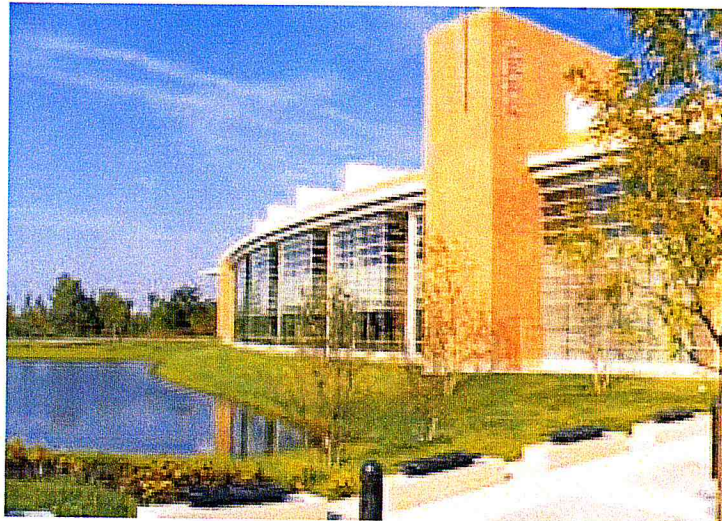


ORLAND PARK PUBLIC LIBRARY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010



CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet and Statement of Net Assets	5
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – Illinois Municipal Retirement Fund	16
General Fund – Schedule of Revenues and Expenditures – Budget Compared to Actual	17
ADDITIONAL INFORMATION	
Statement of Expenditures – Budget and Actual – General Fund	18



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, 2010, 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, 2010, 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 16 and 17 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 basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

McClure, Insema & Co., Chartered

May 10, 2011

ORLAND PARK PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

Management of Orland Park Public Library provides this narrative overview and analysis for the year ending December 31, 2010. 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/Statement of Net Assets, a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/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, 2010 and 2009 were \$23,511,320 and \$23,567,043 respectively. For the years ended December 31, 2010 and 2009, net assets decreased \$55,723 and decreased \$1,098,067, 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/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/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 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 \$23,511,320 as of the close of the year. Of the net asset balance, \$5,478,486 is unrestricted, \$69,993 is restricted by donors, and \$17,962,841 is invested in capital assets.

Condensed Statement of Net Assets

	December 31, 2010	December 31, 2009
Assets		
Current and Other Assets	\$ 11,311,831	\$ 10,631,162
Capital Assets, net of accumulated depreciation	17,962,841	18,469,246
Total Assets	<u>29,274,672</u>	<u>29,100,408</u>
Liabilities		
Current Liabilities	5,763,352	5,533,365
Non-current Liabilities	-	-
Total Liabilities	<u>5,763,352</u>	<u>5,533,365</u>
Net Assets		
Invested in Capital Assets	17,962,841	18,469,246
Restricted	69,993	68,300
Unrestricted	5,478,486	5,029,497
Total Net Assets	<u>\$ 23,511,320</u>	<u>\$ 23,567,043</u>

Condensed Statement of Changes in Net Assets

	For the Year Ended December 31, 2010	For the Fifteen Months Ended December 31, 2009
Revenues		
Property and Replacement Taxes	\$ 5,472,622	\$ 5,204,444
Grants	60,591	87,377
Interest Income	28,205	99,334
Gifts	14,425	24,678
Fines, Fees and Other	80,017	99,266
Total Revenues	<u>5,655,860</u>	<u>5,515,099</u>
Expenses		
Staff	2,211,087	2,654,654
Library Materials	512,607	572,909
Contractual Services	200,641	216,532
Physical Facilities	197,907	224,850
Development	72,282	106,620
Supplies	48,844	67,172
IMRF and FICA	294,130	331,473
Audit	9,300	9,400
Insurance	39,101	47,501
Debt Service	1,576,100	1,670,986
Special Reserve	19,881	23,696
Capital Campaign	360	9,699
Depreciation	529,343	677,674
Total Expenses	<u>5,711,583</u>	<u>6,613,166</u>
Change in Net Assets	(55,723)	(1,098,067)
Net Assets,		
Beginning of Year	23,567,043	24,665,110
End of Year	<u>\$ 23,511,320</u>	<u>\$ 23,567,043</u>

The following is a summary of changes in fund balances for the year ended December 31, 2010:

Governmental Funds	Fund Balance December 31, 2009	Increase (Decrease)	Fund Balance December 31, 2010
General	\$ 4,639,047	\$ 251,330	\$ 4,890,377
Special Reserve	403,004	(18,545)	384,459
Capital Campaign	68,300	1,693	69,993
Debt Service	-	216,155	216,155
Total Fund Balances	\$ 5,110,351	\$ 450,633	\$ 5,560,984

The General Fund made a net transfer of \$207,662 to the Debt Service Fund.

