

VILLAGE OF ORLAND HILLS, ILLINOIS

ANNUAL FINANCIAL STATEMENTS

APRIL 30, 2012

VILLAGE OF ORLAND HILLS, ILLINOIS

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

APRIL 30, 2012

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VILLAGE OF ORLAND HILLS, ILLINOIS

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

APRIL 30, 2012

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VILLAGE OF ORLAND HILLS, ILLINOIS

PRINCIPAL OFFICIALS

APRIL 30, 2012

LEGISLATIVE

Village Board of Trustees
Kyle R. Hastings, President

Joseph Janachowski

Candice Morrison

Kyle R. Hastings II

Tracy Roti

Frank Schmidt

Brian D. O'Neill

Mikki Burke, Clerk

APPOINTED OFFICIAL

John A. Daly, Village Administrator

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Orland Hills, Illinois (Village), as of and for the year ended April 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles general accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3a through 3j and 44 through 47 be presented to supplement the basis financial statements. Such information, although not a part of the basis 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village's basic financial statements as a whole. The combining nonmajor fund financial statements, list of principal officials, and statistical schedule are presented for purposes of additional analysis and are not a required part of the financial statements. The combining 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The list of principal officials and statistical schedule 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.

Legacy Professionals LLP

October 23, 2012

VILLAGE OF ORLAND HILLS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

APRIL 30, 2012

As management of the Village of Orland Hills (Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2012. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

Financial Highlights

- The total assets of the Village exceeded its total liabilities in the most recent fiscal year by \$21.0 million (net assets) as compared to \$21.4 million in the prior year. Of the total net assets, \$21.5 million is invested in capital assets net of related debt while approximately \$0.5 is committed to other purposes, leaving a deficit of \$1.1 million in unrestricted net assets as compared to a deficit of \$0.9 million in the prior year.
- The Village's total net assets decreased by \$0.4 million and \$2.0 million in 2012 and 2011, respectively. The major source of this decrease was the decrease in capital grants and contributions of \$0.4 million, and an increase in expenses over the prior year of \$0.8 million. These amounts were offset by an increase in other income of \$0.8 million due to a lawsuit recovery.
- At the close of the fiscal year, the Village's governmental funds reported combined ending fund balance deficit of (\$0.3).
- At the end of the fiscal year, unassigned fund balance in the General Fund was a deficit of (\$1.1) or 19.5% of total General Fund expenditures for the year. The Village continues to monitor the position of the General Fund.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

Government-Wide Financial Statements (continued)

The Statement of Activities presents information showing how the net assets of the Village changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided 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 twelve 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, Motor Fuel Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. The Village is required to provide detailed information for its major funds. Major funds are defined as the General Fund and other funds where the assets, liabilities, 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. In addition, the Village has identified the Motor Fuel Tax and Capital Projects funds as major funds. The following funds were considered major for the fiscal year ended April 30, 2012 based on the above criteria:

- General
- Motor Fuel Tax
- Capital Projects

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 Village adopts an annual budget for the major funds and most nonmajor funds. A budgetary comparison statement has been provided for each major special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements (including the reconciliation) can be found on pages 6 - 9 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The fiduciary fund financial statements provide separate information for the Police Pension Fund. The basic fiduciary fund financial statements can be found on pages 10 - 11 of this report.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 - 45 of this report.

Other Information

In addition to the basic financial statements, this report also includes certain required supplementary information related to budgetary information and the Village's contributions and 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 46 - 49. The combining statements dealing with the non-major governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

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

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
ASSETS:		
Current and other assets	\$ 1.7	\$ 1.5
Capital assets	<u>22.1</u>	<u>22.7</u>
Total assets	<u>23.8</u>	<u>24.2</u>
LIABILITIES:		
Current liabilities	1.7	1.6
Long-term liabilities	<u>1.1</u>	<u>1.2</u>
Total liabilities	<u>2.8</u>	<u>2.8</u>
NET ASSETS:		
Invested in capital assets - net	21.5	22.0
Restricted	0.5	0.4
Unrestricted	<u>(1.0)</u>	<u>(0.9)</u>
Total net assets	<u>\$ 21.0</u>	<u>\$ 21.4</u>

The 2012 assets as described above are composed of cash and investments valued at \$0.5 million (2 percent of total assets), \$1.1 million of intergovernmental and taxes receivable (5 percent of total assets) and capital assets net of accumulated depreciation of \$22.1 million (93 percent of total assets). The liabilities as described above are composed of accounts payable of \$0.7 million (25 percent of total liabilities), accrued payroll and other liabilities of \$1.0 million (35 percent of total liabilities), \$0.3 million of long-term debt due within one year (11 percent of total liabilities) and \$0.8 million of long-term debt due in more than one year (29 percent of total liabilities). The Village's net assets are made up of capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to its citizens; consequently, those assets are not generally available for future spending. An additional portion of the Village's net assets consists of resources that are subject to external restrictions on their use. The remaining deficit balance is unrestricted assets of approximately \$1.1 million.

