



# MUELLER & CO., LLP

*Certified Public Accountants – Business & Financial Advisors*

ASSURANCE

**OAK LAWN PUBLIC LIBRARY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2019**

MUELLER

Elgin/Orland Park/Chicago  
[www.muellercpa.com](http://www.muellercpa.com)  
847.888.8600 Phone  
847.888.0635 Fax

**OAK LAWN PUBLIC LIBRARY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2019**

**CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>	
Board of Trustees	1
<b>FINANCIAL SECTION:</b>	
Independent Auditor's Report	2 - 4
Management's Discussion and Analysis	5 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	14
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	15
Reconciliation of the Change in Fund Balances of Governmental Funds to the Change in Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Change in Fund Balances - Budget and Actual - General Fund	17
Notes to Financial Statements	18 - 32

**OAK LAWN PUBLIC LIBRARY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2019**

**CONTENTS**

	<u>Page</u>
Required Supplementary Information:	
Pension Plan Information:	
Illinois Municipal Retirement Fund	33
Individual Fund Schedule:	
Capital Project Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	34
<b>OTHER INFORMATION SECTION:</b>	
Schedule of Property Tax Levies and Collections	35 - 36

## **INTRODUCTORY SECTION**

**OAK LAWN PUBLIC LIBRARY  
BOARD OF TRUSTEES  
DECEMBER 31, 2019**

Joan Buschbach	President
Sue Whisson	Vice President
Suzanne Marzano	Secretary
Joe Skibinski	Financial Secretary
John "Sean" Kelly	Trustee
Patrick O'Donnell	Trustee
Roseann Spoto	Trustee

## **FINANCIAL SECTION**



14300 Ravinia Avenue ■ Orland Park, Illinois ■ 60462  
Ph: 708.349.6999 ■ Fax: 708.349.6639 ■ www.muellercpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Oak Lawn Public Library

We have audited the accompanying financial statements of the governmental activities and each major fund of Oak Lawn Public Library, a component unit of the Village of Oak Lawn, Illinois, as of and for the year ended December 31, 2019, 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 from 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 fund of Oak Lawn Public Library as of December 31, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund 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 on pages 5 - 10 and pension plan information on page 33 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 Oak Lawn Public Library's basic financial statements. The introductory section, individual fund schedule, and other information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedule 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 individual fund schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Prior-Year Comparative Information*

We have previously audited Oak Lawn Public Library's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major funds in our report dated June 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Orland Park, Illinois  
August 7, 2020

*Mudley & Co., LLP*

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

OAK LAWN PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019

As management of the Oak Lawn Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2019.

### **Financial Highlights**

The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources as of December 31, 2019 by \$4,877,984 (total net position). The Library had an investment in capital assets of \$5,250,763 and an unrestricted deficit of \$(372,779) as of December 31, 2019.

The Library's net position decreased by \$302,373 during 2019. The Library's net position decreased by \$156,623 in 2018.

### **Overview of Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. These basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information on all of the Library's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the net position of the Library changed during the current fiscal year. Changes in net position are reported in the statement of activities when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future year (e.g. uncollected taxes and earned, but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Library that are supported by taxes and intergovernmental revenues (governmental activities) as the Library does not engage in functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include culture and recreation services.

The government-wide financial statements include only the activities of the Oak Lawn Public Library. The Library has no component units; however, the Library is considered a component unit of the Village of Oak Lawn, Illinois.

The government-wide financial statements can be found on pages 11 - 12 of this report.

### **Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related requirements. 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.

Governmental funds account for essentially the same information reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same function, it is useful to compare the information presented. Because the focus of each report differs, reconciliations are provided in the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The General Fund and the Capital Project Fund of the Library are categorized as governmental funds.

The Library adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement included in the fund financial statements section of this report demonstrates the Library's compliance with the adopted budget for the General Fund.

The basic governmental fund financial statements can be found on pages 13 - 17 of this report.

### **Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 18 - 32 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,877,984 at the close of 2019.

By far the largest portion of the Library's net position reflects its investment in capital assets (e.g. land, buildings, and equipment). The Library uses these assets to provide services to citizens; consequently, these assets are not available for future spending. The collections and other materials owned by the Library are not included in the capital assets as they do not meet the capitalization policy of the Library and are not intended to be liquidated in the future to satisfy liabilities of the Library.

