

VILLAGE OF ORLAND HILLS, ILLINOIS

ANNUAL FINANCIAL REPORT

Year Ended April 30, 2011

VILLAGE OF ORLAND HILLS, ILLINOIS

ANNUAL FINANCIAL REPORT
Year Ended April 30, 2011

CONTENTS

INTRODUCTORY SECTION	
Principal Officials	i
FINANCIAL SECTION	
Independent Auditors' Report	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	2-9
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	15
Statement of Fiduciary Net Assets	16
Statement of Changes in Fiduciary Net Assets	17
Notes to Financial Statements	19-39
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund and Motor Fuel Tax Fund	40
Notes to RSI	41
Schedule of Funding Progress	42
Schedule of Employer Contributions	43
SUPPLEMENTAL INFORMATION	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Schedule of Revenues – Budget (GAAP Basis) and Actual – General Fund	44
Schedule of Expenditures – Budget (GAAP Basis) and Actual – General Fund	45-46
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48
Combining Balance Sheet – Nonmajor Special Revenue Funds	49-50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	51-52
Combining Balance Sheet – Nonmajor Debt Service Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	54
General Property Tax Data (Last Ten Years)	55
Independent Accountants' Report on Compliance	56

VILLAGE OF ORLAND HILLS, ILLINOIS
PRINCIPAL OFFICIALS
April 30, 2011

LEGISLATIVE

VILLAGE BOARD OF TRUSTEES
Kyle R. Hastings, President

Joseph Janachowski

Kyle R. Hastings II

Frank Schmidt

Candice Morrison

Traci Roti

Brian D. O'Neill

Mikki Burke, Clerk

APPOINTED OFFICIAL

John A. Daly, Village Administrator

INDEPENDENT AUDITORS' REPORT

To the Honorable Village President
and Members of the Board of Trustees
Village of Orland Hills, Illinois

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Orland Hills, Illinois (Village), as of and for the year ended April 30, 2011, which comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, schedule of funding progress and employer contributions for pensions, and budgetary comparison schedule are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplemental information, including the combining and individual fund financial statements and schedules as of and for the year ended April 30, 2011, as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules on pages 44 – 54 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The General Property Tax Data information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.


Crowe Horwath LLP

Oak Brook, Illinois
October 26, 2011

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

As management of the Village of Orland Hills ("Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2011. Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

Financial Highlights

- The total assets of the Village exceeded its total liabilities in the most recent fiscal year by \$21.4 million (net assets) as compared to \$23.4 million in the prior fiscal year. Of the total net assets, \$22.0 million is invested in capital assets net of related debt while \$391,108 is committed to other purposes, leaving a deficit of \$0.9 million in unrestricted net assets as compared to a deficit of \$24,155 in the prior year.
- The Village's total net assets decrease by \$2.0 million in 2011 as compared to the increase noted in 2010 by \$2.3 million. The major source of this decrease was the decrease in property tax collections by \$3.6 million and an increase in income tax and non home rule sales tax by \$0.3 millions and \$0.2 million respectively.
- At the close of the fiscal year, the Village's governmental funds reported combined ending fund balance of (\$369,411), a decrease of \$1.9 million as compared to the prior year.
- At the end of the fiscal year, unreserved fund balance in the General Fund was (\$899,591) or 14.4% of total General Fund expenditures for the year. The Village continues to monitor the position of the General Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 for some items that will only result in cash flows in future fiscal periods.

The Governmental Activities reflect the Village's basic services, including administration, public safety, highways and streets and culture and recreation. Property taxes, shared state taxes and local utility taxes finance the majority of these services.

Fund Financial Statements

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 Village uses fund accounting to ensure and

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions 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 inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Motor Fuel Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Information from the Village's twelve other governmental funds are combined into a single column presentation. Individual fund information for these non-major governmental funds is provided elsewhere in the report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The fiduciary fund financial statements provide separate information for the Police Pension Fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report also includes certain required supplementary information related to budgetary information and the Village's progress in funding its obligation to provide pension benefits to its employees. Non-major fund information can be found immediately following the required supplementary information.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following chart reflects the condensed Statement of Net Assets (in millions):

	Governmental Activities	
	2011	2010
Assets:		
Current & other assets	\$ 1.5	\$ 3.4
Capital assets	22.7	22.6
Total assets	24.2	26.0
Liabilities:		
Other liabilities	1.6	1.5
Long-term liabilities	1.2	1.1
Total liabilities	2.8	2.6
Net Assets:		
Invested in capital assets, net,	22.0	21.9
Restricted	0.4	1.5
Unrestricted	(0.9)	(0.0)
Total Net Assets	\$ 21.4	\$ 23.4

The 2011 assets as described above are composed of cash and investments valued at \$0.3 million (1% of total assets), \$1.1 million of intergovernmental and taxes receivable (5% of total assets) and capital assets net of accumulated depreciation of \$22.6 million (94% of total assets). The liabilities as described above are composed of accounts payable of \$0.5 million (18% of total liabilities), accrued payroll and other liabilities of \$1 million (37% of total liabilities), \$0.3 million of long-term debt due within one year (13% of total liabilities) and \$0.9 million of long-term debt due in more than one year (33% of total liabilities). The Village's net assets are made up of capital assets (e.g. Land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to its citizens; consequently, those assets are not available for future spending. An additional portion of the Village's net assets are resources that are subject to external restrictions on their use. The remaining deficit balance of unrestricted assets of \$925,121, are available to meet the government's ongoing obligations to its citizens and creditors.

The Village's combined net assets decreased by \$2.0 million from FY10 – decrease from \$23.4 million to \$21.4 million. The Village's decrease of combined net assets was mainly due to the decrease in current assets of \$1.8 million as well as a decrease in short term liabilities due to Village operations.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

The following chart reflects the condensed Statement of Activities (in millions):

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
REVENUES		
Program Revenues:		
Charges for Services	\$ 0.7	\$ 0.7
Oper. Grants/Contrib.	0.3	0.2
Cap. Grants/Contrib.	0.4	0.5
General Revenues:		
Property Taxes	0.4	4.0
Other Taxes	2.9	2.8
Other	<u>0.6</u>	<u>0.5</u>
Total Revenues	<u>5.3</u>	<u>8.7</u>
EXPENSES		
General Government	1.5	1.9
Public Safety	2.6	2.3
Culture and Recreation	0.6	0.4
Highway and Streets	2.6	1.6
Interest on Debt	<u>0.0</u>	<u>0.1</u>
Total Expenses	7.3	6.3
Change in Net Assets	<u>(2.0)</u>	<u>2.4</u>
Ending Net Assets	<u>\$ 21.4</u>	<u>\$ 23.4</u>

Revenue:

The total revenues in FY11 decreased from the prior year by \$3.4 million from \$8.7 million to \$5.3 million.

Property taxes decreased by 91% from \$4 million to \$0.4 in FY11, which is explained below. State shared sales tax revenues decreased 7% from approximately \$1.4 million in FY10 to approximately \$1.3 million in FY11. State shared income tax revenues had an increase of about 84% or about \$0.3 million from the previous year. Utility and other tax and franchise fee revenues were consistent with the prior year. The State has assumed the job of collecting the taxes statewide from the telecommunication companies and distributing each municipality's share monthly. Currently, there is no method of verifying the accuracy of the State's computations. These three revenue sources combined totaled approximately \$3.3 million in FY11 and approximately \$2.8 million in FY10, an overall increase of 14%. This combined revenue represents roughly 70% of the total Governmental Activities revenue.

Property taxes represent about 6.7% of the Village's revenue for Governmental Activities. As the Village is subject to the Tax Cap Limitation Act, property tax revenue decreased from \$3,955,060 to \$355,087. The decrease of \$3,559,973 was attributable to \$2,444,679 in TIF District collections from the prior year that were not repeated. In addition, general levy collections of approximately \$1.1 million from Cook County from the prior year was not repeated. However, the effective tax rate has been reduced by over 40% since 1987. This represents the lowest tax rate in all time, according to Village records.

Overall, the Village has managed to maintain its operational integrity, increase services to the citizens while significantly decreasing property tax rates over the last 16 years and has maintained one of the lowest real estate property tax rates in the metropolitan Chicago region. This has been a major goal of the current administration during its tenure at the Village.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

Expenses:

The Village's Governmental Activities total expenses increased by 1 million from \$6.3 million to 7.3 million.

Some material changes from FY10 to FY11 include: the decrease in general government expense of \$0.4 million. In addition, Public Safety has seen cost increases due to additional officers being added to the Police Department to fill immediate needs. The costs of recruiting and retaining the best public safety officials available were continued to be incurred by the Village. As in prior years, any expense increases were offset by heightened controls over other expenses in all departments especially general government operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balance of (\$499,411), a decrease of \$2.1 million compared to the prior year. The amount available for spending by the Village is (\$543,531) (unreserved fund balance).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance in the General Fund had a balance of (\$899,591). The change in fund balance was a decrease of approximately \$1.0 million. This was due in large part to reductions in property tax collections in the current year as compared to the prior year, as well as property tax distributions that were withheld by the County for prior year tax levies collection adjustment in FY11.

