



**OAK PARK LIBRARY
OAK PARK, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018



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OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
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OAK PARK, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Members of the Public Library Board
Oak Park Public Library
Oak Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Oak Park Public Library, Oak Park, Illinois (the Library), as of and for the year ended December 31, 2018 and the related notes to 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 Library'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 Library'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, the major fund and the aggregate remaining fund information of the Oak Park Public Library, Oak Park, Illinois as of December 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Library adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses for OPEB liabilities; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements taken as whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Sikich LLP

Naperville, Illinois
July 23, 2019

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

OAK PARK PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS For the period ending December 31, 2018

As the Management of the Oak Park Public Library (the "Library"), we offer this Discussion and Analysis of the financial activities of the Library for the fiscal year ended December 31, 2018. This is designed to be read in conjunction with the information presented in the Annual Financial Report.

This Discussion and Analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Library's financial activities, (3) identify changes in the Library's financial position (its ability to address the next and subsequent year's challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

General Background

It is the *Vision* of the Oak Park Public Library to empower every voice in our community, and it is the *Mission* of the Library to share the information, services, and opportunities that fulfill Oak Park's aspirations. The Library has identified the community's aspirations as literacy, education, diversity, inclusion, equity, health, safety and affordability. Informed by these community aspirations, the Library's three strategic priorities are engagement, learning, and stewardship.

Using the Financial Section of this Annual Report

The focus of the financial statements is (1) on the Library as a whole in the first section detailing Governmental Activities, and (2) on the major funds of the Library. The two perspectives, taken together, are intended to enable the reader to address relevant questions, broaden a basis for comparison, and enhance the Library's accountability.

Government Activities Financial Statements

The Government Activities Financial Statements are designed to provide readers with a broad overview of the Library's finances. The focus of the Statement of Net Position presents information on the total of all of the Library's assets and deferred outflows and the total of all the Library's liabilities and deferred inflows, with the difference reported as net position. The Library's deferred outflows of resources are pension related items and deferred loss on refundings. Deferred inflows of resources are pension related items and deferred property taxes. This statement combines and consolidates governmental fund's current financial resources (short term spendable resources such as cash) with capital assets and long-term obligations using the accrual method of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

Net Position

The following table reflects the condensed Statement of Net Position.

Statement of Net Position – Governmental Activities

	December 31, 2017	December 31, 2018
Current and Other Assets	\$16,552,705	\$17,791,635
Capital Assets	13,823,510	13,172,195
Total Assets	\$30,376,215	\$30,963,830
Deferred Outflows of resources	\$ 1,629,585	\$ 466,767
Total Assets and deferred outflows	\$32,005,800	\$31,430,597
Current Liabilities	\$ 906,203	\$ 201,529
Long Term Liabilities	4,232,506	2,333,705
Total Liabilities	\$ 5,138,709	\$ 2,535,234
Deferred Inflows of resources	\$ 9,322,095	\$ 11,253,076
Total Liabilities and Deferred inflows	\$14,460,804	\$ 13,788,310
Net Position		
Net Investment in Capital Assets	\$11,205,782	\$11,202,141
Restricted – Children’s Programming	-	19,150
Unrestricted	6,339,214	6,420,996
Total Net Position	\$17,544,996	\$17,642,287

The Library’s combined net Position increased by \$97,291. Total assets increased by \$587,615. while Deferred Outflows decreased by \$1,162,818. Total Liabilities decreased by \$2,603,475. For more detailed information, see the Statement of Net Position on page 3.

Statement of Activities

The Statement of Activities presents information showing how the Library’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

The Governmental Activities Financial Statements describe functions of the Library that are principally supported by property taxes. The governmental activities of the Library reflect the Library's basic services including materials collections, readers' and users' services, programming, interlibrary loan, and outreach services.

Statement of Activities - Governmental Activities

	December 31, 2017	December 31, 2018
REVENUES		
Program Revenues		
Charges for Services	\$ 134,592	\$ 90,075
Operating Grants/Contr.	43,880	401,269
General Revenues		
Property Taxes	9,208,976	9,139,653
Replacement Taxes	145,862	132,605
Investment Income	59,668	105,598
Miscellaneous	69,361	49,271
TOTAL REVENUES	9,662,339	9,918,471
EXPENSES		
Culture and Recreation	9,573,015	9,625,205
Interest	129,879	133,427
TOTAL EXPENSES	9,702,894	9,758,632
Change in Net Position	\$ (40,555)	\$ 159,839
NET POSITION, JANUARY 1	17,585,551	17,544,996
Prior Period Adjustment *	-	139,288
Change in Accounting Principle *	-	(201,836)
NET POSITION, JANUARY 1, RESTATED	17,585,551	17,482,448
NET POSITION, DECEMBER 31	\$ 17,544,996	\$ 17,642,287

* See Note 9 for more information regarding the prior period adjustment and change in accounting principle.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements to be familiar. The focus of the presentation is on major funds rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Balance Sheet shows two categories of funds for the Library: General and Nonmajor funds. The Nonmajor funds category is comprised of two funds: Library Art Fund and Maze Project Fund.

