

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED APRIL 30, 2016**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**April 30, 2016**

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## PRINCIPAL OFFICIALS



VILLAGE OF ORLAND HILLS, ILLINOIS

**VILLAGE OF ORLAND HILLS, ILLINOIS**

**PRINCIPAL OFFICIALS**

April 30, 2016

**LEGISLATIVE**

Village Board of Trustees

Kyle R. Hastings, President

Curt Petrey

Tracy Roti

Kyle R. Hastings II

Candice Morrison

Joseph Janachowski

Jennifer Iannantone, Clerk

**APPOINTED OFFICIAL**

Conrad Kiebles, Village Administrator



**FINANCIAL SECTION**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

# **GW & ASSOCIATES, P.C.**

*CERTIFIED PUBLIC ACCOUNTANTS*

2617 Chicago Road  
South Chicago Heights, IL 60411

Phone (708) 755-8182  
Fax (708) 755-8326

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Orland Hills, Illinois as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Orland Hills, Illinois, as of April 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note 14, the Village of Orland Hills, Illinois implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, in 2016. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of changes in village net pension liability and related ratios, schedule of the village contributions, schedule of investment returns, and schedule of funding progress on pages 3–13 and 65–74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Orland Hills, Illinois' basic financial statements. The schedules of revenues and expenditures, combining nonmajor fund financial statements, list of principal officials and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenues and expenditures and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues and expenditures and combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of principal officials and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*JW & Associates, P.C.*

South Chicago Heights, Illinois  
October 24, 2016

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

As management of the Village of Orland Hills (the “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, 2016. 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 Village’s net position as of April 30, 2016 is \$13.2 million as compared to \$14.5 million (after restatement for the implementation of new accounting principles) in the prior year. Of the total net position, \$20.8 million is invested in capital assets net of related debt and there is a \$7.6 million deficit in unrestricted net position.
- As noted on the government wide statement of activities, total revenues for the Village as a whole for the year ended April 30, 2016 fell short of total expenses by \$1.3 million.
- At the end of the fiscal year, the unassigned fund balance of the General Fund as shown on the statement of revenues, expenditures and changes in fund balance was a deficit of \$1,107,698 after a gain for the year of \$680,350.

**Overview of the Financial Statements**

The 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 supplementary information in addition to the basic financial statements.

**Using the Financial Section of this Annual Report**

The financial statement’s focus is on the Village as a whole and on the major individual funds. Both perspectives allow the readers to address relevant questions, broaden the basis for comparison and enhance the reader’s understanding of the statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to be corporate like.

The Statement of the Net Position combines and consolidates governmental funds current financial resources with capital assets and long term obligations. It uses the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the growth and the new costs of various activities. These activities are supported by the government’s general taxes and other resources. This is intended to summarize and simplify the users’ analysis of the costs of various governmental services.

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2016**

The governmental activities reflect the Village's basic services, which include 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 demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be included into two categories: governmental 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 provide a detailed view of the Village's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. 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 government's near -term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains fifteen individual 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 and Motor Fuel Tax Fund both of which are considered to be major funds. Major funds are defined as the General Fund and other funds where the assets and deferred outflows of resources, the liabilities and deferred inflows or resources, revenue or expenditures of that fund are at least ten percent of the corresponding total for all governmental funds, since the Village has no enterprise funds.

Data forming the remaining governmental funds are combined into a single, aggregated column presentation. Individual fund data information for these non-major governmental funds is provided elsewhere in the report.

The basic governmental fund financial statements (including the reconciliation) can be found on pages 14-19 of this report.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

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. The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

**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. The notes to the financial statements begin on page 22.

**Other Information**

In addition to the basic financial statements, this report also includes certain required supplementary information related to the budgetary information and the Village's funding progress of the Illinois Municipal Retirement Fund, Police Pension Fund and other postemployment benefits and the budgetary to actual statements for the General Fund and Motor Fuel Tax Fund which is the only major special revenue fund. Required supplementary information can be found on pages 65-75. The combining statements dealing with the non-major governmental funds are presented immediately following the required supplementary information.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

**FINANCIAL ANALYSIS OF THE VILLAGE'S GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The following chart reflects the Condensed Statement of Net Position (in millions):

**CONDENSED STATEMENT OF NET POSITION**

**April 30, 2016 and 2015 (as restated)**

|   | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| Assets:                                 |             |             |
| Current assets                          | \$ 2.5      | \$ 1.7      |
| Capital assets, net                     | 21.1        | 21.6        |
| Total assets                            | 23.6        | 23.3        |
| <br>                                    |             |             |
| Total deferred outflows<br>of resources | 2.1         | 1.4         |
| <br>                                    |             |             |
| Liabilities:                            |             |             |
| Current liabilities                     | 2.5         | 2.5         |
| Long-term liabilities                   | 9.6         | 7.5         |
| Total liabilities                       | 12.1        | 10.0        |
| <br>                                    |             |             |
| Total deferred inflows<br>of resources  | 0.3         | 0.3         |
| <br>                                    |             |             |
| Net position:                           |             |             |
| Invested in capital assets -net         | 20.8        | 21.3        |
| Restricted                              | -           | -           |
| Unrestricted                            | (7.6)       | (6.8)       |
| Total net position                      | \$ 13.2     | \$ 14.5     |

The 2015 figures were restated due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The implementation of the new standard resulted in the recording of a long term net pension liability of \$6.7 million, a deferred outflow of resources of \$1.4 million, the elimination of the net pension obligation of \$0.3 million and a reduction in unrestricted net position of \$5.0 million, all related to the Village's participation in the Illinois Municipal Retirement Fund (IMRF), the Sheriff's Law Enforcement Personnel (SLEP) and the Police Pension Plan.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

The 2016 assets as described above are composed of cash and investments valued at \$0.8 million (4% of total assets), \$1.5 million of intergovernmental and taxes receivable (6% of total assets) and capital assets net of accumulated depreciation of \$21.1 million (89% of total assets). The liabilities as described above are composed of accounts payable of \$1.0 million (9% of total liabilities), property tax refunds due to Cook County of \$0.4 million (4% of total liabilities), an amount owed to the Illinois Department of Transportation ("IDOT") for the Village's share of a road construction project of \$0.3 million (3% of total liabilities), accrued payroll and other liabilities of \$0.7 million (6% of total liabilities), \$0.08 million of long term debt due within one year (1% of total liabilities) and \$9.7 million of long term debt due in more than one year (80% of total liabilities). Long term liabilities increased by approximately 29% due primarily to an increase in the total net pension liability and an estimated claim liability.

**Statement of Activities**

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

**CONDENSED STATEMENT OF ACTIVITIES**

**April 30, 2016 and 2015 (as restated)**

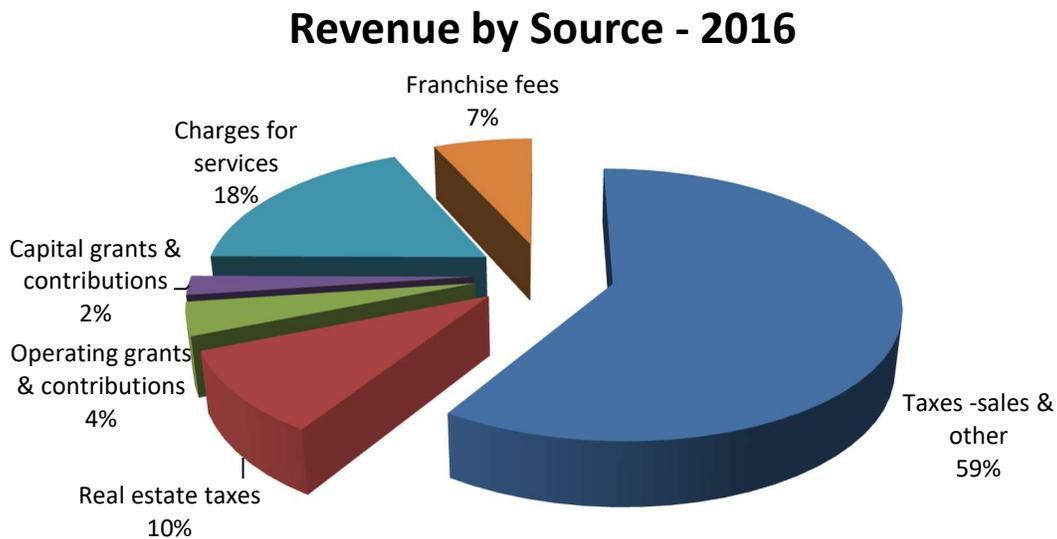
|                                    | <u>2016</u>        | <u>2015</u>        |
|------------------------------------|--------------------|--------------------|
| Revenues:                          |                    |                    |
| Program Revenues:                  |                    |                    |
| Charges for services               | \$ 1.1             | \$ 0.9             |
| Operating grants and contributions | 0.2                | 0.4                |
| Capital grants and contributions   | 0.1                | 0.9                |
| General Revenues:                  |                    |                    |
| Property taxes                     | 0.6                | 0.6                |
| State sales tax                    | 1.6                | 1.3                |
| Other taxes                        | 1.8                | 1.8                |
| Other                              | 0.5                | 0.5                |
| Total revenues                     | <u>5.9</u>         | <u>6.3</u>         |
| Expenses:                          |                    |                    |
| General government                 | 2.6                | 1.6                |
| Public safety                      | 2.9                | 2.9                |
| Culture and recreation             | 0.7                | 0.8                |
| Highway and streets                | 1.1                | 1.6                |
| Total expenses                     | <u>7.3</u>         | <u>6.9</u>         |
| Change in net position             | <u>(1.4)</u>       | <u>(0.6)</u>       |
| Net position - beginning           | <u>14.5</u>        | <u>15.1</u>        |
| Net position - ending              | <u><u>13.1</u></u> | <u><u>14.5</u></u> |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

Total revenues for fiscal 2016 decreased about 6% from the prior fiscal year. The most significant change was a decrease in capital grants.

Total expenses for fiscal 2016 increased by \$0.4 million. The most significant changes within expenses was an increase in general government expense resulting from the accrual of an estimated claims payable of \$1.1 million and a decrease in highway and streets expenses of \$0.5 million due to the prior year recording of the final costs for the Haven Avenue rehabilitation.

**Revenue by Source - 2016**



**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

**Governmental Funds**

The following chart reflects a condensed comparison of 2016 and 2015 revenues and expenditures:

|                                       | <u>2016</u>         | <u>2015</u>         | <u>Increase<br/>(Decrease)</u> |
|---------------------------------------|---------------------|---------------------|--------------------------------|
| <b>Revenues</b>                       |                     |                     |                                |
| General Fund                          | \$ 5,512,703        | \$ 5,890,951        | \$ (378,248)                   |
| Motor Fuel Tax Fund                   | 342,044             | 315,422             | 26,622                         |
| Nonmajor Funds                        | 137,006             | 123,502             | 13,504                         |
| Total Revenues                        | <u>\$ 5,991,753</u> | <u>\$ 6,329,875</u> | <u>\$ (338,122)</u>            |
| <b>Expenditures</b>                   |                     |                     |                                |
| General Fund                          | \$ 5,014,652        | \$ 6,712,876        | \$ (1,698,224)                 |
| Motor Fuel Tax Fund                   | 169,274             | 320,132             | (150,858)                      |
| Nonmajor Funds                        | 98,118              | 107,890             | (9,772)                        |
| Total Expenditures                    | <u>\$ 5,282,044</u> | <u>\$ 7,140,898</u> | <u>\$ (1,858,854)</u>          |
| <b>Other Financing Sources (Uses)</b> |                     |                     |                                |
| General Fund                          | \$ 182,299          | \$ 50,000           | \$ 132,299                     |
| Motor Fuel Tax Fund                   | -                   | 1,100               | (1,100)                        |
| Nonmajor Funds                        | (124,496)           | (51,100)            | (73,396)                       |
| Total Other Financing Sources (Uses)  | <u>\$ 57,803</u>    | <u>\$ -</u>         | <u>\$ 57,803</u>               |

**Revenues**

General Fund revenues were down 6% from the prior year primarily as a result of \$870,000 of grant revenues from IDOT and the township for capital projects that were received in the prior year but not in 2016. This was partially offset by additional sales tax revenue from the Village of Tinley Park pursuant to an intergovernmental agreement.

**Expenditures**

General Fund expenditures were down 25% from the prior year. A large portion of this decrease can be attributed to capital projects completed in the prior year.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

**Budgetary Highlights**

The following chart reflects the condensed budgetary comparison schedule for the General Fund:

|   | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>   |
|---|------------------|-------------------|-------------------|
| Revenues  |                  |                   |                   |
| Taxes   | \$ 1,392,730     | \$ 1,604,326      | \$ 211,596        |
| Intergovernmental                               | 2,166,696        | 2,546,103         | 379,407           |
| Other   | <u>1,332,466</u> | <u>1,362,274</u>  | <u>29,808</u>     |
| Total revenues                                  | 4,891,892        | 5,512,703         | 620,811           |
| Expenditures                                    | <u>4,837,573</u> | <u>5,014,652</u>  | <u>177,079</u>    |
| Excess of revenues over<br>(under) expenditures | <u>54,319</u>    | <u>498,051</u>    | <u>443,732</u>    |
| Other financing sources (uses)                  |                  |                   |                   |
| Other financing sources                         | 70,000           | 182,458           | 112,458           |
| Other financing uses                            | <u>(123,632)</u> | <u>(159)</u>      | <u>123,473</u>    |
| Total other financing sources (uses)            | (53,632)         | 182,299           | 235,931           |
| Change in fund balance                          | <u>\$ 687</u>    | <u>\$ 680,350</u> | <u>\$ 679,663</u> |

The major variances between actual and budget include the following:

- Tax revenues exceeded budget by about 15% primarily due to property tax revenues exceeding the budgeted amount by over \$200,000 because property taxes related to the police pension fund are not budgeted for nor are the offsetting pension contribution expenditures;
- Intergovernmental revenues exceeded budget by about 17% due to sales tax revenues from the Village of Tinley Park pursuant to an intergovernmental agreement being recognized in fiscal 2016 but budgeted for in fiscal 2017;
- Expenditures exceed budget by about 4% primarily due to personal services costs exceeding budget. However, such costs were less than in the prior year.

There were no amendments to the original budget ordinance during the year.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

**CAPITAL ASSETS**

**Governmental Activities Change in Capital Assets**

|                               | Balance<br>April 30, 2015 | Net<br>Additions/<br>Deletions | Balance<br>April 30, 2016 |
|-------------------------------|---------------------------|--------------------------------|---------------------------|
| Non-depreciable assets - land | \$ 10,133,189             | \$ -                           | \$ 10,133,189             |
| Construction in progress      | -                         | -                              | -                         |
| Depreciable capital assets    |                           |                                |                           |
| Land improvements             | 643,328                   | -                              | 643,328                   |
| Buildings & Improvements      | 4,199,899                 | -                              | 4,199,899                 |
| Equipment                     | 1,211,637                 | (26,993)                       | 1,184,644                 |
| Infrastructure                | 18,158,714                | -                              | 18,158,714                |
| Accumulated depreciation      | <u>(12,707,445)</u>       | <u>(509,108)</u>               | <u>(13,216,553)</u>       |
| Total capital assets, net     | <u>\$ 21,639,322</u>      | <u>\$ (536,101)</u>            | <u>\$ 21,103,221</u>      |

Capital asset additions included two 2015 Ford Interceptor Sedans and a Police I-Record Digital Video/Audio System. Depreciation expense for the year was \$583,176. More detailed information can be found in Note 4 to the financial statements.

**DEBT ADMINISTRATION**

At April 30, 2016, the Village had outstanding debt as follows:

|  |                    |
|--|--------------------|
| South Suburban Mayors Debt Cert 2013             | \$278,572          |
| Capital leases                                   | 51,990             |
| Net pension liability                            | 7,703,454          |
| OPEB – Health Insurance for Retirees (PSEBA Act) | 465,856            |
| Compensated absences                             | <u>135,482</u>     |
| Total long-term debt                             | <u>\$8,635,354</u> |

The Village's debt increased by approximately \$1,040,575 this year. This was due to:

- The increase of capital leases payable by \$26,272 as a result of new capital leases
- The reduction of the Debt Certificate Payable by \$55,714 due to scheduled payments
- A reduction of compensated absences by over \$17,896
- An increase of \$1,031,585 in the Net Pension Liability and
- An increase of about \$56,328 in the OPEB – Health Insurance for Retirees (PSEBA Act).