The Motor Fuel Tax Fund is a special revenue fund that is used to account for Motor Fuel Tax revenues received from the State of Illinois. These funds are used for certain infrastructure maintenance, repair and replacement. It should be noted that the Village funds these activities with Motor Fuel Tax funds first. Any excess costs for these projects are funded by the General Fund. The Motor Fuel Tax Fund had \$0.1 million in unrestricted fund balance available for expenditures on such projects. The increase in unrestricted fund balance was \$29,633 or 39.8%. Expenses for road projects in the Motor Fuel Tax Fund increase by 14%, while corresponding revenue increase by 24% in FY11.

The Capital Projects Fund is a capital projects fund and is used to account for the resources accumulated to fund capital improvements throughout the Village. The fund had an increase in fund balance of \$21,990. This was due to the Village not spending capital project funding until related cash resources become available from granting agencies.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

The following chart reflects the condensed Budgetary Comparison Schedule (in millions):

General Fund:	<u>Adopted Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 1.2	\$ 1.2
Intergovernmental	2.1	2.1
Other	1.6	1.3
Total	4.9	4.6
Expenditures:		
Expenditures	6.2	6.2
Total	6.2	6.2
Other Financing Sources/(Uses):		
Other Financing Sources	1.3	0.7
Other Financing Uses	(0.1)	0.0
Total	1.2	0.7
Change in Fund Balance	<u><u>\$ (0.1)</u></u>	<u><u>\$ (0.9)</u></u>

The variances were minor and can be briefly summarized primarily as follows:

- 33% over budget in general administrative expenses
- 12% under budget in parks and recreation department expenses
- 7% over budget in public safety department expenses
- 22% under budget in highways and streets department expenses

In general, expenditures were below appropriations due to the Village's desire to keep operating costs at a minimum in order to conserve resources. There were no amendments to the original budget ordinance during the fiscal year.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

	Governmental Activities Change in Capital Assets (in millions)		
	Balance April 30, 2010	Net Additions/ Deletions	Balance April 30, 2011
Non-Depreciable Assets:			
Land/CIP	\$ 10.1	\$ 0.0	\$ 10.1
Other Capital Assets:			
Infrastructure	17.0	0.0	17.0
Buildings	4.2	0.0	4.2
Improvements	0.3	0.3	0.6
Vehicles/Furniture/Fixtures	0.9	0.3	1.2
Accum. Depreciation on Capital Assets	<u>(9.9)</u>	<u>(0.6)</u>	<u>(10.5)</u>
Totals	<u>\$ 22.6</u>	<u>\$ 0.0</u>	<u>\$ 22.6</u>

The Village has fully funded infrastructure repair and maintenance projects through Motor Fuel Tax revenues collected in 2011. However, no new major assets were put into place during the fiscal year.

More detailed information about capital assets can be found in Note 4 to the financial statements.

Debt Administration

At April 30, 2011, the Village had outstanding debt as follow:

South Suburban Mayors and Managers Association Note Payable	\$ 650,000
Capital Leases	30,676
Net Pension Obligation	175,518
Other Post Employment Benefit Obligation	130,481
Compensated Absences	<u>206,890</u>
Total Long-term Debt	<u>\$ 1,193,565</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended April 30, 2011

The Village's debt increased by \$76,708 or 6.9% in the current fiscal year. This was due to the issuance of \$0.2 million of new debt (\$63,727 in other post employment benefits, \$62,209 in net pension obligation, \$20,229 in capital leases, and \$77,131 in compensated absences).

State statutes limit the amount of debt that a local government may issue. In the current fiscal year, that limit was 8.625% of the total equalized assessed value of the Village, or \$15.7 million.

More detailed information about long term debt can be found in Note 8 to the financial statements.

The State statutes also allow the Village to issue General Obligation Bonds for up to ½ of 1% of our assessed valuation without referendum. That amount would be \$910,973. The Village has no immediate plans to issue bonds.

ECONOMIC FACTORS

The Village has strived to increase the services available to its residents while simultaneously reducing the property tax burden placed on residents for such services. The Dial-A-Ride service continues to remain popular while the recreation department continues to expand the activities available to residents. In 2011, the Village offered culture and recreation activities such as the Independence Celebration. The Village will continue to offer such services and activities to its residents.

It has been a hallmark of the Village's administration to reduce reliance on property taxes. The current tax rate of \$0.28 per \$100 of assessed valuation represents no change from the prior year. The upcoming tax rate, for the new tax levy year, is expected to stay in line with the current rate, but subsequent years will continue to perpetuate the downward trends that have been established over the past 18 years.

Continuing projects include bike/walk path additions and renovations, sidewalk repairs throughout the Village, as well as general infrastructure repair and maintenance. The Village intends to fund these projects through Motor Fuel Taxes, grants and other funding sources.

Other sales tax revenues are anticipated in future years due to the February 2005 intergovernmental agreement with a neighboring community which garners a significant portion of new retail trade from the development at Park Hill Plaza. Economic development efforts are coming to fruition with the redevelopment of the Orland Towne Center, which begun in during fiscal year 2005. This redevelopment will generate increases in sales tax revenue in 2012 and beyond.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Village Administrator, Village of Orland Hills, 16033 South 94th Avenue, Orland Hills, Illinois, 60487-4623. Emails may be directed to contact@orlandhills.org.

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Net Assets
April 30, 2011

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 53,065
Short Term Investments	265,515
Taxes Receivable	409,951
Intergovernmental Receivables	718,865
Accounts Receivable	45,831
Prepaid Items	44,120
Capital Assets Not Being Depreciated	10,133,189
Capital Assets Being Depreciated	<u>12,527,278</u>
Total Assets	<u>\$ 24,197,814</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable	\$ 477,960
Accrued Payroll	42,006
Other Liabilities	142,866
Due to Police Pension	612,110
Due to Other Entities	8,200
Unearned Revenue	271,802
Interest Payable	3,527
Long Term Debt, Due Within One Year:	
Capital Leases Payable	8,918
Debt Certificates Payable	260,000
Compensated Absences	62,067
Long Term Debt, Due in More Than One Year:	
Capital Leases Payable	21,758
Net Pension Obligation	175,518
Other Post Employment Benefits Obligation	130,481
Debt Certificates Payable	390,000
Compensated Absences	<u>144,823</u>
Total Liabilities	<u>2,752,036</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	21,979,791
Restricted for:	
Capital Projects	247,717
Other Purpsces	143,391
Unrestricted Net Assets	<u>(925,121)</u>
Total Net Assets	<u>21,445,778</u>
Total Liabilities and Net Assets	<u>\$ 24,197,814</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Activities
Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense)/Revenue and Changes in Net Assets
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental activities:					
General Government	\$ 1,469,556	\$ 320,201	\$ 128,125	\$ -	\$ (1,021,230)
Public Safety	2,605,821	220,581	7,300	-	(2,377,940)
Culture and Recreation	628,921	152,634	-	46,875	(429,412)
Highways and Streets	2,621,106	1,225	204,809	329,325	(2,085,747)
Interest on Debt	11,090	-	-	-	(11,090)
Total Primary Government	\$ 7,336,494	\$ 694,641	\$ 340,234	\$ 376,200	(5,925,419)
General revenues:					
Taxes:					
Property Taxes					355,087
State Sales Tax					1,280,530
Non Home Rule Sales Tax					638,396
Income Tax					587,553
Other Taxes					400,082
Franchise Fees					413,480
Investment Income					25,870
Other General Revenues					219,701
Total General Revenues					3,920,699
Change in Net Assets					(2,004,720)
Net Assets, May 1, 2010					23,450,498
Net Assets, April 30, 2011					\$ 21,445,778

VILLAGE OF ORLAND HILLS, ILLINOIS

Governmental Funds
Balance Sheet
April 30, 2011

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund	Capital Projects Funds		
ASSETS					
Cash and Cash Equivalents	\$ 22,176	\$ -	\$ -	\$ 30,889	\$ 53,065
Short Term Investments	42,350	76,382	15,307	131,476	265,515
Taxes Receivable	393,140	-	-	16,811	409,951
Intergovernmental Receivables	644,273	27,717	46,875	-	718,865
Accounts Receivable	45,831	-	-	-	45,831
Prepaid Items	44,120	-	-	-	44,120
Due from Other Funds	53,568	-	99,980	11,066	164,614
Total Assets	\$ 1,245,458	\$ 104,099	\$ 162,162	\$ 190,242	\$ 1,701,961
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 477,960	\$ -	\$ -	\$ -	\$ 477,960
Accrued Payroll	42,006	-	-	-	42,006
Other Liabilities	142,866	-	-	-	142,866
Deferred Revenue	576,741	-	46,875	-	623,616
Due to Other Entities	8,200	-	-	-	8,200
Due to Police Pension Fund	612,110	-	-	-	612,110
Due to Other Funds	111,046	-	-	53,568	164,614
Debt Certificates Payable	130,000	-	-	-	130,000
Total Liabilities	2,100,929	-	46,875	53,568	2,201,372
Fund Balances:					
Reserved for:					
Prepaid Items	44,120	-	-	-	44,120
Unreserved, Reported in:					
General Fund	(899,591)	-	-	-	(899,591)
Special Revenue Funds	-	104,099	-	190,133	294,232
Debt Service Funds	-	-	-	(53,459)	(53,459)
Capital Projects Funds	-	-	115,287	-	115,287
Total Fund Balances	(855,471)	104,099	115,287	136,674	(499,411)
Total Liabilities and Fund Balances	\$ 1,245,458	\$ 104,099	\$ 162,162	\$ 190,242	\$ 1,701,961