The General Fund is used to account for essentially the same functions as governmental activities in the Governmental Activities Financial Statements. However, Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Because the focus of Governmental Funds is narrower than Government Activities Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for Governmental Activities. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The Library adopts an annual budget for its general (operating) fund as well as a capital budget. A Schedule of Revenues, Expenditures and Changes in Fund Balance has been provided to demonstrate compliance with the budget. A Balance Sheet combining the Library Art Fund and Library Maze Project into Nonmajor Governmental Funds as well as a Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Nonmajor Governmental Funds are also presented.

Notes to the Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the governmental and fund financial statements.

Financial Analysis of the Library as a Whole

In accordance with GASB Statement No. 34, the Library is not required to restate prior periods for the purposes of providing comparative information. However, in this Management's Discussion and Analysis letter we choose to present the current year with prior year information for comparison purposes.

During the budgeting process, management and the Board of Library Trustees review the current and prior year and project into future years in order to develop an annual budget.

The Oak Park Public Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of December 31, 2018, the governmental funds (as presented on the balance sheet on page 5) had a combined fund balance of \$6,917,923. This reflects an increase of \$377,409 over the prior year which is due to deferred capital expenditures which utilize the Fund Balance.

Capital Assets

The following reflects the Library's capital asset balances as of December 31, 2017 and December 31, 2018:

	<u>2017</u>	<u>2018</u>
Capital Assets Not Depreciated - Land	\$ 753,500	\$ 753,500
Capital Assets Being Depreciated		
Art and Historic Collections	\$ 226,030	\$ 226,030
Buildings and Improvements	26,563,823	26,697,225
Machinery and Equipment	<u>2,787,987</u>	<u>3,040,269</u>
Total Capital Assets Being Depreciated	\$29,577,840	\$29,963,524
Less Accumulated Depreciation		
Art and Historic Collections	\$ 226,031	\$ 226,031
Buildings and Improvements	14,232,559	15,107,701
Machinery and Equipment	<u>2,049,240</u>	<u>2,211,097</u>
Total Accumulated Depreciation	\$16,507,830	\$17,544,829
Net Capital Assets	\$13,823,510	\$13,172,195

See Note 4 for further information regarding capital assets.

Long-Term Debt

The Library has two general categories of long term obligations: (a) Funds due to the Village of Oak Park to pay General Obligation Bonds which were sold to fund the building of the Main Library and the renovation of the Maze Branch Library, and (b) Staff benefits for compensated absences and pension liabilities.

Changes in Long-Term Debt:

	December 31, 2017	December 31, 2018
Due to Village of Oak Park	\$2,364,140	\$1,908,739
Premium on Bonds	161,616	107,744
Compensated Absences	79,746	96,491
Total OPEB Liability	-	220,731
Net Pension Liability	1,627,004	-
Total Long-Term Liabilities	\$4,232,506	\$2,333,705

Total Long-Term Liabilities were restated as of January 1, 2018 to include the Total OPEB Liability in accordance with GASB Statement No. 75, which requires the Library to report other postemployment benefit liabilities. Additionally, long-term debt was restated as of January 1, 2018 to properly recognize the unamortized loss on refunding and to reclassify long-term debt to governmental activities. See Note 8 for further information regarding Other Postemployment Benefits.

The Net Pension Liability for the Illinois Municipal Retirement Fund for the Library is based on the prior years' actuary valuation. Due to a better plan year for investments during 2017, the Net Pension Liability shifted to a Net Pension Asset during fiscal year 2018 in the amount of \$1,282,549, as noted on the Statement of Net Position on page 3. See Note 7 for further information regarding Employee Retirement System.

The Library has been paying down its debt to the Village of Oak Park, and this portion of long-term debt will be paid in full during 2020.