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 assess value of the Village, or \$11 million.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

**Economic Factors**

The Village President and Board of Trustees continue to promote economic growth and development in the Village of Orland Hills. As the national and local recession has slowly improved, the Village has generated moderate growth from both residential and commercial improvements.

The Village President and the Board of Trustees continue to increase services available to residents while consciously making an effort to minimize their property tax burden. Cultural and recreational activities, general infrastructure improvements, and maintenance and repair of public facilities will continue to be funded by motor fuel taxes, grants and other revenue generating sources.

This year shows additional improvement and the Village continues to embrace varied opportunities to foster revenue growth. The State of Illinois approved Video Gaming as a new source of revenue for both the state and municipalities. Orland Hills has supported this state-wide program and continues to see benefits from this effort. Video gaming revenue continues to increase. The past fiscal year yielded more than \$100,000 in revenue. The Village is on a pace for expected growth in revenue of 3-5% for the next fiscal year.

In April 2012, an Off-Track Betting (OTB) establishment located in Orland Hills. The business has become established and continues to develop a growing clientele. This past fiscal year, Off-Track Betting generated additional revenue to the Village. The revenue trend indicates that the Village is on course to see moderate growth in OTB revenue during the next fiscal year.

Economic development opportunities for the vacant property on the western end of Orland Hills remain as new potential. The Village anticipates the recapture of \$270,000 in fees with the establishment of new development in that area over the next few years.

The Village's efforts to attract new sales tax producing businesses in town continue to be a high priority. Businesses have found favor with Orland Hills' business relationship methods and practices. The prospects for increased commercial development remain strong. Recent developments and Village meetings indicate that several corporations, business owners and developers are interested in Orland Hills sites and buildings. Efforts by the Village show promise in expansion of the business commercial area over the next few years.

Over the past three years, the Village has had to reimburse the County of Cook for almost \$1.25 million of property tax rebates which were granted by the Property Tax Appeal Board (PTAB) to businesses in town. Irresponsible actions of the Property Tax Appeal Board place municipalities, such as Orland Hills, in an awkward and exposed position. The Village has and will continue to oppose appeal awards.

A recent effort by the Village has been undertaken to enforce an Intergovernmental Agreement (IGA) between Orland Hills and a neighboring town to collect sales tax on commercial property. The Village was successful in this endeavor and realized a one-time large cash payment to be followed up with tri-annual (three times per year) payments for the next 80+ years.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2016**

Over the past twenty years, the Village has reduced reliance on property taxes to balance the budget. The Orland Hills tax rate has been reduced by approximately thirty per cent (30%) over that time. As we enter the new fiscal year, the Village continues to reduce expenses and minimize overtime labor costs whenever possible.

**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 94<sup>th</sup> Ave, Orland Hills, Illinois 60487-4623. E-mails may be directed to [contact@orlandhills.org](mailto:contact@orlandhills.org).

## BASIC FINANCIAL STATEMENTS



VILLAGE OF ORLAND HILLS, ILLINOIS

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2016**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets</b>                             |                                    |
| Cash and cash equivalents                 | \$ 240,431                         |
| Short-term investments                    | 608,590                            |
| Taxes receivable                          | 355,471                            |
| Intergovernmental receivables             | 1,140,851                          |
| Accounts receivable                       | 45,588                             |
| Prepaid items                             | 87,922                             |
| Capital assets not being depreciated      | 10,133,189                         |
| Capital assets being depreciated          | 10,970,032                         |
| Total assets                              | 23,582,074                         |
| <br><b>Deferred Outflows of Resources</b> |                                    |
| Related to pensions                       | 2,078,514                          |
| Total deferred outflows of resources      | 2,078,514                          |
| <br><b>Liabilities</b>                    |                                    |
| Current                                   |                                    |
| Accounts payable                          | 1,023,716                          |
| Accrued payroll                           | 54,841                             |
| Due to police pension                     | 612,110                            |
| Due to other entities                     | 777,040                            |
| Other payables                            | 472                                |
| Interest payable                          | 2,249                              |
| Long-term debt, due within one year       |                                    |
| Capital leases payable                    | 22,077                             |
| Debt certificates payable                 | 55,714                             |
| Long term                                 |                                    |
| Long-term debt, due in more than one year |                                    |
| Capital leases payable                    | 29,913                             |
| Net pension liability                     | 7,703,454                          |
| Other postemployment benefits obligation  | 465,856                            |
| Debt certificates payable                 | 222,858                            |
| Claims payable                            | 1,078,600                          |
| Compensated absences                      | 135,482                            |
| Total liabilities                         | 12,184,382                         |
| <br><b>Deferred Inflows of Resources</b>  |                                    |
| Related to pension                        | 57,946                             |
| Unearned revenue                          | 262,124                            |
| Total deferred inflows of resources       | 320,070                            |
| <br><b>Net Position</b>                   |                                    |
| Net investment in capital assets          | 20,772,659                         |
| Restricted for highways & streets         | 342,982                            |
| Restricted for other                      | 26,947                             |
| Unrestricted net position                 | (7,986,452)                        |
| Total net position                        | \$ 13,156,136                      |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2016**

| <u>Functions/Programs</u>                  | <u>Expenses</u>     | <u>Program Revenues</u>                       |   |   | <u>Changes in</u>                      |
|--|---------------------|---|---|---|--|
|  |                     | <u>Fees, Fines &amp; Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net Position</u>                    |
|  |                     |   |   |   | <u>Primary Governmental Activities</u> |
| <b>Governmental Activities</b>             |                     |   |   |   |  |
| General government                         | \$ 2,572,596        | \$ 572,558                                    | \$ 18,989                                 | \$ -                                    | \$ (1,981,049)                         |
| Public safety                              | 2,857,141           | 363,818                                       | 23,500                                    | -                                       | (2,469,823)                            |
| Culture and recreation                     | 655,212             | 125,639                                       | 655                                       | -                                       | (528,918)                              |
| Highways and streets                       | 1,206,927           | -   | 188,314                                   | 134,350                                 | (884,263)                              |
| Interest on debt                           | 6,658               | -   | -   | -                                       | (6,658)                                |
| Total                                      | <u>\$ 7,298,534</u> | <u>\$ 1,062,015</u>                           | <u>\$ 231,458</u>                         | <u>\$ 134,350</u>                       | <u>(5,870,711)</u>                     |
| <b>General Revenues</b>                    |                     |   |   |   |  |
| Taxes                                      |                     |   |   |   |  |
| Property taxes                             |                     |   |   |   | 575,649                                |
| State sales tax                            |                     |   |   |   | 1,625,089                              |
| Non home-rule sales tax                    |                     |   |   |   | 645,819                                |
| Income tax                                 |                     |   |   |   | 724,641                                |
| Other taxes                                |                     |   |   |   | 446,108                                |
| Franchise fees                             |                     |   |   |   | 390,122                                |
| Investment income                          |                     |   |   |   | 15,072                                 |
| Other general revenues                     |                     |   |   |   | 113,156                                |
| Total general revenues                     |                     |   |   |   | <u>4,535,656</u>                       |
| Change in net position                     |                     |   |   |   | <u>(1,335,055)</u>                     |
| <b>Net Position - Beginning (Restated)</b> |                     |   |   |   | <u>14,491,191</u>                      |
| <b>Net Position - Ending</b>               |                     |   |   |   | <u>\$ 13,156,136</u>                   |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**APRIL 30, 2016**

|   | <u>Major Funds</u>  |                                | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---------------------|--------------------------------|--|---|
|   | <u>General Fund</u> | <u>Motor Fuel Tax<br/>Fund</u> |  |   |
| <b>Assets</b>   |                     |                                |  |   |
| Cash and cash equivalents   | \$ 97,533           | \$ 95,693                      | \$ 47,205                                  | \$ 240,431                              |
| Short-term investments  | 333,733             | 231,019                        | 43,838                                     | 608,590                                 |
| Taxes receivable  | 337,469             | -                              | 18,002                                     | 355,471                                 |
| Intergovernmental receivables   | 1,124,581           | 16,270                         | -  | 1,140,851                               |
| Accounts receivable   | 45,588              | -                              | -  | 45,588                                  |
| Prepaid items   | 87,922              | -                              | -  | 87,922                                  |
| Due from other funds  | 53,567              | -                              | 42,354                                     | 95,921                                  |
| Total assets  | <u>\$ 2,080,393</u> | <u>\$ 342,982</u>              | <u>\$ 151,399</u>                          | <u>\$ 2,574,774</u>                     |
| <b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balances</b> |                     |                                |  |   |
| <b>Liabilities</b>  |                     |                                |  |   |
| Accounts payable  | \$ 1,023,715        | \$ -                           | \$ -                                       | \$ 1,023,715                            |
| Accrued payroll   | 54,841              | -                              | -  | 54,841                                  |
| Other liabilities   | 472                 | -                              | -  | 472                                     |
| Due to other entities   | 777,040             | -                              | -  | 777,040                                 |
| Due to police pension fund  | 612,110             | -                              | -  | 612,110                                 |
| Due to other funds  | 42,354              | -                              | 53,567                                     | 95,921                                  |
| Total liabilities   | <u>2,510,532</u>    | <u>-</u>                       | <u>53,567</u>                              | <u>2,564,099</u>                        |
| <b>Deferred inflows of resources</b>                                    |                     |                                |  |   |
| Unearned revenues   | 589,637             | -                              | -  | 589,637                                 |
| Total deferred inflows of resources                                     | <u>589,637</u>      | <u>-</u>                       | <u>-</u>                                   | <u>589,637</u>                          |
| <b>Fund balances (deficits)</b>   |                     |                                |  |   |
| <b>Nonspendable</b>   |                     |                                |  |   |
| Prepaid items   | 87,922              | -                              | -  | 87,922                                  |
| <b>Restricted</b>   |                     |                                |  |   |
| Debt service  | -                   | -                              | 108  | 108                                     |
| Other purposes  | -                   | 342,982                        | 26,839                                     | 369,821                                 |
| Assigned  | -                   | -                              | 124,452                                    | 124,452                                 |
| Unassigned  | <u>(1,107,698)</u>  | <u>-</u>                       | <u>(53,567)</u>                            | <u>(1,161,265)</u>                      |
| Total fund balances (deficits)  | <u>(1,019,776)</u>  | <u>342,982</u>                 | <u>97,832</u>                              | <u>(578,962)</u>                        |
| Total liabilities, deferred inflows of<br>resources and fund balances   | <u>\$ 2,080,393</u> | <u>\$ 342,982</u>              | <u>\$ 151,399</u>                          | <u>\$ 2,574,774</u>                     |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**APRIL 30, 2016**

**Total fund balances - governmental funds** \$ (578,962)

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

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

|                               |                     |            |
|-------------------------------|---------------------|------------|
| Governmental capital assets   | 34,319,773          |            |
| Less accumulated depreciation | <u>(13,216,553)</u> |            |
| Net capital assets            |                     | 21,103,220 |

Deferred inflows and outflows related to the net pension liability are not current financial resources and therefore are not reported in the governmental funds

|                                |                 |           |
|--------------------------------|-----------------|-----------|
| Deferred outflows of resources | 2,078,514       |           |
| Deferred inflows of resources  | <u>(57,946)</u> |           |
|                                |                 | 2,020,568 |

Deferred revenues for sales tax, use tax, income tax and utilities taxes reported in the governmental funds that do not provide current financial resources are recognized as revenues for the government-wide financial statements 327,513

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due. (2,249)

Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:

|  |                  |                    |
|--|------------------|--------------------|
| Claims payable   | (1,078,600)      |                    |
| Provision for compensated absences                     | (135,482)        |                    |
| Provision for net pension liability                    | (7,703,454)      |                    |
| Provision for other postemployment benefits obligation | (465,856)        |                    |
| Capital leases   | (51,990)         |                    |
| Debt certificates payable                              | <u>(278,572)</u> |                    |
| Total long-term liabilities                            |                  | <u>(9,713,954)</u> |

**Net position of governmental activities** \$ 13,156,136

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2016**

|  | Major Funds           |                        | Nonmajor<br>Governmental<br>Funds | Total               |
|--|-----------------------|------------------------|-----------------------------------|---------------------|
|  | General Fund          | Motor Fuel Tax<br>Fund |                                   |                     |
| <b>Revenues</b>  |                       |                        |                                   |                     |
| Taxes  | \$ 1,604,326          | \$ 23,325              | \$ 112,770                        | \$ 1,740,421        |
| Licenses and permits   | 172,143               | -                      | -                                 | 172,143             |
| Intergovernmental revenue                                    | 2,546,103             | 188,314                | -                                 | 2,734,417           |
| Fees and charges for services                                | 679,498               | -                      | -                                 | 679,498             |
| Fines  | 361,018               | -                      | -                                 | 361,018             |
| Investment income  | 14,661                | 330                    | 81                                | 15,072              |
| Grant revenue  | -                     | 130,075                | -                                 | 130,075             |
| Other revenue  | 134,954               | -                      | 24,155                            | 159,109             |
| Total revenues   | <u>5,512,703</u>      | <u>342,044</u>         | <u>137,006</u>                    | <u>5,991,753</u>    |
| <b>Expenditures</b>  |                       |                        |                                   |                     |
| Current  |                       |                        |                                   |                     |
| Administration   | 1,022,109             | -                      | 92,030                            | 1,114,139           |
| Building and zoning department                               | 154,060               | -                      | -                                 | 154,060             |
| Police department  | 2,497,399             | -                      | 4,908                             | 2,502,307           |
| Fire and police commission                                   | -                     | -                      | -                                 | -                   |
| ESDA   | 1,159                 | -                      | -                                 | 1,159               |
| Parks and recreation   | 489,795               | -                      | -                                 | 489,795             |
| Orland Towne Village festival                                | 14,215                | -                      | -                                 | 14,215              |
| Concession stand/ seniors                                    | 4,339                 | -                      | -                                 | 4,339               |
| Special transportation                                       | 91,387                | -                      | -                                 | 91,387              |
| Highways and streets   | 605,004               | 82,481                 | -                                 | 687,485             |
| Flood prevention   | 14,567                | -                      | -                                 | 14,567              |
| Capital outlay   | 57,803                | 86,793                 | 1,180                             | 145,776             |
| Debt service - principal retired                             | 55,714                | -                      | -                                 | 55,714              |
| Debt service - interest and fees                             | 7,101                 | -                      | -                                 | 7,101               |
| Total expenditures   | <u>5,014,652</u>      | <u>169,274</u>         | <u>98,118</u>                     | <u>5,282,044</u>    |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>498,051</u>        | <u>172,770</u>         | <u>38,888</u>                     | <u>709,709</u>      |
| <b>Other Financing Sources (Uses)</b>                        |                       |                        |                                   |                     |
| Capital lease proceeds                                       | 57,803                | -                      | -                                 | 57,803              |
| Transfers in   | 124,655               | -                      | 159                               | 124,814             |
| Transfers out  | (159)                 | -                      | (124,655)                         | (124,814)           |
| Total other financing sources (uses)                         | <u>182,299</u>        | <u>-</u>               | <u>(124,496)</u>                  | <u>57,803</u>       |
| <b>Net Change in Fund Balances</b>                           | <u>680,350</u>        | <u>172,770</u>         | <u>(85,608)</u>                   | <u>767,512</u>      |
| <b>Fund Balances - Beginning of Year</b>                     | <u>(1,700,126)</u>    | <u>170,212</u>         | <u>183,440</u>                    | <u>(1,346,474)</u>  |
| <b>Fund Balances - End of Year</b>                           | <u>\$ (1,019,776)</u> | <u>\$ 342,982</u>      | <u>\$ 97,832</u>                  | <u>\$ (578,962)</u> |

See accompanying notes to financial statements

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED APRIL 30, 2016**

**Net change in fund balance of governmental funds** \$ 767,512

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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. (28,274)