VILLAGE OF ORLAND HILLS, ILLINOIS

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
April 30, 2011

Total fund balances - governmental funds \$ (499,411)

Amounts reported for governmental activities in the net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:

Capital Assets	33,164,687	
Accumulated Depreciation	(10,504,220)	
Net Capital Assets	<u>22,660,467</u>	<u>22,660,467</u>

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Grants Receivable	46,875	
Taxes Receivable	304,939	
Total Receivables	<u>351,814</u>	<u>351,814</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due. (3,527)

Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of :

Provision for Compensated Absences	(206,890)	
Provision for Net Pension Obligation	(175,518)	
Provision for Other Post Employment Benefits Obligation	(130,481)	
Capital Leases	(30,676)	
Bonds Payable	(520,000)	
Total Long-term liabilities	<u>(1,063,565)</u>	<u>(1,063,565)</u>

Net assets of governmental activities \$ 21,445,778

VILLAGE OF ORLAND HILLS, ILLINOIS

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended April 30, 2011

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund	Capital Projects Fund		
REVENUES					
Taxes	\$ 1,199,356	\$ 22,496	\$ -	\$ 139,033	\$ 1,360,885
Licenses and Permits	242,008	-	-	-	242,008
Intergovernmental Revenue	2,101,965	204,809	-	-	2,306,774
Fees and Charges for Services	668,848	-	-	-	668,848
Fines	213,824	-	-	72	213,896
Investment Income	809	101	999	1,465	3,374
Other Revenue	203,085	-	20,991	6,010	230,086
Total Revenues	4,629,895	227,406	21,990	146,580	5,025,871
EXPENDITURES					
Current:					
Administration	1,419,097	-	-	130,360	1,549,457
Building and Zoning Dept	255,830	-	-	-	255,830
Police Department	2,540,762	-	-	34,353	2,575,115
Fire and Police Commission	9,674	-	-	-	9,674
ESDA	2,099	-	-	-	2,099
Parks and Recreation	596,128	-	-	-	596,128
Concession Stand/Seniors	14,841	-	-	-	14,841
Special Transportation	58,668	-	-	-	58,668
Public Works	770,384	80,069	-	-	850,453
Flood Prevention	18,014	-	-	-	18,014
Capital Outlay	418,182	117,704	-	519,994	1,055,880
Debt Service - Principal Retired	130,000	-	-	-	130,000
Debt Service - Interest and Fees	8,669	-	-	-	8,669
Total Expenditures	6,242,348	197,773	-	684,707	7,124,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,612,453)	29,633	21,990	(538,127)	(2,098,957)
OTHER FINANCING SOURCES (USES)					
Transfers In	635,391	-	-	40	635,431
Transfers Out	-	-	-	(635,431)	(635,431)
Proceeds from Sale of Fixed Assets	2,108	-	-	-	2,108
Proceeds from Capital Leases	20,229	-	-	-	20,229
Total Other Financing Sources (Uses)	657,728	-	-	(635,391)	22,337
Net Change in Fund Balances	(954,725)	29,633	21,990	(1,173,518)	(2,076,620)
Fund Balances at Beginning of Year	99,254	74,466	93,297	1,310,192	1,577,209
Fund Balances at End of Year	\$ (855,471)	\$ 104,099	\$ 115,287	\$ 136,674	\$ (499,411)

VILLAGE OF ORLAND HILLS, ILLINOIS

Reconciliation of Statements of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to Statement of Activities
Year Ended April 30, 2011

Net Change in Total Fund Balances		\$ (2,076,620)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Some grant revenues and taxes were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds		
		<u>(25,530)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds		
Change in Net Pension Obligation	(62,309)	
Change in Other Post Employment Benefits Obligation	(63,727)	
Change in Accrued Interest on Bonds	<u>(2,421)</u>	
		<u>(128,457)</u>
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital Outlay	677,793	
Depreciation	<u>(626,256)</u>	
Capital Outlay in Excess of Depreciation		<u>51,537</u>
The proceeds from the sale of land and equipment are reported as revenues in the governmental funds. However, when disposed, the cost of the land and equipment is removed from the capital assets account in the statements of net assets and offset against sale proceeds resulting in gain or (loss) in the statements of activities.		
Net effect of sales, trade-ins and disposals of assets		<u>(4,978)</u>
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal Retirement	130,000	
Capital Leases Payable	(14,280)	
Decrease in Litigation Payable	85,128	
Increase in Compensated Absences	<u>(21,520)</u>	
Total retirement of debt		<u>179,328</u>
Change in Net Assets of Governmental Activities		<u>\$ (2,004,720)</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Fiduciary Net Assets
April 30, 2011

	<u>Pension Trust Fund</u>
ASSETS	
Short Term Investments	\$ 483,328
Long Term Investments	1,228,346
Accrued Interest Receivable	6,972
Due from Village	<u>612,110</u>
Total Assets	<u>\$ 2,330,756</u>
NET ASSETS	
Held in Trust for Employee Pension Benefits	<u>2,330,756</u>
Total Liabilities and Net Assets	<u>\$ 2,330,756</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Changes in Fiduciary Net Assets
Year Ended April 30, 2011

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 193,748
Plan Members	<u>59,461</u>
Total Contributions	<u>253,209</u>
Investment Income	
Net Appreciation in Fair Value of Investments	<u>50,892</u>
Total Additions	<u>304,101</u>
DEDUCTIONS	
Benefits and Refunds	129,650
Administrative Expenses	<u>7,967</u>
Total Deductions	<u>137,617</u>
Change in Net Assets	166,484
Net Assets at Beginning of Year	<u>2,164,272</u>
Net Assets at End of Year	<u>\$ 2,330,756</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Orland Hills, Illinois (Village), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments, as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant policies:

The Reporting Entity: The Village of Orland Hills is a municipal corporation governed by an elected Village president and six-member Village board.

For financial reporting purposes, management has determined the financial reporting entity by including the primary government and considering any potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The main criteria for including a potential component unit within the financial reporting entity is the presence of the governing body being financially accountable for the potential component unit. Financial accountability is defined as the level of accountability that exists if a primary government appoints a majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Although financial accountability is the foremost factor for including component units, any entity whose relationship to the primary government is such that not including this entity would make the financial statements incomplete or misleading, should also be included. In applying these criteria to the Village, it must be noted that several other governmental entities have geographic boundaries that overlap that of the Village. These entities have separately elected boards, power to levy taxes, and authorization to expend funds. The Village exercises no responsibility or accountability in relation to the entities and they are, therefore, not included in the Village's basic financial statements.

The Police Pension Fund of the Village is an Illinois local government; as such, it is a separate legal entity with its own management and budget authority. This fund exists solely to provide pension benefits for the Village's police officers. The Police Pension Fund may not issue bonded debt or levy taxes without the Village's approval. The financial statements of the Police Pension Fund as of and for the fiscal year ended April 30, 2011, are blended in the Village's basic financial statements as a pension trust fund.

Basis of Presentation: The Village's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Government-Wide Financial Statements – The statement of net assets and the statement of activities display information about the Village as a whole. In the government-wide statement of net assets, the governmental activities are presented on a consolidated basis by column. These statements include the financial activities of the primary government, except for fiduciary activities. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The government-wide statement of activities reflects both the direct expenses and net cost of each function of the Village's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the Village.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements – The financial transactions of the Village are recorded in individual funds. A fund is defined, as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and presented as nonmajor funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Measurement Focus and Basis of Accounting:

Government-Wide Financial Statements – The government-wide financial statements and fund financial statements for fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

The Village has reported three categories of program revenues in the statement of activities: (1) charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Village's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net assets to remove the "grossing up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables. Similarly, transfers between funds have been eliminated in the statement of activities. Amounts reported in the governmental funds as receivable from or payable to fiduciary funds have been reclassified in the statement of net assets as accounts receivable or payable to external parties.

Fund Financial Statements – 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues accrued at the end of the year include charges for services, licenses and permits, fines and forfeitures, intergovernmental revenues, investment earnings, property taxes, sales taxes, and income taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Non-exchange transactions, in which the Village receives value without directly giving equal value in return, include taxes, grants, and donations. 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.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenue is reported on the governmental fund balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria. Deferred revenues also arise when resources are received prior to the government having a legal claim to them. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In a subsequent period, when both recognition criteria are met or when the government has a legal claim to the resources, the liability is removed and the revenue recognized.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, the Village's policy is to apply restricted resources first, then unrestricted resources as needed.

Differences occur from the manner in which the governmental activities and the government-wide financial statements are prepared because of the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the Village-wide statements and the statements for governmental funds.

The Village reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

MFT Fund – The MFT Fund is used to account for motor fuel tax revenues received, including interest income, for the purpose of street maintenance.