See Note 5 for further information regarding long-term debt.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens with a general overview of the Library's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Jeremy Andrykowski, Director of Operations, Oak Park Public Library, 834 Lake Street, Oak Park, IL, 60301.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 7,043,636
Receivables, net of allowance	
Property taxes	9,434,114
Prepaid items	31,336
Net pension asset - IMRF	1,282,549
Capital assets	
Capital assets not being depreciated	753,500
Capital assets being depreciated, net of accumulated depreciation	12,418,695
Total assets	30,963,830
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	46,429
Pension items - IMRF	416,942
OPEB items	3,396
Total deferred outflows of resources	466,767
Total assets and deferred outflows of resources	31,430,597
LIABILITIES	
Accounts payable	101,277
Accrued payroll	85,904
Accrued interest payable	14,348
Noncurrent liabilities	
Due within one year	1,028,170
Due in more than one year	1,305,535
Total liabilities	2,535,234
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	1,844,798
OPEB items	4,296
Deferred property taxes	9,403,982
Total deferred inflows of resources	11,253,076
Total liabilities and deferred inflows of resources	13,788,310
NET POSITION	
Net investment in capital assets	11,202,141
Restricted	
Children's programming	19,150
Unrestricted	6,420,996
TOTAL NET POSITION	\$ 17,642,287

See accompanying notes to financial statements.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Culture and recreation	\$ 9,625,205	\$ 90,075	\$ 401,269	\$ -	\$ (9,133,861)
Interest	133,427	-	-	-	(133,427)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,758,632	\$ 90,075	\$ 401,269	\$ -	(9,267,288)
			General Revenues		
			Taxes		
			Property		9,139,653
			Replacement		132,605
			Investment income		105,598
			Miscellaneous		49,271
			Total		9,427,127
			CHANGE IN NET POSITION		159,839
			NET POSITION, JANUARY 1		17,544,996
			Prior period adjustment		139,288
			Change in accounting principle		(201,836)
			NET POSITION, JANUARY 1, RESTATED		17,482,448
			NET POSITION, DECEMBER 31		\$ 17,642,287

See accompanying notes to financial statements.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	General	Total Nonmajor Funds	Total
ASSETS			
Cash and investments	\$ 6,946,192	\$ 97,444	\$ 7,043,636
Receivables			
Property tax	9,434,114	-	9,434,114
Prepaid items	31,336	-	31,336
TOTAL ASSETS	\$ 16,411,642	\$ 97,444	\$ 16,509,086
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 99,335	\$ 1,942	\$ 101,277
Accrued payroll	85,904	-	85,904
Total liabilities	185,239	1,942	187,181
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	9,403,982	-	9,403,982
Total deferred inflows of resources	9,403,982	-	9,403,982
Total liabilities and deferred inflows of resources	9,589,221	1,942	9,591,163
FUND BALANCES			
Nonspendable			
Prepaid items	31,336	-	31,336
Restricted			
Children's programming	19,150	-	19,150
Assigned			
Art fund	-	28,412	28,412
Maze project	-	67,090	67,090
Unassigned	6,771,935	-	6,771,935
Total fund balances	6,822,421	95,502	6,917,923
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,411,642	\$ 97,444	\$ 16,509,086

See accompanying notes to financial statements.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2018

FUND BALANCE OF GOVERNMENTAL FUNDS	\$ 6,917,923
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	13,172,195
The net pension asset of the Library's pension plans are included in the governmental activities in the statement of net position	1,282,549
Deferred outflows of resources related to pensions and OPEB are not a current financial resource and, therefore, are not reported in the governmental funds	
Illinois Municipal Retirement Fund	416,942
OPEB	3,396
Deferred inflows of resources related to pensions and OPEB are not a current financial resource and, therefore, are not reported in the governmental funds	
Illinois Municipal Retirement Fund	(1,844,798)
OPEB	(4,296)
OPEB liabilities are due and payable in the current period and, therefore, are not reported in the governmental funds	(220,731)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(14,348)
The deferred loss on refunding is amortized on the government-wide statement of activities	46,429
The premium on bonds paid by the Village is amortized on the government-wide statement of activities	(107,744)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(96,491)
Due to the Village	(1,908,739)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 17,642,287

See accompanying notes to financial statements.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

