

**ORLAND PARK PUBLIC LIBRARY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**



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## **Independent Auditor's Report**

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Board of Library 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, 2018, 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, 2018, and the respective changes in financial

## Independent Auditor's Report

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position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2018, the Library adopted new accounting guidance, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### 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 23 through 28 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 Orland Park Public Library's basic 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 basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*M. Clure, Insena + Co., Ltd.*

April 5, 2019

## **Management's Discussion and Analysis**

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Management of Orland Park Public Library provides this narrative overview and analysis for the year ending December 31, 2018. 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 governmental entity 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, 2018 and 2017 was \$22,042,833 and \$22,177,147 respectively. For the years ended December 31, 2018 and 2017, net position decreased \$134,314 and increased \$152,469, respectively. The term "net position" represents the difference between total assets/deferred outflows of resources and total liabilities/deferred inflows of resources.

### **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/deferred outflows of resources and liabilities/deferred inflows of resources. The difference between these two represents governmental fund balances for the current financial resources reporting and net position for the government-wide reporting. Increases or decreases in fund balances and net position occur when revenues exceed or fall short of expenditures/expenses. 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 information related to pension and OPEB liabilities and contributions as well as general fund revenues and expenditures compared to estimated receipts and appropriations.

### **Financial Analysis**

Net position may serve, over time, as a useful indicator of a government's financial position. The Library's assets/deferred outflows of resources exceeded liabilities/deferred inflows of resources by \$22,042,833 as of the close of the year. Of the net position balance, \$7,055,674 is unrestricted, \$691,196 is restricted, and \$14,295,963 is their net investment in capital assets. The capital assets are used to provide services and consequently, are not available to liquidate liabilities, or other spending.

# Management's Discussion and Analysis

## Condensed Statement of Net Position

	December 31,	
	2018	2017
<b>Assets</b>		
Current Assets	\$ 15,127,598	\$ 15,125,546
Capital Assets, net of accumulated depreciation	14,295,963	14,748,845
<b>Total Assets</b>	29,423,561	29,874,391
Deferred Outflows of Resources	581,168	730,771
<b>Total Assets, Deferred Outflows of Resources</b>	30,004,729	30,605,162
<b>Liabilities</b>		
Current Liabilities	89,835	90,827
Non-Current Liabilities	481,805	1,265,817
<b>Total Liabilities</b>	571,640	1,356,644
Deferred Inflows of Resources	7,390,256	7,071,371
<b>Net Position</b>		
Net Investment in Capital Assets	14,295,963	14,748,845
Restricted	691,196	715,493
Unrestricted	7,055,674	6,712,809
<b>Total Net Position</b>	<u>\$ 22,042,833</u>	<u>\$ 22,177,147</u>

## Condensed Statement of Activities

	For the Years Ended December 31,	
	2018	2017
<b>Revenues</b>		
Property and Replacement Taxes	\$ 6,837,589	\$ 6,876,710
Grants	73,272	44,076
Gifts	19,304	16,945
Interest Income	167,648	80,324
Fines, Fees and Other	91,147	89,795
<b>Total Revenues</b>	7,188,960	7,107,850
<b>Expenses</b>		
Staff	3,140,100	2,912,375
Library Materials	554,846	622,691
Contractual Services	295,911	335,620
Physical Facilities	322,997	352,154
Development	107,780	102,131
Supplies	53,645	68,192
Other Expenses	371	496
IMRF and FICA	380,920	531,777
Audit	11,800	11,250
Insurance	29,122	35,199
Debt Service	1,660,851	1,679,357
Special Reserve	35	33
Capital Campaign	661	-
OPEB Expense	(1,549)	-
Depreciation	610,548	609,044
<b>Total Expenses</b>	7,168,038	7,260,319
Change in Net Position	20,922	(152,469)
<b>Net Position,</b>		
Beginning of Year, as Originally Stated	22,177,147	22,329,616
Cumulative Effect of Change in Accounting Principle	(155,236)	-
Beginning of Year, as Restated	22,021,911	22,329,616
End of Year	<u>\$ 22,042,833</u>	<u>\$ 22,177,147</u>

## Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended December 31, 2018:

<u>Governmental Funds</u>	<u>Fund Balance December 31, 2017</u>	<u>Increase (Decrease)</u>	<u>Fund Balance December 31, 2018</u>
General	\$ 6,364,821	\$ 176,701	\$ 6,541,522
Special Reserve	1,081,040	219,034	1,300,074
Capital Campaign	70,379	1,630	72,009
Debt Service	580,511	25,079	605,590
Total Fund Balances	<u>\$ 8,096,751</u>	<u>\$ 422,444</u>	<u>\$ 8,519,195</u>

During the year, \$200,000 was transferred from the General Fund to the Special Reserve Fund.