OAK LAWN PUBLIC LIBRARY  
NET POSITION  
DECEMBER 31, 2019 AND 2018

	Governmental Activities	
	2019	2018
Current and other assets	\$ 7,626,481	\$ 7,592,666
Capital assets	5,250,763	5,450,781
Total assets	12,877,244	13,043,447
Deferred outflows of resources	302,147	2,060,192
Current liabilities	306,527	361,576
Noncurrent liabilities	1,235,751	3,680,578
Total liabilities	1,542,278	4,042,154
Deferred inflows of resources	6,759,129	5,881,128
Net position:		
Net investment in capital assets	5,250,763	5,450,781
Unrestricted deficit	(372,779)	(270,424)
Total net position	\$ 4,877,984	\$ 5,180,357

OAK LAWN PUBLIC LIBRARY  
CHANGE IN NET POSITION  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Governmental Activities	
	2019	2018
Revenues:		
Charges for services	\$ 59,533	\$ 56,137
Operating grants/contributions	90,387	146,276
General revenues	5,829,170	5,757,008
Total revenues	5,979,090	5,959,421
Expenses	6,281,463	6,116,044
Change in net position	(302,373)	(156,623)
Net position at beginning of year	5,180,357	5,336,980
Net position at end of year	\$ 4,877,984	\$ 5,180,357

Governmental activities decreased the Library's net position by \$302,373 from the prior year for an ending balance of \$4,877,984. The decline in governmental activities in 2019 was primarily due to the increased cost of materials, personnel, and unanticipated Library repairs and improvements when compared to 2018's amounts.

**Financial Analysis of the Library's Funds**

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, the Library's governmental funds reported an ending balance of \$1,635,568, an increase of \$88,864. Approximately 26%, or \$425,658, constitutes unassigned fund balance, which is available for spending at the Library's discretion. Approximately 3%, or \$53,249, of fund balance is not in spendable form, and approximately 71%, or \$1,156,661, of fund balance is assigned for particular purposes.

The General Fund is the chief operating fund of the Library. During the year ended December 31, 2019, unassigned fund balance of the General Fund decreased by \$6,687 to \$425,658 and total fund balance increased by \$45,846 to \$478,907. The increase in fund balance was due to expenditures coming in less than anticipated. Some of the excess of revenues over expenditures was retained in the general fund and some was transferred to the capital projects fund.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance and total fund balance represent 7.3% and 8.3% of the General Fund's current year expenditures, respectively.

The Capital Projects Fund, a major governmental fund, had a \$43,018 increase in fund balance during the current year. The increase in fund balance was due to the Fund not spending all of the funds that were transferred from the General Fund with the goal of increasing the fund balance to support future capital projects.

### **Budgetary Highlights**

The original budget adopted by the Board was not amended during the year ended December 31, 2019.

The 2019 General Fund annual budget for the Library totaled \$5,952,403, including \$83,300 for capital outlay expenditures. Total actual expenditures were less than budgeted amounts by \$199,379, as the Library anticipated higher costs for personnel services, personnel benefits, and library materials.

### **Capital Assets**

The Library's investment in capital assets for its governmental activities, net of accumulated depreciation, as of December 31, 2019 amounts to \$5,250,763. This investment in capital assets includes land, buildings, and equipment with an individual asset cost in excess of \$5,000, the Library's capitalization threshold. The Library does not own any infrastructure assets.

The capital asset additions during the year totaled \$67,789, and included two HVAC temperature control systems and a new copier.

### **Economic Factors and Next Year's Budgets**

No one could have predicted the events that have made 2020 a year that will never be forgotten. The best laid plans have been nullified by the COVID19 pandemic, the economic downturn and unemployment that resulted from the pandemic and social injustice issues and widespread unrest. As a result, public libraries experienced forced closure due to a Stay At Home order, lost revenue streams and incurred unexpected expenditures. During three months of mandated closure, our staff worked to rethink and restructure services in a virtual capacity. Our budget was revised to adjust for lost revenues, such as fines, interest and computer center revenue. In addition, new expenses were addressed, such as personal protective equipment (PPE) and cleaning supplies.