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

For the Year Ended December 31, 2018

	General	Total Nonmajor Funds	Total
REVENUES			
Taxes			
Property	\$ 9,139,653	\$ -	\$ 9,139,653
Replacement	132,605	-	132,605
Intergovernmental			
Grants	124,657	-	124,657
TIF surplus distributions	316,892	-	316,892
Charges for services	72,211	-	72,211
Fees, fines and penalties	17,864	-	17,864
Investment income	105,014	584	105,598
Miscellaneous			
Other	24,118	-	24,118
Gifts	24,093	1,060	25,153
Total revenues	9,957,107	1,644	9,958,751
EXPENDITURES			
Current			
Culture and recreation	8,386,686	7,235	8,393,921
Capital outlay	565,994	-	565,994
Debt service			
Principal retirement	957,192	-	957,192
Interest and fiscal charges	112,154	-	112,154
Total expenditures	10,022,026	7,235	10,029,261
NET CHANGE IN FUND BALANCES	(64,919)	(5,591)	(70,510)
FUND BALANCES, JANUARY 1	6,439,421	101,093	6,540,514
Prior period adjustment	447,919	-	447,919
FUND BALANCES, JANUARY 1, RESTATED	6,887,340	101,093	6,988,433
FUND BALANCES, DECEMBER 31	\$ 6,822,421	\$ 95,502	\$ 6,917,923

See accompanying notes to financial statements.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (70,510)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	385,684
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds	(1,036,999)
The change in deferred inflows and outflows of resources for net pension liabilities/assets are reported only in the statement of activities	(2,886,988)
The change in net pension liability/asset are only reported in the statement of activities	2,909,553
The change in OPEB liabilities are reported only in the statement of activities	(18,895)
The change in deferred inflows and outflows of resources for OPEB liabilities are reported only in the statement of activities	(900)
Payments made to the Village to pay for the principal and interest due on the bonds issued by the Village on behalf of the Library are reported as an expenditure in the governmental funds, but not on the statement of activities	903,320
The amortization of premiums on long-term debt does not provide current financial resources and, therefore, is not reported as revenue in the governmental funds	53,872
Revenues that were earned in the governmental funds, but already recognized as revenue in the statement of activities in the prior year	
Per capita grant	(40,280)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Amortization of deferred loss on refunding	(23,215)
The change in certain liabilities are reported as expenses on the statement of activities	
Compensated absences	(16,745)
Accrued interest payable	1,942
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 159,839

See accompanying notes to financial statements.

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Oak Park Public Library, Oak Park, Illinois (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 is a library corporation governed by an elected seven-member Board of Trustees. As required by GAAP, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and based on criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the Library has been determined not to be a component unit of the Village of Oak Park, Illinois (the Village).

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified as governmental funds.

The General Fund, a governmental fund, is used to account for all of the Library's general activities not accounted for in another fund.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of activities and the statement of net position) report information on all of the activities of the Library. Governmental activities normally are supported by taxes and intergovernmental revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental fund:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those accounted for in another fund.

d. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (60 days for property taxes) to pay liabilities of the current period.

The Library recognizes property taxes when they become both measurable and available in the year intended to finance. A one-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes and investment income. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting (Continued)

The Library reports unearned revenue and deferred/unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Deferred/unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Library before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

e. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

g. Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	5-50
Machinery and equipment	5-20
Artwork	10

h. Compensated Absences

Vested or accumulated vacation and sick leave, including related Social Security and Medicare, that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and sick leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to active employees.

i. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Library Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The Library Board of Trustees has delegated the authority to assign fund balance to the Executive Director. Any residual fund balance of the General Fund or deficit fund balances in other funds are reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Library considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. None of the Library's restricted net positions are restricted as a result of enabling legislation adopted by the Library. Net investment in capital assets is the book value of the Library's capital assets, net of any debt outstanding that was issued to construct or acquire the capital assets.

l. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

a. Deposits with Financial Institutions

Permitted Deposits and Investments - Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The pool had a Standard and Poor's AAA rating as December 31, 2018. The relationship between the Library and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

1) Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Library's deposits may not be returned to it. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Library's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Library's name. As of December 31, 2018, all bank balances were either covered by FDIC insurance, or collateral held in the Library's name.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions (Continued)

2) Investments

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio so that securities mature concurrent with cash needs. The investment policy limits the maximum maturity length of investments to five years from date of purchase, unless specific authority is given to exceed. Investments in reserve funds other funds may be purchased with maturities to match future projects or liability requirements. In addition, the policy requires the Library to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The Illinois Funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Library's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Library's name. The Illinois Funds are not subject to custodial credit risk.

At December 31, 2018, the Library had greater than 5% of its overall portfolio invested in The Illinois Funds and certificates of deposit. The investment policy does not include any limitations on individual investment types.