### Budgetary Highlight

The Library's General Fund expended \$5,104,969, which was \$777,031 less than the appropriation of \$5,882,000 for the year ended December 31, 2018. 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>2018</u>	<u>2017</u>
Land	\$ 200,000	\$ 200,000
Artwork	62,702	62,702
Software	232,001	232,001
Building and Improvements	21,322,205	21,223,285
Furniture & Equipment	368,496	349,427
Vehicles	60,704	21,027
Cost of Capital Assets	22,246,108	22,088,442
Less Accumulated Depreciation	7,950,145	7,339,597
Net Capital Assets	<u>\$ 14,295,963</u>	<u>\$ 14,748,845</u>

During 2018, the Library upgraded its security cameras, purchased a new truck for snowplowing and started plans for a roof replacement and a renovation project. The Library paid the Village of Orland Park \$1,660,851 of principal and interest on bonds the Village issued, and later refinanced, to construct the Library. As of December 31, 2018, the Library portion of the refunding bonds outstanding was \$2,770,000. 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 changes in conditions that could have a significant effect on the financial position or results of activities of the Library in the near future. The Library is in the early stages of a renovation project with an estimated cost of \$3,000,000.

### 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, 2018

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF NET POSITION
<b>ASSETS</b>							
Cash	\$ 6,397,599	\$ 1,296,516	\$ 72,009	\$ 611,242	\$ 8,377,366	\$ -	\$ 8,377,366
Property Taxes Receivable	5,538,000	-	-	980,568	6,518,568	-	6,518,568
Prepaid Expenses	161,148	-	-	-	161,148	-	161,148
Interest Receivable	64,646	3,558	-	2,312	70,516	-	70,516
Capital Assets, net of accumulated depreciation	-	-	-	-	-	14,295,963	14,295,963
<b>Total Assets</b>	<b>12,161,393</b>	<b>1,300,074</b>	<b>72,009</b>	<b>1,594,122</b>	<b>15,127,598</b>	<b>14,295,963</b>	<b>29,423,561</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows Related to Pension (IMRF)	-	-	-	-	-	581,168	581,168
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 12,161,393</b>	<b>\$ 1,300,074</b>	<b>\$ 72,009</b>	<b>\$ 1,594,122</b>	<b>\$ 15,127,598</b>	<b>14,877,131</b>	<b>30,004,729</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 81,871	\$ -	\$ -	\$ -	\$ 81,871	-	81,871
Due to Primary Government	-	-	-	7,964	7,964	-	7,964
Accrued Compensated Absences, Long-term	-	-	-	-	-	24,574	24,574
Net OPEB Liability, Long-term	-	-	-	-	-	153,687	153,687
Net Pension Obligation, Long-term	-	-	-	-	-	303,544	303,544
<b>Total Liabilities</b>	<b>81,871</b>	<b>-</b>	<b>-</b>	<b>7,964</b>	<b>89,835</b>	<b>481,805</b>	<b>571,640</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Property Taxes	5,538,000	-	-	980,568	6,518,568	-	6,518,568
Deferred Items Related to Pensions (IMRF)	-	-	-	-	-	871,688	871,688
<b>Total Deferred Inflows of Resources</b>	<b>5,538,000</b>	<b>-</b>	<b>-</b>	<b>980,568</b>	<b>6,518,568</b>	<b>871,688</b>	<b>7,390,256</b>
<b>FUND BALANCES / NET POSITION</b>							
<b>Fund Balances</b>							
Nonspendable	161,148	-	-	-	161,148	(161,148)	-
Restricted for Specific Purposes	-	-	72,009	-	72,009	(72,009)	-
Restricted for Statutory Purposes	13,597	-	-	605,590	619,187	(619,187)	-
Committed for Capital Projects	-	1,300,074	-	-	1,300,074	(1,300,074)	-
Unassigned	6,366,777	-	-	-	6,366,777	(6,366,777)	-
<b>Total Fund Balances</b>	<b>6,541,522</b>	<b>1,300,074</b>	<b>72,009</b>	<b>605,590</b>	<b>8,519,195</b>	<b>(8,519,195)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 12,161,393</b>	<b>\$ 1,300,074</b>	<b>\$ 72,009</b>	<b>\$ 1,594,122</b>	<b>\$ 15,127,598</b>		
<b>Net Position</b>							
Net Investment in Capital Assets						14,295,963	14,295,963
Restricted						691,196	691,196
Unrestricted						7,055,674	7,055,674
<b>Total Net Position</b>						<b>\$ 22,042,833</b>	<b>\$ 22,042,833</b>