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 liability                    | (1,031,585) |             |
| Change in other postemployment benefits obligation | (56,328)    |             |
| Change in accrued interest on bonds                | <u>443</u>  |             |
|  |             | (1,087,470) |

Change in deferred outflows and deferred inflows of resources are not included in the governmental funds

|                                |                 |         |
|--------------------------------|-----------------|---------|
| Deferred outflows of resources | 638,487         |         |
| Deferred inflows of resources  | <u>(57,946)</u> |         |
|                                |                 | 580,541 |

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                           | 57,803           |           |
| Loss on disposal of capital assets       | (10,728)         |           |
| Depreciation                             | <u>(583,177)</u> |           |
| Capital outlay in excess of depreciation |                  | (536,102) |

The issuance of long term debt is shown as an other financing source in governmental funds which governmental activities report long term debt

|                        |  |          |
|------------------------|--|----------|
| Capital lease issuance |  | (57,803) |
|------------------------|--|----------|

Claims payable represent an estimated long term liability not accounted for in the governmental funds (1,078,600)

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 Position

|                                  |               |                |
|----------------------------------|---------------|----------------|
| Bond principal retirement        | 55,714        |                |
| Capital leases payable           | 31,531        |                |
| Decrease in compensated absences | <u>17,896</u> |                |
| Total retirement of debt         |               | <u>105,141</u> |

**Change in net position of governmental activities** \$ (1,335,055)

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**APRIL 30, 2016**

|   | <b>Public Employee<br/>Retirement Plan</b> |
|---|--|
| <b>Assets</b>                                     |  |
| Investments - at fair value                       |  |
| Cash  | 141,880                                    |
| Money Market Mutual Funds                         | 23,906                                     |
| Corporate bonds                                   | 706,324                                    |
| U.S. Treasuries                                   | 48,412                                     |
| U.S. Agencies                                     | 641,322                                    |
| Mortgage Backed Securities                        | 5,356                                      |
| State and Municipal Bonds                         | 173,818                                    |
| Certificate of Deposit                            | 71,175                                     |
| Mutual Funds                                      | 26,363                                     |
| Annuities   | 286,180                                    |
| Total investments                                 | 2,124,736                                  |
| Receivables                                       |  |
| Due from Village                                  | 612,110                                    |
| Accrued interest on investments                   | 21,369                                     |
| Total receivables                                 | 633,479                                    |
| Total assets                                      | 2,758,215                                  |
| <b>Net Position</b>                               |  |
| Plan net position restricted for pension benefits | \$ 2,758,215                               |

See accompanying notes to financial statements

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED APRIL 30, 2016**

|   | <b>Public Employee<br/>Retirement Plan</b> |
|---|--|
| <b>Additions</b>                                    |  |
| Employer contributions                              |  |
| Property taxes                                      | \$ 228,579                                 |
| Employee contributions                              | 92,744                                     |
| Total contributions                                 | 321,323                                    |
| Investment income                                   |  |
| Net appreciation in fair value of investments       | (21,401)                                   |
| Interest and dividends on investments               | 76,805                                     |
|   | 55,404                                     |
| Less investment expense                             | (5,466)                                    |
| Net investment income                               | 49,938                                     |
| Other income  | 93,908                                     |
| Total additions                                     | 465,169                                    |
| <b>Deductions</b>                                   |  |
| Benefits and refunds                                | 363,616                                    |
| Administrative expenses                             | 11,015                                     |
| Total deductions                                    | 374,631                                    |
| <b>Change in Plan Net Position</b>                  | 90,538                                     |
| <b>Net Position Restricted for Pension Benefits</b> |  |
| Beginning of Year                                   | 2,667,677                                  |
| End of Year   | \$ 2,758,215                               |

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Orland Hills, Illinois (“Village”), have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government, as promulgated by the Government Accounting Standards Board (GASB). The following is a summary of the significant policies:

#### Reporting Entity

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

In 2014, the Village adopted the provisions of the Governmental Accounting Standard Board (“GASB”) Statement No. 61, “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34” which modifies certain requirements for inclusion of component units in the financial reporting entity. An organization is considered a component unit of the primary government if 1) the government appoints a voting majority of the organization’s board and there is a financial benefit or burden relationship or the government is able to impose its will on the organization or 2) the organization is fiscally dependent on the government and there is a financial benefit or burden relationship or 3) the government determines that it would be misleading to exclude the organization from its financial statements.

Based on the foregoing criteria, the Village does not exercise oversight responsibility over any other entity and thus does not include other entities in the Village’s financial statements.

The Village’s police employees participate in a police pension employee’s retirement system (PPERS). The PPERS functions for the benefit of these employees and is governed by a 5 member board consisting of two members appointed by the Village’s president, one elected pension beneficiary, and two elected police employees. The Village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contributions levels.

Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village’s police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. The financial statements of the Police Pension fund as of and for the fiscal year April 30, 2016, are blended in the Village’s basic financial statements as a pension trust fund.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide and Fund Financial Statements**

The Village's basic financial statements consist of both the government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and the 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 Position and the Statement of Activities report information on activities of the Village, except for fiduciary funds. The effect of interfund activity has been removed from these statements excluding interfund services provided. 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 Statement of Net Position presents the financial condition of the governmental activities of the Village at year end. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources as well as the capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the Village.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the supplementary information.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements***

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds.

A major fund is defined as the Village's General Fund as well as any other fund where either the assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures of that fund are at least ten percent of the corresponding total for all governmental funds, since the Village has no enterprise funds. The Village's management may select as a major fund any other fund not meeting the above criteria if they believe the fund is of particular importance to the user of the financial statements. The Village has identified the Motor Fuel Tax Fund as a major fund. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The fiduciary fund is reported at the fund financial statement level as a separate fund type and is not included in the government-wide financial statements.

Since capital assets and long-term debt are concerned only with the measurement of financial position as of the date of the end of the reporting period, neither of these are reported in fund financial statements. Both items are included in the government-wide financial statements.

**Fund Accounting**

The Village uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified as: governmental or fiduciary funds.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisitions or construction of general capital assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the Village not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. When these assets are held under the terms of a formal trust agreement, a permanent fund is used. Agency funds are generally used to account for assets that the Village holds on behalf of others as their agent. The pension trust fund accounts for the Police Pension fund, which accumulates resources for pension benefit payments to retired police personnel.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide financial statements also include activity related to the purchase, depreciation and year end balances of capital assets as well as year end balances and activity related to long-term debt.

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 considered revenues to be available if they are collected within 60 days of the end of the year.

Expenditures are generally 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 or when amounts have been accumulated in the debt service fund for payment to be made early in the following year.

Property taxes, sales tax, franchise tax, motor fuel tax, utility tax, police citations, hotel tax, income tax and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

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.

Motor Fuel Tax Fund is used to account for the motor fuel tax revenues received, including interest income, for the purpose of street maintenance.

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 specific purposes.

Capital Projects Fund is used to account for the Village's purchase or construction of major capital facilities, which are not financed by other 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 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 funds. These include pension trust funds. Pension trust funds are accounted for in essentially the same manner as propriety funds since capital maintenance is critical.

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

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

The Village reports unearned revenues on its governmental fund statements. 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. When the Village has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized.

### **Assets, Liabilities and Net Position**

#### ***Cash 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.

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 pooled shares. State statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported 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 asset 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<br/>Threshold</u> | <u>Estimated<br/>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, equipment  | 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                    |

***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.”

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Interfund Transfers***

These represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses/sources. In proprietary funds, transfers are reported after non-operating revenues and expenses. In the government-wide financial statements, interfund amounts are eliminated except for residual amounts between governmental and business-type activities, which are labeled internal balances or transfers.

***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 to employees upon termination of employment. The government-wide financial statements record unused vacation leave as expenses and liabilities when earned by employees.

***Long-Term Obligations***

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period. The face amount of the 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.

***Deferred Outflows/Inflows of Resources***

Deferred outflows of resources refers to a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The item that qualifies for reporting in this category for the Village relates to their pension plans and is reported in the government-wide statement of net position. The Village reports deferred inflows of resources on the government-wide and fund financial statements. Deferred inflows of resources are recorded when assets are acquired that apply to a future reporting period. Property taxes which have been deemed to be measurable but not available or have been levied for use in the subsequent period represent deferred inflows of resources. An amount related to the pension plan also is reported in the government-wide statement of net position as a deferred inflow. In addition, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period in governmental funds.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Reconciliation of Government-Wide and Fund Statements***

Differences occur from the manner in which the governmental fund 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.

***Property Tax Revenue Recognition***

Property taxes attach retroactively as an enforceable lien on January 1 of the levy year. They are levied in December 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 thirty days after release of the second billing which is generally between August and November of the current year. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available.

***Fund Equity***

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, established criteria for classifying governmental fund balances into specifically defined classifications. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

**Nonspendable fund balance** – includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: 1) externally imposed by creditors such as through debt covenants), grantors, contributors or laws or regulation of other governments: or 2) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village’s highest level of decision-making authority rests with the Village Board. The Village has not committed fund balances at April 30, 2016.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assigned fund balance** – includes amounts that are constrained by the Village’s intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by the following: 1) the Village Board; 2) a body or official to which the Village has delegated the authority to assign amounts to be used for a specific purpose. The Village has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purposes and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

**Unassigned fund balance** – includes the residual fund balance that has not been restricted, committed or assigned within the General Fund and unassigned deficit fund balances of other governmental funds.

Unless specifically identified, expenditures act to reduce restricted balances first, and then committed balances, next are assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

The Village has no fund balance reserve policy for governmental funds.

***Accounting Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

***Eliminations and Reclassifications***

In the process of aggregating information for the government-wide statements, some amounts reported as interfund activity and/or interfund balances in the fund financial statements are eliminated or reclassified.

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2016

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**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts are as originally adopted by the Board. All annual appropriations lapse at fiscal year-end.

**EXPENDITURES OVER BUDGET**

For the year ended April 30, 2016, expenditures/expenses exceeded budget as follows:

|                    | <u>Budget</u> | <u>Actual</u> | <u>Over<br/>Budget</u> |
|--------------------|---------------|---------------|------------------------|
| General Fund       | \$ 4,837,573  | \$ 5,014,652  | \$ 177,079             |
| Integrity Fund I   | -             | 4,849         | 4,849                  |
| Integrity Fund III | -             | 584           | 584                    |
| Tourism Fund       | 92,000        | 92,030        | 30                     |
| Park Donation Fund | -             | 655           | 655                    |

**DEFICIT FUND BALANCES**

As of April 30, 2016, the following funds had deficit fund balances:

|                            |              |
|----------------------------|--------------|
| General Fund               | \$ 1,019,776 |
| 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 \$240,431 at April 30, 2016, while the bank balances were \$265,510. All account balances at banks were 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 agent.

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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### NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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 discounts 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 for the Village's governmental fund investments at April 30, 2016.

| <u>Investment Type</u>         | <u>Fair Value</u> | <u>Investment Maturities Less Than One Year</u> |
|--------------------------------|-------------------|---|
| State Treasurer Illinois Funds | \$ 604,860        | \$ 604,860                                      |
| Bond Mutual Fund               | <u>3,730</u>      | <u>3,730</u>                                    |
| Total                          | <u>\$ 608,590</u> | <u>\$ 608,590</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 investment 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.

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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### NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Credit ratings for the Village's investments in debt securities as described by Standard & Poor's for the Illinois Funds and Moody's for the Bond Mutual Fund at April 30, 2016 are as follows:

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

#### 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 pledge securities shall equal or exceed the portion of the deposit requiring collateralization. The Village is fully collateralized at April 30, 2016.

#### Concentration of Credit Risk

The Village places no limit on the amount the Village may invest in any one issuer. The majority of the Village's total investments are invested in State Treasurer Illinois Funds. All of the investments are recorded in the General Fund, Motor Fuel Tax Fund, Non-Drug Seizure Fund, Tourism Fund, Park Donation Fund, Wetland Maintenance Fund, Working Cash Fund, TIF Eligible Fund, Non-Drug Seizure Fund, and 1992 G.O. Corporate Bond 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 vehicle 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.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

The following was the Board’s adopted asset allocation policy as of April 30, 2016:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| Fixed Income       | 89%                      |
| Equities           | 10%                      |
| Cash               | 1%                       |
| Total              | <u>100%</u>              |

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, 2016:

| <u>Investment Types</u>                          | <u>Fair Value</u> | <u>Maturities</u>             |                              |                             |
|--|-------------------|-------------------------------|------------------------------|-----------------------------|
|  |                   | <u>Less Than<br/>One Year</u> | <u>One to Five<br/>Years</u> | <u>Six to Ten<br/>Years</u> |
| Money Market Mutual Funds                        | 23,906            | 23,906                        | -                            | -                           |
| Certificats of Deposit                           | 71,175            | -                             | 71,175                       | -                           |
| Corporate Bonds                                  | 706,324           | 41,255                        | 494,285                      | 170,784                     |
| U.S. Agencies                                    | 641,322           | 126,722                       | 267,731                      | 246,869                     |
| U.S. Treasury Notes                              | 48,412            | 48,412                        | -                            | -                           |
| Mortgage Backed Securities                       | 5,355             | -                             | -                            | 391                         |
| State and Municipal Bonds                        | 173,818           | 40,924                        | 69,725                       | 63,169                      |
| State Treasurer - Illinois Funds                 | 141,880           | 101,128                       | -                            | -                           |
| Total  | <u>1,812,192</u>  | <u>382,347</u>                | <u>902,916</u>               | <u>481,213</u>              |
| Investments not sensitive to Interest Rate Risk: |                   |                               |                              |                             |
| Mutual Funds                                     | 26,363            |                               |                              |                             |
| Life Insurance Annuities                         | 286,180           |                               |                              |                             |
| Total Investments                                | <u>2,124,736</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. Up to 5% of Fund assets may be invested in non-liquid long-term investments.

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VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**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 agency or instrumentality thereof, or to corporate and municipal issues. All securities shall be of “investment grade” quality (that is, at the time of purchase, 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 as circumstances or investment objectives dictate.

Credit ratings for the Police Pension Fund’s investments in debt securities at April 30, 2016 (excluding investments in U.S. Treasuries, which are not considered to have credit risks) are as follows:

| <u>Investment Type</u>    | <u>Credit Ratings</u> | <u>Percentage of Investment Type</u> | <u>Percent of Total Investments</u> |
|---------------------------|-----------------------|--------------------------------------|-------------------------------------|
| Corporate Bonds           | AA+                   | 8%                                   | 46%                                 |
|                           | AA-                   | 8%                                   |                                     |
|                           | A                     | 14%                                  |                                     |
|                           | A-                    | 29%                                  |                                     |
|                           | BBB+                  | 32%                                  |                                     |
|                           | BBB                   | 9%                                   |                                     |
| U.S. Agencies             | AA+                   | 100%                                 | 42%                                 |
| State and Municipal Bonds | AA                    | 24%                                  | 12%                                 |
|                           | A                     | 15%                                  |                                     |
|                           | Aaa *                 | 24%                                  |                                     |
|                           | Aa2 *                 | 12%                                  |                                     |
|                           | A1 *                  | 25%                                  |                                     |

\* Indicates this is a Moody's Rating; all other Investments rated by S&P.

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2016

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**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of 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 investments or any other high-quality, interest-bearing security rated at least AAA/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 at April 30, 2016.

**Concentration of Credit Risk**

The Police Pension Fund places no limit on the amount the fund may invest in any one issuer. The Police Pension Fund's investments are primarily in corporate bonds, U. S. Agency notes, annuities and municipal bonds. These investments are 33%, 30%, 13% and 8% respectively, of the total Police Pension Fund's investments.