3. RECEIVABLES - TAXES

Property taxes for 2018 attach as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2019 and October 1, 2019, and are payable in two installments, on or about March 1, 2019 and November 1, 2019. The County collects such taxes and remits them periodically. As the 2018 tax levy is intended to fund expenditures for the 2019 fiscal year, these taxes are reported as unavailable/deferred revenue as of December 31, 2018.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year:

	Balances January 1	Increases	Decreases	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 753,500	\$ -	\$ -	\$ 753,500
Total capital assets not being depreciated	753,500	-	-	753,500
Capital assets being depreciated				
Art and historic collections	226,030	-	-	226,030
Buildings	24,045,242	-	-	24,045,242
Building improvements	2,518,581	133,402	-	2,651,983
Machinery and equipment	2,787,987	252,282	-	3,040,269
Total capital assets being depreciated	29,577,840	385,684	-	29,963,524
Less accumulated depreciation for				
Art and historic collections	226,031	-	-	226,031
Buildings	12,086,098	798,117	-	12,884,215
Building improvements	2,146,461	77,025	-	2,223,486
Machinery and equipment	2,049,240	161,857	-	2,211,097
Total accumulated depreciation	16,507,830	1,036,999	-	17,544,829
Total capital assets being depreciated, net	13,070,010	(651,315)	-	12,418,695
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 13,823,510	\$ (651,315)	\$ -	\$ 13,172,195

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Culture and recreation	<u>\$ 1,036,999</u>

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

a. Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

	Balances January 1, Restated	Additions	Retirements	Balances December 31	Current Portion
Due to Village	\$ 2,812,060	\$ -	\$ 903,321	\$ 1,908,739	\$ 935,778
Premium on bonds	161,616	-	53,872	107,744	-
Compensated absences	79,746	56,618	39,873	96,491	48,246
Total OPEB liability	201,836	18,895	-	220,731	44,146
Net pension liability	1,627,004	-	1,627,004	-	-
TOTAL LONG-TERM LIABILITIES	\$ 4,882,262	\$ 75,513	\$ 2,624,070	\$ 2,333,705	\$ 1,028,170

b. Governmental Activities

Payments due to the Village currently outstanding are as follows:

	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
\$2,525,756 General Obligation Corporate Purpose Refunding Bonds Series 2017A dated December 12, 2017, due in annual installments of \$807,885 to \$877,528, plus interest at 5% through November 1, 2020	Library Operating	\$ 2,364,141	\$ -	\$ 754,014	\$ 1,610,127	\$ 786,471
\$1,045,147 Due to Library, due in annual installments of \$149,307, at no interest through November 1, 2020	Library Operating	447,919	-	149,307	298,612	149,307
		\$ 2,812,060	\$ -	\$ 903,321	\$ 1,908,739	\$ 935,778

General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

The Library reimbursement to the Village for library bonds requirements to maturity are as follows:

Year Ending December 31,	Library Bonds	
	Principal	Interest
2019	\$ 935,778	\$ 86,085
2020	972,961	43,973
TOTAL	\$ 1,908,739	\$ 130,058

d. Due to the Village

The intergovernmental payable represents the principal outstanding on the Village's 2017A Refunding General Obligation Bonds which were issued for library purposes and are being repaid by the Library, as well as the Library's underpayment of prior debt service due to the Village.

The 2017A Refunding General Obligation Bonds are in the Village's name but are a liability of the Library. As funds are needed for the renovation project, money is transferred from the Village to the Library. The Library receives property tax collections to pay for the bond principal and interest and then remits the funds to the Village as the principal and interest payments become due.

The Library will be levying the required amount annually and remitting funds to the Village for principal and interest payments as follows:

Fiscal Year	Series 2017A		Due to Village	
	Principal	Interest	Principal	Total
2019	\$ 786,471	\$ 86,085	\$ 149,307	\$ 1,021,863
2020	823,656	43,973	149,305	1,016,934
TOTAL	\$ 1,610,127	\$ 130,058	\$ 298,612	\$ 2,038,797

6. 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; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

7. EMPLOYEE RETIREMENT SYSTEM

The Library contributes, through the Village, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, the Library's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the Village and the Library combined. All disclosures for an agent plan can be found in the Village's comprehensive annual financial report.

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable. Investments are reported at fair value.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Library is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer required contribution rate for calendar year 2017 and 2018 was 14.38% and 11.99% for IMRF, respectively.

Actuarial Assumptions

The Library's 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 performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.50%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The 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). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the Library recognized pension expense of \$394,378 for IMRF.