With school closures and unemployment rising dramatically, it is imperative that public libraries open as quickly as possible to provide a multitude of learning opportunities and a variety of essentials for those in need. Extensive planning to find a way to reopen our doors to the public in a safe manner for both our employees and our patrons took place while the Stay At Home order was in effect. New grab & go services, curbside delivery and computer use by appointment are now offered to our patrons.

The next few years, undoubtedly, will be a challenge on many fronts. First, and foremost, we will strive to keep our staff and our patrons safe and healthy. With revenue sources reduced, we will restructure our expenses and live within a much tighter budget. The concept of social distancing will affect all of our services. Library life may never return to what it once was, but we remain optimistic. Our success will rely on how well we adapt to the changes before us. We will adapt and continue to serve our patrons to the best of our ability.

## **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 the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, 9427 S. Raymond Avenue, Oak Lawn, Illinois, 60453. General information relating to the Oak Lawn Public Library can be found at the Library's website, <http://www.oaklawlibrary.org>.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**OAK LAWN PUBLIC LIBRARY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2018**

<b>ASSETS</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Cash and cash equivalents	\$ 1,851,544	\$ 1,909,483
Property taxes receivable	5,687,198	5,682,067
Personal property replacement taxes receivable	30,790	-
Grants receivable	3,700	400
Prepaid items	53,249	716
Capital assets not being depreciated:		
Land and improvements	165,688	165,688
Capital assets net of accumulated depreciation:		
Buildings	4,989,777	5,130,494
Equipment and furnishings	<u>95,298</u>	<u>154,599</u>
Total assets	<u>12,877,244</u>	<u>13,043,447</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension amounts	<u>302,147</u>	<u>2,060,192</u>
<b>LIABILITIES</b>		
Accounts payable	117,999	163,009
Accrued payroll	157,078	166,119
Unearned revenue	31,450	32,448
Noncurrent liabilities:		
Due within one year	200,401	202,714
Due in more than one year	<u>1,035,350</u>	<u>3,477,864</u>
Total liabilities	<u>1,542,278</u>	<u>4,042,154</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension amounts	1,074,743	196,742
Property taxes levied for future periods	<u>5,684,386</u>	<u>5,684,386</u>
Total deferred inflows of resources	<u>6,759,129</u>	<u>5,881,128</u>
<b>NET POSITION</b>		
Net investment in capital assets	5,250,763	5,450,781
Unrestricted (deficit)	<u>(372,779)</u>	<u>(270,424)</u>
Total net position	<u>\$ 4,877,984</u>	<u>\$ 5,180,357</u>

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

**OAK LAWN PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>2019</u>	<u>2018</u>
Governmental activities:					
Culture and recreation	\$ 6,281,463	\$ 59,533	\$ 90,387	\$ (6,131,543)	\$ (5,913,631)
General revenues:					
Taxes:					
Property				5,629,659	5,587,023
Personal property replacement				109,618	88,171
Interest income				61,144	48,479
Other income				<u>28,749</u>	<u>33,335</u>
Total general revenues				<u>5,829,170</u>	<u>5,757,008</u>
Change in net position				(302,373)	(156,623)
Net position at beginning of year				<u>5,180,357</u>	<u>5,336,980</u>
Net position at end of year				<u>\$ 4,877,984</u>	<u>\$ 5,180,357</u>

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

**FUND FINANCIAL STATEMENTS**

**OAK LAWN PUBLIC LIBRARY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018**

	General Fund	Capital Project Fund	Totals	
			2019	2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 669,085	\$ 1,182,459	\$ 1,851,544	\$ 1,909,483
Property taxes receivable	5,687,198	-	5,687,198	5,682,067
Personal property replacement taxes receivable	30,790	-	30,790	-
Grants receivable	3,700	-	3,700	400
Due from other fund	-	3,700	3,700	-
Prepaid items	53,249	-	53,249	716
Total assets	<u>\$ 6,444,022</u>	<u>\$ 1,186,159</u>	<u>\$ 7,630,181</u>	<u>\$ 7,592,666</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 88,501	\$ 29,498	\$ 117,999	\$ 163,009
Accrued payroll	157,078	-	157,078	166,119
Due to other fund	3,700	-	3,700	-
Unearned revenue	31,450	-	31,450	32,448
Total liabilities	<u>280,729</u>	<u>29,498</u>	<u>310,227</u>	<u>361,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for future period	<u>5,684,386</u>	<u>-</u>	<u>5,684,386</u>	<u>5,684,386</u>
<b>FUND BALANCES</b>				
Nonspendable - prepaid items	53,249	-	53,249	716
Assigned - capital projects	-	1,156,661	1,156,661	1,113,643
Unassigned	425,658	-	425,658	432,345
Total fund balances	<u>478,907</u>	<u>1,156,661</u>	<u>1,635,568</u>	<u>1,546,704</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,444,022</u>	<u>\$ 1,186,159</u>	<u>\$ 7,630,181</u>	<u>\$ 7,592,666</u>

