

# **ORLAND PARK PUBLIC LIBRARY**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**



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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 as of and for the year ended December 31, 2020, 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, 2020, 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.

### 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 6 and 24 through 30 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 8, 2021

## **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, 2020. 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, 2020 and 2019 was \$22,526,409 and \$22,152,098 respectively. For the years ended December 31, 2020 and 2019, net position increased \$374,311 and \$109,265, 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 \$22,526,409 as of the close of the year. Of the net position balance, \$4,517,640 is unrestricted, \$817,135 is restricted, and \$17,191,634 represents its 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,	
	2020	2019
<b>Assets</b>		
Current Assets	\$ 13,127,221	\$ 14,988,876
Capital Assets, net of accumulated depreciation	17,191,634	14,672,090
<b>Total Assets</b>	<b>30,318,855</b>	<b>29,660,966</b>
Deferred Outflows of Resources	1,598,908	1,508,042
<b>Total Assets, Deferred Outflows of Resources</b>	<b>31,917,763</b>	<b>31,169,008</b>
<b>Liabilities</b>		
Current Liabilities	288,078	274,709
Non-Current Liabilities	1,350,387	1,749,769
<b>Total Liabilities</b>	<b>1,638,465</b>	<b>2,024,478</b>
Deferred Inflows of Resources	7,752,889	6,992,432
<b>Net Position</b>		
Net Investment in Capital Assets	17,191,634	14,672,090
Restricted	817,135	699,873
Unrestricted	4,517,640	6,780,135
<b>Total Net Position</b>	<b>\$ 22,526,409</b>	<b>\$ 22,152,098</b>

## Condensed Statement of Activities

	For the Years Ended December 31,	
	2020	2019
<b>Revenues</b>		
Property and Replacement Taxes	\$ 6,290,498	\$ 6,478,933
Grants	86,459	70,959
Gifts	120,916	23,148
Interest Income	17,576	223,623
Fines, Fees and Other	40,088	77,980
<b>Total Revenues</b>	<b>6,555,537</b>	<b>6,874,643</b>
<b>Expenses</b>		
Staff	3,132,719	3,224,131
Library Materials	598,807	622,578
Contractual Services	320,458	246,933
Physical Facilities	290,966	284,502
Development	67,298	109,334
Public Information	2,473	-
Supplies	41,554	42,598
Other Expenses	519	289
IMRF and FICA	370,853	566,367
Audit	11,809	14,207
Insurance	26,044	25,576
Debt Service	535,085	1,009,585
OPEB Expense	134,381	8,069
Depreciation	648,260	611,209
<b>Total Expenses</b>	<b>6,181,226</b>	<b>6,765,378</b>
<b>Change in Net Position</b>	<b>374,311</b>	<b>109,265</b>
<b>Net Position,</b>		
Beginning of Year	22,152,098	22,042,833
<b>End of Year</b>	<b>\$ 22,526,409</b>	<b>\$ 22,152,098</b>

## Management's Discussion and Analysis

The following is a summary of changes in fund balances for the year ended December 31, 2020:

<u>Governmental Funds</u>	<u>Fund Balance December 31, 2019</u>	<u>Increase (Decrease)</u>	<u>Fund Balance December 31, 2020</u>
General	\$ 6,654,534	\$ (2,356,657)	\$ 4,297,877
Special Reserve	1,076,795	156,399	1,233,194
Capital Campaign	79,100	104,032	183,132
Debt Service	607,176	14,246	621,422
Total Fund Balances	<u>\$ 8,417,605</u>	<u>\$ (2,081,980)</u>	<u>\$ 6,335,625</u>

During the year, \$150,000 was transferred from the General Fund to the Special Reserve Fund.