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



# Basic 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, 2018

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 5,162,373	\$ -	\$ -	\$ 1,662,238	\$ 6,824,611	\$ -	\$ 6,824,611
State Replacement Taxes	12,978	-	-	-	12,978	-	12,978
Grants	73,272	-	-	-	73,272	-	73,272
Fines and Fees	82,527	-	-	-	82,527	-	82,527
Gifts	17,084	-	2,220	-	19,304	-	19,304
Interest Income	124,816	19,069	71	23,692	167,648	-	167,648
Miscellaneous	8,620	-	-	-	8,620	-	8,620
<b>Total Revenues</b>	<b>5,481,670</b>	<b>19,069</b>	<b>2,291</b>	<b>1,685,930</b>	<b>7,188,960</b>	<b>-</b>	<b>7,188,960</b>
<b>EXPENDITURES / EXPENSES</b>							
Staff	3,136,942	-	-	-	3,136,942	3,158	3,140,100
Library Materials	554,846	-	-	-	554,846	-	554,846
Contractual Services	453,577	-	-	-	453,577	(157,666)	295,911
Physical Facilities	322,997	-	661	-	323,658	-	323,658
Development	107,780	-	-	-	107,780	-	107,780
Supplies	53,645	-	-	-	53,645	-	53,645
IMRF Pension	234,669	-	-	-	234,669	(52,969)	181,700
Contribution to FICA	199,220	-	-	-	199,220	-	199,220
Audit	11,800	-	-	-	11,800	-	11,800
Insurance	29,122	-	-	-	29,122	-	29,122
Other Expenses	371	35	-	-	406	-	406
Debt Service Paid to Primary Government	-	-	-	1,660,851	1,660,851	-	1,660,851
OPEB Expense	-	-	-	-	-	(1,549)	(1,549)
Depreciation	-	-	-	-	-	610,548	610,548
<b>Total Expenditures / Expenses</b>	<b>5,104,969</b>	<b>35</b>	<b>661</b>	<b>1,660,851</b>	<b>6,766,516</b>	<b>401,522</b>	<b>7,168,038</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	376,701	19,034	1,630	25,079	422,444	(401,522)	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In (Out)	(200,000)	200,000	-	-	-	-	-
Net Change in Fund Balances	176,701	219,034	1,630	25,079	422,444	(422,444)	-
Change in Net Position						20,922	20,922
<b>FUND BALANCES / NET POSITION</b>							
Beginning of Year, as Originally Stated	6,364,821	1,081,040	70,379	580,511	8,096,751	14,080,396	22,177,147
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	(155,236)	(155,236)
Beginning of Year, as Restated	6,364,821	1,081,040	70,379	580,511	8,096,751	13,925,160	22,021,911
End of Year	\$ 6,541,522	\$ 1,300,074	\$ 72,009	\$ 605,590	\$ 8,519,195	\$ 13,523,638	\$ 22,042,833

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

### **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.

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.

## **Notes to Financial Statements**

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **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 2018 levy is deferred and the 2017 levy, of which most collections were in 2018, 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**

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 ILCS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

Statutes as amended by Public Act 86-426. Investments may only be made in banks that are insured by the Federal Deposit Insurance Corporation.

