4,965,486	4,491,336
Net Capital Assets	\$ 16,619,434	\$ 16,955,666

During 2013, the Library installed a new telephone system, RFID gates and software and completed the Polaris library software integration. 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 2010. As of December 31, 2013, the Library portion of the refunding bonds outstanding was \$9,870,000. See Notes 4 and 5 on pages 13 and 14 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 POSITION

DECEMBER 31, 2013

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET POSITION
ASSETS							
Cash and Cash Investments	\$ 5,120,200	\$ 676,583	\$ 65,335	\$ 415,599	\$ 6,277,717	\$ -	\$ 6,277,717
Property Taxes Receivable	4,414,712	-	-	1,626,093	6,040,805	-	6,040,805
Prepaid Expenses	62,255	-	-	-	62,255	-	62,255
Interest Receivable	7,238	1,981	-	316	9,535	-	9,535
Capital Assets, net of accumulated depreciation	-	-	-	-	-	16,619,434	16,619,434
Total Assets	\$ 9,604,405	\$ 678,564	\$ 65,335	\$ 2,042,008	\$ 12,390,312	16,619,434	29,009,746
LIABILITIES							
Accounts Payable	\$ 53,332	\$ -	\$ -	\$ -	\$ 53,332	\$ -	\$ 53,332
Due to Primary Government	-	-	-	25,508	25,508	-	25,508
Compensated Absences Payable	-	-	-	-	-	14,378	14,378
Total Liabilities	53,332	-	-	25,508	78,840	14,378	93,218
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Taxes	4,414,712	-	-	1,626,093	6,040,805	-	6,040,805
Total Deferred Inflows of Resources	4,414,712	-	-	1,626,093	6,040,805	-	6,040,805
FUND BALANCES / NET POSITION							
Fund Balances							
Nonspendable	62,255	-	-	-	62,255	(62,255)	-
Restricted By Donors	-	-	65,335	-	65,335	(65,335)	-
Restricted for Statutory Purposes	389,991	-	-	390,407	780,398	(780,398)	-
Committed for Capital Projects	-	678,564	-	-	678,564	(678,564)	-
Unassigned	4,684,115	-	-	-	4,684,115	(4,684,115)	-
Total Fund Balances	5,136,361	678,564	65,335	390,407	6,270,667	(6,270,667)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,604,405	\$ 678,564	\$ 65,335	\$ 2,042,008	\$ 12,390,312		
Net Position							
Invested in Capital Assets						16,619,434	16,619,434
Restricted						845,733	845,733
Unrestricted						5,410,556	5,410,556
Total Net Position						\$ 22,875,723	\$ 22,875,723