Budgetary Highlight

The Library’s General Fund expended \$3,608,886, which was \$769,513 less than the appropriation of \$4,378,399 for the year ended December 31, 2010. This was due to, in part, less revenues received than anticipated.

Capital Assets and Debt Administration

The following is a summary of capital assets:

	December 31, 2010	December 31, 2009
Land	\$ 200,000	\$ 200,000
Artwork	62,702	62,702
Building and Improvements	20,990,193	20,990,193
Equipment	111,768	88,831
Vehicles	21,027	21,027
Cost of Capital Assets	21,385,690	21,362,753
Less Accumulated Depreciation	3,422,849	2,893,507
Net Capital Assets	\$ 17,962,841	\$ 18,469,246

The Library acquired a color copier/finisher and computer servers and disk drives during 2010. The Library paid the Village of Orland Park towards principal and interest on the bonds the Village issued to construct the Library and were refinanced February 2010. As of December 31, 2010, the Library portion of the refunding bonds outstanding was \$13,585,000. See Notes 4 and 5 on pages 11 and 12 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, 2010

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF NET ASSETS
ASSETS							
Cash and Cash Investments	\$ 4,356,506	\$ 384,343	\$ 69,993	\$ 227,375	\$ 5,038,217	\$ -	\$ 5,038,217
Property Taxes Receivable, net	4,386,256	-	-	1,791,569	6,177,825	-	6,177,825
Prepaid Expenses	86,124	-	-	-	86,124	-	86,124
Interest Receivable	7,857	116	-	1,692	9,665	-	9,665
Due from Other Fund	117,527	-	-	-	117,527	(117,527)	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-	17,962,841	17,962,841
Total Assets	\$ 8,954,270	\$ 384,459	\$ 69,993	\$ 2,020,636	\$ 11,429,358	17,845,314	29,274,672
LIABILITIES							
Accounts Payable	\$ 11,374	\$ -	\$ -	\$ -	\$ 11,374	-	11,374
Deferred Property Tax Revenue	3,941,404	-	-	1,609,870	5,551,274	-	5,551,274
Due to Other Fund	-	-	-	117,527	117,527	(117,527)	-
Due to Primary Government	-	-	-	31,699	31,699	-	31,699
Estimated Property Tax Refunds	111,115	-	-	45,385	156,500	-	156,500
Compensated Absences Payable	-	-	-	-	-	12,505	12,505
Total Liabilities	4,063,893	-	-	1,804,481	5,868,374	(105,022)	5,763,352
FUND BALANCES / NET ASSETS							
Fund Balances, Unreserved, Undesignated,							
General Fund	4,890,377	-	-	-	4,890,377	(4,890,377)	-
Special Reserve Fund	-	384,459	-	-	384,459	(384,459)	-
Capital Campaign Fund	-	-	69,993	-	69,993	(69,993)	-
Debt Service Fund	-	-	-	216,155	216,155	(216,155)	-
Total Fund Balances	4,890,377	384,459	69,993	216,155	5,560,984	(5,560,984)	-
Total Liabilities and Fund Balances	\$ 8,954,270	\$ 384,459	\$ 69,993	\$ 2,020,636	\$ 11,429,358		
Net Assets							
Invested in Capital Assets						17,962,841	17,962,841
Restricted by Donors						69,993	69,993
Unrestricted						5,478,486	5,478,486
Total Net Assets						\$ 23,511,320	\$ 23,511,320