### Budgetary Highlight

The Library's General Fund expended \$8,099,683, which was \$1,425,317 less than the appropriation of \$9,525,000 for the year ended December 31, 2020. 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>2020</u>	<u>2019</u>
Land	\$ 200,000	\$ 200,000
Artwork	62,702	62,702
Construction in Progress	-	512,521
Software	232,001	232,001
Building and Improvements	25,187,138	21,768,940
Furniture & Equipment	630,623	368,496
Vehicles	67,757	67,757
Cost of Capital Assets	26,380,221	23,212,417
Less Accumulated Depreciation	9,188,587	8,540,327
Net Capital Assets	<u>\$ 17,191,634</u>	<u>\$ 14,672,090</u>

During 2020, the Library substantially completed its renovation project. The Library paid the Village of Orland Park \$536,817 of principal and interest on bonds the Village issued, and later refinanced twice, to construct the Library. As of December 31, 2020, the Library portion of the refunding bonds outstanding was \$1,395,000. See Notes 4 and 5 on pages 14 and 15 for more information on capital assets and debt.

### Description of Current or Expected Conditions

In 2020, the COVID-19 pandemic struck the world with far reaching effects. Due to this virus, many businesses and individuals have been harmed financially. This may result in a decrease in future tax revenue collections, the amount of which cannot be currently quantified.

Other than that, 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.

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

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### **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, 2020

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF NET POSITION
<b>ASSETS</b>							
Cash	\$ 4,434,757	\$ 1,233,194	\$ 183,132	\$ 623,270	\$ 6,474,353	\$ -	\$ 6,474,353
Property Taxes Receivable	5,961,337	-	-	542,181	6,503,518	-	6,503,518
Prepaid Expenses	149,350	-	-	-	149,350	-	149,350
Interest Receivable	-	-	-	-	-	-	-
Capital Assets, net of accumulated depreciation	-	-	-	-	-	17,191,634	17,191,634
<b>Total Assets</b>	<b>10,545,444</b>	<b>1,233,194</b>	<b>183,132</b>	<b>1,165,451</b>	<b>13,127,221</b>	<b>17,191,634</b>	<b>30,318,855</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows Related to Pension (IMRF)	-	-	-	-	-	1,598,908	1,598,908
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 10,545,444</b>	<b>\$ 1,233,194</b>	<b>\$ 183,132</b>	<b>\$ 1,165,451</b>	<b>\$ 13,127,221</b>	<b>18,790,542</b>	<b>31,917,763</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 286,230	\$ -	\$ -	\$ -	\$ 286,230	-	286,230
Due to Village	-	-	-	1,848	1,848	-	1,848
Accrued Compensated Absences, Long-term	-	-	-	-	-	27,961	27,961
Net OPEB Liability, Long-term	-	-	-	-	-	296,137	296,137
Net Pension Obligation, Long-term	-	-	-	-	-	1,026,289	1,026,289
<b>Total Liabilities</b>	<b>286,230</b>	<b>-</b>	<b>-</b>	<b>1,848</b>	<b>288,078</b>	<b>1,350,387</b>	<b>1,638,465</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Property Taxes	5,961,337	-	-	542,181	6,503,518	-	6,503,518
Deferred Items Related to Pensions (IMRF)	-	-	-	-	-	1,249,371	1,249,371
<b>Total Deferred Inflows of Resources</b>	<b>5,961,337</b>	<b>-</b>	<b>-</b>	<b>542,181</b>	<b>6,503,518</b>	<b>1,249,371</b>	<b>7,752,889</b>
<b>FUND BALANCES / NET POSITION</b>							
<b>Fund Balances</b>							
Non-spendable	149,350	-	-	-	149,350	(149,350)	-
Restricted for Specific Purposes	-	-	183,132	-	183,132	(183,132)	-
Restricted for Statutory Purposes	12,581	-	-	621,422	634,003	(634,003)	-
Committed for Capital Projects	-	1,233,194	-	-	1,233,194	(1,233,194)	-
Unassigned	4,135,946	-	-	-	4,135,946	(4,135,946)	-
<b>Total Fund Balances</b>	<b>4,297,877</b>	<b>1,233,194</b>	<b>183,132</b>	<b>621,422</b>	<b>6,335,625</b>	<b>(6,335,625)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,545,444</b>	<b>\$ 1,233,194</b>	<b>\$ 183,132</b>	<b>\$ 1,165,451</b>	<b>\$ 13,127,221</b>		
<b>Net Position</b>							
Net Investment in Capital Assets						17,191,634	17,191,634
Restricted						817,135	817,135
Unrestricted						4,517,640	4,517,640
<b>Total Net Position</b>						<b>\$ 22,526,409</b>	<b>\$ 22,526,409</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, 2020