Rate of Return: For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.70 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

|                                  |                     |
|----------------------------------|---------------------|
| Cash and Investments             |                     |
| Cash - Village                   | \$ 240,431          |
| Cash-Pension Trust Fund          | 141,880             |
| Investments - Village            | 608,590             |
| Investments - Pension Trust Fund | <u>1,982,856</u>    |
| Total cash and investments       | <u>\$ 2,973,757</u> |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

**NOTE 4 CAPITAL ASSETS**

The summary of changes in the capital asset of the Village's governmental activities for the year ended April 30, 2016 is as follows:

|   | Balance at<br>May 1, 2015 | Additions        | Deletions     | Balance at<br>April 30, 2016 |
|---|---------------------------|------------------|---------------|------------------------------|
| Governmental activities:                      |                           |                  |               |                              |
| Capital assets not being depreciated:         |                           |                  |               |                              |
| Land  | \$ 10,133,189             | \$ -             | \$ -          | \$ 10,133,189                |
| Construction in Progress                      | -                         | -                | -             | -                            |
| Total capital assets not<br>being depreciated | <u>10,133,189</u>         | <u>-</u>         | <u>-</u>      | <u>10,133,189</u>            |
| Capital assets being depreciated:             |                           |                  |               |                              |
| Land improvements                             | 643,328                   | -                | -             | 643,328                      |
| Buildings and improvements                    | 4,199,899                 | -                | -             | 4,199,899                    |
| Machinery and equipment                       | 1,211,637                 | 57,803           | 84,796        | 1,184,644                    |
| Infrastructure                                | 18,158,714                | -                | -             | 18,158,714                   |
| Total capital assets<br>being depreciated     | <u>24,213,578</u>         | <u>57,803</u>    | <u>84,796</u> | <u>24,186,585</u>            |
| Less accumulated depreciation for:            |                           |                  |               |                              |
| Land improvements                             | (282,150)                 | (30,142)         | -             | (312,292)                    |
| Buildings and improvements                    | (1,426,695)               | (84,115)         | -             | (1,510,810)                  |
| Machinery and equipment                       | (887,853)                 | (78,124)         | 74,068        | (891,909)                    |
| Infrastructure                                | (10,110,747)              | (390,795)        | -             | (10,501,542)                 |
| Total accumulated depreciation                | <u>(12,707,445)</u>       | <u>(583,176)</u> | <u>74,068</u> | <u>(13,216,553)</u>          |
| Total capital assets being depreciated, net   | <u>11,506,133</u>         |                  |               | <u>10,970,032</u>            |
| Capital assets, net                           | <u>\$ 21,639,322</u>      |                  |               | <u>\$ 21,103,221</u>         |

Depreciation expense of \$583,176 was charged to the governmental activities functional expense categories as follows:

|                        | <u>Depreciation</u> |
|------------------------|---------------------|
| General government     | \$ 76,882           |
| Public safety          | 33,391              |
| Culture and recreation | 54,821              |
| Highway and streets    | 418,082             |
|                        | <u>\$ 583,176</u>   |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables as of April 30, 2016 are summarized below:

|                              | Due from<br>Other<br><u>Funds</u> | Due to<br>Other<br><u>Funds</u> |
|------------------------------|-----------------------------------|---------------------------------|
| Major governmental funds:    |                                   |                                 |
| General                      | \$ 53,567                         | \$ 42,354                       |
| Nonmajor governmental funds: | <u>42,354</u>                     | <u>53,567</u>                   |
|                              | <u>\$ 95,921</u>                  | <u>\$ 95,921</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.

Interfund transfers for the fiscal year are summarized as follows:

|                              | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| Major governmental funds:    |                     |                      |
| General                      | \$ 124,655          | \$ 159               |
| Nonmajor governmental funds: | <u>159</u>          | <u>124,655</u>       |
|                              | <u>\$ 124,814</u>   | <u>\$ 124,814</u>    |

The transfers represent both routine and non-routine items. Generally, routine transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that is required to expend them.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
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**NOTE 6 RECEIVABLES**

The following is a summary of other taxes, amounts due from governments and other receivables by fund type at April 30, 2016. Any uncollectible amount is not believed to be material.

Governmental activities:

|                                    | <u>General</u>      | <u>Motor Fuel<br/>Tax</u> | <u>Special<br/>Revenue</u> | <u>Total<br/>Statement of<br/>Net Assets</u> |
|------------------------------------|---------------------|---------------------------|----------------------------|--|
| Taxes receivable:                  |                     |                           |                            |  |
| Property taxes                     | \$ 263,172          | \$ -                      | \$ -                       | \$ 263,172                                   |
| Franchise tax                      | 53,317              | -                         | -                          | 53,317                                       |
| Non-retail business tax            | 20,980              | -                         | -                          | 20,980                                       |
| Hotel taxes                        | -                   | -                         | 18,002                     | 18,002                                       |
| Total taxes receivable             | <u>\$ 337,469</u>   | <u>\$ -</u>               | <u>\$ 18,002</u>           | <u>\$ 355,471</u>                            |
| Intergovernmental receivable:      |                     |                           |                            |  |
| Illinois income tax                | \$ 258,017          | \$ -                      | \$ -                       | \$ 258,017                                   |
| Illinois sales tax                 | 791,306             | -                         | -                          | 791,306                                      |
| Illinois local use tax             | 40,788              | -                         | -                          | 40,788                                       |
| Telecommunications tax             | 34,470              | -                         | -                          | 34,470                                       |
| Motor fuel tax                     | -                   | 16,270                    | -                          | 16,270                                       |
| Total intergovernmental receivable | <u>\$ 1,124,581</u> | <u>\$ 16,270</u>          | <u>\$ -</u>                | <u>\$ 1,140,851</u>                          |
| Accounts receivable:               |                     |                           |                            |  |
| Police fines                       | \$ 45,588           | \$ -                      | \$ -                       | \$ 45,588                                    |
| Total accounts receivable          | <u>\$ 45,588</u>    | <u>\$ -</u>               | <u>\$ -</u>                | <u>\$ 45,588</u>                             |

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2016

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**NOTE 7 LONG-TERM DEBT**

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

|  | <u>Balance</u><br><u>May 1, 2015</u> | <u>Additions</u>    | <u>Deletions</u>  | <u>Balance</u><br><u>April 30, 2016</u> | <u>Due Within</u><br><u>One Year</u> |
|--|--------------------------------------|---------------------|-------------------|---|--------------------------------------|
| South Suburban Mayors<br>and Manager's Association<br>Debt Certificate Payable<br>Series of 2013 | 334,286                              | -                   | 55,714            | 278,572                                 | 55,714                               |
| Capital leases   |                                      |                     |                   |   |                                      |
| 2011 copy machine  | 3,631                                | -                   | 3,631             | -                                       | -                                    |
| 2014 Ford vehicles   | 22,087                               | -                   | 17,670            | 4,417                                   | 4,417                                |
| 2016 Ford vehicles   | -                                    | 50,303              | 9,321             | 40,982                                  | 16,285                               |
| Police I Record 2016   | -                                    | 7,500               | 909               | 6,591                                   | 1,375                                |
| Compensated absences   | 153,378                              | -                   | 17,896            | 135,482                                 | -                                    |
| Net pension liability  | 6,671,869                            | 1,031,585           | -                 | 7,703,454                               | -                                    |
| OPEB obligation  | 409,528                              | 56,328              | -                 | 465,856                                 | -                                    |
| Total governmental<br>activities   | <u>\$ 7,594,779</u>                  | <u>\$ 1,145,716</u> | <u>\$ 105,141</u> | <u>\$ 8,635,354</u>                     | <u>\$ 77,791</u>                     |

**South Suburban Mayors and Managers Association Debt Certificate Payable**

Debt includes a \$390,000 Series 2013 Debt Certificate Payable dated December 12, 2013, due December 15, 2020, with an interest rate of 2.13%. The main purpose of the certificate is to refund the remaining principal of the \$900,000 Series 2008 Debt Certificate Payable dated April 1, 2008, due December 14, 2014. Principal payments are to be paid once per year on December 15.

Remaining principal and interest payments to maturity are as follows:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-------------|-------------------|------------------|-------------------|
| 2017        | \$ 55,714         | \$ 5,969         | \$ 61,683         |
| 2018        | 55,714            | 4,747            | 60,461            |
| 2019        | 55,714            | 3,560            | 59,274            |
| 2020        | 55,714            | 2,373            | 58,087            |
| 2021        | 55,714            | 1,190            | 56,904            |
|             | <u>\$ 278,570</u> | <u>\$ 17,839</u> | <u>\$ 296,409</u> |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 7 LONG-TERM DEBT (Continued)**

**Capital Leases**

**2011 Copy Machine**

The Village entered into a capital lease agreement for the lease of one copy machine. Total annual payments for the machine were \$5,753 with the first annual payment due at lease signing. The payments were for a five-year period, after which the Village exercised the right to purchase the machine for \$1. As of April 30, 2016, there is no longer any outstanding debt related to this item and the amount of capital assets acquired through this lease was \$20,229. Accumulated depreciation totaled \$15,173 leaving a book value of \$5,056.

**2014 Ford Vehicles**

In 2014, the Village entered into a capital lease agreement for the lease of two 2014 Ford Police Interceptor sedans. Total annual payments for the vehicles are \$19,161 with the first annual payment due on August 2, 2013. The payments are for a three-year period, after which the Village has the right to purchase the cars for \$1. As of April 30, 2016, the amount of capital assets acquired through this lease was \$53,009. Accumulated depreciation totaled \$19,878 leaving a book value of \$33,131.

Debt service for the cars is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|-------------|------------------|-----------------|-----------------|
| 2017        | <u>\$ 4,417</u>  | <u>\$ 373</u>   | <u>\$ 4,790</u> |
|             | <u>\$ 4,417</u>  | <u>\$ 373</u>   | <u>\$ 4,790</u> |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 7 LONG-TERM DEBT (Continued)**

**2016 Ford Vehicles**

In 2015, the Village entered into a capital lease agreement for the lease of two 2015 Ford Police Interceptor sedans. Total annual payments for the vehicles are \$18,183 with the first annual payment due on November 1, 2015. The payments are for a three-year period, after which the Village has the right to purchase the cars for \$1. As of April 30, 2016, the amount of capital assets acquired through this lease was \$50,303. Accumulated depreciation totaled \$3,144 leaving a book value of \$47,159.

Debt service for the cars is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|-------------|------------------|-----------------|------------------|
| 2017        | \$ 16,285        | \$ 1,898        | \$ 18,183        |
| 2018        | 17,229           | 954             | 18,183           |
| 2019        | <u>7,468</u>     | <u>106</u>      | <u>7,574</u>     |
|             | <u>\$ 40,982</u> | <u>\$ 2,958</u> | <u>\$ 43,940</u> |

**2016 I-Record Digital Video/Audio System**

In 2015, the Village entered into a capital lease agreement for the lease of an I-Record Digital Video/Audio Recording System. Total annual payments for the system are \$1,728 with the first annual payment due on October 15, 2015. The payments are for a five-year period, after which the Village will retain title to the system. As of April 30, 2016, the amount of capital assets acquired through this lease was \$7,500. Accumulated depreciation totaled \$375 leaving a book value of \$7,125.

Debt service for the cars is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|-------------|------------------|-----------------|-----------------|
| 2017        | \$ 1,375         | \$ 353          | \$ 1,728        |
| 2018        | 1,458            | 270             | 1,728           |
| 2019        | 1,547            | 181             | 1,728           |
| 2020        | 1,641            | 87              | 1,728           |
| 2021        | <u>570</u>       | <u>7</u>        | <u>577</u>      |
|             | <u>\$ 6,591</u>  | <u>\$ 898</u>   | <u>\$ 7,489</u> |

**NOTE 7 LONG-TERM DEBT (Continued)**

**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 originally issued by LaSalle National Bank. Upon repayment of 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.

**Legal Debt Margin**

The Village is subjected to a legal debt margin of 8.625% of equalized assessed value of property in the Village. As of April 30, 2016, the equalized assessed valuation of the Village is \$128,035,438 and the legal debt margin is \$11,043,057. The Village is in compliance with this requirement.

**NOTE 8 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 last three fiscal years.

**NOTE 9 CONTINGENT LIABILITIES**

The Village is a defendant in various lawsuits. One such suit involves a developer seeking payment from the Village pursuant to a redevelopment agreement. The plaintiff asserts that the Village under reported property tax and sales tax revenues and improperly deducted bond payments and administrative expenses in determining payments to the plaintiff. The court has entered summary judgment in favor of the plaintiff but, rather than entering a judgment for a specific amount, the court ordered the parties to conduct their own accounting jointly to determine the amounts actually owed. The Village believes that it is probable that they have incurred a liability of \$1.1 million which is included as claims payable in the statement of net position. It is reasonably possible that the liability could be higher by an indeterminable amount.

The Village also entered into an economic incentive agreement with a major retailer in 2010 providing for the rebate of a portion of sales tax to the retailer. However, payments have not been made pursuant to the agreement pending the resolution of the above lawsuit since the retailer is located within that development. In addition, any amount due under the agreement cannot be reasonably estimated at this time.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS**

**Plan Descriptions:**

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Sheriff's Law Enforcement Personnel (SLEP), an agent multiple-employer public employee retirement system affiliated with IMRF; and, the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for the Police Pension Plan 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 which is prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. A stand-alone financial report is not issued for the plan. IMRF and SLEP benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF and SLEP issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. The report can be obtained online at [www.imrf.org](http://www.imrf.org).

Below is aggregate information related to all of the pension plans in total reported by the Village as of and for the year ended April 30, 2016:

|                                 |    |                         |
|---------------------------------|----|-------------------------|
| Total Pension Liability         | \$ | 14,628,522              |
| Plan Fiduciary Net Position     |    | <u>6,925,068</u>        |
| Village's Net Pension Liability |    | <u><u>7,703,454</u></u> |
| Deferred Inflows of Resources   | \$ | 57,946                  |
| Deferred Outflows of Resources  |    | 2,078,514               |
| Pension Expense                 |    | 1,031,585               |

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Illinois Municipal Retirement Fund**

**General Information about the Pension Plan**

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 annual required contribution rate for calendar year 2015 was 19.36%. The employer actual contribution for the calendar year 2015 was 22.30%. 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.

At December 31, 2015, the following employees were covered by the IMRF benefit terms:

|                               |           |
|-------------------------------|-----------|
| Retirees and Beneficiaries    | 14        |
| Inactive, Non-retired Members | 18        |
| Active Members                | <u>21</u> |
| Total                         | 53        |

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Net Pension Liability**

The Village's net pension liability for IMRF was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |  |
|----------------------------|--|
| Actuarial Cost Method:     | Entry Age Normal   |
| Inflation:                 | 3.5%   |
| Price Inflation:           | 2.75%  |
| Salary Increases:          | 3.75% to 14.50%  |
| Investment Rate of Return: | 7.17%  |
| Retirement Age:            | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.   |
| Mortality:                 | For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |

There were no benefit changes during the year.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

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

| <b>Asset Class</b>      | <b>Target Allocation</b> | <b>Long Term<br/>Expected Rate<br/>of Return</b> |
|-------------------------|--------------------------|--|
| Domestic Equity         | 38%                      | 7.39%  |
| International Equity    | 17%                      | 7.59%  |
| Fixed Income            | 27%                      | 3.00%  |
| Real Estate             | 8%                       | 6.00%  |
| Alternative Investments | 9%                       | 2.75-8.15%                                       |
| Cash Equivalent         | 1%                       | 2.25%  |
|                         | <u>100%</u>              |  |

Single Discount Rate: A Single Discount Rate of 7.17% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of this valuation, the expected rate of return on IMRF's pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.17%.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Changes in the Net Pension Liability**

|  | Increase (Decrease)               |                                       |                                       |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
|  | Total Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
| <b>Balances at December 31, 2014</b>   | \$ 5,440,629                      | \$ 3,780,556                          | \$ 1,660,073                          |
| <b>Changes for the year:</b>   |                                   |                                       |                                       |
| Service Cost   | 136,139                           | -                                     | 136,139                               |
| Interest on the Total Pension Liability  | 394,500                           | -                                     | 394,500                               |
| Changes of Benefit Terms   | -                                 | -                                     | -                                     |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | 696,883                           | -                                     | 696,883                               |
| Changes of Assumptions   | 90,802                            | -                                     | 90,802                                |
| Contributions - Employer   | -                                 | 207,168                               | (207,168)                             |
| Contributions - Employees  | -                                 | 62,715                                | (62,715)                              |
| Net Investment Income  | -                                 | 19,092                                | (19,092)                              |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | (194,351)                         | (194,351)                             | -                                     |
| Other (Net Transfer)   | -                                 | 123,547                               | (123,547)                             |
| Net Changes  | <u>1,123,973</u>                  | <u>218,171</u>                        | <u>905,802</u>                        |
| <b>Balances at December 31, 2015</b>   | <u>\$ 6,564,602</u>               | <u>\$ 3,998,727</u>                   | <u>\$ 2,565,875</u>                   |

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

The following presents the IMRF plan's net pension liability, calculated using a Single Discount Rate of 7.17%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

|                                      | 1% Decrease<br>(6.17%) | Current<br>Discount Rate<br>(7.17%) | 1% Increase<br>(8.17%) |
|--------------------------------------|------------------------|-------------------------------------|------------------------|
| <b>Net Pension Liability (Asset)</b> | \$ 3,409,786           | \$ 2,565,875                        | \$ 1,870,570           |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

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

For the year ended December 31, 2015, the Village recognized pension expense of \$368,357 related to IMRF. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 480,083                                | \$ -                                     |
| Changes of assumptions   | 62,553                                    | -  |
| Net difference between projected and actual earnings on pension plan investments | <u>217,532</u>                            | <u>-</u>                                 |
| Total Deferred Amounts to be recognized in pension expense in future periods     | 760,168                                   | -  |
| Pension Contributions made subsequent to the Measurement Date                    | <u>83,727</u>                             | <u>-</u>                                 |
| Total Deferred Amounts Related to Pensions                                       | <u>\$ 843,895</u>                         | <u>\$ -</u>                              |

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

| <u>Year Ended<br/>December 31</u> | <u>Annual<br/>Amortization</u> |
|-----------------------------------|--------------------------------|
| 2016                              | \$ 383,159                     |
| 2017                              | 299,432                        |
| 2018                              | 106,921                        |
| 2019                              | 54,383                         |
| 2020                              | -                              |
| Thereafter                        | -                              |

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Sheriff's Law Enforcement Personnel**

**General Information about the Pension Plan**

The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. The plan is affiliated with IMRF. Participating members who retire at age 50 with twenty years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings, for each year of credited service.