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, 2013

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES							
Property Taxes	\$ 4,288,836	\$ -	\$ -	\$ 1,650,896	\$ 5,939,732	-	\$ 5,939,732
State Replacement Taxes	14,623	-	-	-	14,623	-	14,623
Grants	58,337	-	-	-	58,337	-	58,337
Fines and Fees	114,685	-	-	-	114,685	-	114,685
Interest Income	14,280	3,603	64	2,020	19,967	-	19,967
Gifts	12,265	-	2,025	-	14,290	-	14,290
Miscellaneous	9,183	-	-	-	9,183	-	9,183
Total Revenues	4,512,209	3,603	2,089	1,652,916	6,170,817	-	6,170,817
EXPENDITURES / EXPENSES							
Staff	2,573,124	-	-	-	2,573,124	59	2,573,183
Library Materials	620,602	-	-	-	620,602	-	620,602
Contractual Services	279,880	-	-	-	279,880	-	279,880
Physical Facilities	776,945	59,460	400	-	836,805	(226,749)	610,056
Furniture and Equipment	-	-	-	-	-	-	-
Development	110,806	-	-	-	110,806	-	110,806
Supplies	42,511	-	10	-	42,521	-	42,521
Contribution to IMRF	200,911	-	-	-	200,911	-	200,911
Contribution to FICA	166,253	-	-	-	166,253	-	166,253
Audit	8,950	-	-	-	8,950	-	8,950
Insurance	29,784	-	-	-	29,784	-	29,784
Other Expenses	1,174	-	-	-	1,174	-	1,174
Debt Service Paid to Primary Government	-	-	-	1,604,468	1,604,468	-	1,604,468
Depreciation	-	-	-	-	-	562,981	562,981
Total Expenditures / Expenses	4,810,940	59,460	410	1,604,468	6,475,278	336,291	6,811,569
Excess (Deficiency) of Revenues Over (Under) Expenditures	(298,731)	(55,857)	1,679	48,448	(304,461)	(336,291)	-
OTHER FINANCING SOURCES (USES)							
Transfers In (Out)	-	-	-	-	-	-	-
Net Change in Fund Balances	(298,731)	(55,857)	1,679	48,448	(304,461)	304,461	-
Change in Net Position						(640,752)	(640,752)
FUND BALANCES / NET POSITION							
Beginning of Year	5,435,092	734,421	63,656	341,959	6,575,128	16,941,347	23,516,475
End of Year	\$ 5,136,361	\$ 678,564	\$ 65,335	\$ 390,407	\$ 6,270,667	\$ 16,605,056	\$ 22,875,723

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

ORLAND PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 Position 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position 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 and Will Counties and remitted to the Library. Therefore, the 2013 levy is deferred and all of the 2012 levy which is collected in 2013 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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:

Building	40 years
Equipment	5-15 years
Software	3-5 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. Deferred Inflows of Resources

Effective for the year ended December 31, 2013, the Library implemented GASB Statement 65 which pertains to a new classification of certain items previously reported as assets and liabilities. The Library has only one type of item, under the modified accrual basis of accounting, which is affected by this change in classification; deferred property taxes. Deferred property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather deferred property taxes represent a future recognition of revenue, therefore are classified as deferred inflows of resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Equity

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **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.

I. 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.

J. Estimates

The preparation of financial statements in conformity with 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 \$5,771,744, excluding petty cash of \$300, and the bank balance was \$5,800,321. Of the bank balance, \$5,596,490 was covered by federal depository insurance and \$203,831 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 \$5,407,005. CD's terms are generally less than one year. Interest rates on CD's held at year end range from .150% to 1.00%.

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, 2014 was \$505,673.

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 2013 Tax Levy Ordinance on December 2, 2013, which included the Library's tax levy. Property Taxes for 2013 attached as an enforceable lien on property as of January 1, 2013. Taxes are payable in two installments generally on or around March 1 and August 1. As such, significant tax monies are received by the counties between March and August and they remit them to the library periodically. Substantially all of the 2012 taxes were collected by year end and within 60 days after year end. The 2013 levy is reflected as both a receivable and as deferred inflow of resources. The Library estimated the loss and cost of the 2013 levy at zero.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance December 31, 2012	Increases	Decreases	Balance December 31, 2013
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	150,161	77,406	(88,831)	138,736
Software	22,919	149,343	-	172,262
Vehicles	21,027	-	-	21,027
Total capital assets being depreciated	<u>21,184,300</u>	<u>226,749</u>	<u>(88,831)</u>	<u>21,322,218</u>
Less accumulated depreciation for				
Building and Improvements	(4,372,633)	(524,755)	-	(4,897,388)
Equipment	(99,778)	(12,768)	88,831	(23,715)
Software	-	(23,355)	-	(23,355)
Vehicles	(18,925)	(2,103)	-	(21,028)
Total accumulated depreciation	<u>(4,491,336)</u>	<u>(562,981)</u>	<u>88,831</u>	<u>(4,965,486)</u>
Total capital assets being depreciated, net	<u>16,692,964</u>	<u>(336,232)</u>	<u>-</u>	<u>16,356,732</u>
Capital assets, net	<u>\$ 16,955,666</u>	<u>\$ (336,232)</u>	<u>\$ -</u>	<u>\$ 16,619,434</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, 2012	Reductions	Balance December 31, 2013	Amounts Due In One Year
\$13,785,000 thirteen-year General Obligation Refunding Bonds, Series 2010 dated February 1, 2010 with remaining interest rates from 2.5% - 3.65%	<u>\$ 11,145,000</u>	<u>\$ 1,275,000</u>	<u>\$ 9,870,000</u>	<u>\$ 1,320,000</u>