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ -	\$ 97,753
Changes in assumption	-	526,925
Contributions subsequent to measurement date	416,942	-
Net difference between projected and actual earnings on pension plan investments	-	1,220,120
	<u> </u>	<u> </u>
TOTAL	<u>\$ 416,942</u>	<u>\$ 1,844,798</u>

\$416,942 reported as deferred outflows of resources related to pensions resulted from library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense by the Library as follows:

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(Continued)

<u>Year Ending</u> <u>December 31,</u>	
2019	\$ (463,353)
2020	(412,434)
2021	(472,833)
2022	<u>(496,178)</u>
TOTAL	<u>\$ (1,844,798)</u>

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) calculated using the discount rate of 7.50% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 1,438,771	\$ (1,282,549)	\$ (3,521,665)

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described in Note 7, the Library provides postemployment health care benefits (OPEB) for retired employees 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, except for the implicit subsidy which is governed by the State Legislature and ILCS. The plan does not issue a separate report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The activity of the plan is reported in the Library's governmental activities.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Library provides continued health insurance coverage at the active employee rates to all eligible retirees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance since the retiree does not pay an age adjusted premium. To be eligible for benefits, an employee must qualify for retirement under the Library's retirement plan. The benefit levels are the same as those afforded to active employees. Once reaching Medicare age, retirees are covered by a Medicare supplement plan as opposed to the Library's active employee health plan. Retirees contribute 100% of premiums.

c. Membership

At December 31, 2018, membership consisted of:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>58</u>
 TOTAL	 <u><u>58</u></u>
 Participating employers	 <u>-</u>

d. Total OPEB Liability

The Library's total OPEB liability of \$220,731 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2018, as determined by an actuarial valuation as of January 1, 2018 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2018, including updating the discount rate at December 31, 2018, as noted on the following page.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Actuarial Assumptions and Other Inputs (Continued)

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Salary increases	4.00%
Discount rate	3.64%
Healthcare cost trend rates	6.60% to 7.10% in 2018 based on type of plan, to an ultimate trend of 4.50%

The discount rate used in the determination of the total OPEB liability is based on the municipal bond rate. The municipal bond rate was based on the index rate for 20-year tax exempt general obligation municipal bonds rated AA or better at December 31, 2018.

The mortality rates are based on RP-2014 Combined Annuitant Mortality Table for males and females. The Mortality Table reflects recent rates developed by the Society of Actuaries.

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2018	<u>\$ 201,836</u>
Changes for the period	
Service cost	13,114
Interest	6,762
Difference between expected and actual experience	-
Changes in benefit terms	-
Changes in assumptions	(4,680)
Other changes	<u>3,699</u>
Net changes	<u>18,895</u>
BALANCES AT DECEMBER 31, 2018	<u><u>\$ 220,731</u></u>

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability (Continued)

Because this is the implementation year of GASB 75, the beginning total OPEB liability is based on the same data and plan provisions as the ending total OPEB liability. For the purpose of developing changes in OPEB liability for GASB No. 75 reporting, the only change in assumptions was the discount rate.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Library calculated using the discount rate of 3.64% as well as what the Library total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability	\$ 237,238	\$ 220,731	\$ 205,268

The table below presents the total OPEB liability of the Library calculated using the healthcare rate of 6.60% to 7.10% as well as what the Library's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Rate	1% Increase
Total OPEB liability	\$ 199,205	\$ 220,731	\$ 245,099

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

- h. OPEB Expense and 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 \$19,795. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	3,396	4,296
	<u> </u>	<u> </u>
TOTAL	<u>\$ 3,396</u>	<u>\$ 4,296</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ (81)
2020	(81)
2021	(81)
2022	(81)
2023	(81)
Thereafter	<u>(495)</u>
TOTAL	<u>\$ (900)</u>

9. CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENTS

For the fiscal year ended December 31, 2018, the Library implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Library is required to retroactively record the total OPEB liability. In addition to the change in accounting principle, the Library had prior period adjustments as described on the following page.

OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENTS
(Continued)

The beginning net position/fund balance reported in the government-wide activities and major fund financial statements has been restated as follows:

GOVERNMENTAL ACTIVITIES

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 17,544,996</u>
Total OPEB liability	(201,836)
Recognize unamortized loss on refunding properly	<u>139,288</u>
Total restatement	<u>(62,548)</u>
BEGINNING NET POSITION, AS RESTATED	<u><u>\$ 17,482,448</u></u>

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED	<u>\$ 6,439,421</u>
Reclassify long-term debt to governmental activities	<u>447,919</u>
Total restatement	<u>447,919</u>
BEGINNING FUND BALANCE, AS RESTATED	<u><u>\$ 6,887,340</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