#### 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 and Improvement	15-40 years
Furniture and Equipment	5-15 years
Software	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 Outflows and Inflows of Resources

Deferred outflows of resources related to pension expense represent amounts related to the differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments and post measurement date payments. See Note 6 for additional information on these deferred outflows.

Deferred inflows of resources consists of two items. Deferred inflows relating to 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. Deferred inflows related to pensions represent differences between expected and actual experience, changes in assumptions and net differences between expected and actual experience. See Note 6.

### 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. Defined Benefit Pension Plan (IMRF)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Library has elected to use a December 31, 2017 measurement date. All IMRF liabilities, assets and deferred inflows and outflows are measured as of that date. This measurement date conforms to the requirements of GASB 68.

#### K. Interfund Transactions

Interfund transfers are reported as operating transfers, the principal purpose of which is to set aside funds for future needs.

#### L. 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 \$8,377,066, excluding petty cash of \$300, and the bank balance was \$8,384,240. Of the bank balance, \$6,252,280 was covered by federal depository insurance and \$2,131,960 was covered by letters of credit. Included in deposits are certificates of deposit (CD's) totaling \$6,002,280. CD's terms are generally less than one year. Interest rates on CD's held at year end range from 1.35% to 2.56%.

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.

## Notes to Financial Statements

### Note 3: Property Taxes

The Village of Orland Park passed its 2018 Tax Levy Ordinance on November 19, 2018, which included the Library's tax levy. Property Taxes for 2018 attached as an enforceable lien on property as of January 1, 2018. 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 2017 taxes were collected by year end and within 60 days after year end. The 2018 levy is reflected as both a receivable and as deferred inflow of resources. The Library has estimated they will fully collect the 2018 levy.

### Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Increases	Decreases	Balance December 31, 2018
Capital assets, not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Artwork	62,702	-	-	62,702
Total capital assets not being depreciated	262,702	-	-	262,702
Capital assets, being depreciated				
Building and Improvements	21,223,285	98,920	-	21,322,205
Furniture & Equipment	349,427	19,069	-	368,496
Software	232,001	-	-	232,001
Vehicles	21,027	39,677	-	60,704
Total capital assets being depreciated	21,825,740	157,666	-	21,983,406
Less accumulated depreciation for				
Building and Improvements	(7,012,821)	(540,294)	-	(7,553,115)
Furniture & Equipment	(142,198)	(47,209)	-	(189,407)
Software	(163,551)	(23,045)	-	(186,596)
Vehicles	(21,027)	-	-	(21,027)
Total accumulated depreciation	(7,339,597)	(610,548)	-	(7,950,145)
Total capital assets being depreciated, net	14,486,143	(452,882)	-	14,033,261
Capital assets, net	\$ 14,748,845	\$ (452,882)	\$ -	\$ 14,295,963

### Note 5: Long-Term Debt

Long-term liabilities consist of the following general obligation bonds and pension obligation:

- 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.

## Notes to Financial Statements

### Note 5: Long-Term Debt (Continued)

Annual debt service requirements to maturity for the General Obligation Bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$ 885,000	\$ 95,568	\$ 980,568
2020	490,000	66,805	556,805
2021	515,000	50,145	565,145
2022	<u>880,000</u>	<u>32,120</u>	<u>912,120</u>
	<u>\$ 2,770,000</u>	<u>\$ 244,638</u>	<u>\$ 3,014,638</u>

- b. Net pension obligation recorded as of December 31, 2018 under GASB 68.  
c. Net OPEB liability recorded as of December 31, 2018 under GASB 75.

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amounts Due In One Year
a. \$13,785,000 thirteen-year General Obligation Refunding Bonds, Series 2010 dated February 1, 2010 with remaining interest rates from 3.0% - 3.65%	\$ 4,290,000	\$ -	\$ 1,520,000	\$ 2,770,000	\$ 885,000
b. Net Pension Obligation	1,244,401	-	940,857	303,544	-
c. Net OPEB Liability	<u>155,236</u>	<u>-</u>	<u>1,549</u>	<u>153,687</u>	<u>-</u>
	<u>\$ 5,689,637</u>	<u>\$ -</u>	<u>\$ 2,462,406</u>	<u>\$ 3,227,231</u>	<u>\$ 885,000</u>

### Note 6: Defined Benefit Pension Plan

#### *General Information about the 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The 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.