NOTE 5 – LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
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	1,490,000	193,393	1,683,393
2018	1,520,000	144,968	1,664,968
2019-2022	<u>2,770,000</u>	<u>244,638</u>	<u>3,014,638</u>
	<u>\$ 9,870,000</u>	<u>\$1,397,877</u>	<u>\$ 11,267,877</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. 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 2013 was 13.31%. 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 2013 was \$200,911.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 200,911	100%	\$0
12/31/12	184,446	100%	0
12/31/11	145,975	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

year, attributable to inflation, (c) additional projected salary increases ranging from .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, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 74.85% funded. The actuarial accrued liability for benefits was \$47,203,399 and the actuarial value of assets was \$35,330,528, resulting in an underfunded actuarial accrued liability (UAAL) of \$11,872,871. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$15,865,120 and the ratio of the UAAL to the covered payroll was 75%. 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 position 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.	\$ 16,619,434
Accrued compensated absences are recognized in governmental activities as they accrue.	<u>(14,378)</u>
	<u>\$ 16,605,056</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 \$336,232 (\$562,981 less \$226,749). Also, the change in accrued compensated absences increased staff expenses by \$59.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

On October 22, 2013, the Library entered into an architectural contract to remodel the front lobby. The project is expected to cost \$200,000.

The Library is a consortium member defending against property tax appeals from various Orland Park businesses. Although the outcome of these appeals is not presently determinable, it is the opinion of the management in consultation with legal counsel, that the final settlements will not result in a material adverse effect on the financial position of the Library.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits through IMRF, the Library is obligated to provide certain health care insurance benefits for retired employees through participation in the Village of Orland Park's health insurance plan. The retiree pays the entire health insurance premium and therefore there is no explicit subsidy. Based on the prior year actuarial valuation, any potential implicit subsidy is immaterial and therefore not reflected in the Library's financial statements.

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 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)
12/31/13	\$35,330,528	\$ 47,203,399	\$ 11,872,871	74.85%	\$ 15,865,120	74.84%
12/31/12	31,351,283	44,210,143	12,858,860	70.91%	15,064,741	85.36%
12/31/11	28,109,004	41,275,139	13,166,135	68.10%	14,625,329	90.02%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$41,753,029. On a market basis, the funded ratio would be 88.45%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Village of Orland Park. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

ORLAND PARK PUBLIC LIBRARY

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	Estimated Receipts and Appropriations Original and		Variance
	Final	Actual	
REVENUES			
Property Taxes	\$ 4,422,798	\$ 4,288,836	\$ (133,962)
Replacement Taxes	5,000	14,623	9,623
State Grants	75,000	58,337	(16,663)
Fines and Fees	79,000	114,685	35,685
Gifts	10,000	12,265	2,265
Interest Income	16,000	14,280	(1,720)
Miscellaneous	10,000	9,183	(817)
Total Revenues	<u>4,617,798</u>	<u>4,512,209</u>	<u>(105,589)</u>
EXPENDITURES			
Staff	2,637,458	2,573,124	64,334
Library Materials	656,000	620,602	35,398
Contractual Services	314,500	279,880	34,620
Physical Facilities	881,900	776,945	104,955
Development	126,500	110,806	15,694
Supplies	78,000	42,511	35,489
Contribution to IMRF	203,958	200,911	3,047
Contribution to FICA	173,182	166,253	6,929
Audit	9,300	8,950	350
Insurance	37,000	29,784	7,216
Other Expenses	-	1,174	(1,174)
Total Expenditures	<u>5,117,798</u>	<u>4,810,940</u>	<u>306,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,000)	(298,731)	201,269
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	-	-	-
Net Change in Fund Balances	<u>\$ (500,000)</u>	<u>\$ (298,731)</u>	<u>\$ 201,269</u>