December 31, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 8,012,652	\$ 8,012,652	\$ 9,139,653
Replacement	150,000	150,000	132,605
Intergovernmental			
Grants	-	-	124,657
TIF surplus distributions	-	-	316,892
Charges for services	58,000	58,000	72,211
Fees, fines and penalties	17,500	17,500	17,864
Investment income	30,000	30,000	105,014
Miscellaneous			
Other	47,000	47,000	24,118
Gifts	-	-	24,093
	<hr/>	<hr/>	<hr/>
Total revenues	8,315,152	8,315,152	9,957,107
EXPENDITURES			
Current			
Culture and recreation	8,302,402	8,302,402	8,386,686
Capital outlay	730,527	805,527	565,994
	<hr/>	<hr/>	<hr/>
Total expenditures	9,032,929	9,107,929	8,952,680
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	(717,777)	(792,777)	1,004,427
Adjustments to GAAP basis			
Debt service			
Principal retirement	-	-	(957,192)
Interest and fiscal charges	-	-	(112,154)
	<hr/>	<hr/>	<hr/>
Total adjustments to GAAP basis	-	-	(1,069,346)
NET CHANGE IN FUND BALANCE	<hr/>	<hr/>	<hr/>
	\$ (717,777)	\$ (792,777)	(64,919)
FUND BALANCE, JANUARY 1			6,439,421
Prior period adjustment			<hr/>
			447,919
FUND BALANCE, JANUARY 1, RESTATED			<hr/>
			6,887,340
FUND BALANCE, DECEMBER 31			<hr/>
			\$ 6,822,421

(See independent auditor's report.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018
Actuarially determined contribution	\$ 468,456	\$ 430,833	\$ 474,700	\$ 417,097
Contributions in relation to the actuarially determined contribution	468,456	430,833	474,700	417,097
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,305,969	\$ 3,066,642	\$ 3,301,951	\$ 3,478,505
Contributions as a percentage of covered-employee payroll	14.17%	14.05%	14.38%	11.99%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percent of payroll, closed and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Actuarial Valuations

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
Employer's proportion of net pension liability (asset)	23.00%	23.00%	23.00%	23.00%
Employer's proportionate share of net pension liability (asset)	\$ 614,859	\$ 1,954,393	\$ 1,627,004	\$ (1,282,549)
Employer's covered payroll	3,305,969	3,187,423	3,301,951	3,271,613
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.60%	61.32%	49.27%	-39.20%
Plan fiduciary net position as a percentage of the total pension liability	97.40%	91.96%	93.46%	105.18%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Fiscal Year

MEASUREMENT DATE DECEMBER 31,	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 13,114
Interest	6,762
Differences between expected and actual experience	-
Changes of benefit terms	-
Changes of assumptions	(4,680)
Benefit payments	3,699
Net change in total pension liability	18,895
Total OPEB liability - beginning	201,836
TOTAL OPEB LIABILITY - ENDING	\$ 220,731
Covered payroll	\$ 3,425,861
Employer's total OPEB liability as a percentage of covered payroll	6.44%

Measurement Date December 31, 2018 - The changes in assumptions related to a change in the discount rate used.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

LEGAL COMPLIANCE AND ACCOUNTABILITY

a. Budgets

The budget is adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted at the fund level for the General Fund. All annual appropriations lapse at fiscal year end.

The Library Board of Trustees has the authority to approve the budget for the General Fund. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budget at the fund level.

Budget amounts are as originally adopted or as amended by the Library Board of Trustees.

The Library did not have any funds in which actual expenditures exceeded the budgeted expenditures.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2018

	<u>Library Art Fund</u>	<u>Library Maze Project</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 30,354	\$ 67,090	\$ 97,444
TOTAL ASSETS	<u>\$ 30,354</u>	<u>\$ 67,090</u>	<u>\$ 97,444</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,942	\$ -	\$ 1,942
Total liabilities	<u>1,942</u>	<u>-</u>	<u>1,942</u>
FUND BALANCES			
Assigned	<u>28,412</u>	<u>67,090</u>	<u>95,502</u>
Total fund balances	<u>28,412</u>	<u>67,090</u>	<u>95,502</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,354</u>	<u>\$ 67,090</u>	<u>\$ 97,444</u>

(See independent auditor's report.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

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

For the Year Ended December 31, 2018

	Library Art Fund	Library Maze Project	Total
REVENUES			
Investment income	\$ 584	\$ -	\$ 584
Miscellaneous	1,060	-	1,060
Total revenues	1,644	-	1,644
EXPENDITURES			
Framing and installation	7,235	-	7,235
Total expenditures	7,235	-	7,235
NET CHANGE IN FUND BALANCES	(5,591)	-	(5,591)
FUND BALANCES, JANUARY 1	34,003	67,090	101,093
FUND BALANCES, DECEMBER 31	\$ 28,412	\$ 67,090	\$ 95,502

(See independent auditor's report.)