*Benefits Provided:* IMRF has three benefit plans. All three IMRF benefit plans have two tiers. The Library participates in the Regular Plan (RP). Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits



### Note 6: Defined Benefit Pension Plan (Continued)

when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of services, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Contributions:* 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 rates for calendar years 2018 and 2017, were 11.86% and 11.97%, respectively. For calendar years 2018 and 2017, the Library contributed \$234,669 and \$207,939, respectively, to the plan. 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.

*Net Pension Liabilities:* At December 31, 2018, the Library reported a liability of \$303,544 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of the contributions to the pension plan relative to the projected contributions of the IMRF plan of the Village of Orland Park actuarially determined. At December 31, 2017, the Library's proportion was 9.7%, which was a decrease of .6% from its proportion measured as of December 31, 2016.

*Actuarial assumptions:* The total pension liability reported as of December 31, 2018 using the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

## Notes to Financial Statements

### Note 6: Defined Benefit Pension Plan (Continued)

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.50%
Salary Increases	3.39% to 14.25%, including inflation
Investment Rate of Return	7.50%

Projected retirement age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for nondisabled lives.

For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The *long-term expected rate of return* on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equities	37%	6.85%
International Equities	18	6.75%
Fixed Income	28	3.00%
Real Estate	9	5.75%
Alternative Investments	7	2.65-7.35%
Cash Equivalents	1	2.25%
Total	100%	

*Single Discount Rate:* A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between

## Notes to Financial Statements

### Note 6: Defined Benefit Pension Plan (Continued)

actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current (7.50%)	1% Higher (8.50%)
Library's proportionate share of Net Pension Liability (Asset)	\$ <u>1,467,307</u>	\$ <u>303,544</u>	\$ <u>(649,255)</u>

*Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*

For the year ended December 31, 2018, the Library recognized pension expense of \$181,700. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,094	\$ 60,041
Changes of assumptions	39,348	236,572
Net difference between projected and actual earnings on pension plan investments	234,057	575,075
Changes in proportion and differences between Library contributions and proportionate share of contributions	-	-
Library contributions subsequent to the measurement date	<u>234,669</u>	<u>-</u>
Total	<u>\$ 581,168</u>	<u>\$ 871,688</u>

Deferred outflows of resources related to pensions resulting from Library contributions of \$234,669, made subsequent to the December 31, 2017 measurement date, are recognized as

## Notes to Financial Statements

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### Note 6: Defined Benefit Pension Plan (Continued)

a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	57,639
2019	106,442
2020	195,030
2021	166,078
2022	-
	<u>\$ 525,189</u>

### Note 7: Other Post-Employment Benefits

#### Plan Descriptions, Provisions and Funding Policies

In addition to providing the pension benefits described above, the Library provides post-employment health care benefits (OPEB) for retired employees of the Library through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Library and can be amended by the Library through its personnel manual. The plan is not accounted for as a trust fund; as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. To be eligible for benefits, an employee must qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits for retired employees of the Library are provided through the Library's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions.

All retirees contribute 100% of the paid premium to the plan. For the fiscal year ending December 31, 2018, retirees contributed zero. Active employees do not contribute to the OPEB plan until retirement.

At December 31, 2018, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>32</u>
	<u>32</u>

#### Contributions

There are no actuarially determined contributions or employer contributions as there is no Trust that exists for funding the OPEB liabilities. There are only contributions from other library resources which relate to the increase in active premiums due to the presence of

## Notes to Financial Statements

### Note 7: Other Post-Employment Benefits (Continued)

retirees in the determination of blended retiree/active premiums.

#### Net OPEB Liability

The Library's net OPEB liability of \$153,687 was measured as of December 31, 2018, and was determined by an actuarial valuation performed as of January 1, 2018.