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, 2010

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 9)	STATEMENT OF ACTIVITIES
REVENUES							
Property Taxes	\$ 3,875,298	\$ -	\$ -	\$ 1,582,868	\$ 5,458,166	-	\$ 5,458,166
State Replacement Taxes	14,456	-	-	-	14,456	-	14,456
Grants	60,591	-	-	-	60,591	-	60,591
Fines and Fees	79,392	-	-	-	79,392	-	79,392
Interest Income	24,666	1,336	478	1,725	28,205	-	28,205
Gifts	12,850	-	1,575	-	14,425	-	14,425
Miscellaneous	625	-	-	-	625	-	625
Total Revenues	<u>4,067,878</u>	<u>1,336</u>	<u>2,053</u>	<u>1,584,593</u>	<u>5,655,860</u>	<u>-</u>	<u>5,655,860</u>
EXPENDITURES / EXPENSES							
Staff	2,211,137	-	-	-	2,211,137	(50)	2,211,087
Library Materials	512,607	-	-	-	512,607	-	512,607
Contractual Services	200,641	-	-	-	200,641	-	200,641
Physical Facilities	220,844	-	345	-	221,189	(22,937)	198,252
Development	72,282	-	-	-	72,282	-	72,282
Supplies	48,844	-	15	-	48,859	-	48,859
Contribution to IMRF	150,833	-	-	-	150,833	-	150,833
Contribution to FICA	143,297	-	-	-	143,297	-	143,297
Audit	9,300	-	-	-	9,300	-	9,300
Insurance	39,101	-	-	-	39,101	-	39,101
Debt Service Paid to Primary Government	-	-	-	1,576,100	1,576,100	-	1,576,100
Furniture and Equipment	-	19,881	-	-	19,881	-	19,881
Depreciation	-	-	-	-	-	529,343	529,343
Total Expenditures / Expenses	<u>3,608,886</u>	<u>19,881</u>	<u>360</u>	<u>1,576,100</u>	<u>5,205,227</u>	<u>506,356</u>	<u>5,711,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	458,992	(18,545)	1,693	8,493	450,633	(506,356)	-
OTHER FINANCING SOURCES (USES)							
Transfers In (Out)	<u>(207,662)</u>	<u>-</u>	<u>-</u>	<u>207,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	251,330	(18,545)	1,693	216,155	450,633	(450,633)	-
Change in Net Assets	-	-	-	-	-	(55,723)	(55,723)
FUND BALANCES / NET ASSETS							
Beginning of Year	<u>4,639,047</u>	<u>403,004</u>	<u>68,300</u>	<u>-</u>	<u>5,110,351</u>	<u>18,456,692</u>	<u>23,567,043</u>
End of Year	<u>\$ 4,890,377</u>	<u>\$ 384,459</u>	<u>\$ 69,993</u>	<u>\$ 216,155</u>	<u>\$ 5,560,984</u>	<u>\$ 17,950,336</u>	<u>\$ 23,511,320</u>

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

ORLAND PARK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 taken out 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 2010 levy is deferred and all of the 2009 levy which is collected in 2010 and the first 60 days of 2011 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 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,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. 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.

H. Interfund Transfers

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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 \$2,688,893 and the bank balance was \$2,755,069. Of the bank balance, \$2,610,340 was covered by federal depository insurance and \$144,728 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 \$2,359,835. CD's terms are generally less than one year. Interest rates on CD's held at year end range from .24% to .892%.

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, 2010 was \$2,349,324.

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 2010 Tax Levy Ordinance on December 6, 2010, which included the Library's tax levy. Property Taxes for 2010 attached as an enforceable lien on property as of January 1, 2010. 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 2009 taxes were collected by year end and within 60 days after year end. The 2010 levy is reflected as both a receivable and deferred revenue, net of estimated uncollectible amounts.

NOTE 3 – PROPERTY TAXES (Continued)

Property taxes receivable is reported net of allowance for uncollectible taxes of \$135,426. In addition, property tax revenue has been reduced and a liability set up in the amount of \$156,500 for estimated future refunds of 2005 through 2009 property tax levies. This liability is the result of expected litigation regarding commercial property tax protests.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance December 31, 2009	Increases	Decreases	Balance December 31, 2010
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	88,831	22,937	-	111,768
Vehicles	21,027	-	-	21,027
Total capital assets being depreciated	<u>21,100,051</u>	<u>22,937</u>	<u>-</u>	<u>21,122,988</u>
Less accumulated depreciation for				
Building and Improvements	(2,798,368)	(524,755)	-	(3,323,123)
Equipment	(88,831)	(382)	-	(89,213)
Vehicles	(6,308)	(4,205)	-	(10,513)
Total accumulated depreciation	<u>(2,893,507)</u>	<u>(529,342)</u>	<u>-</u>	<u>(3,422,849)</u>
Total capital assets being depreciated, net	<u>18,206,544</u>	<u>(506,405)</u>	<u>-</u>	<u>17,700,139</u>
Capital assets, net	<u>\$ 18,469,246</u>	<u>\$ (506,405)</u>	<u>\$ -</u>	<u>\$ 17,962,841</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. The bond refunding provided a savings in future payments of \$1,241,429 with the net present value of the benefit being \$1,043,018. Listed below are the details of these bonds. The Library levies for the principal and interest on these bonds and remits funds to the Village to pay the required amounts.