Government-Wide Financial Analysis (continued)

The Village's combined net assets decreased by \$0.4 million from fiscal year end 2011 from \$21.4 million to \$21.0 million. The Village's decrease of combined net assets was mainly due to the decrease in capital assets of \$0.5 million.

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

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
REVENUES		
Program Revenues:		
Charges for services	\$ 0.8	\$ 0.7
Operating grants/contributions	-	0.3
Capital grants/contributions	-	0.4
General revenues:		
Property taxes	0.5	0.4
State sales tax	1.2	1.3
Other taxes	2.0	1.6
Other	1.5	0.6
Total revenues	<u>6.0</u>	<u>5.3</u>
EXPENSES		
General government	1.8	1.5
Public safety	2.7	2.6
Culture and recreation	0.7	0.6
Highway and streets	1.2	2.6
Interest on debt	0.0	0.0
Total expenses	<u>6.4</u>	<u>7.3</u>
CHANGE IN NET ASSETS	<u>(0.4)</u>	<u>(2.0)</u>
ENDING NET ASSETS	<u>\$ 21.0</u>	<u>\$ 21.4</u>

Revenue

The total revenues in fiscal year 2012 increased from the prior year by \$.7 million from \$5.3 million to \$6.0 million.

Property taxes increased by 25% from \$0.4 million to \$0.5 million in fiscal year 2012, which is explained below. State shared sales tax revenues decreased 4% from approximately \$1.28 million in fiscal year 2011 to approximately \$1.23 million to fiscal year 2012. All other taxes and franchise fee revenues were consistent with the prior year. The State has assumed the job of collecting the taxes statewide from the telecommunication companies and distributing each municipality's share monthly. These revenue sources combined totaled approximately \$3.7 million in fiscal year 2012 and approximately \$3.3 million in fiscal year 2011, and increase of \$0.4 million. This combined revenue represents roughly 62% of the total governmental activities revenue.

Property taxes represent about 8% of the Village's revenue for governmental activities. Property tax revenue increased from approximately \$355,000 to \$547,000.

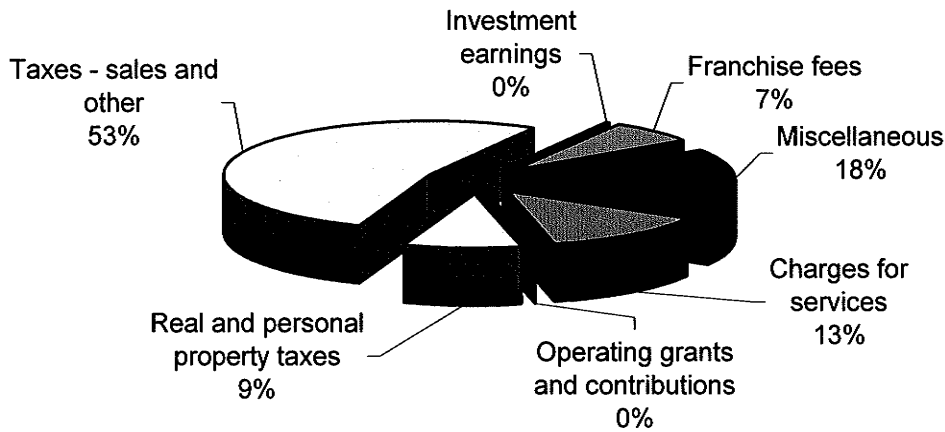
Overall, the Village has managed to maintain its operational integrity, increase services to the citizens while significantly decreasing property tax rates over the last 17 years and has maintained one of the lowest real estate property tax rates in the metropolitan Chicago region. This has been a major goal of the current administration during its tenure at the Village.

Expenses

The Village's governmental activities total expenses decreased by \$0.9 million from \$7.3 million to \$6.4 million.