As set by statute, the Village's SLEP plan members are required to contribute 7.5% 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 annual required contribution rate for calendar year 2015 was 14.24%. The employer actual contribution for the calendar year 2015 was 14.24%. 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.

At December 31, 2015, the following employees were covered by the SLEP benefit terms:

|                               |          |
|-------------------------------|----------|
| Retirees and Beneficiaries    | -        |
| Inactive, Non-retired Members | -        |
| Active Members                | <u>1</u> |
| Total                         | 1        |

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Net Pension Liability**

The Village's net pension liability for SLEP was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |  |
|----------------------------|--|
| Actuarial Cost Method:     | Entry Age Normal   |
| Inflation:                 | 3.5%   |
| Price Inflation:           | 2.75%  |
| Salary Increases:          | 3.75% to 14.50%  |
| Investment Rate of Return: | 7.01%  |
| Retirement Age:            | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.   |
| Mortality:                 | For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |

There were no benefit changes during the year.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

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

| <b>Asset Class</b>      | <b>Target Allocation</b> | <b>Long Term<br/>Expected Rate<br/>of Return</b> |
|-------------------------|--------------------------|--|
| Domestic Equity         | 38%                      | 7.39%  |
| International Equity    | 17%                      | 7.59%  |
| Fixed Income            | 27%                      | 3.00%  |
| Real Estate             | 8%                       | 6.00%  |
| Alternative Investments | 9%                       | 2.75-8.15%                                       |
| Cash Equivalent         | 1%                       | 2.25%  |
|                         | <u>100%</u>              |  |

Single Discount Rate: A Single Discount Rate of 7.01% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of this valuation, the expected rate of return on SLEP's pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.01%.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Changes in the Net Pension Liability**

|  | Increase (Decrease)               |                                       |                                       |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
|  | Total Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
| <b>Balances at December 31, 2014</b>   | \$ 256,737                        | \$ 117,714                            | \$ 139,023                            |
| <b>Changes for the year:</b>   |                                   |                                       |                                       |
| Service Cost   | 25,198                            | -                                     | 25,198                                |
| Interest on the Total Pension Liability  | 20,039                            | -                                     | 20,039                                |
| Changes of Benefit Terms   | -                                 | -                                     | -                                     |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | 2,997                             | -                                     | 2,997                                 |
| Changes of Assumptions   | 16,411                            | -                                     | 16,411                                |
| Contributions - Employer   | -                                 | 19,183                                | (19,183)                              |
| Contributions - Employees  | -                                 | 10,104                                | (10,104)                              |
| Net Investment Income  | -                                 | 662                                   | (662)                                 |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | -                                 | -                                     | -                                     |
| Other (Net Transfer)   | -                                 | (12,479)                              | 12,479                                |
| Net Changes  | 64,645                            | 17,470                                | 47,175                                |
| <b>Balances at December 31, 2015</b>   | <u>\$ 321,382</u>                 | <u>\$ 135,184</u>                     | <u>\$ 186,198</u>                     |

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

The following presents the SLEP plan's net pension liability, calculated using a Single Discount Rate of 7.01%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

|                                      | 1% Decrease<br>(6.01%) | Current<br>Discount Rate<br>(7.01%) | 1% Increase<br>(8.01%) |
|--------------------------------------|------------------------|-------------------------------------|------------------------|
| <b>Net Pension Liability (Asset)</b> | \$ 229,700             | \$ 186,198                          | \$ 149,737             |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

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

For the year ended December 31, 2015, the Village recognized pension expense of \$43,078 related to SLEP. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to SLEP from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 2,508                                  | \$ -                                     |
| Changes of assumptions   | 13,734                                    | -  |
| Net difference between projected and actual earnings on pension plan investments | <u>7,038</u>                              | <u>-</u>                                 |
| Total Deferred Amounts to be recognized in pension expense in future periods     | 23,280                                    | -  |
| Pension Contributions made subsequent to the Measurement Date                    | <u>-</u>                                  | <u>-</u>                                 |
| Total Deferred Amounts Related to Pensions                                       | <u><u>\$ 23,280</u></u>                   | <u><u>\$ -</u></u>                       |

Pension contributions made subsequent to year end for SLEP are not considered material and are included with the payments to the IMRF plan.

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

| <u>Year Ended<br/>December 31</u> | <u>Annual<br/>Amortization</u> |
|-----------------------------------|--------------------------------|
| 2016                              | \$ 4,925                       |
| 2017                              | 4,925                          |
| 2018                              | 4,925                          |
| 2019                              | 4,927                          |
| 2020                              | 3,166                          |
| Thereafter                        | 412                            |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Police Pension Plan**

**General Information about the Pension Plan**

The Police Pension fund plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, 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. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years' creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retires with 20 or more years of service after January 1, 1977 increases annually, following the first anniversary date of retirement and be paid upon reaching the age at least 55, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, increases annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60 but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Fund. 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, including administrative costs, as actuarially determined by an enrolled actuary. The employer contribution rate for the calendar year 2015 was 50.45%. The employer annual required contribution rate for the calendar year 2015 was 77.43%. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Fund is 90% funded.

At April 30, 2016, the Pension Plan membership consisted of:

Police Pension

|                               |           |
|-------------------------------|-----------|
| Retirees and Beneficiaries    | 8         |
| Inactive, Non-retired Members | 2         |
| Active Members                | 9         |
| Total                         | <u>19</u> |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Net Pension Liability**

The Village's net pension liability for the Police Pension was measured as of April 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial cost method was entry age normal with a level percent of pay.

Actuarial Assumptions: The following actuarial assumptions were used to determine the total pension liability in the April 30, 2016 actuarial valuation and the prior valuation:

|                            |  |
|----------------------------|--|
| Actuarial Cost Method:     | Entry Age Normal   |
| Amortization Method:       | Level dollar   |
| Asset Valuation Method:    | 5-year smoothed market; no corridor  |
| Inflation:                 | 1.5%   |
| Salary Increases:          | Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 1.50% inflation allowance |
| Investment Rate of Return: | 6.50%  |
| Retirement Age:            |  |

|            | Rate of           |            | Rate of           |
|------------|-------------------|------------|-------------------|
| <u>Age</u> | <u>Retirement</u> | <u>Age</u> | <u>Retirement</u> |
| 50         | 0.36              | 60         | 0.22              |
| 51         | 0.22              | 61         | 0.30              |
| 52         | 0.18              | 62         | 0.39              |
| 53         | 0.19              | 63         | 0.48              |
| 54         | 0.19              | 64         | 0.57              |
| 55         | 0.20              | 65         | 0.65              |
| 56         | 0.20              | 66         | 0.74              |
| 57         | 0.20              | 67         | 0.83              |
| 58         | 0.21              | 68         | 0.91              |
| 59         | 0.21              | 69         | 1.00              |

Mortality: Active Lives – RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015.  
Disabled Lives – RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50.

Other Information: There were no benefit changes during the year.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

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

| <u>Asset Class</u>         | <u>Target Allocation</u> | <u>Long Term<br/>Expected Rate<br/>of Return</u> |
|----------------------------|--------------------------|--|
| US Treasuries              | 8.46%                    | 4.30%  |
| US Agencies                | 38.11%                   | 4.50%  |
| Taxable IL Municipal Bonds | 10.24%                   | 4.50%  |
| US Corporate Bonds         | 41.63%                   | 5.00%  |
| US Large Cap               | 0.81%                    | 7.50%  |
| US Mid Cap                 | 0.15%                    | 7.80%  |
| US Small Cap               | 0.07%                    | 7.50%  |
| International Stocks       | 0.33%                    | 7.80%  |
| Emerging Market Stocks     | 0.06%                    | 10.70%   |
| Real Estate                | 0.07%                    | 6.80%  |
| Global Infrastructure      | 0.07%                    | 7.30%  |

Single Discount Rate: The Single Discount Rate reflects:

1. A long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary position is projected to be sufficient to pay benefits), and
2. A tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary position is insufficient to pay benefits).

For the purposes of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.32% (based upon the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve 04-28-2016); and the resulting single discount rate is 6.50%.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Changes in the Net Pension Liability**

|   | Increase (Decrease)               |                                       |                                       |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
|   | Total Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
| <b>Balances at April 30, 2015</b>         | \$ 7,540,450                      | \$ 2,667,677                          | \$ 4,872,773                          |
| Service Cost                              | 153,180                           | -                                     | 153,180                               |
| Interest on the Total Pension Liability   | 479,297                           | -                                     | 479,297                               |
| Changes of Benefit Terms                  | -                                 | -                                     | -                                     |
| Differences Between Expected and Actual   |                                   |                                       |                                       |
| Experience of the Total Pension Liability | (66,773)                          | -                                     | (66,773)                              |
| Changes of Assumptions                    | -                                 | -                                     | -                                     |
| Contributions - Employer                  | -                                 | 322,487                               | (322,487)                             |
| Contributions - Employees                 | -                                 | 92,744                                | (92,744)                              |
| Net Investment Income                     | -                                 | 55,404                                | (55,404)                              |
| Benefit Payments, including Refunds       |                                   |                                       |                                       |
| of Employee Contributions                 | (363,616)                         | (363,616)                             | -                                     |
| Other (Admin Expenses)                    | -                                 | 16,461                                | (16,461)                              |
| Net Changes                               | <u>202,088</u>                    | <u>123,480</u>                        | <u>78,608</u>                         |
| <b>Balances at April 30, 2016</b>         | <u>\$ 7,742,538</u>               | <u>\$ 2,791,157</u>                   | <u>\$ 4,951,381</u>                   |

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

The following presents the net pension liability related to the police pension plan of the Village calculated using the discount rate of 6.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

|                                      | 1% Decrease<br>(5.50%) | Current<br>Discount Rate<br>(6.50%) | 1% Increase<br>(7.50%) |
|--------------------------------------|------------------------|-------------------------------------|------------------------|
| <b>Net Pension Liability (Asset)</b> | \$ 6,035,161           | \$ 4,951,381                        | \$ 4,048,983           |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS-DEFINED BENEFIT PLANS (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position can be found in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position located in the financial section of this report.

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

For the year ended April 30, 2016, the Village recognized pension expense of \$598,088 related to the police pension plan. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 607,360                                | \$ 57,946                                |
| Changes of assumptions   | 463,034                                   | -  |
| Net difference between projected and actual earnings on pension plan investments | <u>164,225</u>                            | <u>-</u>                                 |
| Total Deferred Amounts to be recognized in pension expense in future periods     | <u>\$ 1,234,619</u>                       | <u>\$ 57,946</u>                         |

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

| <u>Year Ended<br/>April 30</u> | <u>Total<br/>Annual<br/>Amortization</u> |
|--------------------------------|--|
| 2017                           | \$ 223,149                               |
| 2018                           | 223,149                                  |
| 2019                           | 223,149                                  |
| 2020                           | 201,968                                  |
| 2021                           | 176,798                                  |
| Thereafter                     | 128,459                                  |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 11 POSTEMPLOYMENT 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 exceed the average amount paid by retirees, the additional cost is paid by the Village and is the basis for the postemployment benefits (OPEB) obligation accounted for under GASB 45. A stand-alone financial report is not issued for the plan.

|                      | <u>Participant Data</u> |                              |              |
|----------------------|-------------------------|------------------------------|--------------|
|                      | <u>Police</u>           | <u>Other<br/>Departments</u> | <u>Total</u> |
| Active participants  | 9                       | 8                            | 17           |
| Disable participants | 4                       | 0                            | 4            |
| Retired participants | <u>0</u>                | <u>1</u>                     | <u>1</u>     |
|                      | <u>13</u>               | <u>9</u>                     | <u>22</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 \$69,518 for 2016.

**Annual OPEB cost and Net OPEB Obligation**

The Village’s annual OPEB cost (expense) is calculated 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 2016, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation:

|  | <u>Police</u>     | <u>Other<br/>Departments</u> | <u>Total</u>      |
|--|-------------------|------------------------------|-------------------|
| Annual required contribution                   | \$ 125,337        | \$ 6,899                     | \$ 132,236        |
| Interest on the net OPEB obligation            | 14,370            | 2,012                        | 16,382            |
| Adjustment to the annual required contribution | <u>(19,976)</u>   | <u>(2,796)</u>               | <u>(22,772)</u>   |
| Annual OPEB cost                               | 119,731           | 6,115                        | 125,846           |
| Contribution made                              | <u>(69,024)</u>   | <u>(494)</u>                 | <u>(69,518)</u>   |
| Increase in the net OPEB obligation            | 50,707            | 5,621                        | 56,328            |
| Net OPEB obligation beginning of year          | <u>359,239</u>    | <u>50,289</u>                | <u>409,528</u>    |
| Net OPEB obligation end of year                | <u>\$ 409,946</u> | <u>\$ 55,910</u>             | <u>\$ 465,856</u> |

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2016 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> |
| 4/30/2016         | \$ 125,846                          | 55.2%   | \$ 465,856                 |
| 4/30/2015         | 129,222                             | 31.6%   | 409,528                    |
| 4/30/2014         | 130,093                             | 38.5%   | 337,565                    |

As of April 30, 2016 (the most recent actuarial valuation), the actuarial accrued liability for benefits was \$1,741,767. The covered payroll was approximately \$1,235,188 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 141.0%.

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**

Projection 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 benefits costs between the employer and plan member.

In the April 30, 2016 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, from hire to termination, as a level percentage of pay. The actuarial assumptions included an annual healthcare cost trend rate of 8.5 percent initially, reduced to an ultimate rate of 4.5 percent after eight years. Rates include a 2.5 percent inflation assumption. The assumptions also include a 4.0 percent discount rate with 3.5 percent 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. The above information is from the most recent valuation as of April 30, 2016.

**NOTE 12 PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED**

The following is a description of the GASB authoritative pronouncements, which have been issued but have not yet been adopted by the Village of Orland Hills.