NOTE 5 – LONG-TERM DEBT (Continued)

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Amounts Due In One Year
\$20,000,000 twenty-year serial Series 2002A Bonds dated December 1, 2002 with interest rates of 3.0% - 5%.	\$ 14,385,000	\$ -	\$14,385,000	\$ -	\$ -
\$13,785,000 thirteen-year General Obligation Refunding Bonds, Series 2010 dated February 1, 2010 with interest rates from 2.0% - 3.65%	-	13,785,000	200,000	13,585,000	1,200,000
	<u>\$ 14,385,000</u>	<u>\$13,785,000</u>	<u>\$14,585,000</u>	<u>\$ 13,585,000</u>	<u>\$ 1,200,000</u>

Annual debt service requirements to maturity of the Series 2002A and Series 2010 bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2011	\$ 1,200,000	\$ 380,393	\$1,580,393
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
2016-2020	5,795,000	736,425	6,531,425
2021-2022	<u>1,395,000</u>	<u>82,265</u>	<u>1,477,265</u>
	<u>\$ 13,585,000</u>	<u>\$2,466,253</u>	<u>\$16,051,253</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 4.50% 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 2010 was 11.38%. 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.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost: The required contribution for calendar year 2010 was \$150,833.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 150,833	100%	\$0
12/31/09	153,811	100%	0
12/31/08	128,291	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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, 2008 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, 2010, the most recent actuarial valuation date, the Regular plan was 71.76% funded. The actuarial accrued liability for benefits was \$40,112,495 and the actuarial value of assets was \$28,783,045, resulting in an underfunded actuarial accrued liability (UAAL) of \$11,329,450. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$14,603,064 and the ratio of the UAAL to the covered payroll was 78%. 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.	\$ 17,962,841
Due to/from Other Fund eliminated	-
Accrued compensated absences are recognized in governmental activities as they accrue.	<u>(12,505)</u>
	<u>\$ 17,950,336</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 \$506,406 (\$529,343 less \$22,937). Also, the change in accrued compensated absences of \$50 is subtracted.

NOTE 10 – TRANSFER

During the year the following transfer was made in order to set up the Debt Service Fund:

	<u>In (Out)</u>
Debt Service Fund	\$ 207,662
General Fund	\$(207,662)

NOTE 11 – DUE FROM/TO OTHER FUND

<u>General Fund</u>	
Due from Debt Service Fund	\$ 117,527
<u>Debt Service Fund</u>	
Due to General Fund	\$(117,527)

These interfund payables were generated by the transfer of revenues between the funds. The library intends on liquidating these accounts in 2011 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 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 from its start date of October 1, 2010 through December 31, 2010 was \$13,296.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

The Library is required to offer employees, who are IMRF vested, continued health insurance participation upon retirement. The retiree pays the entire health insurance premium and therefore there is no explicit subsidy. The Library participates in the Village of Orland Park's health insurance plan and is a relatively small part of it. It is management's opinion that any liability associated with this plan is immaterial, but will continue to evaluate it in the future.

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)
12/31/10	\$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%
12/31/08	30,150,329	38,408,849	8,258,520	78.50%	15,070,821	54.80%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$30,791,903. On a market basis, the funded ratio would be 76.76%.