Material changes from fiscal year 2011 to fiscal year 2012 include the increase in general government expense of approximately \$0.3 million. As in prior years, any expense increases were offset by heightened controls over other expenses in all departments, especially general government operations.

Revenue by Source - 2012



Budgetary Highlights

Financial Analysis of the Government's Funds

Governmental Funds

At the end of the current fiscal year, the Village's governmental funds reported a combined ending fund deficit of \$(310,535), an increase of \$188,876. The Village had a negative unreserved fund balance of \$(1,212,568).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance in the General Fund had a deficit balance of \$(1,064,421). The change in fund balance was a decrease of approximately \$0.2 million.

The Motor Fuel Tax Fund is a major special revenue fund that is used to account for Motor Fuel Tax revenues received from the State of Illinois. These funds are used for certain infrastructure maintenance, repair and replacement. It should be noted that the Village funds these activities with Motor Fuel Tax funds first. Any excess costs for these projects are funded by the General Fund. The Motor Fuel Tax Fund had \$199,938 in unrestricted funds available for expenditures on such projects. The increase in unrestricted fund balance was \$95,839. Expenses for road projects in the Motor Fuel Tax Fund decreased by 38 percent, while corresponding revenue decreased by 4 percent in fiscal year 2012.

Budgetary Highlights (continued)

Financial Analysis of the Government's Funds (continued)

Governmental Funds (continued)

The Capital Projects Fund is a major capital projects fund and is used to account for the resources accumulated to fund capital improvements throughout the Village. The fund had a decrease in fund balance of \$14,997. This was due to a \$15,000 transfer to the General Fund.

General Fund Budgetary Highlights

The following chart reflects the condensed budgetary comparison schedule (in millions):

	<u>Budget</u>	<u>Actual</u>
General Fund		
Revenues		
Taxes	\$ 1.2	\$ 1.5
Intergovernmental	2.2	2.1
Other	<u>1.6</u>	<u>2.2</u>
Total revenues	5.0	5.8
Expenditures	<u>5.1</u>	<u>5.4</u>
Excess of revenues over expenditures	<u>(0.1)</u>	<u>0.4</u>
Other financing sources/(uses)		
Other financing sources	0.1	0.1
Other financing uses	<u>-</u>	<u>(0.1)</u>
Total other financing sources/(uses)	<u>0.1</u>	<u>-</u>
Change in fund balance	<u>\$ 0.0</u>	<u>\$ 0.4</u>

The variances can be briefly summarized primarily as follows:

- 26% over budget in general administrative expenses
- 16% over budget in police department expenses
- 5% over budget in parks and recreation department
- 24% under budget in highways and streets department expenses

Expenditures exceeded appropriations due to the Village recognizing the funding of the Police Pension Fund from the General Fund for \$.2 million and the police department having higher than anticipated costs during the current year. There were no amendments to the original budget ordinance during the fiscal year.

Capital Assets

Governmental Activities Change in Capital Assets (in millions)

	Balance April 30, <u>2011</u>	Net Additions (Deletions)	Balance April 30, <u>2012</u>
Non-depreciable assets:			
Land	\$ 10.1	\$ -	\$ 10.1
Other capital assets:			
Infrastructure	17.0	0.1	17.1
Buildings	4.2	-	4.2
Improvements	0.6	-	0.6
Vehicles/furniture/fixtures	1.2	-	1.2
Accumulated depreciation on capital assets	<u>(10.5)</u>	<u>(0.6)</u>	<u>(11.1)</u>
Totals	<u>\$ 22.6</u>	<u>\$ (0.5)</u>	<u>\$ 22.1</u>

No new major assets were put into place during the fiscal year.

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

Debt Administration

At April 30, 2012, the Village had outstanding debt as follows:

South Suburban Mayors and Managers Association debt certificate payable	\$ 520,000
Capital leases	21,758
Net pension obligation	157,246
Other postemployment benefits obligation	191,016
Compensated absences	<u>210,012</u>
Total long-term debt	<u>\$ 1,100,032</u>

The Village's debt decreased by about \$57,000 or 4.8% in the current fiscal year. This was due to the payment of \$120,000 on the South Suburban Mayors and Managers Association debt certificate payable along with an increase of \$60,000 in the other postemployment benefits obligation.

Debt Administration (continued)

State statutes limit the amount of debt that a local government may issue. In the current fiscal year, that limit was 8.625% of the total equalized assessed value of the Village, or \$13.4 million.