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

**OAK LAWN PUBLIC LIBRARY  
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL  
FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2019**

Fund balances - total governmental funds		\$ 1,635,568
--	--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$11,248,918, net of accumulated depreciation of \$5,998,155, are not financial resources and, therefore, are not reported in the funds.		5,250,763
--	--	-----------

Long-term liabilities, including compensated absences payable, are not due and payable in the current year, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Compensated absences payable	\$ (383,309)	
Net pension liability - IMRF	<u>(852,442)</u>	
Total		(1,235,751)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. Deferred outflows and inflows of resources related to pensions at year-end are as follows:

Deferred pension outflows	\$ 302,147	
Deferred pension inflows	<u>(1,074,743)</u>	
Total		<u>(772,596)</u>

Net position of governmental activities		<u>\$ 4,877,984</u>
---	--	---------------------

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

**OAK LAWN PUBLIC LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund	Capital Project Fund	Totals	
			2019	2018
Revenues:				
Property taxes	\$ 5,629,659	\$ -	\$ 5,629,659	\$ 5,587,023
Books - lost and paid	12,853	-	12,853	8,093
Computer lab	25,436	-	25,436	24,612
Donations	19,499	-	19,499	29,283
Fines	21,244	-	21,244	23,432
Grants	70,888	-	70,888	116,993
Interest income	36,253	24,891	61,144	48,479
Miscellaneous	28,749	-	28,749	33,335
Personal property replacement taxes	109,618	-	109,618	88,171
Total revenues	<u>5,954,199</u>	<u>24,891</u>	<u>5,979,090</u>	<u>5,959,421</u>
Expenditures:				
Current:				
Culture and recreation	5,317,850	128,204	5,446,054	5,467,091
Intergovernmental	327,900	-	327,900	330,275
Capital outlay	107,274	8,998	116,272	102,985
Total expenditures	<u>5,753,024</u>	<u>137,202</u>	<u>5,890,226</u>	<u>5,900,351</u>
Revenues over (under) expenditures	<u>201,175</u>	<u>(112,311)</u>	<u>88,864</u>	<u>59,070</u>
Other financing sources (uses):				
Transfers in	-	155,329	155,329	178,294
Transfers out	(155,329)	-	(155,329)	(178,294)
Total other financing sources (uses)	<u>(155,329)</u>	<u>155,329</u>	<u>-</u>	<u>-</u>
Net change in fund balances	45,846	43,018	88,864	59,070
Fund balances at beginning of year	<u>433,061</u>	<u>1,113,643</u>	<u>1,546,704</u>	<u>1,487,634</u>
Fund balances at end of year	<u>\$ 478,907</u>	<u>\$ 1,156,661</u>	<u>\$ 1,635,568</u>	<u>\$ 1,546,704</u>

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

**OAK LAWN PUBLIC LIBRARY  
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE CHANGE IN NET  
POSITION OF GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds \$ 88,864

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets in excess of the capitalization threshold is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$267,807) exceeded capitalized expenditures (\$67,789) in the current year. (200,018)

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount by which the accrual for compensated absences decreased during the current period. 9,023

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded pension contributions in the current period. (200,242)

Change in net position of governmental activities \$ (302,373)