Capital Project Fund – The Capital Project Fund is used to account for the Village's purchase of construction of major capital facilities, which are not financed by other funds.

In addition to the major funds mentioned above, the Village uses the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the Village's accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

Fiduciary Funds

Trust Funds – Trust Funds are used to account for assets held by the government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

These include pension trust funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

Deposits and Investments: The Village'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. State statutes authorize the Village to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Illinois Funds.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are stated at fair value. The investment with the State Treasurer's Illinois Funds is at fair value, which is the same value as the pool shares. The state statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

Receivables and Payables: Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property Tax Revenue Recognition: Property taxes attach as an enforceable lien on January 1. They are levied in August (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about March 1 and August 1 the following year. They are payable in two installments on or about April 1 and on or about September 1 the following year. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Compensated Absences: It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave as it is not paid out to employees upon termination of employment. The government-wide financial statements record unused vacation leave as expenses and liabilities when earned by employees.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost above a set dollar threshold based on the asset type (see chart below). All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Est. Useful Life</u>
Land	\$ 25,000	n/a
Land improvements	20,000	n/a
Site improvements	20,000	3-50 years
Building	50,000	10-50 years
Building improvements	25,000	10-20 years
Vehicles, machinery, and equip.	5,000	3-50 years
Software	25,000	2-7 years
Infrastructure-street network	50,000	10-75 years
Infrastructure-water network	75,000	10-75 years
Infrastructure-sanitary sewer	75,000	10-75 years
Infrastructure-storm sewer	50,000	10-75 years

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations: In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Fund Equity/Net Assets: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction of improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTE 2 - DEFICIT FUND BALANCE

The following fund had a deficit in fund balance as of April 30, 2011:

General Fund	\$ 855,471
Incremental Sales Tax Fund	53,567

The Village plans to recover these deficits through future revenues or transfers of surplus cash when such cash is available.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash: The carrying amount of cash, excluding the Pension Trust Fund, was \$53,065 at April 30, 2011, while the bank balances were \$96,399. All account balances at banks totaling were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

At April 30, 2011, the Police Pension Fund had no cash on deposit.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Excluding Police Pension Fund): The investments that the Village may purchase are limited by Illinois law to the following: (1) securities which are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a federal corporation; (4) short-term discount obligations of the Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Village's investments at April 30, 2011.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
State Treasurer Illinois Funds	\$ 261,740	\$ 261,740
Bond Mutual Fund	<u>3,775</u>	<u>3,775</u>
Total	<u>\$ 265,515</u>	<u>\$ 265,515</u>

Interest Rate Risk – The Village's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Unless tied to a specific future cash outflow, no investments may have a maturity longer than two years.

Credit Risk – The Village's investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Village's investment policy limits investments in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase; (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and; (iii) no more than one-third of the public agency's funds may be invested in short-term obligations of corporations.

Credit ratings for the Village's investments in debt securities as described by Standard & Poor's and Moody's at April 30, 2011 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>% of Investment Type</u>	<u>% of Total Investments</u>
Bond Mutual Fund	AAA	100%	1%
State Treasurer Illinois Funds	AAA	100%	99%

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village’s investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor’s, Moody’s, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Village is fully collateralized as of April 30, 2011.

Concentration of Credit Risk – The Village places no limit on the amount the Village may invest in any one issuer. More than 5% of the Village’s investments are in State Treasurer Illinois Funds. These investments are 99% of the Village’s total investments. All of the investments are recorded in the General Fund, Motor Fuel Tax Fund, Non-Drug Seizure Fund, Integrity Fund, Tourism Fund, Park Donation Fund, Wetland Maintenance Fund, Working Cash Fund, Special Service Area Fund, TIF Eligible Fund, 1992 G.O. Corporate Bond Fund, and Capital Project Fund.

Police Pension Fund’s Investments: The Police Pension Fund is authorized to invest in bonds, notes, and other obligations of the U.S. government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; and other investment vehicles as set forth in the Illinois Compiled Statutes.

The Police Pension Fund’s policy is to maintain long-term focus on its investment decision-making process. Specifically, the Police Pension Fund’s benefit liabilities extend many years into the future. As such, the investment focus should be on long-term results.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Police Pension Fund’s investments at April 30, 2011.

<u>Investment Types</u>	<u>Fair Value</u>	<u>Maturities</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>Greater Than Ten Years</u>
U.S. Treasury notes	\$ 429,279	\$ -	\$253,339	\$175,940	\$ -
U.S. agencies	799,067	-	519,078	-	279,989
Money market mutual fund	58,446	58,446	-	-	-
State Treasurer Illinois Funds	<u>201,412</u>	<u>201,412</u>	-	-	-
		<u>\$259,858</u>	<u>\$772,417</u>	<u>\$175,940</u>	<u>\$279,989</u>
Investments not sensitive to interest rate risk:					
Insurance annuities	<u>223,470</u>				
Total investments	<u>\$1,711,674</u>				

Interest Rate Risk – The Police Pension Fund’s formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Unless tied to a specific future cash outflow, no investments may have a maturity longer than two years.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The Police Pension Fund’s policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. government, or any agency or instrumentality thereof, or to corporate and municipal issues. All securities shall be of “investment grade” quality (that is, at the time of purchases, rated no lower than “Baa” by Moody’s and no lower than “BBB” by Standard & Poor’s). The Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate.

Credit ratings for the Police Pension Fund’s investments in debt securities at April 30, 2011 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

Disclosure Ratings for Debt Securities (S&P/Moody’s)
 As a percentage of total fair value for debt securities)

<u>Investment Type</u>	<u>AAA/Aaa</u>	<u>AA/Aa</u>	<u>A/A</u>
U.S. agencies	100%	0%	0%
Money market mutual fund	100%	0%	0%
State Treasurer Illinois Funds	100%	0%	0%

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Police Pension Fund’s investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for fund investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor’s, Moody’s, or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. The Police Pension Fund is fully collateralized as of April 30, 2011.

Concentration of Credit Risk – The Police Pension Fund places no limit on the amount the fund may invest in any one issuer. More than 5% of the Police Pension Fund’s investments are in U.S. Treasury Notes, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corp, and Lincoln Benefit Life. These investments are 25.08%, 18.76%, 16.36%, 11.57% and 6.48%, respectively, of the total Police Pension Fund’s investments.

Reconciliation of cash and investments per Financial Statements to Note 3:

Cash and investments per financial statements	
Cash and cash equivalents – statement of net assets	\$ 53,065
Short-term investments – statement of net assets	265,515
Short-term investments – statement of fiduciary net assets	483,328
Long-term investments – statement of fiduciary net assets	<u>1,228,346</u>
Total cash and investments per financial statements	<u>\$ 2,030,254</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Cash and investments per Note 3		
Cash – Village		\$ 53,065
Investments – Village		265,515
Investments – Pension Trust fund		<u>1,711,674</u>
Total cash and investments per Note 3		<u>\$ 2,030,254</u>

NOTE 4 - CAPITAL ASSETS

	<u>Balance at May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2011</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$10,133,189	\$ -	\$ -	\$10,133,189
Capital assets being depreciated:				
Land improvements	284,674	265,645	-	550,319
Buildings and improvements	4,199,899	-	-	4,199,899
Machinery and equipment	930,877	314,691	19,917	1,225,651
Infrastructure	<u>16,958,172</u>	<u>97,457</u>	<u>-</u>	<u>17,055,629</u>
Subtotal	<u>22,373,622</u>	<u>677,793</u>	<u>19,917</u>	<u>23,031,498</u>
Less accumulated depreciation for:				
Land improvements	(129,116)	(27,516)	-	(156,632)
Buildings and improvements	(997,390)	(85,861)	-	(1,083,251)
Machinery and equipment	(690,279)	(86,761)	14,939	(762,101)
Infrastructure	<u>(8,076,118)</u>	<u>(426,118)</u>	<u>-</u>	<u>(8,502,236)</u>
Total accumulated depreciation	<u>(9,892,903)</u>	<u>(626,256)</u>	<u>14,939</u>	<u>(10,504,220)</u>
Total capital assets being depreciated, net	<u>12,480,719</u>	<u>51,537</u>	<u>4,978</u>	<u>12,527,278</u>
Governmental activities Capital assets, net	<u>\$22,613,908</u>	<u>\$ 51,537</u>	<u>\$ 4,978</u>	<u>\$22,660,467</u>

Depreciation expense of \$626,256 was charged to the governmental activities functional expense categories as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 74,443
Public Safety	38,688
Culture and Recreation	11,546
Highway and Streets	<u>501,579</u>
Total	<u>\$ 626,256</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2011 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major governmental funds:		
General	\$ 53,568	\$ 111,046
Capital Projects	99,980	-
Nonmajor governmental funds:	<u>11,066</u>	<u>53,568</u>
Total interfunds	<u>\$ 164,614</u>	<u>\$ 164,614</u>

The interfunds represent loans of cash from funds with surplus in order to meet operating needs. The loans will be repaid among the various funds when there is sufficient cash available for payment. In addition, the General Fund has a \$612,110 liability to the Police Pension Fund that is related to prior year property tax levies that were collected by the Village but not yet paid. This amount is presented on the financial statements as a separately identified balance.