ADDITIONAL INFORMATION

ORLAND PARK PUBLIC LIBRARY

GENERAL FUND

STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
STAFF			
Salaries	2,176,660	\$ 2,116,137	\$ 60,523
Salaries - Maintenance	94,108	94,504	(396)
Life/Health Insurance	366,690	362,483	4,207
	<u>2,637,458</u>	<u>2,573,124</u>	<u>64,334</u>
LIBRARY MATERIALS			
Books	385,000	366,555	18,445
Electronic Databases	96,000	74,674	21,326
Periodicals	44,000	31,184	12,816
Audio Visual Materials	130,000	144,535	(14,535)
Audio Visual Equipment	1,000	3,654	(2,654)
	<u>656,000</u>	<u>620,602</u>	<u>35,398</u>
CONTRACTUAL SERVICES			
Book Rebinding	500	485	15
Accounting	7,500	6,947	553
Insurance	25,000	31,138	(6,138)
Landscaping and Grounds keeping	26,000	25,758	242
Building Maintenance	225,000	165,366	59,634
Security System	10,000	3,231	6,769
Library/Office Equipment	3,000	-	3,000
Legal Fees	14,000	34,354	(20,354)
Library Consultant	3,500	12,601	(9,101)
	<u>314,500</u>	<u>279,880</u>	<u>34,620</u>
PHYSICAL FACILITIES			
Electricity	1,000	-	1,000
Water and Sewer	8,000	8,842	(842)
Natural Gas	50,000	21,121	28,879
Telephone	61,000	54,660	6,340
Purchase - New Equipment	17,000	114	16,886
Building /Custodial Supplies	34,000	31,669	2,331
Building Repairs	25,000	6,592	18,408
Equipment Repairs and Maintenance	12,500	15,719	(3,219)
Machine Rental	1,400	908	492
Automation - Equipment	325,000	345,564	(20,564)
Automation - Line Costs	11,000	9,412	1,588
Automation - Consultant	94,000	122,413	(28,413)
Automation - Maintenance	180,000	140,367	39,633
Library Furniture	55,000	19,564	35,436
	<u>874,900</u>	<u>776,945</u>	<u>97,955</u>

(Continued)

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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
DEVELOPMENT			
Outreach Services	7,000	3,975	3,025
Board Training and Education	7,500	4,900	2,600
Staff Training and Education	30,000	24,609	5,391
Conference Fees	4,000	6,380	(2,380)
Patron Programs and Events	45,000	43,661	1,339
Association Dues and Fees	10,000	7,625	2,375
Public Information	30,000	19,656	10,344
	<u>133,500</u>	<u>110,806</u>	<u>22,694</u>
SUPPLIES			
Library Supplies	40,000	19,686	20,314
Office Supplies	15,000	9,301	5,699
Postage	14,000	10,573	3,427
Printing	9,000	2,951	6,049
	<u>78,000</u>	<u>42,511</u>	<u>35,489</u>
OTHER EXPENDITURES			
Contingency	-	-	-
Contribution to IMRF	203,958	200,911	3,047
Contribution to FICA	173,182	166,253	6,929
Audit	9,300	8,950	350
Insurance	33,000	29,784	3,216
Unemployment Compensation	4,000	-	4,000
Bank Charges	-	1,174	(1,174)
	<u>423,440</u>	<u>407,072</u>	<u>16,368</u>
TOTAL EXPENDITURES	<u><u>\$5,117,798</u></u>	<u><u>\$4,810,940</u></u>	<u><u>\$ 306,858</u></u>