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

**OAK LAWN PUBLIC LIBRARY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND**  
**BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 5,684,386	\$ 5,629,659	\$ (54,727)
Books - lost and paid	7,500	12,853	5,353
Computer lab	25,000	25,436	436
Donations	-	19,499	19,499
Fines	25,000	21,244	(3,756)
Grants	70,850	70,888	38
Interest income	20,000	36,253	16,253
Miscellaneous	23,667	28,749	5,082
Personal property replacement taxes	<u>96,000</u>	<u>109,618</u>	<u>13,618</u>
Total revenues	<u>5,952,403</u>	<u>5,954,199</u>	<u>1,796</u>
Expenditures:			
Current:			
Personnel services	3,162,820	3,087,883	74,937
Personnel benefits	1,171,340	1,113,556	57,784
Library materials	669,688	596,331	73,357
Commodities	221,134	213,925	7,209
Contractual	316,221	286,826	29,395
Miscellaneous	-	19,329	(19,329)
Intergovernmental	327,900	327,900	-
Capital outlay	<u>83,300</u>	<u>107,274</u>	<u>(23,974)</u>
Total expenditures	<u>5,952,403</u>	<u>5,753,024</u>	<u>199,379</u>
Revenues over expenditures	-	201,175	201,175
Other financing uses:			
Transfers out	<u>-</u>	<u>(155,329)</u>	<u>(155,329)</u>
Net change in fund balances	-	45,846	45,846
Fund balances at beginning of year	<u>433,061</u>	<u>433,061</u>	<u>-</u>
Fund balances at end of year	<u>\$ 433,061</u>	<u>\$ 478,907</u>	<u>\$ 45,846</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Oak Lawn Public Library is dedicated to providing the best possible library service for the Village of Oak Lawn, Illinois. The Library is committed to collecting and dispensing information in conjunction with and in support of the principles of intellectual freedom for all. In addition, it serves as a source for self-education and personal enrichment; develops programs and services for children entering the world of reading; provides a center for recreational reading, listening, and viewing; furnishes supplementary resources for use by elementary and secondary school students; and makes available facilities and resources for group interaction and community participation.

Accounting principles generally accepted in the United States of America require that these financial statements include the Library and its component units, entities for which the Library is considered to be financially accountable. At December 31, 2019, no entities were considered component units of the Library. The Library is considered a component unit of the Village of Oak Lawn, Illinois because of the Village's responsibility for approval of the Library's property tax levy.

**B. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**C. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

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

The Capital Project Fund accounts for financial resources earmarked or segregated for major improvements and repairs to the Library building and the planned future independent catalog system, except those financed and accounted for in the General Fund.

During the course of operations, the Library has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in/out. While reported in the fund financial statements, the transfers are eliminated in the preparation of the government-wide financial statements.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, personal property replacement taxes, investment income and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Library.

**E. Budgetary Information**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and the Capital Project Fund. The annual appropriation lapses at fiscal year-end.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

The Library follows these procedures in establishing its annual budget:

1. The Library submits a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them for the General Fund and the Capital Project Fund.
2. The appropriation is legally enacted through passage of an ordinance.
3. The Library is authorized to transfer appropriated amounts between departments within funds with proper Board approval.
4. State law requires that "expenditures be made in conformity with the appropriation/budget." Transfers between line items, departments and funds may be made by administrative action. The level of legal control is generally considered to be the entire appropriation.
5. Appropriated amounts are as originally adopted.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies, is not employed by the Library.

The following fund had an excess of actual expenditures over the budgeted amount for the year ended December 31, 2019:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund:			
Capital Project Fund	\$ 63,500	\$ 137,202	\$ 73,702

The overexpenditure in the Capital Project Fund was primarily funded by a transfer in from the General Fund.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

State statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds, which are under the oversight of the state of Illinois.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

Investments of the Library 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 are stated at fair value. 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.

The Library invests in The Illinois Funds, an investment pool managed by the Illinois State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The state of Illinois provides regulatory oversight of The Illinois Funds. The Illinois Funds is not registered with the Securities and Exchange Commission as an investment company. 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 fair value. The investment in The Illinois Funds by participants is also reported at amortized cost.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expense/expenditure when consumed rather than when purchased.

**4. Capital Assets**

Capital assets, which include property and equipment, are reported 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 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the estimated useful life of the asset using the straight-line method. The range of estimated useful lives by asset type is as follows:

<u>Type of Asset</u>	<u>Life in Years</u>
Buildings	40
Equipment and furnishings	3 - 7

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the financial statements 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category in the government-wide statement of net position, *deferred pension amounts* (see Note III.A for further discussion of deferred outflows of resources related to pensions).