NOTE 6 - TRANSFERS

The following transfers were made during the fiscal year between funds within the primary government:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 635,391	\$ -
Nonmajor governmental funds:	<u>40</u>	<u>635,431</u>
Total transfers	<u>\$ 635,431</u>	<u>\$ 635,431</u>

The transfers represent both routine and non-routine items. Generally, routine transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments are due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The non-routine transfers included a \$635,391 transfer from the TIF Eligible Fund to the General Fund as the Village closed the TIF Project during fiscal year 2011.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 7 - RECEIVABLES

The following is a summary of other taxes, due from other governments, accounts, notes, and other receivables by fund type at April 30, 2011. Any uncollectible amount is not believed to be material.

Governmental activities:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Statement of Net Assets</u>
Taxes receivable:				
Property taxes	\$ 271,802	\$ -	\$ -	\$ 271,802
Utility taxes	52,196	-	-	52,196
Franchise taxes	61,487	-	-	61,487
Non-retail business taxes	3,179	-	-	3,179
Vehicle lease taxes	4,476	-	-	4,476
Hotel taxes	<u>-</u>	<u>16,811</u>	<u>-</u>	<u>16,811</u>
Total taxes receivable	<u>\$ 393,140</u>	<u>\$ 16,811</u>	<u>\$ -</u>	<u>\$ 409,951</u>
Intergovernmental receivable:				
Illinois income tax	\$ 179,627	\$ -	\$ -	\$ 179,627
Illinois sales tax	295,751	-	-	295,751
Illinois local use tax	25,756	-	-	25,756
Motor fuel taxes	-	27,717	-	27,717
Illinois DCEO grant	-	-	46,875	46,875
Illinois non-home rule sales tax	<u>143,139</u>	<u>-</u>	<u>-</u>	<u>143,139</u>
Total intergovernmental receivable	<u>\$ 644,273</u>	<u>\$ 27,717</u>	<u>\$ 46,875</u>	<u>\$ 718,865</u>
Other receivable:				
Police citations	\$ 37,910	\$ -	\$ -	\$ 37,910
Video provider fees	<u>7,921</u>	<u>-</u>	<u>-</u>	<u>7,921</u>
Total other receivable	<u>\$ 45,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,831</u>
Total accounts receivable	<u>\$ 1,083,244</u>	<u>\$ 44,528</u>	<u>\$ 46,875</u>	<u>\$1,174,647</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes to the Village's long-term debt for the fiscal year:

	<u>Balance</u> <u>May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
South Suburban Mayors And Managers Association Debt Certificate Payable Series of 2008	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ 260,000
Capital leases					
2008 Copy machine	16,396	-	5,014	11,382	5,821
2011 Copy machine	-	20,229	935	19,294	3,097
	16,396	20,229	5,949	30,676	8,918
Compensated absences	185,370	77,131	55,611	206,890	62,067
Net pension obligation	113,209	62,309	-	175,518	-
OPEB obligation	66,754	63,727	-	130,481	-
Litigation claims	85,128	-	85,128	-	-
Total governmental activities	<u>\$ 1,116,857</u>	<u>\$ 223,396</u>	<u>\$ 146,688</u>	<u>\$ 1,193,565</u>	<u>\$ 330,985</u>

South Suburban Mayors and Managers Association Debt Certificate Payable: \$900,000 2008 Debt Certificate Payable dated April 1, 2008 due December 14, 2014; interest rate is variable and fluctuates based on the remarketing agent and is based on the Securities Industry and Financial Market Association (SIFMA) Municipal Swap Index. The amount of interest due on the debt certificates is calculated by taking the average of the weekly interest rates for the given month and applying it to the outstanding principal balance at the beginning of the month. The trustee calculates the amount of interest due and invoices the Village. Interest rate as of April 30, 2011 is 0.50% (principal and interest to be serviced by the general revenues of the Village).

Remaining principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 260,000	\$ 5,127	\$ 265,127
2013	130,000	1,598	131,598
2014	130,000	950	130,950
2015	130,000	299	130,299
	<u>\$ 650,000</u>	<u>\$ 7,974</u>	<u>\$ 657,974</u>

During the year ended April 30, 2011, the Village did not make its scheduled principal payment of \$130,000. This amount is included in the amount due in the next fiscal year and is also accrued as a liability in the General Fund. The debt agreement specifies that the debt certificate holders have the right to legal action to compel the Village to make its scheduled payments. To date, the Village has not received notification of any action taken by the debt certificate holders.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

Capital Leases – 2008 Copy Machine: The Village entered into a capital lease agreement with Proven Business Systems for the lease of one copy machine. Total annual payments for the machine are \$7,140 with the first annual payment due at lease signing. The payments are for a four-year period, at which the Village has the right to purchase the machine for \$1. As of April 30, 2011, the capital assets acquired through this lease was \$25,000. Accumulated depreciation totaled \$17,917 leaving a book value of \$7,083.

Debt service for the copy machine is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,821	\$ 1,319	\$ 7,140
2013	<u>5,561</u>	<u>390</u>	<u>5,951</u>
	<u>\$ 11,382</u>	<u>\$ 1,709</u>	<u>\$ 13,091</u>

Capital Leases – 2011 Copy Machine: The Village entered into a capital lease agreement with Proven Business Systems for the lease of one copy machine. Total annual payments for the machine are \$5,753 with the first annual payment due at lease signing. The payments are for a five-year period, at which the Village has the right to purchase the machine for \$1. As of April 30, 2011, the capital assets acquired through this lease was \$20,229. Accumulated depreciation totaled \$2,529 leaving a book value of \$17,700.

Debt service for the copy machine is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,097	\$ 2,656	\$ 5,753
2013	3,589	2,164	5,753
2014	4,158	1,595	5,753
2015	4,819	934	5,753
2016	<u>3,631</u>	<u>205</u>	<u>3,836</u>
	<u>\$ 19,294</u>	<u>\$ 7,554</u>	<u>\$ 26,848</u>

Conduit Debt Obligations: The Village has issued Multi-Family Housing Mortgage Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by irrevocable transferable letter of credit issued by LaSalle National Bank. Upon repayment the bonds, ownership of the acquired facilities transfers to the private-sector entity serviced by the bond issuance. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 8 - LONG-TERM DEBT (Continued)

Legal Debt Margin: The Village is subject to a legal debt margin of 8.625% of equalized assessed value of property in the Village. As of April 30, 2011, the equalized assessed valuation of the Village is \$182,194,684 and the legal debt margin is \$15,714,291. The Village is in compliance with this requirement.

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Village also purchased its employee health and accident insurance from commercial carriers. There have been no significant changes in the dollar value or type of insurance coverage or any claims exceeding coverage for the three prior fiscal years.

NOTE 10 - CONTINGENT LIABILITIES

The Village has been named as a party in a lawsuit pertaining to the construction of the Orland Hills Recreation Center. The lawsuit is currently being adjudicated. The Village, under advice of legal counsel, believes that the Village's defense is based on sound legal ground and believes it will prevail. However, it is reasonably possible that a ruling could be made in favor of the plaintiff. In the case of an adverse ruling, the Village could be liable to the plaintiff for damages. The potential exposure to the Village has not been determined.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS

Illinois Municipal Retirement Fund:

Plan Description – The Village'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 Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, the Village's regular plan members are required to contribute 4.5% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2010 was 13.30% of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (Continued)

Annual Pension Cost – For 2010, the Village's annual pension cost of \$137,539 for the regular plan was equal to the Village's required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 137,539	100%	\$ 0
12/31/09	126,334	100	0
12/31/08	116,624	100	0

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4% a year, attributable to inflation; (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service, attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress – As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 49.31% funded. The actuarial accrued liability for benefits was \$2,924,745 and the actuarial value of assets was \$1,442,058 resulting in an underfunded actuarial accrued liability (UAAL) of \$1,482,687. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,034,129 and the ratio of the UAAL to the covered payroll was 143%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension Plan: The Police Pension Fund plan is a single-employer defined benefit pension that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At April 30, 2010 (the most recent information available) the Police Pension Fund plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	4
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	2
Current Employees	
Vested	5
Nonvested	6
Total	<u>17</u>

(Continued)

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (Continued)

The following is a summary of the Police Pension Fund plan as provided for in Illinois State Statutes.

The Police Pension Fund plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after the age of 60 and receive a reduced benefit. The monthly benefit of a police officer who retires with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Fund plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Fund plan is fully funded.

Summary of Significant Accounting Policies and Plan Asset Matters:

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments – Investments are reported at fair value. Fair values are based on quoted market prices, where available. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value based on generally accepted pricing models. Short-term investments are reported at cost, which approximates fair value.