OTHER SUPPLEMENTAL INFORMATION

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
EXPENDITURES			
Culture and recreation			
Personal services			
Full-time salaries	\$ 4,482,908	\$ 4,482,908	\$ 4,496,975
Fringe benefits			
Health insurance	767,000	767,000	848,312
Pension contribution	742,917	742,917	745,871
Total personal services	5,992,825	5,992,825	6,091,158
Materials and supplies			
Fuels and lubricants	2,000	2,000	1,376
Landscaping supplies	13,000	13,000	13,999
Cleaning and housekeeping	20,000	20,000	24,126
Office supplies	102,000	102,000	98,372
Hospitality	5,000	5,000	7,227
Building materials and supplies	10,000	10,000	5,275
Equipment parts	15,000	15,000	9,787
Books	405,000	405,000	381,331
Digital books	225,000	225,000	207,425
Digital media	125,000	125,000	123,556
Signage	500	500	458
Audio-visuals	180,000	180,000	175,236
Total materials and supplies	1,102,500	1,102,500	1,048,168
Contractual services			
Payroll processing fees	29,000	29,000	26,452
Director development	-	-	2,225
Other printing/copying	9,000	9,000	9,452
Marketing support	35,000	35,000	22,610
Custodial services	171,600	171,600	184,867
Dues	16,000	16,000	14,448
Conferences and training	80,000	80,000	86,540
Tuition reimbursement	21,000	21,000	21,000
Consultant fees	12,000	12,000	3,373
Cataloging	1,000	1,000	693
Website development	25,000	25,000	7,602
Schools out support	22,000	25,000	22,389
Coffeehouse support	12,500	12,500	13,354
Illinois payments support	4,000	4,000	6,012
Merchant account services	6,000	6,000	4,492
Collection fees support	4,000	4,000	4,475
Automation support services	-	-	7,821

(This schedule is continued on the following pages.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Culture and recreation (Continued)			
Contractual services (Continued)			
Programming support services	\$ 25,000	\$ 22,000	\$ 19,534
Interventionist program	15,750	15,750	12,554
Postage and delivery	11,000	11,000	11,687
Insurance	58,200	58,200	50,560
Contingency	15,000	15,000	5,350
Telephone/communications	81,000	81,000	91,588
Water	15,000	15,000	8,255
Sewer/garbage	15,000	15,000	9,419
Natural gas and electric	40,000	40,000	27,652
Rentals - equipment and furnishings	25,000	25,000	27,106
Travel and mileage reimbursement	-	-	265
Office and library machines	31,450	31,450	17,188
Repair and maintenance	130,000	130,000	228,206
Collaboration early childhood education	1,500	1,500	1,500
SWAN	87,577	87,577	71,342
Archival collection	13,500	13,500	13,499
Subscriptions and services	93,000	93,000	86,520
Audit	7,000	7,000	8,421
Pass through expenditures	-	-	4,242
Streaming content	14,000	14,000	13,096
Parking lot	5,000	5,000	13,348
Board development	3,000	3,000	5,795
Consultant support services	30,000	30,000	17,474
Software platform	42,000	42,000	53,904
Grant expenses	-	-	11,050
Total contractual services	<u>1,207,077</u>	<u>1,207,077</u>	<u>1,247,360</u>
Total culture and recreation	<u>8,302,402</u>	<u>8,302,402</u>	<u>8,386,686</u>
Capital outlay			
Building improvements	327,142	327,142	163,866
Equipment	73,385	73,385	47,962
Furnishings	60,000	60,000	50,189
Technology equipment	270,000	345,000	303,977
Total capital outlay	<u>730,527</u>	<u>805,527</u>	<u>565,994</u>
TOTAL EXPENDITURES	<u>\$ 9,032,929</u>	<u>\$ 9,107,929</u>	<u>\$ 8,952,680</u>

(This schedule is continued on the following page.)

**OAK PARK PUBLIC LIBRARY
OAK PARK, ILLINOIS**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual
Adjustments to GAAP basis			
Debt service			
Principal	\$ -	\$ -	\$ 957,192
Interest	-	-	112,154
	<hr/>		
Total debt service	-	-	1,069,346
	<hr/>		
TOTAL EXPENDITURES - GAAP BASIS	\$ 9,032,929	\$ 9,107,929	\$ 10,022,026

(See independent auditor's report.)