In addition to liabilities, the financial statements 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenues) until that time. The Library has two items that qualify for reporting in this category in the government-wide financial statements. One item is related to property taxes that are levied for future periods. The other item is *deferred pension amounts* (see Note III.A for further discussion of deferred inflows of resources related to pensions). In the governmental fund balance sheet, unavailable revenues are reported as deferred inflows of resources.

**6. *Net Position Flow Assumption***

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Library's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**7. *Fund Balance Flow Assumptions***

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**8. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Library's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Library that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees may, by resolution, authorize an individual to assign fund balance. The Board of Trustees has not adopted such a resolution. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**G. Revenues and Expenses/Expenditures**

**1. *Program Revenues***

Amounts reported as *program revenues* include 1) charges to individuals or entities that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. *Property Taxes***

Property taxes are levied as of January 1 on property values assessed on the same date. The tax levy is divided into two billings: the first billing (mailed on or about February 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on or about July 1) reflects adjustments to the current year's actual levy. Significant collections are received in the month following the due date. The billings are considered past due 30 days after the respective tax billing date at which time the applicable property is subject to lien, and penalties and interest are assessed.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**3. *Compensated Absences***

The Library accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations or retirements.

**H. Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues and expenses/expenditures. Significant estimates used in preparing the government-wide financial statements include the assumptions used to determine the net pension liability and the related deferred outflows/inflows of resources. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could differ from those estimates.

**I. Management's Evaluation of Going Concern**

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Library's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Library's ability to continue as a going concern for the period from August 7, 2020 to August 7, 2021.

**J. Reclassifications**

Certain amounts as previously reported for the prior year have been reclassified to conform to the current year's presentation.

**K. Prior-Year Comparative Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Library's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Library's cash and cash equivalents at December 31, 2019 was comprised of the following:

Cash on hand	\$	1,400
Deposits with financial institutions		818,856
The Illinois Funds		<u>1,031,288</u>
Total	\$	<u>1,851,544</u>

***Deposits***

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Library's deposits might not be recovered. The Library's deposit policy for custodial credit risk requires that funds in excess of federal depository insurance coverage be collateralized. At year end, the bank balances of the Library were fully insured by the FDIC.

***Investment Policies***

The Library's investments are subject to the following risks:

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library does not have an investment policy for the concentration of credit risk.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the Library can only invest in securities guaranteed by the U.S. government, or in FDIC insured institutions. Deposit accounts in banks or savings and loan institutions are not to exceed the FDIC coverage unless they are adequately collateralized pursuant to regulations of the Federal Reserve regarding custody and safekeeping of collateral. Authorized investments include and should primarily consist of certificates of deposit and participation in the Illinois Funds, a Public Treasurer's Investment Pool for the state of Illinois.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's investment program provides that within the constraints of Illinois law, considerations of safety, and the investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest bearing accounts.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers / Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 165,688	\$ -	\$ -	\$ 165,688
Capital assets, being depreciated:				
Buildings	9,954,912	57,615	-	10,012,527
Equipment and furnishings	<u>1,060,529</u>	<u>10,174</u>	<u>-</u>	<u>1,070,703</u>
Total capital assets being depreciated	<u>11,015,441</u>	<u>67,789</u>	<u>-</u>	<u>11,083,230</u>
Less accumulated depreciation for:				
Buildings	(4,824,418)	(198,332)	-	(5,022,750)
Equipment and furnishings	<u>(905,930)</u>	<u>(69,475)</u>	<u>-</u>	<u>(975,405)</u>
Total accumulated depreciation	<u>(5,730,348)</u>	<u>(267,807)</u>	<u>-</u>	<u>(5,998,155)</u>
Total capital assets, being depreciated, net	<u>5,285,093</u>	<u>(200,018)</u>	<u>-</u>	<u>5,085,075</u>
Governmental activities capital assets, net	<u>\$ 5,450,781</u>	<u>\$ (200,018)</u>	<u>\$ -</u>	<u>\$ 5,250,763</u>

Depreciation of \$267,807 was charged to the culture and recreation function.