Actuarial Assumptions and Other Inputs. The net OPEB liability in the January 1, 2018 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- The *Actuarial Valuation Method* used was the Alternative Measurement Method.
- *Salary Increases* are expected to be 2.5%, average, including inflation.
- The *Discount Rate* used was 4.10%, based on the High Quality 20-Year Tax-Exempt G.O. Bond Rate.
- The *Health Care Cost Trend Rates* beginning January 1, 2019 at rates ranging from 6.60% to 7.20% reduced annually in approximately .3% increments to 5.0%.
- *Plan Participation Rate* assumes 30% of employees currently enrolled in medical plans will participate in the plan.
- *Retirement Rates* used were Age 60 for Tier 1 IMRF Employees and Age 62 for Tier II IMRF employees.
- *Retiree Lapse Rates* used was 100% at age 65 once Medicare eligible.
- *Mortality Rates* follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are Improved Generationally using MP-2016 Improvement Rates.
- *Spouse Mortality* follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are Improved Generationally using MP-2016 Improvement Rates.

#### Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>OPEB Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at December 31, 2017	\$ 155,236	\$ -	\$ 155,236
Changes for the Year:			
Service Cost	8,246	-	8,246
Interest	6,040	-	6,040
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	15,835	(15,835)
Contributions - Employee	-	-	-
Benefit Payments	(15,835)	(15,835)	-
Administrative Expense	-	-	-
Net Changes	<u>(1,549)</u>	<u>-</u>	<u>(1,549)</u>
Balance at December 31, 2018	<u>\$ 153,687</u>	<u>\$ -</u>	<u>\$ 153,687</u>

## Notes to Financial Statements

### Note 7: Other Post-Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability, calculated using a Single Discount Rate of 4.10%, as well as what the plan's total OPEB liability would be if it were calculated using a Discount Rate that is 1% lower or 1% higher:

	<u>1% Lower (3.10%)</u>	<u>Current (4.10%)</u>	<u>1% Higher (5.10%)</u>
Net Pension Liability	\$ <u>162,141</u>	\$ <u>153,687</u>	\$ <u>146,403</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the sensitivity of the net OPEB Liability to the Healthcare Cost Trend Rates assumption:

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Net OPEB Liability	\$ <u>143,518</u>	\$ <u>153,687</u>	\$ <u>165,311</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2018, the Library recognized OPEB expense of (\$1,549). At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ -</u>	<u>\$ -</u>

### Note 8: Deferred Compensation Plan

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time 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.

## Notes to Financial Statements

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### Note 9: 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 10: 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.	\$ 14,295,963
Deferred outflows related to pensions.	581,168
Deferred inflows related to pensions.	(871,688)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet:	
Net Pension Obligation	(303,544)
Net OPEB Liability	(153,687)
Liabilities for compensated absences, which will not mature in the current period, are not included in the governmental fund balances and, therefore, are deducted from net position.	<u>(24,574)</u>
	<u>\$ 13,523,638</u>

Amounts reported on the statement of activities are different from governmental funds statement of revenues, expenditures and changes in fund balances because:

The government funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded net capital asset purchases (\$610,548 less \$157,666).	\$ 452,882
Recognizing the pension expense (revenue) relating to changes in deferred outflows, deferred inflows and net pension obligation.	(52,969)
Recognizing the expense relating to the change in other post-employment benefits.	(1,549)
Other differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:	
Changes in compensated absences	<u>3,158</u>
	<u>\$ 401,522</u>

## **Required Supplementary Information**

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### **Note 11: Commitments and Contingencies**

The Library adopted an Inter-Governmental Agreement 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.

In 2018, the Library entered into various contracts related to a partial replacement of the Library's roof. The Library committed approximately \$482,619 for the costs. As of December 31, 2018, there has been \$27,345 paid toward these commitments leaving a balance of \$455,274 due on the contracts.

### **Note 12: Prior Period Adjustment – Change in Accounting Principle**

A prior period adjustment reducing net position at the beginning of the year was made to recognize the cumulative effect of a change in accounting principle. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was required to be implemented this year. The net OPEB obligation as of December 31, 2017 in the amount of \$155,236 was recorded as a prior period adjustment. The effect on net position in the current year for this change in accounting principle was an increase of \$1,549.