	GENERAL FUND	SPECIAL RESERVE FUND	CAPITAL CAMPAIGN FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS (Note 10)	STATEMENT OF ACTIVITIES
<b>REVENUES</b>							
Property Taxes	\$ 5,730,564	\$ -	\$ -	\$ 545,514	\$ 6,276,078	\$ -	\$ 6,276,078
State Replacement Taxes	14,420	-	-	-	14,420	-	14,420
Grants	86,459	-	-	-	86,459	-	86,459
Fines and Fees	35,634	-	-	-	35,634	-	35,634
Gifts	14,215	-	106,701	-	120,916	-	120,916
Interest Income	7,280	6,432	47	3,817	17,576	-	17,576
Miscellaneous	4,454	-	-	-	4,454	-	4,454
<b>Total Revenues</b>	<b>5,893,026</b>	<b>6,432</b>	<b>106,748</b>	<b>549,331</b>	<b>6,555,537</b>	<b>-</b>	<b>6,555,537</b>
<b>EXPENDITURES / EXPENSES</b>							
Staff	3,130,734	-	-	-	3,130,734	1,985	3,132,719
Library Materials	598,807	-	-	-	598,807	-	598,807
Contractual Services	437,680	-	-	-	437,680	(117,222)	320,458
Physical Facilities	576,071	-	243	-	576,314	(285,348)	290,966
Development	67,298	-	-	-	67,298	-	67,298
Public Information	-	-	2,473	-	2,473	-	2,473
Supplies	41,554	-	-	-	41,554	-	41,554
IMRF Pension	241,334	-	-	-	241,334	(73,113)	168,221
Contribution to FICA	202,632	-	-	-	202,632	-	202,632
Audit	11,809	-	-	-	11,809	-	11,809
Insurance	26,044	-	-	-	26,044	-	26,044
Other Expenses	486	33	-	-	519	-	519
Renovation	2,765,234	-	-	-	2,765,234	(2,765,234)	-
Debt Service Paid to Village	-	-	-	535,085	535,085	-	535,085
OPEB Expense	-	-	-	-	-	134,381	134,381
Depreciation	-	-	-	-	-	648,260	648,260
<b>Total Expenditures / Expenses</b>	<b>8,099,683</b>	<b>33</b>	<b>2,716</b>	<b>535,085</b>	<b>8,637,517</b>	<b>(2,456,291)</b>	<b>6,181,226</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,206,657)</b>	<b>6,399</b>	<b>104,032</b>	<b>14,246</b>	<b>(2,081,980)</b>	<b>2,456,291</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In (Out)	(150,000)	150,000	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(2,356,657)</b>	<b>156,399</b>	<b>104,032</b>	<b>14,246</b>	<b>(2,081,980)</b>	<b>2,081,980</b>	<b>-</b>
<b>Change in Net Position</b>						<b>374,311</b>	<b>374,311</b>
<b>FUND BALANCES / NET POSITION</b>							
Beginning of Year	6,654,534	1,076,795	79,100	607,176	8,417,605	13,734,493	22,152,098
<b>End of Year</b>	<b>\$ 4,297,877</b>	<b>\$ 1,233,194</b>	<b>\$ 183,132</b>	<b>\$ 621,422</b>	<b>\$ 6,335,625</b>	<b>\$ 16,190,784</b>	<b>\$ 22,526,409</b>

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

## Notes to Financial Statements

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### **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.

#### **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 is a major fund and Special Reserve, Capital Campaign and Debt Service 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 2020 levy is deferred and the 2019 levy, of which most collections were in 2020, 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 an IPRIME account (a cash management fund exclusively for Illinois municipalities) 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 for additional information on deferred inflows related to pensions.



### 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 additions to/deductions from IMRF fiduciary net position have been determined on

## Notes to Financial Statements

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

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, 2019 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 Cash Investments

Deposits. At year-end, the carrying amount of the Library's deposits was \$501,763, excluding petty cash of \$300, and the bank balance was \$704,923. Of the bank balance, \$250,000 was covered by federal depository insurance and \$454,923 was collateralized with securities held by the pledging financial institution's agent in the Library's name.