**D. Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions / Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 392,332	\$ 53,431	\$ (62,454)	\$ 383,309	\$ 200,401
Net pension liability - IMRF	<u>3,288,246</u>	<u>452,241</u>	<u>(2,888,045)</u>	<u>852,442</u>	<u>-</u>
Total	<u>\$ 3,680,578</u>	<u>\$ 505,672</u>	<u>\$ (2,950,499)</u>	<u>\$ 1,235,751</u>	<u>\$ 200,401</u>

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**E. Interfund Transfers**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**III. OTHER INFORMATION**

**A. Illinois Municipal Retirement Fund**

The Library contributes, through the Village of Oak Lawn, Illinois, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The Library's participation in IMRF is equivalent to a cost sharing multiple employer pension plan since only one actuarial valuation is performed for the Library and the Village combined. All disclosures for an agent plan, including required supplementary information, can be found in the Village's financial statements.

**1. 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 an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all 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 is available for download at [www.imrf.org](http://www.imrf.org).

**2. Benefits Provided**

IMRF has three benefit plans. The majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). Employees of the Library who are eligible to participate in the plan participate in the RP.

The RP has two tiers. 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 service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 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.

**3. Contributions**

As set by statute, the Library's RP members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual required contribution rate for calendar year 2019 was 9.12%. For the year ended December 31, 2019, the Library contributed \$251,999 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's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**4. Net Pension Liability**

At December 31, 2019, the Library reported a liability of \$852,442 for its proportionate share of the net pension liability. 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 the Library's covered payroll under the plan for the year ended December 31, 2019 relative to the covered payroll of the Village, actuarially determined. At December 31, 2019, the Library's proportion was 22.80%, a decrease of 0.49% from the prior year.

**5. Actuarial Assumptions**

The following are the methods and assumptions used to determine the total pension liability at December 31, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Five-Year Smoothed Market with a 20% Corridor.
- The Wage Inflation Rate was assumed to be 3.25%.
- The Payroll Growth Rate was assumed to be 2.50%.
- Projected Salary Increases were expected to be 3.39% to 14.25%.
- The Investment Rate of Return was assumed to be 7.25%.

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

- For non-disabled retirees, an IMRF specific mortality table was used with 2-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with 2-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale. The IMRF specific rates were developed using the RP-2014 Disabled Mortality Table with adjustments to match current IMRF experience. For active members, the mortality rates are based on the RP-2014 Employee Mortality Table for both males and females with 2-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale. Among active members, 75% of males and 70% of females were assumed to be married.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	37 %	5.75 %
International equity	18	6.50
Fixed income	28	3.25
Real estate	9	5.20
Alternative investments	7	3.60 - 7.60
Cash equivalents	1	1.85
Total	100 %	

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**6. *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. Based on those assumptions, IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**7. *Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the Library, calculated using a Single Discount Rate of 7.25%, as well as what the net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<u>1% Lower (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Higher (8.25%)</u>
Library's net pension liability (asset)	<u>\$ 3,789,893</u>	<u>\$ 852,442</u>	<u>\$ (1,580,000)</u>

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

For the year ended December 31, 2019, the Library recognized pension expense of \$452,241. At December 31, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 155,505	\$ -
Changes of assumptions	146,642	-
Net difference between projected and actual earnings on pension plan investments	-	1,030,596
Change in Library's proportionate share	<u>-</u>	<u>44,147</u>
Total	<u>\$ 302,147</u>	<u>\$ 1,074,743</u>

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

2020	\$ (77,523)
2021	(290,997)
2022	120,008
2023	<u>(524,084)</u>
Total	<u>\$ (772,596)</u>

**B. Risk Management**

The Library is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and employee medical coverage for which the Library carries commercial insurance. The Library also participates in a public entity risk pool to provide coverage for losses from general liabilities and workers' compensation. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or the past three years.

The Library is a member of the Libraries of Illinois Risk Agency (LIRA), a public entity risk pool with the transfer of risk. LIRA provides conventional insurance and/or self-insurance for claims against or by its participants. The Library is responsible for an annual premium payment and the pool is responsible for administering the program. If funds are insufficient in the judgment of the pool, the pool may assess additional payments to its members. The Library's policy is to record any related expenditures in the year in which it is notified of any additional assessments. The Library is not aware of any additional assessments owed as of December 31, 2019.