There are no securities of the employer or any other related parties included in plan assets.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (Continued)

Annual Pension Cost and Net Pension Obligation:

The Village's annual pension cost for the current year and related information for each plan is as follows:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Contributed rate		
Employer	13.30%	18.33%
Employee	4.5%	9.91%
Annual pension cost	\$137,539	\$220,623
Contributions made	\$137,539	\$158,858
Actuarial valuation date	12/31/10	05/01/10
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining amortization period	28 Years	27 Years
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	7.50% Compounded Annually	6.75% Compounded Annually
Projected salary increases	0.4 to 10.0%	1.12% - 4.86%
Inflation rate included	4.00%	2.50%
Cost-of-living adjustments	3.00%	3.00%

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (Continued)

The pension liability at transition was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. There was no net pension obligation for the IMRF Plan at transition or at year end. The amount of the pension liability for the Police Pension Fund plan is as follows:

	<u>Police Pension</u>
Annual required contribution	\$ 219,643
Interest on the NPO	8,222
Adjustment to the ARC	<u>(6,698)</u>
Annual pension cost	221,167
Actual contribution	<u>158,858</u>
Increase in the NPO	62,309
NPO at April 30, 2010	<u>113,209</u>
NPO at April 30, 2011	<u>\$ 175,518</u>

Trend Information

Employer annual required contributions (ARC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the ARC and the contributions actually made.

	Year	Illinois Municipal Retirement	Year	Police Pension
Annual pension cost (APC)	2010	\$ 137,539	2011	\$ 219,643
	2009	126,334	2010	197,338
	2008	116,624	2009	181,313
Actual contributions	2010	\$ 137,539	2011	\$ 158,858
	2009	126,334	2010	139,669
	2008	116,624	2009	125,773
Percentage of APC contributed	2010	100.0%	2011	72.0%
	2009	100.0	2010	70.8%
	2008	100.0	2009	69.4%
Net pension obligation	2010	\$ 0	2011	\$ 175,518
	2009	0	2010	113,753
	2008	0	2009	55,540

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 12 - POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description: The Village provides the continuation of health care benefits and life insurance to employees who retire from the Village. Employees who terminate after reaching retirement eligibility in the plan may elect to continue their health care coverage by paying the monthly premium rate. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the Village and is the basis for the OPEB obligation accounted for under GASB 45.

	<u>Participant Data</u>		<u>Total</u>
	<u>Police</u>	<u>Other Departments</u>	
Active Participants	15	11	26
Disabled Participants	<u>2</u>	<u>-</u>	<u>2</u>
Total	<u>17</u>	<u>11</u>	<u>28</u>

Funding Policy: Funding is provided by the Village on a pay-as-you-go basis. The Village's contribution on behalf of the employees to the insurance provider was \$26,995 for 2011.

Annual OPEB Cost and Net OPEB Obligation: The Village's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution. The Annual Required Contribution represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years. The following table shows the components of the Village's annual OPEB cost for 2011, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

<u>Item</u>	<u>Police</u>	<u>Other Departments</u>	<u>Total</u>
Annual required contribution	\$ 84,626	\$ 6,894	\$ 91,520
Interest on net OPEB obligation	2,993	345	3,338
Adjustment to annual required contribution	<u>(3,709)</u>	<u>(427)</u>	<u>(4,136)</u>
Annual OPEB cost	83,910	6,812	90,722
Contributions made	<u>(26,995)</u>	<u>-</u>	<u>(26,995)</u>
Increase (decrease) in net OPEB obligation	56,915	6,812	63,727
Net OPEB obligation beginning of year	<u>59,860</u>	<u>6,894</u>	<u>66,754</u>
Net OPEB obligation end of year	<u>\$ 116,775</u>	<u>\$ 13,706</u>	<u>\$ 130,481</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 was as follows:

<u>Year Ended</u>	<u>Three Year Trend Information</u>		
	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2011	\$ 90,722	29.8%	\$ 130,481
4/30/2010	91,520	27.1%	66,754

April 30, 2010 was the first year an actuarial valuation was performed.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2011

NOTE 12 - POST EMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funded Status and Funding Progress: As of April 30, 2011, the actuarial accrued liability for benefits was \$1,064,955. The covered payroll was approximately \$1,582,268 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 67.3%.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2011	\$ -	\$ 1,064,955	\$ 1,064,955	0.00%	\$ 1,582,268	67.3%
4/30/2010	-	1,011,073	1,011,073	0.00%	1,528,761	66.1

April 30, 2010 was the first year an actuarial valuation was performed.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the April 30, 2011 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. Under this Method, a Normal cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, for hire to termination, as a level percentage of pay. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The assumptions also included a 5.0 percent discount rate with 3.5% salary progression per year. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

In accordance with GASB Statement No. 45, the Village will have an actuarial valuation done once every three years; above is the information from the most recent valuation as of April 30, 2011.

NOTE 13 - NEW GOVERNMENT ACCOUNTING STANDARDS

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance amounts will be reported in

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 13 - NEW GOVERNMENT ACCOUNTING STANDARDS (Continued)

the following classifications: restricted, committed, assigned, and unassigned. This statement is effective for the Village's financial periods beginning after June 15, 2010.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple employer OPEB plan in which it participates. This Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible. The provisions related to the use and reporting of the alternative method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plans financial statements for Village's financial periods beginning after June 15, 2011.

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcy*. The Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for Bankruptcy under Chapter 9 of the United States Bankruptcy Code. This will have no effect on the Village.

In June 2010 the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. Statement No. 59 is effective for fiscal years beginning after June 15, 2010, with earlier application encouraged.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The Statement improves financial reporting by addressing issues related to service concession arrangements, which are arrangements between a transferor (government) and an operator (governmental or non-governmental entity in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 31, 2011.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues. This Statement is effective for fiscal years beginning after June 15, 2012, with earlier application encouraged.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2011

NOTE 13 - NEW GOVERNMENT ACCOUNTING STANDARDS (Continued)

Accounting Procedure. This Statement is effective for fiscal years beginning after December 15, 2011 with earlier application encouraged.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This Statement is effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged.

In June 2011, the GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53). This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. The conditions specified in this Statement are:

- Collectability of swap payments is considered to be probable;
- Replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in GASB 64; and
- The counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event.

When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied. This Statement is effective for periods beginning after June 15, 2011, with earlier application encouraged.

Management has not determined the impact these statements will have on the financial position and results of operations of the Village.

NOTE 14 – MANAGEMENT'S PLAN TO REDUCE DEFICIT

The Village experienced several recent revenue shortfalls that has impacted its operating position. Despite these difficulties, management has plans to reduce the deficit position and has other options available should the need arise. Due to the Village's non-reliance on general obligation debt in prior years, the Village has the ability to obtain \$910,000 in general obligation financing should the need arise. In addition, the Village is expecting long term growth in its economic base which would be used to generate additional sales tax revenues through planned expansion of businesses within the Village. Overall, it is expected that the Village's financial health will continue to improve over the next several years despite some serious headwinds. Chief among these is the national economy and its impact on economically sensitive revenues, such as income and sales taxes as well as building permit revenues. It is not clear when the economy will fully recover, and the Village will continue to meet the challenges posed by depressed revenues in these and related areas.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
 Budgetary Comparison Schedule
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 General Fund and Motor Fuel Tax Fund
 Year Ended April 30, 2011

	General Fund			Motor Fuel Tax Fund		
	Original & Final Budget	Actual	Variance Over (Under) Final Budget	Original & Final Budget	Actual	Variance Over (Under) Final Budget
Revenues						
Taxes	\$ 1,234,000	\$ 1,199,356	\$ (34,644)	\$ -	\$ 22,496	\$ 22,496
Licenses and Permits	210,650	242,008	31,358	-	-	-
Intergovernmental	2,124,000	2,101,965	(22,035)	180,000	204,809	24,809
Fees and Charges for Services	647,790	668,848	21,058	-	-	-
Fines	294,100	213,824	(80,276)	-	-	-
Investment Income	700	809	109	100	101	1
Other Revenues	342,270	203,085	(139,185)	-	-	-
Total Revenues	4,853,510	4,629,895	(223,615)	180,100	227,406	47,306
Expenditures						
Current:						
Administration	1,065,950	1,419,097	353,147	-	-	-
Building and Zoning Dept	268,500	255,830	(12,670)	-	-	-
Police Department	2,377,000	2,540,762	163,762	-	-	-
Fire and Police Commission	9,200	9,674	474	-	-	-
ESDA	4,450	2,099	(2,351)	-	-	-
Parks and Recreation	675,850	596,128	(79,722)	-	-	-
Orland Towne Village Festival	19,000	-	(19,000)	-	-	-
Concession Stand/Seniors	15,225	14,841	(384)	-	-	-
Special Transportation	87,835	58,668	(29,167)	-	-	-
Highway and Streets	982,950	770,384	(212,566)	70,500	80,069	9,569
Flood Prevention	42,000	18,014	(23,986)	-	-	-
Capital Outlay	491,400	418,182	(73,218)	109,000	117,704	8,704
Debt Service - Principal Retired	145,000	130,000	(15,000)	-	-	-
Debt Service - Interest and Fees	25,000	8,669	(16,331)	-	-	-
Total Expenditures	6,209,360	6,242,348	32,988	179,500	197,773	18,273
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,355,850)	(1,612,453)	(256,603)	600	29,633	29,033
Other Financing Sources/(Uses)						
Transfers In	1,280,000	635,391	(644,609)	-	-	-
Transfers Out	(36,300)	-	36,300	-	-	-
Proceeds from Sale of Fixed Assets	50	2,108	2,058	-	-	-
Proceeds from Capital Leases	-	20,229	20,229	-	-	-
Total Other Financing Sources/(Uses)	1,243,750	657,728	(586,022)	-	-	-
Net Change in Fund Balance	\$ (112,100)	(954,725)	\$ (842,625)	\$ 600	29,633	\$ 29,033
Fund Balance at Beginning of Year		99,254			74,466	
Fund Balance at End of Year		<u>\$ (855,471)</u>			<u>\$ 104,099</u>	

VILLAGE OF ORLAND HILLS, ILLINOIS

Required Supplementary Information
Budgetary Comparison Schedule – General Fund and Motor Fuel Tax Fund
Notes to RSI
April 30, 2011

All departments of the Village submit requests for appropriation so that an appropriation ordinance may be prepared. The appropriation ordinance is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed appropriation ordinance is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations. All appropriations are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The appropriation ordinance may be amended by the governing body.