Cash Investments – The Library's cash investments are in the Illinois Public Reserves Investment Management Trust (IPRIME), which is an investment pool exclusively for Illinois municipalities. IPRIME complies with Illinois law and is comprised of money market instruments having a maximum remaining maturity of one year (except U.S. government obligations that may have remaining maturities of up to two years). The IPRIME Investment Shares Series is rated AAAM by Standard & Poor's. The carrying amount of deposits in IPRIME at December 31 was \$5,972,290.

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 2020 Tax Levy Ordinance on November 16, 2020, which included the Library's tax levy. Property Taxes for 2020 attached as an enforceable lien on property as of January 1, 2020. 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 2019 taxes were collected by year end and within 60 days after year end. The 2020 levy is reflected as both a receivable and as deferred inflow of resources. The Library has estimated that it will fully collect the 2020 levy.

### Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Increases	Decreases	Balance December 31, 2020
Capital assets, not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Artwork	62,702	-	-	62,702
Construction in Progress	512,521	(512,521)	-	-
Total capital assets not being depreciated	775,223	(512,521)	-	262,702
Capital assets, being depreciated				
Building and Improvements	21,768,940	3,418,198	-	25,187,138
Furniture & Equipment	368,496	262,127	-	630,623
Software	232,001	-	-	232,001
Vehicles	67,757	-	-	67,757
Total capital assets being depreciated	22,437,194	3,680,325	-	26,117,519
Less accumulated depreciation for				
Building and Improvements	(8,101,311)	(576,671)	-	(8,677,982)
Furniture & Equipment	(231,132)	(46,090)	-	(277,222)
Software	(198,544)	(11,948)	-	(210,492)
Vehicles	(9,340)	(13,551)	-	(22,891)
Total accumulated depreciation	(8,540,327)	(648,260)	-	(9,188,587)
Total capital assets being depreciated, net	13,896,867	3,032,065	-	16,928,932
Capital assets, net	\$ 14,672,090	\$ 2,519,544	\$ -	\$ 17,191,634

### 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; and, on September 19, 2019, the Village of Orland Park refunded the Series 2010 bonds and issued new bonds. Listed below are the details of these bonds. The Library levies for principal and interest on these bonds

## Notes to Financial Statements

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

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.

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

Year Ended December 31,	Principal	Interest	Total
2021	\$ 520,000	\$ 22,180	\$ 542,180
2022	<u>875,000</u>	<u>13,913</u>	<u>888,913</u>
	<u>\$ 1,395,000</u>	<u>\$ 36,093</u>	<u>\$ 1,431,093</u>

- b. Net pension obligation recorded as of December 31, 2020 under GASB 68.  
c. Net OPEB liability recorded as of December 31, 2020 under GASB 75.

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Amounts Due In One Year
a. \$1,895,000 three-year General Obligation Refunding Bonds, Series 2019 dated September 2019 with remaining interest rates of 1.59%.	\$1,895,000	\$ -	\$ 500,000	\$1,395,000	\$ 520,000
b. Net Pension Obligation	1,562,037	-	535,748	1,026,289	-
c. Net OPEB Liability	<u>161,756</u>	<u>134,381</u>	<u>-</u>	<u>296,137</u>	<u>-</u>
	<u>\$3,618,793</u>	<u>\$ 134,381</u>	<u>\$1,035,748</u>	<u>\$2,717,426</u>	<u>\$ 520,000</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.

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

*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 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 2020 and 2019, were 11.34% and 9.89%, respectively. For calendar years 2020 and 2019, the Library contributed \$241,344 and \$203,906, 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, 2020, the Library reported a liability of \$1,026,289 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, 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, 2019, the Library's proportion was 11.3%, which was an increase of .8% from its proportion measured as of December 31, 2018.