GASB Statement No.72 – *Fair Value Measurement and Application* is effective for the Village beginning with its fiscal year ending April 30, 2017. This statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* is effective for the Village beginning with its fiscal year ending April 30, 2018. This statement establishes requirements for defined benefit pensions that are not with the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement 67 and 68 for pension plans and pensions that are within their respective scopes.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is effective for the Village beginning with its fiscal year ending April 30, 2018. This statement replaces Statements No. 43 and No. 57. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The scope of this Statement includes OPEB plans administered through trusts that meet certain criteria.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for the Village beginning with its fiscal year ending April 30, 2019. This statement replaces the requirements of Statements No. 45 and No. 57 for OPEB. This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers.

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* is effective for the Village beginning with its fiscal year ending April 30, 2017. This statement supersedes Statement No. 55. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**NOTE 12 PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

GASB Statement No. 77 – *Tax Abatement Disclosures* is effective for the Village beginning with its fiscal year ending April 30, 2017. This statement requires disclosures about tax abatement agreements (i.e. an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or to otherwise benefits the government or its citizens). The statement requires disclosures about not only the reporting government’s own tax abatement agreements but those that are entered into by other governments and reduce the reporting government’s tax revenues as well.

GASB Statement No. 78 – *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* is effective for the Village beginning with its fiscal year ending April 30, 2017. This statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that is not a state or local governmental pension plan, is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and has no predominant state or local governmental employer. Requirements for recognition and measurement of pensions expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions described above are established.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants* is effective for the Village beginning with its fiscal year ending April 30, 2017. The statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units* is effective for the Village beginning with its fiscal year ending April 30, 2018. The statement provides for additional criterion to blend a component unit that is incorporated as a not-for-profit corporation where the primary government is the sole corporate member.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements* is effective for the Village beginning with its fiscal year ending April 30, 2018. The statement requires a government that receives resources to an irrevocable split-interest agreement to record assets, liabilities and deferred inflows of resources at the inception of the agreement. In instances where assets representing a beneficial interest to the government are administered by a third party, these assets must be recognized if the government controls the present service capacity of the beneficial interest.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2016

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**NOTE 12 PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)**

GASB Statement No. 82 – *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73* is effective for the Village beginning with its fiscal year April 30, 2018. The statement addresses issues related to the presentation of payroll-related measures in required supplementary information, selection of assumptions and the classification of employer-paid member contributions.

Management has not yet completed its evaluation of the impact, if any, the provisions of these GASB statements might have on its financial statements.

**NOTE 13 MANAGEMENT’S PLAN TO REDUCE DEFICIT**

Management’s plans to reduce the deficit have included the restructure of a note payable to the South Suburban Mayors and Managers Association and the reduction in police overtime expenditures. Both actions have proven positive in the last fiscal year and are resulting in improved operating results. However, operating results have been adversely effected by property tax rebates granted by the Property Tax Appeal Board over the last three years which are not expected to continue. The note payable has been reduced to \$278,500.

Management’s ongoing plans include the following:

- Efforts to reduce employee health insurance and workers compensation costs
- Efforts to expand the commercial business base

**NOTE 14 RESTATEMENT OF BEGINNING NET POSITION**

In the current year, the Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which resulted in the restatement of beginning net position for governmental activities. The restatement was necessary to establish the net pension liability at April 30, 2015 in accordance with the new standard. The effect of the restatement is as follows:

|   |                          |
|---|--------------------------|
| Beginning net position, April 30, 2015 (as previously reported) | 19,454,260               |
| Add: Beginning net pension liability                            | (6,671,869)              |
| Beginning deferred outflow of resources related to pensions     | 1,440,027                |
| Net Pension Obligation removal                                  | <u>268,773</u>           |
| Beginning net position, April 30, 2015 (as restated)            | <u><u>14,491,191</u></u> |

**REQUIRED SUPPLEMENTARY INFORMATION**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**VILLAGE OF ORLAND HILLS, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED APRIL 30, 2016**

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**Other Post Employee Benefits Plan**

| <b>Actuarial Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets (a)</b> | <b>Actuarial Accrued<br/>Liability (AAL)<br/>Entry Age (b)</b> | <b>Unfunded AAL<br/>(UAAL) (b-a)</b> | <b>Funded Ratio<br/>(a/b)</b> | <b>Covered Payroll<br/>(c)</b> | <b>UAAL as a<br/>Percentage of<br/>Covered<br/>Payroll [(b-<br/>a/c)]</b> |
|-------------------------------------|--|--|--------------------------------------|-------------------------------|--------------------------------|---|
| 4/30/2016                           | \$ -   | \$ 1,741,767   | \$ 1,741,767                         | 0.00%                         | \$ 1,235,188                   | 141.01%   |
| 4/30/2015                           | N/A  | N/A  | N/A                                  | 0.00%                         | N/A                            | N/A   |
| 4/30/2014                           | N/A  | N/A  | N/A                                  | 0.00%                         | N/A                            | N/A   |
| 4/30/2013                           | -  | 1,716,083  | 1,716,083                            | 0.00%                         | 1,318,139                      | 130.19%   |
| 4/30/2012                           | -  | 1,120,618  | 1,120,618                            | 0.00%                         | 1,637,648                      | 68.43%  |
| 4/30/2011                           | -  | 1,064,955  | 1,064,955                            | 0.00%                         | 1,582,268                      | 67.31%  |
| 4/30/2010                           | -  | 1,011,073  | 1,011,073                            | 0.00%                         | 1,528,761                      | 66.14%  |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 YEAR ENDED APRIL 30, 2016**

**Other Post Employment Benefit**

| <b>Fiscal Year Ended</b> | <b>Annual OPEB Cost</b> | <b>Employer<br/>Contribution</b> | <b>Percentage<br/>Contributed</b> |
|--------------------------|-------------------------|----------------------------------|-----------------------------------|
| 4/30/2016                | \$ 125,846              | \$ 69,518                        | 55.2%                             |
| 4/30/2015                | 129,222                 | 40,834                           | 31.6%                             |
| 4/30/2014                | 130,093                 | 50,085                           | 38.5%                             |
| 4/30/2013                | 130,974                 | 57,259                           | 43.7%                             |
| 4/30/2012                | 89,960                  | 29,416                           | 32.7%                             |
| 4/30/2011                | 90,722                  | 27,035                           | 29.8%                             |
| 4/30/2010                | 91,520                  | 24,800                           | 27.1%                             |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**POLICE PENSION FUND**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS**  
**APRIL 30, 2016**

|   | Last 10 Fiscal Years |                     |             |             |             |             |             |             |             |             |
|---|----------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2016                 | 2015                | 2014        | 2013        | 2012        | 2011        | 2010        | 2009        | 2008        | 2007        |
| <b>Total Pension Liability</b>  |                      |                     |             |             |             |             |             |             |             |             |
| Service cost  | \$ 153,180           | \$ 167,303          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Interest  | 479,297              | 370,461             | -           | -           | -           | -           | -           | -           | -           | -           |
| Changes of benefit terms  | -                    | -                   | -           | -           | -           | -           | -           | -           | -           | -           |
| Differences between expected and actual experience                                | (66,773)             | 818,012             | -           | -           | -           | -           | -           | -           | -           | -           |
| Changes of assumptions  | -                    | 623,630             | -           | -           | -           | -           | -           | -           | -           | -           |
| Benefit payments, including refunds of member contributions                       | (363,616)            | (255,437)           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Net Change in Total Pension Liability</b>                                      | <u>202,088</u>       | <u>1,723,970</u>    | <u>-</u>    |
| <b>Total Pension Liability - Beginning</b>  | 7,540,450            | 5,816,480           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Pension Liability - Ending (a)</b>                                       | <u>\$ 7,742,538</u>  | <u>\$ 7,540,450</u> | <u>\$ -</u> |
| <b>Plan Fiduciary Net Position</b>  |                      |                     |             |             |             |             |             |             |             |             |
| Contributions - employer  | \$ 322,487           | \$ 196,026          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Contributions - member  | 92,744               | 59,471              | -           | -           | -           | -           | -           | -           | -           | -           |
| Net investment income   | 55,404               | 64,387              | -           | -           | -           | -           | -           | -           | -           | -           |
| Benefit payments, including refunds of member contributions                       | (363,616)            | (255,437)           | -           | -           | -           | -           | -           | -           | -           | -           |
| Other   | 16,461               | (34,764)            | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Net Change in Fiduciary Net Position</b>                                       | <u>\$ 123,480</u>    | <u>\$ 29,683</u>    | <u>\$ -</u> |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <u>2,667,677</u>     | <u>2,637,994</u>    | <u>-</u>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <u>\$ 2,791,157</u>  | <u>\$ 2,667,677</u> | <u>\$ -</u> |
| <b>Net Pension Liability - Ending (a)-(b)</b>                                     | <u>\$ 4,951,381</u>  | <u>\$ 4,872,773</u> | <u>\$ -</u> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 36.05%               | 35.38%              | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| <b>Covered-Employee Payroll</b>   | \$ 639,223           | \$ 639,223          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>          | 774.59%              | 762.30%             | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
POLICE PENSION FUND  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE VILLAGE CONTRIBUTIONS  
APRIL 30, 2016**

|  | Last 10 Fiscal Years |            |       |       |       |       |       |       |       |       |
|--|----------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 2016                 | 2015       | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008  | 2007  |
| Actuarially Determined Contribution                                  | \$ 494,931           | \$ 489,901 | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions in Relation to the Actuarially Determined Contribution | 322,487              | 196,026    | -     | -     | -     | -     | -     | -     | -     | -     |
| Contribution Deficiency (Excess)                                     | \$ 172,444           | \$ 293,875 | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Covered-Employee Payroll   | \$ 639,223           | \$ 639,223 | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions as a Percentage of Covered-Employee Payroll            | 50.45%               | 30.67%     | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Notes to Schedule:**

Valuation Date: Actuarially determined contribution are calculated as of May 1 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported

Actuarial Cost Method: Entry age normal

Amortization Method: Level dollar

Asset Valuation Method: 5-year smoothed market; no corridor

Inflation: 1.5%

Salary Increases: Graded rates from 4.86% at age 25 to 1.12% at age 55, plus inflation

Investment Rate of Return: 6.5%

Retirement Age:

| Age | Rate of Retirement | Age   | Rate of Retirement |
|-----|--------------------|-------|--------------------|
| 50  | 0.36               | \$ 60 | \$ 0               |
| 51  | 0.22               | 61    | 0.3                |
| 52  | 0.18               | 62    | 0                  |
| 53  | 0                  | 63    | 0                  |
| 54  | 0                  | 64    | 1                  |
| 55  | 0                  | 65    | 1                  |
| 56  | 0                  | 66    | 1                  |
| 57  | 0                  | 67    | 1                  |
| 58  | 0.21               | 68    | 0.91               |
| 59  | \$ 0               | \$ 69 | \$ 1               |

Mortality: Active Lives: RP-2000 Combined Healthy Mortality Table (male), with blue collar adjustment projected by Scale BB to 2015

Disabled Lives: RP2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

Other Information: There were no benefit changes during the year

Information is presented for those years for which it was available

**VILLAGE OF ORLAND HILLS, ILLINOIS  
POLICE PENSION FUND  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
APRIL 30, 2016**

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Last 10 Fiscal Years

|   | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 2.70%       | 3.13%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS**  
**APRIL 30, 2016**

|   | Last 10 Fiscal Years |             |             |             |             |             |             |             |             |             |
|---|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2015                 | 2014        | 2013        | 2012        | 2011        | 2010        | 2009        | 2008        | 2007        | 2006        |
| <b>Total Pension Liability</b>  |                      |             |             |             |             |             |             |             |             |             |
| Service cost  | \$ 136,139           | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Interest  | 394,500              | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Changes of benefit terms  | -                    | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Differences between expected and actual experience                                | 696,883              | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Changes of assumptions  | 90,802               | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Benefit payments, including refunds of member contributions                       | (194,351)            | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Net Change in Total Pension Liability</b>                                      | <u>1,123,974</u>     | <u>-</u>    |
| <b>Total Pension Liability - Beginning</b>  | 5,440,629            | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Pension Liability - Ending (a)</b>                                       | <u>\$ 6,564,603</u>  | <u>\$ -</u> |
| <b>Plan Fiduciary Net Position</b>  |                      |             |             |             |             |             |             |             |             |             |
| Contributions - employer  | \$ 207,168           | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Contributions - member  | 62,715               | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Net investment income   | 19,092               | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Benefit payments, including refunds of member contributions                       | (194,351)            | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Other   | 123,547              | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Net Change in Fiduciary Net Position</b>                                       | <u>\$ 218,171</u>    | <u>\$ -</u> |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | 3,780,556            | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <u>\$ 3,998,727</u>  | <u>\$ -</u> |
| <b>Net Pension Liability - Ending (a)-(b)</b>                                     | <u>\$ 2,565,876</u>  | <u>\$ -</u> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 60.91%               | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| <b>Covered-Employee Payroll</b>   | \$ 929,074           | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>          | 276.18%              | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

**Notes to Schedule:**

Information is presented for those years for which it was available

**VILLAGE OF ORLAND HILLS, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE VILLAGE CONTRIBUTIONS  
APRIL 30, 2016**

|  | Last 10 Fiscal Years |       |       |       |       |       |       |       |       |       |
|--|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 2015                 | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  |
| Actuarially Determined Contribution                                  | \$ 179,869           | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions in Relation to the Actuarially Determined Contribution | 207,168              | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| Contribution Deficiency (Excess)                                     | \$ (27,299)          | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Covered-Employee Payroll   | \$ 929,074           | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions as a Percentage of Covered-Employee Payroll            | 22.30%               | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Notes to Schedule:**

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

Actuarial Cost Method: Aggregate entry age normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 10-year rolling period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Inflation: 3%

Salary Increases: 4.4% to 16%, including inflation

Investment Rate of Return: 7.5%

Retirement Age: Experience based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010

Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used.

Other Information: There were no benefit changes during the year

Information is presented for those years for which it was available

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**SHERIFF'S LAW ENFORCEMENT PERSONNEL**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS**  
**APRIL 30, 2016**

|   | Last 10 Fiscal Years |             |             |             |             |             |             |             |             |             |
|---|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2015                 | 2014        | 2013        | 2012        | 2011        | 2010        | 2009        | 2008        | 2007        | 2006        |
| <b>Total Pension Liability</b>  |                      |             |             |             |             |             |             |             |             |             |
| Service cost  | \$ 25,198            | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Interest  | 20,039               | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Changes of benefit terms  | -                    | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Differences between expected and actual experience                                | 2,997                | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Changes of assumptions  | 16,411               | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Benefit payments, including refunds of member contributions                       | -                    | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Net Change in Total Pension Liability</b>                                      | <b>64,646</b>        | <b>-</b>    |
| <b>Total Pension Liability - Beginning</b>  | <b>256,737</b>       | <b>-</b>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <b>\$ 321,383</b>    | <b>\$ -</b> |
| <b>Plan Fiduciary Net Position</b>  |                      |             |             |             |             |             |             |             |             |             |
| Contributions - employer  | \$ 19,183            | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Contributions - member  | 10,104               | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Net investment income   | 662                  | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Benefit payments, including refunds of member contributions                       | -                    | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Other   | (12,479)             | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Net Change in Fiduciary Net Position</b>                                       | <b>\$ 17,470</b>     | <b>\$ -</b> |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <b>117,714</b>       | <b>-</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <b>\$ 135,184</b>    | <b>\$ -</b> |
| <b>Net Pension Liability - Ending (a)-(b)</b>                                     | <b>\$ 186,199</b>    | <b>\$ -</b> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 42.06%               | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| <b>Covered-Employee Payroll</b>   | \$ 134,720           | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>          | 138.21%              | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

**Notes to Schedule:**

Information is presented for those years for which it was available

**VILLAGE OF ORLAND HILLS, ILLINOIS  
SHERIFF'S LAW ENFORCEMENT PERSONNEL  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE VILLAGE CONTRIBUTIONS  
APRIL 30, 2016**

|  | Last 10 Fiscal Years |       |       |       |       |       |       |       |       |       |
|--|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 2015                 | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  |
| Actuarially Determined Contribution                                  | \$ 19,184            | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions in Relation to the Actuarially Determined Contribution | 19,183               | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| Contribution Deficiency (Excess)                                     | \$ 1                 | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Covered-Employee Payroll   | \$ 134,720           | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions as a Percentage of Covered-Employee Payroll            | 14.24%               | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Notes to Schedule:**

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

Actuarial Cost Method: Aggregate entry age normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 10-year rolling period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Inflation: 3%

Salary Increases: 4.4% to 16%, including inflation

Investment Rate of Return: 7.5%

Retirement Age: Experience based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010

Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used.