## Required Supplementary Information

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### ORLAND PARK PUBLIC LIBRARY

#### SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

#### ILLINOIS MUNICIPAL RETIREMENT FUND

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Library's proportion of the net pension liability	9.7%	10.3%	9.9%	10.0%
Library's proportionate share of the net pension liability	\$ 303,544	\$ 1,244,401	\$ 1,319,449	\$ 801,999
Library's covered-employee payroll	\$ 1,737,161	\$ 1,635,343	\$ 1,680,724	\$ 1,587,406
Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll	17.5%	76.1%	78.5%	50.5%
Plan fiduciary net position as a percentage of the total pension liability	96.6%	86.4%	84.3%	90.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## Required Supplementary Information

### ORLAND PARK PUBLIC LIBRARY

#### SCHEDULE OF LIBRARY'S PENSION CONTRIBUTIONS

#### ILLINOIS MUNICIPAL RETIREMENT FUND

<u>Calendar Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Covered-Valuation Payroll</u>	<u>Contributions as a Percentage of Covered-Valuation Payroll</u>
2014	\$ 207,315	\$ 207,315	\$ -	\$ 1,587,406	13.06%
2015	211,603	211,603	-	1,680,724	12.59%
2016	201,403	201,403	-	1,635,343	12.32%
2017	207,939	207,939	-	1,737,161	11.97%

#### *Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate\**

*Valuation Date:* Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and Assumptions Used to Determine 2017 Contribution Rates:

*Actuarial Cost Method:* Aggregate entry age = normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* 26-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.50%  
*Price Inflation:* 2.75%, approximate; No explicit price inflation assumption is used in this valuation.  
*Salary Increases:* 3.75% to 14.50%, including inflation  
*Investment Rate of Return:* 7.50%  
*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.  
*Mortality:* RP-2014 Blue Collar Health Annuitant Mortality Table, and RP-2014 (base year 2012) Disability Mortality Table with adjustments to match current IMRF experience.

#### *Other Information:*

*Notes:* There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## Required Supplementary Information

### ORLAND PARK PUBLIC LIBRARY

#### SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31,

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 8,246
Interest	6,040
Changes on Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	<u>(15,835)</u>
Net Change in Total OPEB Liability	(1,549)
Total OPEB Liability - Beginning	<u>155,236</u>
Total OPEB Liability - Ending (a)	<u>\$ 153,687</u>
OPEB Plan Net Position	
Contributions - Employer	\$ 15,835
Contributions - Employee	-
Contributions - Other	-
Net Investment Income	-
Benefit Payments	(15,835)
Administrative Expense	<u>-</u>
Employer Net Change in OPEB Plan Net Position	-
OPEB Plan Net Position - Beginning	<u>-</u>
OPEB Plan Net Position - Ending (b)	<u>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 153,687</u>
OPEB Plan Net Position as a Percentage of Net OPEB Liability	0.00%
Covered-Employee Payroll	\$ 1,811,173
Employer Net OPEB Liability as a Percentage of Covered-Employee Payroll	8.49%

Note to Schedule: This is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## Required Supplementary Information

### ORLAND PARK PUBLIC LIBRARY

#### SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual as a Percentage of Covered Valuation Payroll</u>
2018	N/A	\$ -	N/A	\$ 1,811,173	0.0%

#### *Notes to the Required Supplementary Information*

There is no Actuarially Determined Contribution (ADC) or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Library did make contributions from other Library resources in the current year in the amount of \$15,835 as a pass-thru.

## Required Supplementary Information

### ORLAND PARK PUBLIC LIBRARY

#### GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Estimated Receipts and Appropriations Original and		
	Final	Actual	Variance
<b>REVENUES</b>			
Property Taxes	\$ 5,325,000	\$ 5,162,373	\$ (162,627)
Replacement Taxes	20,000	12,978	(7,022)
Grants	40,000	73,272	33,272
Fines and Fees	82,000	82,527	527
Gifts	10,000	17,084	7,084
Interest Income	46,000	124,816	78,816
Miscellaneous	9,000	8,620	(380)
Total Revenues	<u>5,532,000</u>	<u>5,481,670</u>	<u>(50,330)</u>
<b>EXPENDITURES</b>			
Staff	3,305,400	3,136,942	168,458
Library Materials	665,750	554,846	110,904
Contractual Services	739,500	453,577	285,923
Physical Facilities	441,400	322,997	118,403
Development	128,000	107,780	20,220
Supplies	72,000	53,645	18,355
Contribution to IMRF	243,000	234,669	8,331
Contribution to FICA	213,000	199,220	13,780
Audit	12,350	11,800	550
Insurance	61,000	29,122	31,878
Other Expenses	600	371	229
Total Expenditures	<u>5,882,000</u>	<u>5,104,969</u>	<u>777,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(350,000)	376,701	726,701
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net Change in Fund Balance	<u>\$ (350,000)</u>	<u>\$ 176,701</u>	<u>\$ 526,701</u>