## Notes to Financial Statements

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

*Actuarial assumptions:* The total pension liability reported as of December 31, 2020 using the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.50%
Salary Increases	3.35% to 14.25%, including inflation
Investment Rate of Return	7.25%

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:

## Notes to Financial Statements

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equities	37%	5.75%
International Equities	18	6.50%
Fixed Income	28	3.25%
Real Estate	9	5.20%
Alternative Investments	7	5.60%
Cash Equivalents	1	1.85%
Total	100%	

*Single Discount Rate:* A Single Discount Rate of 7.25% 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 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 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

*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 7.25%, 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 (6.25%)	Current (7.25%)	1% Higher (8.25%)
Library's proportionate share of Net Pension Liability (Asset)	\$ <u>2,604,903</u>	\$ <u>1,026,289</u>	\$ <u>(269,831)</u>

## Notes to Financial Statements

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

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

For the year ended December 31, 2020, the Library recognized pension expense of \$168,221. At December 31, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 449,732	\$ 23,300
Changes of assumptions	171,627	111,341
Net difference between projected and actual earnings on pension plan investments	736,215	1,114,730
Changes in proportion and differences between Library contributions and proportionate share of contributions	-	-
Library contributions subsequent to the measurement date	<u>241,334</u>	<u>-</u>
Total	<u>\$ 1,598,908</u>	<u>\$ 1,249,371</u>

Deferred outflows of resources related to pensions resulting from Library contributions of \$241,334, made subsequent to the December 31, 2019 measurement date, are recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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:	
2020	\$ 28,372
2021	62,099
2022	197,092
2023	<u>(179,360)</u>
	<u>\$ 108,203</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.

## Notes to Financial Statements

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

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, 2020, retirees contributed \$24,465. Active employees do not contribute to the OPEB plan until retirement.

At December 31, 2020, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	3
Active Employees	<u>29</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 retirees in the determination of blended retiree/active premiums.

#### Net OPEB Liability

The Library's net OPEB liability of \$296,137 was measured as of December 31, 2020, and was determined by an actuarial valuation performed as of January 1, 2021.

Actuarial Assumptions and Other Inputs. The net OPEB liability in the January 1, 2021 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 2.12%, based on the High Quality 20-Year Tax-Exempt G.O. Bond Rate.
- The *Health Care Cost Trend Rates* beginning January 1, 2021 at rates ranging from 6.60% to 7.20% reduced annually, in increments ranging from .18% to .24%, 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.

## Notes to Financial Statements

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

- *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

	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability
Balance at December 31, 2019	\$ 161,756	\$ -	\$ 161,756
Changes for the Year:			
Service Cost	1,538	-	1,538
Interest	4,140	-	4,140
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	134,890	-	134,890
Changes of Assumptions	15,161	-	15,161
Contributions - Employer	-	21,348	(21,348)
Contributions - Employee	-	-	-
Benefit Payments	(21,348)	(21,348)	-
Administrative Expense	-	-	-
Net Changes	<u>134,381</u>	<u>-</u>	<u>134,381</u>
Balance at December 31, 2020	<u>296,137</u>	<u>\$ -</u>	<u>\$ 296,137</u>

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 2.12%, 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:

	1% Lower (1.12%)	Current (2.12%)	1% Higher (3.12%)
Net OPEB Liability	\$ 324,636	\$ 296,137	\$ 272,956

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:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Net OPEB Liability	\$ 272,718	\$ 296,137	\$ 324,401

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2020, the Library recognized OPEB expense of \$134,381. At December 31, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



## Notes to Financial Statements

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

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
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.

### 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.	\$ 17,191,634
Deferred outflows related to pensions.	1,598,908
Deferred inflows related to pensions.	(1,249,371)
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	(1,026,289)
Net OPEB Liability	(296,137)
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>(27,961)</u>
	<u>\$ 16,190,784</u>

## Notes to Financial Statements

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### Note 10: Adjustments (Continued)

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 net capital asset purchases exceeded depreciation expense (\$3,167,804 less \$648,260).	\$ (2,519,544)
Recognizing the pension expense (revenue) relating to changes in deferred outflows, deferred inflows and net pension obligation.	(73,113)
Recognizing the expense relating to the change in other post-employment benefits.	134,381
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>1,985</u>
	<u>\$ (2,456,291)</u>

### 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 2019, the Library entered into various contracts related to the renovation of the Library. All contracts related to the renovation have been paid with the exception of one. The Library committed approximately \$3,377,764 for the costs of the outstanding contract. As of December 31, 2020, the Library has paid or accrued \$3,200,117 toward this commitment leaving a balance of \$177,647 due on the contract.