Other Information: There were no benefit changes during the year

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND MOTOR FUEL TAX FUND**  
**YEAR ENDED APRIL 30, 2016**

|  | General Fund              |                       |                             | Motor Fuel Tax Fund       |                   |                             |
|--|---------------------------|-----------------------|-----------------------------|---------------------------|-------------------|-----------------------------|
|  | Original and Final Budget | Actual                | Variance Over (Under) Final | Original and Final Budget | Actual            | Variance Over (Under) Final |
| <b>Revenues</b>  |                           |                       |                             |                           |                   |                             |
| Taxes  | \$ 1,392,730              | \$ 1,604,326          | \$ 211,596                  | \$ 24,000                 | \$ 23,325         | \$ (675)                    |
| Licenses and permits                                     | 179,110                   | 172,143               | (6,967)                     | -                         | -                 | -                           |
| Intergovernmental  | 2,166,696                 | 2,546,103             | 379,407                     | 170,146                   | 188,314           | 18,168                      |
| Fees and charges for services                            | 668,836                   | 679,498               | 10,662                      | -                         | -                 | -                           |
| Fines  | 325,000                   | 361,018               | 36,018                      | -                         | -                 | -                           |
| Investment income  | 20                        | 14,661                | 14,641                      | 15                        | 330               | 315                         |
| Grant revenue  | -                         | -                     | -                           | -                         | 130,075           | 130,075                     |
| Other revenues   | 159,500                   | 134,954               | (24,546)                    | -                         | -                 | -                           |
| Total revenues   | <u>4,891,892</u>          | <u>5,512,703</u>      | <u>620,811</u>              | <u>194,161</u>            | <u>342,044</u>    | <u>147,883</u>              |
| <b>Expenditures</b>                                      |                           |                       |                             |                           |                   |                             |
| Administration   | 835,531                   | 1,022,109             | 186,578                     | -                         | -                 | -                           |
| Building and zoning department                           | 169,470                   | 154,060               | (15,410)                    | -                         | -                 | -                           |
| Police department  | 2,288,966                 | 2,497,399             | 208,433                     | -                         | -                 | -                           |
| Fire and police commission                               | 4,000                     | -                     | (4,000)                     | -                         | -                 | -                           |
| ESDA   | 3,300                     | 1,159                 | (2,141)                     | -                         | -                 | -                           |
| Parks and recreation                                     | 529,530                   | 489,795               | (39,735)                    | -                         | -                 | -                           |
| Orland Towne Village festival                            | 40,000                    | 14,215                | (25,785)                    | -                         | -                 | -                           |
| Concession stand/ seniors                                | 5,700                     | 4,339                 | (1,361)                     | -                         | -                 | -                           |
| Special transportation                                   | 92,432                    | 91,387                | (1,045)                     | -                         | -                 | -                           |
| Highway and streets                                      | 660,206                   | 605,004               | (55,202)                    | 148,000                   | 82,481            | (65,519)                    |
| Flood prevention   | 33,500                    | 14,567                | (18,933)                    | -                         | -                 | -                           |
| Capital outlay   | 112,000                   | 57,803                | (54,197)                    | 150,000                   | 86,793            | (63,207)                    |
| Debt service - principal retired                         | 55,714                    | 55,714                | -                           | -                         | -                 | -                           |
| Debt service - interest and fees                         | 7,224                     | 7,101                 | (123)                       | -                         | -                 | -                           |
| Total expenditures                                       | <u>4,837,573</u>          | <u>5,014,652</u>      | <u>177,079</u>              | <u>298,000</u>            | <u>169,274</u>    | <u>(128,726)</u>            |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <u>54,319</u>             | <u>498,051</u>        | <u>443,732</u>              | <u>(103,839)</u>          | <u>172,770</u>    | <u>276,609</u>              |
| <b>Other Financing Sources/(Uses)</b>                    |                           |                       |                             |                           |                   |                             |
| Capital lease proceeds                                   | -                         | 57,803                | 57,803                      | -                         | -                 | -                           |
| Transfers in   | 70,000                    | 124,655               | 54,655                      | -                         | -                 | -                           |
| Transfers out  | (123,632)                 | (159)                 | 123,473                     | -                         | -                 | -                           |
| Total other financing sources                            | <u>(53,632)</u>           | <u>182,299</u>        | <u>235,931</u>              | <u>-</u>                  | <u>-</u>          | <u>-</u>                    |
| <b>Net Change in Fund Balances</b>                       | <u>\$ 687</u>             | <u>680,350</u>        | <u>\$ 679,663</u>           | <u>\$ (103,839)</u>       | <u>172,770</u>    | <u>\$ 276,609</u>           |
| <b>Fund Balances - Beginning of Year</b>                 |                           | <u>(1,700,126)</u>    |                             |                           | <u>170,212</u>    |                             |
| <b>Fund Balances - End of Year</b>                       |                           | <u>\$ (1,019,776)</u> |                             |                           | <u>\$ 342,982</u> |                             |

**VILLAGE OF ORLAND HILLS, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**April 30, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BUDGETARY DATA

A budget to actual comparison is presented for the General fund and major special revenue funds. The budget is prepared on the modified accrual basis of accounting, which is the same basis used in reporting the governmental funds financial statements.

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.

**NOTE 2 - EXPENDITURES OVER BUDGET**

The following funds have an excess of actual expenditures over budget for the year ended April 30, 2016:

| <u>Fund</u> | <u>Amount</u> |
|-------------|---------------|
| General     | \$177,079     |

## SUPPLEMENTARY INFORMATION



VILLAGE OF ORLAND HILLS, ILLINOIS

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULES OF REVENUES - BUDGET AND ACTUAL**  
**YEAR ENDED APRIL 30, 2016**

| <b>Revenues</b>                      | <b>Original and Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance Over<br/>(Under) Final Budget</b> |
|--------------------------------------|--------------------------------------|---------------------|---|
| <b>Taxes</b>                         |                                      |                     |   |
| Property tax                         | \$ 350,000                           | \$ 552,324          | \$ 202,324                                    |
| Non home-rule sales tax              | 652,020                              | 645,819             | (6,201)                                       |
| Telecommunication utility tax        | 155,000                              | 144,780             | (10,220)                                      |
| Nonretail business tax               | 179,922                              | 206,634             | 26,712  |
| Vehicle lease tax                    | 55,788                               | 54,769              | (1,019)                                       |
| Total taxes                          | <u>1,392,730</u>                     | <u>1,604,326</u>    | <u>211,596</u>                                |
| <b>Licenses and permits</b>          |                                      |                     |   |
| Vehicle licenses                     | 77,210                               | 69,335              | (7,875)                                       |
| Liquor licenses                      | 30,000                               | 32,150              | 2,150   |
| Other licenses and permits           | 6,900                                | 5,335               | (1,565)                                       |
| Business licenses                    | 40,000                               | 41,340              | 1,340   |
| Contractor licenses                  | 25,000                               | 23,983              | (1,017)                                       |
| Total licenses and permits           | <u>179,110</u>                       | <u>172,143</u>      | <u>(6,967)</u>                                |
| <b>Intergovernmental revenues</b>    |                                      |                     |   |
| Personal property replacement tax    | 4,000                                | 3,428               | (572)   |
| State income tax                     | 707,000                              | 761,886             | 54,886  |
| State sales tax                      | 1,317,000                            | 1,615,762           | 298,762                                       |
| Use tax                              | 138,696                              | 165,027             | 26,331  |
| Total intergovernmental revenues     | <u>2,166,696</u>                     | <u>2,546,103</u>    | <u>379,407</u>                                |
| <b>Fees and charges for services</b> |                                      |                     |   |
| Franchise fees                       | 439,036                              | 390,122             | (48,914)                                      |
| Permit and inspection fees           | 66,200                               | 71,155              | 4,955   |
| Recreation fees                      | 113,200                              | 115,998             | 2,798   |
| Video provider fee                   | 39,000                               | 37,836              | (1,164)                                       |
| Other fees and charges               | 11,400                               | 64,387              | 52,987  |
| Total fees and charges for services  | <u>668,836</u>                       | <u>679,498</u>      | <u>10,662</u>                                 |
| <b>Fines</b>                         |                                      |                     |   |
| Police fines                         | 250,000                              | 294,163             | 44,163  |
| Forfeiture proceeds                  | -                                    | -                   | -   |
| Miscellaneous fines                  | 75,000                               | 66,855              | (8,145)                                       |
| Total fines                          | <u>325,000</u>                       | <u>361,018</u>      | <u>36,018</u>                                 |
| Investment income                    | <u>20</u>                            | <u>14,661</u>       | <u>14,641</u>                                 |
| Grant revenue                        | <u>-</u>                             | <u>-</u>            | <u>-</u>                                      |
| <b>Other revenue</b>                 |                                      |                     |   |
| Donations                            | 27,000                               | 22,400              | (4,600)                                       |
| Reimbursements                       | 15,000                               | 44,421              | 29,421  |
| Miscellaneous                        | 117,500                              | 68,133              | (49,367)                                      |
| Total other revenue                  | <u>159,500</u>                       | <u>134,954</u>      | <u>(24,546)</u>                               |
| Total revenues                       | <u>\$ 4,891,892</u>                  | <u>\$ 5,512,703</u> | <u>\$ 620,811</u>                             |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULES OF EXPENDITURES - BUDGET AND ACTUAL**  
**YEAR ENDED APRIL 30, 2016**

| <b>Expenditures</b>                     | <b>Original and Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance Over<br/>(Under) Final Budget</b> |
|---|--------------------------------------|------------------|---|
| <b>General Government</b>               |                                      |                  |   |
| <b>Administration</b>                   |                                      |                  |   |
| Personal services                       | \$ 481,531                           | \$ 684,771       | \$ (203,240)                                  |
| Contractual                             | 283,500                              | 272,700          | 10,800  |
| Commodities                             | 62,500                               | 62,675           | (175)   |
| Capital outlay                          | 8,000                                | 1,963            | 6,037   |
| Total administration                    | <u>835,531</u>                       | <u>1,022,109</u> | <u>(186,578)</u>                              |
| <b>Building &amp; zoning department</b> |                                      |                  |   |
| Personal services                       | 108,820                              | 129,859          | (21,039)                                      |
| Contractual                             | 52,000                               | 14,759           | 37,241  |
| Commodities                             | 6,450                                | 7,479            | (1,029)                                       |
| Capital outlay                          | 2,200                                | 1,963            | 237   |
| Total building & zoning department      | <u>169,470</u>                       | <u>154,060</u>   | <u>15,410</u>                                 |
| Total general government                | <u>1,005,001</u>                     | <u>1,176,169</u> | <u>(171,168)</u>                              |
| <b>Public Safety</b>                    |                                      |                  |   |
| <b>Police department</b>                |                                      |                  |   |
| Personal services                       | 1,701,766                            | 1,820,015        | (118,249)                                     |
| Contractual                             | 433,300                              | 557,915          | (124,615)                                     |
| Commodities                             | 116,900                              | 81,990           | 34,910  |
| Capital outlay                          | 37,000                               | 37,479           | (479)   |
| Total police department                 | <u>2,288,966</u>                     | <u>2,497,399</u> | <u>(208,433)</u>                              |
| <b>Fire and Police Commission</b>       |                                      |                  |   |
| Contractual                             | 3,500                                | -                | 3,500   |
| Commodities                             | 500                                  | -                | 500   |
| Total fire and police commission        | <u>4,000</u>                         | <u>-</u>         | <u>4,000</u>                                  |
| <b>ESDA</b>                             |                                      |                  |   |
| Personal services                       | 2,100                                | 938              | 1,162   |
| Contractual                             | 300                                  | 121              | 179   |
| Commodities                             | 900                                  | 100              | 800   |
| Total ESDA                              | <u>3,300</u>                         | <u>1,159</u>     | <u>2,141</u>                                  |
| Total public safety                     | <u>2,296,266</u>                     | <u>2,498,558</u> | <u>(202,292)</u>                              |
| <b>Culture and Recreation</b>           |                                      |                  |   |
| <b>Parks and recreation</b>             |                                      |                  |   |
| Personal services                       | 335,080                              | 338,048          | (2,968)                                       |
| Contractual                             | 85,300                               | 75,023           | 10,277  |
| Commodities                             | 94,950                               | 74,010           | 20,940  |
| Capital outlay                          | 14,200                               | 2,714            | 11,486  |
| Total parks and recreation              | <u>529,530</u>                       | <u>489,795</u>   | <u>39,735</u>                                 |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULES OF EXPENDITURES - BUDGET AND ACTUAL**  
**YEAR ENDED APRIL 30, 2016**

|                                    | <u>Original and Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance Over<br/>(Under) Final Budget</u> |
|------------------------------------|--------------------------------------|---------------------|---|
| Culture and Recreation (Continued) |                                      |                     |   |
| Orland Towne Village festival      |                                      |                     |   |
| Commodities                        | \$ 40,000                            | \$ 14,215           | \$ 25,785                                     |
| Concession stand/seniors           |                                      |                     |   |
| Personal services                  | 300                                  | 118                 | 182   |
| Contractual                        | 400                                  | 182                 | 218   |
| Commodities                        | 5,000                                | 4,039               | 961   |
| Total concession stand/seniors     | <u>5,700</u>                         | <u>4,339</u>        | <u>1,361</u>                                  |
| Special transportation             |                                      |                     |   |
| Personal services                  | 85,132                               | 81,706              | 3,426   |
| Contractual                        | 1,800                                | 4,158               | (2,358)                                       |
| Commodities                        | 4,300                                | 4,323               | (23)  |
| Capital outlay                     | 1,200                                | 1,200               | -   |
| Total special transportation       | <u>92,432</u>                        | <u>91,387</u>       | <u>1,045</u>                                  |
| Total culture and recreation       | <u>667,662</u>                       | <u>599,736</u>      | <u>67,926</u>                                 |
| Highways and Streets               |                                      |                     |   |
| Public works                       |                                      |                     |   |
| Personal services                  | 496,456                              | 468,321             | 28,135  |
| Contractual                        | 115,300                              | 100,517             | 14,783  |
| Commodities                        | 46,450                               | 34,009              | 12,441  |
| Capital outlay                     | 2,000                                | 2,157               | (157)   |
| Total public works                 | <u>660,206</u>                       | <u>605,004</u>      | <u>55,202</u>                                 |
| Flood Prevention                   | <u>33,500</u>                        | <u>14,567</u>       | <u>18,933</u>                                 |
| Total highways and streets         | <u>693,706</u>                       | <u>619,571</u>      | <u>74,135</u>                                 |
| Capital Outlay                     | <u>112,000</u>                       | <u>57,803</u>       | <u>54,197</u>                                 |
| Debt Service - Principal Retired   | 55,714                               | 55,714              | -   |
| Debt Service - Interest and Fees   | 7,224                                | 7,101               | 123   |
| Total expenditures                 | <u>\$ 4,837,573</u>                  | <u>\$ 5,014,652</u> | <u>\$ (177,079)</u>                           |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2016**