**C. Intergovernmental Agreement**

An intergovernmental agreement between the Library and the Village of Oak Lawn was signed on November 18, 2008. Under the terms of the agreement, the Library will pay the Village in semi-annual installments, as payment towards the debt service on the \$4.7 million of Series 2002 general obligation bonds. The bonds were issued in connection with the Library's expansion project of 2002-2007. The Library will levy for these debt payments for tax years 2009 through 2020.

Future payments required under the intergovernmental agreement are as follows:

2020	\$ 328,900
2021	<u>329,600</u>
Total	<u>\$ 658,500</u>

**OAK LAWN PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**D. Subsequent Events**

Management has evaluated subsequent events through August 7, 2020, which is the date the financial statements were available to be issued.

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The extent of the impact of COVID-19 on the operational and financial performance of the Library will depend on certain developments, including the duration and spread of the outbreak, impact on the citizens, employees and vendors all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the Library's financial condition or results of operations is uncertain.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PENSION PLAN INFORMATION**

**OAK LAWN PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION -  
ILLINOIS MUNICIPAL RETIREMENT FUND**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	22.80000 %	23.29164 %	22.21635 %	23.47198 %	23.15791 %
Library's proportionate share of the net pension liability (asset)	\$ 852,442	\$ 3,288,246	\$ (180,202)	\$ 2,499,063	\$ 2,604,336
Employer's covered payroll	\$ 2,764,559	\$ 2,693,070	\$ 2,586,781	\$ 2,608,154	\$ 2,647,963
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	30.83 %	122.10 %	(6.97)%	95.82 %	98.35 %

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 251,999	\$ 346,329	\$ 333,816	\$ 342,367	\$ 343,348
Contributions in relation to the statutorily required contribution	<u>251,999</u>	<u>346,329</u>	<u>333,816</u>	<u>342,367</u>	<u>343,348</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Employer's covered payroll	\$ 2,764,559	\$ 2,693,070	\$ 2,586,781	\$ 2,608,154	\$ 2,647,963
Contributions as a percentage of covered payroll	9.12 %	12.86 %	12.90 %	13.23 %	12.97 %

The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

See independent auditor's report.

**INDIVIDUAL FUND SCHEDULE**

**OAK LAWN PUBLIC LIBRARY  
CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ 18,000	\$ 24,891	\$ 6,891
Expenditures:			
Current:			
Contractual	57,500	128,204	(70,704)
Capital outlay	<u>6,000</u>	<u>8,998</u>	<u>(2,998)</u>
Total expenditures	<u>63,500</u>	<u>137,202</u>	<u>(73,702)</u>
Revenues under expenditures	(45,500)	(112,311)	(66,811)
Other financing sources:			
Transfers in	<u>-</u>	<u>155,329</u>	<u>155,329</u>
Net change in fund balances	(45,500)	43,018	88,518
Fund balances at beginning of year	<u>1,113,643</u>	<u>1,113,643</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 1,068,143</u></u>	<u><u>\$ 1,156,661</u></u>	<u><u>\$ 88,518</u></u>

See independent auditor's report.

**OTHER INFORMATION SECTION**

**OAK LAWN PUBLIC LIBRARY  
SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
DECEMBER 31, 2019**

	<u>2018 (2)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total assessed valuation (1)	\$ 1,151,662,883	\$ 1,185,569,994	\$ 1,026,870,185	\$ 983,420,172	\$ 1,013,826,609	\$ 1,089,630,789	\$ 1,154,890,675	\$ 1,269,487,343	\$ 1,504,752,813	\$ 1,490,589,107
Total tax levy	5,854,918	5,833,004	5,699,130	5,703,837	5,636,876	5,513,532	5,370,242	5,192,203	5,081,515	4,999,103
Current tax collections	5,625,370	5,737,071	5,487,789	5,500,078	5,500,694	5,295,809	5,240,878	5,032,759	4,911,257	4,838,637
Percent of levy collected	96.08 %	98.36 %	96.29 %	96.43 %	97.58 %	96.05 %	97.59 %	96.93 %	96.65 %	96.79 %

(1) Assessed valuation is as of the year preceding the fiscal year in which the taxes are levied.

(2) 2018 is the most current information available.

Data Source

Office of the Cook County Clerk

See independent auditor's report.