### Note 12: Subsequent Event

In 2020, the COVID-19 pandemic struck the world with far reaching effects. Due to this virus, businesses and individuals have been significantly harmed financially. This may result in a decrease in future tax revenue collections, the amount of which cannot be currently quantified.

**Required Supplementary Information**

ORLAND PARK PUBLIC LIBRARY

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

ILLINOIS MUNICIPAL RETIREMENT FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Library's proportion of the net pension liability	11.3%	10.5%	9.7%	10.3%	9.9%	10.0%
Library's proportionate share of the net pension liability	\$ 1,026,289	\$ 1,562,037	\$ 303,544	\$ 1,244,401	\$ 1,319,449	\$ 801,999
Library's covered-employee payroll	\$ 2,061,735	\$ 1,978,659	\$ 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	49.8%	78.9%	17.5%	76.1%	78.5%	50.5%
Plan fiduciary net position as a percentage of the total pension liability	91.6%	84.9%	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

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Valuation Payroll	Contributions as a Percentage of Covered-Valuation Payroll
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%
2018	234,669	234,669	-	1,978,659	11.86%
2019	203,906	203,906	-	2,061,735	9.89%

#### *Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 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 2019 Contribution Rates:

*Actuarial Cost Method:* Aggregate entry age = normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* 24-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.25%  
*Price Inflation:* 2.50%, approximate; No explicit price inflation assumption is used in this valuation.  
*Salary Increases:* 3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.  
*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, 2016, 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,

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 1,538	\$ 8,584	\$ 8,246
Interest	4,140	5,947	6,040
Changes on Benefit Terms	-	-	-
Difference between Expected and Actual Experience	134,890	-	-
Changes in Assumptions	15,161	10,703	-
Benefit Payments	(21,348)	(17,165)	(15,835)
Net Change in Total OPEB Liability	134,381	8,069	(1,549)
Total OPEB Liability - Beginning	161,756	153,687	155,236
Total OPEB Liability - Ending (a)	\$ 296,137	\$ 161,756	\$ 153,687
<b>OPEB Plan Net Position</b>			
Contributions - Employer	\$ 21,348	\$ 17,165	\$ 15,835
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(21,348)	(17,165)	(15,835)
Administrative Expense	-	-	-
Employer Net Change in OPEB Plan Net Position	-	-	-
OPEB Plan Net Position - Beginning	-	-	-
OPEB Plan Net Position - Ending (b)	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 296,137	\$ 161,756	\$ 153,687
OPEB Plan Net Position as a Percentage of Net OPEB Liability	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 1,887,869	\$ 1,963,509	\$ 1,811,173
Employer Net OPEB Liability as a Percentage of Covered-Employee Payroll	15.69%	8.24%	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

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### ORLAND PARK PUBLIC LIBRARY

#### SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation Payroll
2018	N/A	\$ -	N/A	\$ 1,811,173	0.0%
2019	N/A	-	N/A	1,963,509	0.0%
2020	N/A	-	N/A	1,887,869	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 \$21,348 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, 2020

	Estimated Receipts and Appropriations Original and Final	Actual	Variance
<b>REVENUES</b>			
Property Taxes	\$ 5,759,745	\$ 5,730,564	\$ (29,181)
Replacement Taxes	15,000	14,420	(580)
Grants	70,900	86,459	15,559
Fines and Fees	73,400	35,634	(37,766)
Gifts	9,000	14,215	5,215
Interest Income	89,955	7,280	(82,675)
Miscellaneous	7,000	4,454	(2,546)
Total Revenues	<u>6,025,000</u>	<u>5,893,026</u>	<u>(131,974)</u>
<b>EXPENDITURES</b>			
Staff	3,548,875	3,130,734	418,141
Library Materials	620,500	598,807	21,693
Contractual Services	533,325	437,680	95,645
Physical Facilities	561,950	576,071	(14,121)
Development	126,000	67,298	58,702
Supplies	80,000	41,554	38,446
Contribution to IMRF	264,000	241,334	22,666
Contribution to FICA	229,500	202,632	26,868
Audit	14,350	11,809	2,541
Insurance	46,000	26,044	19,956
Other Expenses	500	486	14
Renovation	3,500,000	2,765,234	734,766
Total Expenditures	<u>9,525,000</u>	<u>8,099,683</u>	<u>1,425,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500,000)	(2,206,657)	1,293,343
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Net Change in Fund Balance	<u>\$ (3,500,000)</u>	<u>\$ (2,356,657)</u>	<u>\$ 1,143,343</u>