ORLAND PARK PUBLIC LIBRARY

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	Estimated Receipts and Appropriations		
	Original and Final	Actual	Variance
REVENUES			
Property Taxes	\$ 3,853,245	\$ 3,875,298	\$ 22,053
Replacement Taxes	18,000	14,456	(3,544)
State Grants	85,500	60,591	(24,909)
Fines and Fees	76,000	79,392	3,392
Gifts	17,000	12,850	(4,150)
Interest Income	85,000	24,666	(60,334)
Miscellaneous	2,500	625	(1,875)
Total Revenues	<u>4,137,245</u>	<u>4,067,878</u>	<u>(69,367)</u>
EXPENDITURES			
Staff	2,518,399	2,211,137	307,262
Library Materials	669,000	512,607	156,393
Contractual Services	266,000	200,641	65,359
Physical Facilities	313,500	220,844	92,656
Development	127,000	72,282	54,718
Supplies	84,000	48,844	35,156
Other	2,000	-	2,000
Contribution to IMRF	180,500	150,833	29,667
Contribution to FICA	160,000	143,297	16,703
Audit	9,000	9,300	(300)
Insurance	49,000	39,101	9,899
Total Expenditures	<u>4,378,399</u>	<u>3,608,886</u>	<u>769,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (241,154)</u>	<u>\$ 458,992</u>	<u>\$ 700,146</u>

ADDITIONAL INFORMATION

ORLAND PARK PUBLIC LIBRARY

GENERAL FUND

STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
STAFF			
Salaries	\$ 1,957,623	\$ 950,035	\$ 1,007,588
Salaries - Part-Time	-	869,840	(869,840)
Salaries - Maintenance	78,122	65,364	12,758
Life/Health Insurance	386,500	325,898	60,602
	<u>2,422,245</u>	<u>2,211,137</u>	<u>211,108</u>
LIBRARY MATERIALS			
Books	350,000	283,963	66,037
Electronic Databases	110,000	90,971	19,029
Periodicals	42,000	51,923	(9,923)
Audio Visual Materials	125,000	85,750	39,250
Audio Visual Equipment	1,000	-	1,000
	<u>628,000</u>	<u>512,607</u>	<u>115,393</u>
CONTRACTUAL SERVICES			
Book Rebinding	1,500	-	1,500
Accounting	13,000	11,847	1,153
Insurance	20,000	18,287	1,713
Landscaping and Grounds keeping	25,000	12,887	12,113
Building Maintenance	150,000	141,633	8,367
Security System	5,000	3,917	1,083
Library/Office Equipment	3,000	1,364	1,636
Legal Fees	10,000	10,706	(706)
Library Consultant	4,000	-	4,000
	<u>231,500</u>	<u>200,641</u>	<u>30,859</u>
PHYSICAL FACILITIES			
Electricity	1,000	-	1,000
Water and Sewer	8,000	4,875	3,125
Natural Gas	70,000	41,112	28,888
Telephone	17,000	11,131	5,869
Purchase - New Equipment	15,000	11,572	3,428
Building /Custodial Supplies	32,000	27,339	4,661
Building Repairs	20,000	3,736	16,264
Equipment Repairs and Maintenance	7,000	6,546	454
Machine Rental	1,000	675	325
Automation - Equipment	30,000	37,362	(7,362)
Automation - Line Costs	8,500	7,079	1,421
Automation - Consultant	4,000	3,608	392
Automation - Maintenance	69,000	54,356	14,644
Library Furniture	32,500	11,453	21,047
	<u>315,000</u>	<u>220,844</u>	<u>94,156</u>

Continued

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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
DEVELOPMENT			
Outreach Services	6,000	2,539	3,461
Board Training and Education	5,000	4,409	591
Staff Training and Education	25,000	13,658	11,342
Conference Fees	3,500	1,240	2,260
Patron Programs and Events	45,000	24,531	20,469
Association Dues and Fees	6,000	4,559	1,441
Public Information	32,000	21,346	10,654
	<u>122,500</u>	<u>72,282</u>	<u>50,218</u>
SUPPLIES			
Library Supplies	29,000	15,412	13,588
Office Supplies	17,500	11,013	6,487
Postage	20,000	15,313	4,687
Printing	9,000	7,084	1,916
Bank Charges	-	22	(22)
	<u>75,500</u>	<u>48,844</u>	<u>26,656</u>
OTHER EXPENDITURES			
Contingency	2,000	-	2,000
Contribution to IMRF	160,500	150,833	9,667
Contribution to FICA	154,000	143,297	10,703
Audit	9,000	9,300	(300)
Insurance	43,000	39,101	3,899
Unemployment Compensation	4,000	-	4,000
	<u>372,500</u>	<u>342,531</u>	<u>29,969</u>
FUND TRANSFERS (IN) OUT	<u>(30,000)</u>	<u>207,662</u>	<u>(237,662)</u>
TOTAL EXPENDITURES	<u>\$4,137,245</u>	<u>\$3,816,548</u>	<u>\$ 320,697</u>