Expenditures may not legally exceed appropriation allocations at the fund level.

The Village also adopts an operating budget, which is used as a management tool.

The following funds has an excess of actual budgetary expenditures / expenses over budget for the year ended April 30, 2011:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 32,988
MFT Fund	18,273
Integrity Fund	449
Non-Drug Seizure Fund	449

VILLAGE OF ORLAND HILLS, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2011

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/10	\$ 1,442,058	\$ 2,924,745	\$ 1,482,687	49.31%	\$ 1,034,129	143.38%
12/31/09	1,234,333	2,433,578	1,199,245	50.72	\$ 990,853	121.03
12/31/08	1,304,448	2,201,769	897,381	59.24	1,004,518	89.33

On a market basis, the actuarial value of assets as of December 31, 2010 is \$1,537,034. On a market basis, the funded ratio would be 52.55%.

Digest of Changes: The actuarial assumptions used to determine the actuarial accrued liability for 2011 are based on the 2005-2007 experience study.

Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
5/1/2010	\$ 2,123,374	\$ 3,228,417	\$ 1,105,043	65.77%	\$ 600,011	184.17%
5/1/2009	2,224,814	3,499,019	1,274,205	63.58	664,551	191.74
5/1/2008	2,123,374	3,228,417	1,105,043	65.77	688,004	161.08

Other Post Employment Benefit

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
4/30/11	\$ -	\$ 1,064,955	\$ 1,064,955	0%	\$ 1,582,268	67.3%
4/30/10	-	1,011,073	1,011,073	0	1,528,761	66.1

Note: 2010 was the first year an actuarial valuation was performed.

VILLAGE OF ORLAND HILLS, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 APRIL 30, 2011

Illinois Municipal Retirement Fund

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
12/31/10	\$ 137,539	\$ 137,539	100.0%
12/31/09	126,334	126,334	100.0
12/31/08	116,624	116,624	100.0

Police Pension Fund

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
4/30/11	\$ 219,643	\$ 158,858	72.33%
4/30/10	197,338	139,669	70.78
4/30/09	181,313	125,773	69.37

Other Post Employment Benefit

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
4/30/11	\$ 90,722	\$ 26,995	29.76%
4/30/10	91,520	24,766	27.06

Note: 2010 was the first year an actuarial valuation was performed.

VILLAGE OF ORLAND HILLS, ILLINOIS

General Fund
 Schedule of Revenues - Budget (GAAP Basis) and Actual
 Year Ended April 30, 2011

	Original & Final Budget	Actual	Variance Over (Under) Final Budget
REVENUES			
Taxes			
Property Tax	\$ 320,000	\$ 311,390	\$ (8,610)
Road & Bridge Property Tax	20,000	-	(20,000)
Non Home Rule Sales Tax	620,000	638,396	18,396
Telecommunication Utility Tax	220,000	196,488	(23,512)
Nonretail Business Tax	20,000	18,358	(1,642)
Vehicle Lease Tax	34,000	34,724	724
Total Taxes	1,234,000	1,199,356	(34,644)
Licenses and Permits			
Vehicle Licenses	72,100	70,825	(1,275)
Liquor Licenses	30,000	34,700	4,700
Other Licenses and Permits	6,300	4,700	(1,600)
Business Licenses	45,000	41,255	(3,745)
Contractor Licenses	12,000	25,700	13,700
Building Permits and Inspections	33,250	49,523	16,273
Container Licenses	12,000	15,305	3,305
Total Licenses and Permits	210,650	242,008	31,358
Intergovernmental Revenues			
Personal Property Replacement Tax	4,000	3,856	(144)
State Income Tax	620,000	587,553	(32,447)
State Sales Tax	1,400,000	1,278,054	(121,946)
Use Tax	100,000	97,077	(2,923)
DCEO Grant	-	128,125	128,125
Bobby Rush Bike Path Grant	-	7,300	7,300
Total Intergovernmental Revenues	2,124,000	2,101,965	(22,035)
Fees and Charges for Services			
Franchise Fees	423,000	413,480	(9,520)
Inspection Fees	87,000	78,180	(8,820)
Recreation Fees	128,150	126,238	(1,912)
Other Fees and Charges	9,640	50,950	41,310
Total Fees and Charges for Services	647,790	668,848	21,058
Fines			
Police Fines	209,000	156,344	(52,656)
Forfeiture Proceeds	100	-	(100)
Miscellaneous Fines	85,000	57,480	(27,520)
Total Fines	294,100	213,824	(80,276)
Investment Income			
	700	809	109
Other Revenue			
Developer Donations	-	14,100	14,100
Reimbursements	291,000	149,444	(141,556)
Miscellaneous	51,270	39,541	(11,729)
Total Other Revenue	342,270	203,085	(139,185)
Total Revenues	\$ 4,853,510	\$ 4,629,895	\$ (223,615)

VILLAGE OF ORLAND HILLS, ILLINOIS

General Fund
 Schedule of Expenditures - Budget (GAAP Basis) and Actual
 Year Ended April 30, 2011

	Original & Final Budget	Actual	Variance Over (Under) Final Budget
EXPENDITURES			
General Government:			
Administration			
Personal Services	\$ 608,000	\$ 473,762	\$ (134,238)
Contractual	371,500	461,845	90,345
Commodities	86,450	483,490	397,040
Total Administration	<u>1,065,950</u>	<u>1,419,097</u>	<u>353,147</u>
Building & Zoning Department			
Personal Services	205,100	212,016	6,916
Contractual	55,550	36,510	(19,040)
Commodities	7,850	7,304	(546)
Total Building & Zoning Department	<u>268,500</u>	<u>255,830</u>	<u>(12,670)</u>
Total General Government	<u>1,334,450</u>	<u>1,674,927</u>	<u>340,477</u>
Public Safety:			
Police Department			
Personal Services	1,847,800	1,981,626	133,826
Contractual	412,700	434,415	21,715
Commodities	116,500	124,721	8,221
Total Police Department	<u>2,377,000</u>	<u>2,540,762</u>	<u>163,762</u>
Fire and Police Commission			
Contractual	8,700	9,299	599
Commodities	500	375	(125)
	<u>9,200</u>	<u>9,674</u>	<u>474</u>
ESDA			
Personal Services	3,250	1,268	(1,982)
Contractual	300	189	(111)
Commodities	900	642	(258)
Total ESDA	<u>4,450</u>	<u>2,099</u>	<u>(2,351)</u>
Total Public Safety	<u>2,390,650</u>	<u>2,552,535</u>	<u>161,885</u>
Culture and Recreation:			
Parks and Recreation			
Personal Services	410,750	344,721	(66,029)
Contractual	156,800	115,104	(41,696)
Commodities	108,300	136,303	28,003
Total Parks and Recreation	<u>675,850</u>	<u>596,128</u>	<u>(79,722)</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

General Fund
 Schedule of Expenditures - Budget (GAAP Basis) and Actual
 Year Ended April 30, 2011

	Original & Final Budget	Actual	Variance Over (Under) Final Budget
Orland Towne Village Festival			
Contractual	\$ 19,000	\$ -	\$ (19,000)
Total Orland Towne Village Festival	<u>19,000</u>	<u>-</u>	<u>(19,000)</u>
Concession Stand/Seniors			
Personal Services	8,800	9,246	446
Contractual	425	285	(140)
Commodities	6,000	5,310	(690)
Total Concession Stand/Seniors	<u>15,225</u>	<u>14,841</u>	<u>(384)</u>
Special Transportation			
Personal Services	77,135	52,649	(24,486)
Contractual	3,500	740	(2,760)
Commodities	7,200	5,279	(1,921)
Total Special Transportation	<u>87,835</u>	<u>58,668</u>	<u>(29,167)</u>
Total Culture and Recreation	<u>797,910</u>	<u>669,637</u>	<u>(128,273)</u>
Highways and Streets:			
Public Works			
Personal Services	622,500	505,766	(116,734)
Contractual	307,800	223,393	(84,407)
Commodities	52,650	41,225	(11,425)
Total Public Works	<u>982,950</u>	<u>770,384</u>	<u>(212,566)</u>
Flood Prevention	<u>42,000</u>	<u>18,014</u>	<u>(23,986)</u>
Total Highways and Streets	<u>1,024,950</u>	<u>788,398</u>	<u>(236,552)</u>
Capital Outlay	<u>491,400</u>	<u>418,182</u>	<u>(73,218)</u>
Debt Service - Principal Retired	145,000	130,000	(15,000)
Debt Service - Interest and Fees	<u>25,000</u>	<u>8,669</u>	<u>(16,331)</u>
Total Expenditures	<u>\$ 6,209,360</u>	<u>\$ 6,242,348</u>	<u>\$ 32,988</u>

(This page is intentionally left blank.)