## Additional Information

### ORLAND PARK PUBLIC LIBRARY

#### GENERAL FUND

#### STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>STAFF</b>			
Salaries	\$ 2,856,566	\$ 2,586,719	\$ 269,847
Salaries - Maintenance	143,309	123,495	19,814
Life/Health Insurance	549,000	420,520	128,480
	<u>3,548,875</u>	<u>3,130,734</u>	<u>418,141</u>
<b>LIBRARY MATERIALS</b>			
Books	299,500	303,225	(3,725)
Electronic Databases	90,000	91,310	(1,310)
Periodicals	35,000	39,024	(4,024)
Audio Visual Materials	180,000	165,248	14,752
Audio Visual Equipment	16,000	-	16,000
	<u>620,500</u>	<u>598,807</u>	<u>21,693</u>
<b>CONTRACTUAL SERVICES</b>			
Accounting	11,975	10,005	1,970
Insurance	47,000	47,978	(978)
Landscaping and Grounds keeping	25,000	24,874	126
Building Maintenance	310,000	192,776	117,224
Security System	7,000	14,182	(7,182)
Library/Office Equipment	750	-	750
Legal Fees	41,600	33,293	8,307
Library Consultant	90,000	114,572	(24,572)
	<u>533,325</u>	<u>437,680</u>	<u>95,645</u>
<b>PHYSICAL FACILITIES</b>			
Water and Sewer	12,950	6,877	6,073
Natural Gas	40,500	26,743	13,757
Telephone	9,300	11,057	(1,757)
Purchase - New Equipment	-	1,202	(1,202)
Building /Custodial Supplies	39,500	45,144	(5,644)
Building Repairs	18,000	18,272	(272)
Equipment Repairs and Maintenance	15,000	10,425	4,575
Machine Rental	1,200	932	268
Automation - Equipment	35,000	40,172	(5,172)
Automation - Line Costs	10,000	9,168	832
Automation - Consultant	31,000	29,230	1,770
Automation - Maintenance	90,000	104,693	(14,693)
Library Furniture	250,000	260,391	(10,391)
Outreach Services	9,500	11,765	(2,265)
	<u>561,950</u>	<u>576,071</u>	<u>(14,121)</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	\$ 6,000	\$ 1,943	\$ 4,057
Staff Training and Education	20,000	1,838	18,162
Conference Fees	7,000	(28)	7,028
Patron Programs and Events	43,500	30,399	13,101
Association Dues and Fees	6,000	3,887	2,113
Public Information	43,500	29,259	14,241
	<u>126,000</u>	<u>67,298</u>	<u>58,702</u>
<b>SUPPLIES</b>			
Library Supplies	45,000	28,295	16,705
Office Supplies	6,000	2,754	3,246
Postage	17,500	10,375	7,125
Printing	11,500	130	11,370
	<u>80,000</u>	<u>41,554</u>	<u>38,446</u>
<b>OTHER EXPENDITURES</b>			
Contingency	-	-	-
Contribution to IMRF	264,000	241,334	22,666
Contribution to FICA	229,500	202,632	26,868
Audit	14,350	11,809	2,541
Insurance	46,000	24,012	21,988
Unemployment Compensation	-	2,032	(2,032)
Bank Charges	500	486	14
	<u>554,350</u>	<u>482,305</u>	<u>72,045</u>
<b>RENOVATION</b>	<u>3,500,000</u>	<u>2,765,234</u>	<u>734,766</u>
<b>TOTAL EXPENDITURES</b>	<u>\$9,525,000</u>	<u>\$8,099,683</u>	<u>\$ 1,425,317</u>