## Additional Information

### ORLAND PARK PUBLIC LIBRARY

#### GENERAL FUND

#### STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>STAFF</b>			
Salaries	\$ 2,661,859	\$ 2,542,663	\$ 119,196
Salaries - Maintenance	123,541	121,156	2,385
Life/Health Insurance	520,000	473,123	46,877
	<u>3,305,400</u>	<u>3,136,942</u>	<u>168,458</u>
<b>LIBRARY MATERIALS</b>			
Books	368,000	272,465	95,535
Electronic Databases	98,000	83,471	14,529
Periodicals	39,000	35,705	3,295
Audio Visual Materials	160,000	163,205	(3,205)
Audio Visual Equipment	750	-	750
	<u>665,750</u>	<u>554,846</u>	<u>110,904</u>
<b>CONTRACTUAL SERVICES</b>			
Book Rebinding	-	-	-
Accounting	12,250	9,907	2,343
Insurance	51,500	50,765	735
Landscaping and Grounds keeping	24,000	17,654	6,346
Building Maintenance	485,000	275,314	209,686
Security System	75,000	35,173	39,827
Library/Office Equipment	750	185	565
Legal Fees	75,000	51,579	23,421
Library Consultant	16,000	13,000	3,000
	<u>739,500</u>	<u>453,577</u>	<u>285,923</u>
<b>PHYSICAL FACILITIES</b>			
Electricity	-	-	-
Water and Sewer	10,000	10,033	(33)
Natural Gas	39,500	25,894	13,606
Telephone	9,000	7,412	1,588
Purchase - New Equipment	15,000	175	14,825
Building /Custodial Supplies	37,500	36,006	1,494
Building Repairs	18,000	3,154	14,846
Equipment Repairs and Maintenance	18,000	16,735	1,265
Machine Rental	2,400	932	1,468
Automation - Equipment	74,000	66,303	7,697
Automation - Line Costs	5,500	3,565	1,935
Automation - Consultant	75,000	62,916	12,084
Automation - Maintenance	90,000	78,010	11,990
Library Furniture	40,000	4,299	35,701
Outreach Services	7,500	7,563	(63)
	<u>441,400</u>	<u>322,997</u>	<u>118,403</u>

(Continued)

## Additional Information

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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>DEVELOPMENT</b>			
Board Training and Education	\$ 8,000	\$ 1,719	\$ 6,281
Staff Training and Education	24,000	14,865	9,135
Conference Fees	6,000	3,885	2,115
Patron Programs and Events	43,000	44,329	(1,329)
Association Dues and Fees	7,000	4,600	2,400
Public Information	40,000	38,382	1,618
	<u>128,000</u>	<u>107,780</u>	<u>20,220</u>
<b>SUPPLIES</b>			
Library Supplies	45,000	26,877	18,123
Office Supplies	6,000	3,595	2,405
Postage	14,000	13,118	882
Printing	7,000	10,055	(3,055)
	<u>72,000</u>	<u>53,645</u>	<u>18,355</u>
<b>OTHER EXPENDITURES</b>			
Contingency	-	-	-
Contribution to IMRF	243,000	234,669	8,331
Contribution to FICA	213,000	199,220	13,780
Audit	12,350	11,800	550
Insurance	57,000	29,122	27,878
Unemployment Compensation	4,000	-	4,000
Bank Charges	600	371	229
	<u>529,950</u>	<u>475,182</u>	<u>54,768</u>
<b>TOTAL EXPENDITURES</b>	<u>\$5,882,000</u>	<u>\$5,104,969</u>	<u>\$ 777,031</u>