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2011

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 30,889	\$ -	\$ 30,889
Short Term Investments	131,367	109	131,476
Taxes Receivable	16,811	-	16,811
Due from Other Funds	11,066	-	11,066
Total Assets	<u>\$ 190,133</u>	<u>\$ 109</u>	<u>\$ 190,242</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ -	\$ 53,568	\$ 53,568
Total Liabilities	<u>-</u>	<u>53,568</u>	<u>53,568</u>
Fund Balances:			
Unreserved, Reported in:			
Special Revenue Funds	190,133	-	190,133
Debt Service Funds	<u>-</u>	<u>(53,459)</u>	<u>(53,459)</u>
Total Fund Balances	<u>190,133</u>	<u>(53,459)</u>	<u>136,674</u>
Total Liabilities and Fund Balances	<u>\$ 190,133</u>	<u>\$ 109</u>	<u>\$ 190,242</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2011

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 139,033	\$ -	\$ 139,033
Investment Income	1,464	1	1,465
Fines	72	-	72
Other Revenue	6,010	-	6,010
Total Revenues	<u>146,579</u>	<u>1</u>	<u>146,580</u>
EXPENDITURES			
Current:			
Administration	130,360	-	130,360
Police Department	34,353	-	34,353
Capital Outlay	519,994	-	519,994
Total Expenditures	<u>684,707</u>	<u>-</u>	<u>684,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(538,128)</u>	<u>1</u>	<u>(538,127)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	40	-	40
Transfers Out	(635,431)	-	(635,431)
Total Other Financing Sources (Uses)	<u>(635,391)</u>	<u>-</u>	<u>(635,391)</u>
Net Change in Fund Balances	(1,173,519)	1	(1,173,518)
Fund Balances at Beginning of Year	<u>1,363,652</u>	<u>(53,460)</u>	<u>1,310,192</u>
Fund Balances at End of Year	<u>\$ 190,133</u>	<u>\$ (53,459)</u>	<u>\$ 136,674</u>

(This page is intentionally left blank.)

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Special Revenue Funds
April 30, 2011

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 22,190	\$ 12	\$ -
Short Term Investments	3	61,443	1,763	1,588
Taxes Receivable	-	16,811	-	-
Due from Other Funds	-	11,066	-	-
Total Assets	\$ 3	\$ 111,510	\$ 1,775	\$ 1,588
Fund Balances:				
Unreserved	3	111,510	1,775	1,588
Total Fund Balances	3	111,510	1,775	1,588
Total Liabilities and Fund Balances	\$ 3	\$ 111,510	\$ 1,775	\$ 1,588

Working Cash Fund	Special Service Area Fund	Non-Drug Seizure Fund	TIF Eligible Fund	Alternate Revenue Fund	Total
\$ -	\$ -	\$ 8,686	\$ -	\$ 1	\$ 30,889
567	14,478	23,194	28,331	-	131,367
-	-	-	-	-	16,811
-	-	-	-	-	11,066
<u>\$ 567</u>	<u>\$ 14,478</u>	<u>\$ 31,880</u>	<u>\$ 28,331</u>	<u>\$ 1</u>	<u>\$ 190,133</u>
567	14,478	31,880	28,331	1	190,133
<u>567</u>	<u>14,478</u>	<u>31,880</u>	<u>28,331</u>	<u>1</u>	<u>190,133</u>
<u>\$ 567</u>	<u>\$ 14,478</u>	<u>\$ 31,880</u>	<u>\$ 28,331</u>	<u>\$ 1</u>	<u>\$ 190,133</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended April 30, 2011

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund	Working Cash Fund
REVENUES					
Taxes	\$ -	\$ 95,336	\$ -	\$ -	\$ -
Investment Income	92	115	3	2	-
Fine	-	-	-	-	-
Other Revenue	-	5	-	-	-
Total Revenues	<u>92</u>	<u>95,456</u>	<u>3</u>	<u>2</u>	<u>-</u>
EXPENDITURES					
Current:					
Administration	-	72,721	-	-	-
Police Department	449	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>449</u>	<u>72,721</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(357)</u>	<u>22,735</u>	<u>3</u>	<u>2</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	40	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(317)	22,735	3	2	-
Fund Balances at Beginning of Year	<u>320</u>	<u>88,775</u>	<u>1,772</u>	<u>1,586</u>	<u>567</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ 111,510</u>	<u>\$ 1,775</u>	<u>\$ 1,588</u>	<u>\$ 567</u>

Special Service Area Fund	Non-Drug Seizure Fund	TIF Eligible Fund	Alternate Revenue Fund	Total
\$ 14,449	\$ -	\$ 29,248	\$ -	\$ 139,033
-	431	821	-	1,464
-	72	-	-	72
-	6,005	-	-	6,010
<u>14,449</u>	<u>6,508</u>	<u>30,069</u>	<u>-</u>	<u>146,579</u>
-	-	57,639	-	130,360
-	33,904	-	-	34,353
-	-	519,994	-	519,994
-	<u>33,904</u>	<u>577,633</u>	<u>-</u>	<u>684,707</u>
<u>14,449</u>	<u>(27,396)</u>	<u>(547,564)</u>	<u>-</u>	<u>(538,128)</u>
-	-	-	-	40
-	(40)	(635,391)	-	(635,431)
-	<u>(40)</u>	<u>(635,391)</u>	<u>-</u>	<u>(635,391)</u>
14,449	(27,436)	(1,182,955)	-	(1,173,519)
<u>29</u>	<u>59,316</u>	<u>1,211,286</u>	<u>1</u>	<u>1,363,652</u>
<u>\$ 14,478</u>	<u>\$ 31,880</u>	<u>\$ 28,331</u>	<u>\$ 1</u>	<u>\$ 190,133</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Debt Service Funds
April 30, 2011

	Incremental Sales Tax Tax Fund	1992 G.O. Corporate Bond Fund	Total
ASSETS			
Short Term Investments	\$ 1	\$ 108	\$ 109
Total Assets	\$ 1	\$ 108	\$ 109
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 53,568	\$ -	\$ 53,568
Total Liabilities	53,568	-	53,568
 Fund Balances:			
Unreserved	(53,567)	108	(53,459)
Total Liabilities and Fund Balances	\$ 1	\$ 108	\$ 109

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended April 30, 2011

	Incremental Sales Tax Tax Fund	1992 G.O. Corporate Bond Fund	Total
REVENUES			
Investment Income	\$ 1	\$ -	\$ 1
Total Revenues	<u>1</u>	<u>-</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1</u>	<u>-</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1	-	1
Fund Balances at Beginning of Year	<u>(53,568)</u>	<u>108</u>	<u>(53,460)</u>
Fund Balances at End of Year	<u>\$ (53,567)</u>	<u>\$ 108</u>	<u>\$ (53,459)</u>

(This page is intentionally left blank.)

VILLAGE OF ORLAND HILLS, ILLINOIS

GENERAL PROPERTY TAX DATA
LAST TEN YEARS
(UNAUDITED)

April 30, 2011

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Assessed Valuation	<u>\$ 182,194,684</u>	<u>\$ 169,916,160</u>	<u>\$ 154,791,619</u>	<u>\$ 139,502,747</u>	<u>\$ 137,805,740</u>	<u>\$ 118,061,057</u>	<u>\$ 116,156,506</u>	<u>\$ 109,405,985</u>	<u>\$ 106,109,526</u>	<u>\$ 84,417,147</u>
Tax Rate General	0.274	0.269	0.280	0.279	0.288	0.282	0.316	0.321	0.312	0.371
Gross Levy General	<u>\$ 503,858</u>	<u>\$ 456,455</u>	<u>\$ 444,960</u>	<u>\$ 411,821</u>	<u>\$ 395,813</u>	<u>\$ 383,805</u>	<u>\$ 366,680</u>	<u>\$ 351,193</u>	<u>\$ 330,630</u>	<u>\$ 313,120</u>

(This page is intentionally left blank.)

INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable President
and Members of the Board of Trustees
Village of Orland Hills, Illinois

We have examined the Village of Orland Hills, Illinois', (Village's) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended April 30, 2011. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Village's compliance with specified requirements.

In our opinion, the Village complied in all material respects, with the aforementioned requirements for the year ended April 30, 2011.

These conditions were considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements as of and for the year ended April 30, 2011, and this report does not affect our report dated October 26, 2011 on those financial statements.


Crowe Horwath LLP

Oak Brook, Illinois
October 26, 2011