|  | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Debt Service<br/>Funds</b> | <b>Capital Projects<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|-------------------------------|----------------------------------|--|
| <b>Assets</b>  |   |                               |                                  |  |
| Cash and cash equivalents  | \$ 47,205                                     | \$ -                          | \$ -                             | \$ 47,205  |
| Short-term investments   | 43,730  | 108                           | -                                | 43,838   |
| Receivables  |   |                               |                                  |  |
| Hotel taxes  | 18,002  | -                             | -                                | 18,002   |
| Due from other funds   | 42,354  | -                             | -                                | 42,354   |
| Total assets   | <u>\$ 151,291</u>                             | <u>\$ 108</u>                 | <u>\$ -</u>                      | <u>\$ 151,399</u>                                |
| <b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balance</b> |   |                               |                                  |  |
| Liabilities  |   |                               |                                  |  |
| Accounts payable   | \$ -  | \$ -                          | \$ -                             | \$ -   |
| Due to other funds   | -   | 53,567                        | -                                | 53,567   |
| Total liabilities  | <u>-</u>                                      | <u>53,567</u>                 | <u>-</u>                         | <u>53,567</u>                                    |
| Fund balances (deficits)   |   |                               |                                  |  |
| Restricted, reported in  |   |                               |                                  |  |
| Special revenue funds  | 26,839  | -                             | -                                | 26,839   |
| Debt service funds   | -   | 108                           | -                                | 108  |
| Assigned   | 124,452                                       | -                             | -                                | 124,452  |
| Unassigned   | -   | (53,567)                      | -                                | (53,567)   |
| Total fund balances (deficits)   | <u>151,291</u>                                | <u>(53,459)</u>               | <u>-</u>                         | <u>97,832</u>                                    |
| Total liabilities, deferred inflows of<br>resources and fund balance   | <u>\$ 151,291</u>                             | <u>\$ 108</u>                 | <u>\$ -</u>                      | <u>\$ 151,399</u>                                |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2016**

|  | Nonmajor<br>Special Revenue<br>Funds | Debt Service<br>Funds | Capital Projects<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------------|-----------------------|--------------------------|---|
| <b>Revenues</b>  |                                      |                       |                          |   |
| Property taxes   | \$ -                                 | \$ -                  | \$ -                     | \$ -                                    |
| Hotel taxes  | 112,770                              | -                     | -                        | 112,770                                 |
| Investment income  | 81                                   | -                     | -                        | 81                                      |
| Other revenue  | 24,155                               | -                     | -                        | 24,155                                  |
| Total revenues   | <u>137,006</u>                       | <u>-</u>              | <u>-</u>                 | <u>137,006</u>                          |
| <b>Expenditures</b>  |                                      |                       |                          |   |
| Administration   | 92,030                               | -                     | -                        | 92,030                                  |
| Police department  | 4,908                                | -                     | -                        | 4,908                                   |
| Capital outlay   | 1,180                                | -                     | -                        | 1,180                                   |
| Total expenditures   | <u>98,118</u>                        | <u>-</u>              | <u>-</u>                 | <u>98,118</u>                           |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | <u>38,888</u>                        | <u>-</u>              | <u>-</u>                 | <u>38,888</u>                           |
| <b>Other Financing Sources (Uses)</b>                        |                                      |                       |                          |   |
| Transfers in   | 159                                  | -                     | -                        | 159                                     |
| Transfers out  | (24,365)                             | -                     | (100,290)                | (124,655)                               |
| Total other financing<br>sources (uses)                      | <u>(24,206)</u>                      | <u>-</u>              | <u>(100,290)</u>         | <u>(124,496)</u>                        |
| <b>Net Change in Fund Balances</b>                           | <u>14,682</u>                        | <u>-</u>              | <u>(100,290)</u>         | <u>(85,608)</u>                         |
| <b>Fund Balances (Deficit)</b>                               |                                      |                       |                          |   |
| Beginning of year  | <u>136,609</u>                       | <u>(53,459)</u>       | <u>100,290</u>           | <u>183,440</u>                          |
| End of year  | <u>\$ 151,291</u>                    | <u>\$ (53,459)</u>    | <u>\$ -</u>              | <u>\$ 97,832</u>                        |

**VILLAGE OF ORLAND HILLS, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
APRIL 30, 2016**

|  | SPECIAL REVENUE FUNDS |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              | Total             |
|--|-----------------------|-----------------------|------------------|--------------------------|--------------------------------|----------------------|---------------------------------|--------------------------|----------------------|--------------------|------------------------------|-------------------|
|  | Integrity<br>Fund I   | Integrity<br>Fund III | Tourism<br>Fund  | Park<br>Donation<br>Fund | Wetland<br>Maintenance<br>Fund | Working<br>Cash Fund | Special<br>Service Area<br>Fund | Non-Drug<br>Seizure Fund | TIF Eligible<br>Fund | Tax Rebate<br>Fund | Alternate<br>Revenue<br>Fund |                   |
| <b>Assets</b>  |                       |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              |                   |
| Cash and cash equivalents  | \$ 18,224             | \$ 15                 | \$ 26,423        | \$ -                     | \$ -                           | \$ -                 | \$ -                            | \$ 2,542                 | \$ -                 | \$ -               | \$ 1                         | \$ 47,205         |
| Short-term investments   | -                     | -                     | 37,673           | 1,489                    | 1,593                          | 568                  | -                               | 335                      | 2,072                | -                  | -                            | 43,730            |
| Receivables  |                       |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              |                   |
| Hotel taxes  | -                     | -                     | 18,002           | -                        | -                              | -                    | -                               | -                        | -                    | -                  | -                            | 18,002            |
| Due from other funds   | -                     | -                     | 11,066           | -                        | -                              | -                    | -                               | -                        | -                    | 31,288             | -                            | 42,354            |
| Total assets   | <u>\$ 18,224</u>      | <u>\$ 15</u>          | <u>\$ 93,164</u> | <u>\$ 1,489</u>          | <u>\$ 1,593</u>                | <u>\$ 568</u>        | <u>\$ -</u>                     | <u>\$ 2,877</u>          | <u>\$ 2,072</u>      | <u>\$ 31,288</u>   | <u>\$ 1</u>                  | <u>\$ 151,291</u> |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> |                       |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              |                   |
| Liabilities  |                       |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              |                   |
| Accounts payable   | \$ -                  | \$ -                  | \$ -             | \$ -                     | \$ -                           | \$ -                 | \$ -                            | \$ -                     | \$ -                 | \$ -               | \$ -                         | \$ -              |
| Total liabilities  | <u>-</u>              | <u>-</u>              | <u>-</u>         | <u>-</u>                 | <u>-</u>                       | <u>-</u>             | <u>-</u>                        | <u>-</u>                 | <u>-</u>             | <u>-</u>           | <u>-</u>                     | <u>-</u>          |
| Deferred inflows of resources  |                       |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              |                   |
| Unearned revenue   | -                     | -                     | -                | -                        | -                              | -                    | -                               | -                        | -                    | -                  | -                            | -                 |
| Total deferred inflows of resources                                      | <u>-</u>              | <u>-</u>              | <u>-</u>         | <u>-</u>                 | <u>-</u>                       | <u>-</u>             | <u>-</u>                        | <u>-</u>                 | <u>-</u>             | <u>-</u>           | <u>-</u>                     | <u>-</u>          |
| Fund balances (deficits)   |                       |                       |                  |                          |                                |                      |                                 |                          |                      |                    |                              |                   |
| Restricted   | 18,224                | 15                    | -                | 1,489                    | 1,593                          | 568                  | -                               | 2,877                    | 2,072                | -                  | 1                            | 26,839            |
| Assigned   | -                     | -                     | 93,164           | -                        | -                              | -                    | -                               | -                        | -                    | 31,288             | -                            | 124,452           |
| Total fund balance   | <u>18,224</u>         | <u>15</u>             | <u>93,164</u>    | <u>1,489</u>             | <u>1,593</u>                   | <u>568</u>           | <u>-</u>                        | <u>2,877</u>             | <u>2,072</u>         | <u>31,288</u>      | <u>1</u>                     | <u>151,291</u>    |
| Total liabilities, deferred inflows<br>of resources and fund balances    | <u>\$ 18,224</u>      | <u>\$ 15</u>          | <u>\$ 93,164</u> | <u>\$ 1,489</u>          | <u>\$ 1,593</u>                | <u>\$ 568</u>        | <u>\$ -</u>                     | <u>\$ 2,877</u>          | <u>\$ 2,072</u>      | <u>\$ 31,288</u>   | <u>\$ 1</u>                  | <u>\$ 151,291</u> |

VILLAGE OF ORLAND HILLS, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED APRIL 30, 2016

|  | SPECIAL REVENUE FUNDS |                       |                  |                       |                                |                      |                              |                          |                      |                    |                           | Total             |
|--|-----------------------|-----------------------|------------------|-----------------------|--------------------------------|----------------------|------------------------------|--------------------------|----------------------|--------------------|---------------------------|-------------------|
|  | Integrity<br>Fund I   | Integrity<br>Fund III | Tourism Fund     | Park Donation<br>Fund | Wetland<br>Maintenance<br>Fund | Working<br>Cash Fund | Special Service<br>Area Fund | Non-Drug Seizure<br>Fund | TIF Eligible<br>Fund | Tax Rebate<br>Fund | Alternate<br>Revenue Fund |                   |
| <b>Revenues</b>  |                       |                       |                  |                       |                                |                      |                              |                          |                      |                    |                           |                   |
| Property taxes   | \$ -                  | \$ -                  | \$ -             | \$ -                  | \$ -                           | \$ -                 | \$ -                         | \$ -                     | \$ -                 | \$ -               | \$ -                      | \$ -              |
| Hotel tax  | -                     | -                     | 112,770          | -                     | -                              | -                    | -                            | -                        | -                    | -                  | -                         | 112,770           |
| Investment income  | 20                    | -                     | 51               | 1                     | 2                              | -                    | -                            | 6                        | 1                    | -                  | -                         | 81                |
| Other revenue  | 23,050                | 450                   | -                | 655                   | -                              | -                    | -                            | -                        | -                    | -                  | -                         | 24,155            |
| Total revenues   | <u>23,070</u>         | <u>450</u>            | <u>112,821</u>   | <u>656</u>            | <u>2</u>                       | <u>-</u>             | <u>-</u>                     | <u>6</u>                 | <u>1</u>             | <u>-</u>           | <u>-</u>                  | <u>137,006</u>    |
| <b>Expenditures</b>  |                       |                       |                  |                       |                                |                      |                              |                          |                      |                    |                           |                   |
| Administration   | -                     | -                     | 92,030           | -                     | -                              | -                    | -                            | -                        | -                    | -                  | -                         | 92,030            |
| Police department  | 4,324                 | 584                   | -                | -                     | -                              | -                    | -                            | -                        | -                    | -                  | -                         | 4,908             |
| Capital outlay   | 525                   | -                     | -                | 655                   | -                              | -                    | -                            | -                        | -                    | -                  | -                         | 1,180             |
| Total expenditures   | <u>4,849</u>          | <u>584</u>            | <u>92,030</u>    | <u>655</u>            | <u>-</u>                       | <u>-</u>             | <u>-</u>                     | <u>-</u>                 | <u>-</u>             | <u>-</u>           | <u>-</u>                  | <u>98,118</u>     |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | <u>18,221</u>         | <u>(134)</u>          | <u>20,791</u>    | <u>1</u>              | <u>2</u>                       | <u>-</u>             | <u>-</u>                     | <u>6</u>                 | <u>1</u>             | <u>-</u>           | <u>-</u>                  | <u>38,888</u>     |
| <b>Other Financing Sources (Uses)</b>                        |                       |                       |                  |                       |                                |                      |                              |                          |                      |                    |                           |                   |
| Transfers in   | -                     | 159                   | -                | -                     | -                              | -                    | -                            | -                        | -                    | -                  | -                         | 159               |
| Transfers out  | -                     | (10)                  | -                | -                     | -                              | -                    | (24,355)                     | -                        | -                    | -                  | -                         | (24,365)          |
| Total other financing<br>sources (uses)                      | <u>-</u>              | <u>149</u>            | <u>-</u>         | <u>-</u>              | <u>-</u>                       | <u>-</u>             | <u>(24,355)</u>              | <u>-</u>                 | <u>-</u>             | <u>-</u>           | <u>-</u>                  | <u>(24,206)</u>   |
| <b>Net Change in Fund Balances</b>                           | <u>18,221</u>         | <u>15</u>             | <u>20,791</u>    | <u>1</u>              | <u>2</u>                       | <u>-</u>             | <u>(24,355)</u>              | <u>6</u>                 | <u>1</u>             | <u>-</u>           | <u>-</u>                  | <u>14,682</u>     |
| <b>Fund Balances (Deficits)</b>                              |                       |                       |                  |                       |                                |                      |                              |                          |                      |                    |                           |                   |
| Beginning of year  | <u>3</u>              | <u>-</u>              | <u>72,373</u>    | <u>1,488</u>          | <u>1,591</u>                   | <u>568</u>           | <u>24,355</u>                | <u>2,871</u>             | <u>2,071</u>         | <u>31,288</u>      | <u>1</u>                  | <u>136,609</u>    |
| End of year  | <u>\$ 18,224</u>      | <u>\$ 15</u>          | <u>\$ 93,164</u> | <u>\$ 1,489</u>       | <u>\$ 1,593</u>                | <u>\$ 568</u>        | <u>\$ -</u>                  | <u>\$ 2,877</u>          | <u>\$ 2,072</u>      | <u>\$ 31,288</u>   | <u>\$ 1</u>               | <u>\$ 151,291</u> |

**VIIAGE OF ORLAND HILLS, ILLINOIS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
APRIL 30, 2016**

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|                                      | Incremental Sales<br>Tax Fund | 1992 G.O. Corporate<br>Bond Fund | Total    |
|--------------------------------------|-------------------------------|----------------------------------|----------|
| <b>Assets</b>                        |                               |                                  |          |
| Short-term investments               | \$ -                          | \$ 108                           | \$ 108   |
| <b>Liabilities and Fund Balances</b> |                               |                                  |          |
| Liabilities                          |                               |                                  |          |
| Due to other funds                   | 53,567                        | -                                | 53,567   |
| Total liabilities                    | 53,567                        | -                                | 53,567   |
| Fund balances                        |                               |                                  |          |
| Restricted                           |                               | 108                              | 108      |
| Unassigned                           | (53,567)                      | -                                | (53,567) |
| Total fund balances                  | (53,567)                      | 108                              | (53,459) |
| Total liabilities and fund balances  | \$ -                          | \$ 108                           | \$ 108   |

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - DEBT SERVICE FUNDS**  
**YEAR ENDED APRIL 30, 2016**

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|                                    | <u>Incremental<br/>Sales Tax Fund</u> | <u>1992 G.O.<br/>Corporate Bond<br/>Fund</u> | <u>Total</u>       |
|------------------------------------|---------------------------------------|--|--------------------|
| <b>Revenues</b>                    | \$ -                                  | \$ -   | \$ -               |
| <b>Expenditures</b>                | -                                     | -  | -                  |
| <b>Net Change in Fund Balances</b> | -                                     | -  | -                  |
| <b>Fund Balances (Deficits)</b>    |                                       |  |                    |
| Beginning of year                  | <u>(53,567)</u>                       | <u>108</u>                                   | <u>(53,459)</u>    |
| End of year                        | <u>\$ (53,567)</u>                    | <u>\$ 108</u>                                | <u>\$ (53,459)</u> |

**STATISTICAL SECTION**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**VILLAGE OF ORLAND HILLS, ILLINOIS  
GENERAL PROPERTY TAX DATA  
LAST TEN YEARS  
(Unaudited)**

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|            | <u>2015</u>    | <u>2014</u>    | <u>2013</u>    | <u>2012</u>    | <u>2011</u>    | <u>2010</u>    | <u>2009</u>    | <u>2008</u>    | <u>2007</u>    | <u>2006</u>    |
|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assessed   |                |                |                |                |                |                |                |                |                |                |
| Valuation  | \$ 128,035,438 | \$ 131,289,244 | \$ 135,063,473 | \$ 143,633,188 | \$ 155,343,519 | \$ 181,065,140 | \$ 169,916,160 | \$ 154,791,619 | \$ 139,502,747 | \$ 137,805,740 |
| Tax Rate   |                |                |                |                |                |                |                |                |                |                |
| General    | 0.433          | 0.418          | 0.400          | 0.369          | 0.331          | 0.278          | 0.269          | 0.280          | 0.279          | 0.288          |
| Gross Levy |                |                |                |                |                |                |                |                |                |                |
| General    | 554,393        | 548,789        | 540,254        | 529,320        | 513,365        | 503,858        | 456,555        | 444,960        | 411,821        | 395,813        |