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

The State statutes also allow the Village to issue General Obligation Bonds for up to 1/2 of 1 percent of our assessed valuation without referendum. That amount would be approximately \$777,000. The Village has no immediate plans to issue bonds.

Economic Factors

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

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

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

Contacting the Village's Financial Management

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

VILLAGE OF ORLAND HILLS, ILLINOIS

STATEMENT OF NET ASSETS

APRIL 30, 2012

	Governmental <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 81,886
Short-term investments	416,539
Taxes receivable	413,887
Intergovernmental receivables	700,832
Accounts receivable	48,732
Prepaid items	42,305
Capital assets not being depreciated	10,133,189
Capital assets being depreciated	11,956,953
Total assets	<u>\$ 23,794,323</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	721,873
Accrued payroll	55,064
Due to police pension	612,110
Due to other entities	8,200
Unearned revenue	286,210
Interest payable	2,561
Long-term debt, due within one year	
Capital leases payable	9,150
Debt certificates payable	260,000
Compensated absences	63,004
LONG-TERM LIABILITIES	
Long-term debt, due in more than one year	
Capital leases payable	12,608
Net pension obligation	157,246
Other postemployment benefits obligation	191,016
Debt certificates payable	260,000
Compensated absences	147,008
Total liabilities	<u>2,786,050</u>
NET ASSETS	
Invested in capital assets, net of related debt	21,548,384
Restricted for	
Debt service	520,000
Unrestricted net assets	<u>(1,060,111)</u>
Total net assets	<u>21,008,273</u>
Total liabilities and net assets	<u>\$ 23,794,323</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2012

	<u>Expenses</u>	<u>Fees, Fines & Charges for Services</u>	<u>Program Revenues</u>		<u>Changes in Net Assets Primary Governmental Activities</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
General government	\$ 1,828,107	\$ 487,037	\$ -	\$ -	\$ (1,341,070)
Public safety	2,659,764	297,387	-	-	(2,362,377)
Culture and recreation	685,630	-	3,750	-	(681,880)
Highways and streets	1,247,702	-	-	-	(1,247,702)
Interest on debt	10,001	-	-	-	(10,001)
Total	<u>\$ 6,431,204</u>	<u>\$ 784,424</u>	<u>\$ 3,750</u>	<u>\$ -</u>	<u>\$ (5,643,030)</u>

GENERAL REVENUES

Taxes	
Property taxes	547,371
State sales tax	1,231,337
Non home-rule sales tax	618,611
Income tax	671,955
Other taxes	644,426
Franchise fees	409,861
Investment Income	11,040
Other general revenues	1,070,924
Total general revenues	<u>5,205,525</u>
CHANGE IN NET ASSETS	(437,505)

NET ASSETS

May 1, 2011	<u>21,445,778</u>
April 30, 2012	<u>\$ 21,008,273</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

APRIL 30, 2012

	Major Funds				Total Government Funds
	General Fund	Motor Fuel Tax Fund	Capital Projects Funds	Nonmajor Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 63,727	\$ -	\$ -	\$ 18,159	\$ 81,886
Short-term investments	134,920	186,059	310	95,250	416,539
Taxes receivable	364,659	-	-	49,228	413,887
Intergovernmental receivables	686,953	13,879	-	-	700,832
Accounts receivable	48,732	-	-	-	48,732
Prepaid items	42,305	-	-	-	42,305
Due from other funds	53,568	-	99,980	11,066	164,614
Total assets	<u>\$ 1,394,864</u>	<u>\$ 199,938</u>	<u>\$ 100,290</u>	<u>\$ 173,703</u>	<u>\$ 1,868,795</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 474,700	\$ -	\$ -	\$ 247,173	\$ 721,873
Accrued payroll	55,064	-	-	-	55,064
Deferred revenue	466,360	-	-	21,109	487,469
Due to other entities	8,200	-	-	-	8,200
Due to police pension fund	612,110	-	-	-	612,110
Due to other funds	111,046	-	-	53,568	164,614
Debt certificates payable	130,000	-	-	-	130,000
Total liabilities	<u>1,857,480</u>	<u>-</u>	<u>-</u>	<u>321,850</u>	<u>2,179,330</u>
FUND BALANCES (DEFICIT)					
Nonspendable					
Prepaid items	42,305	-	-	-	42,305
Restricted					
Debt service	520,000	-	-	-	520,000
Assigned					
Future budgeted amounts		199,938	-	-	199,938
Capital projects	39,500	-	-	-	39,500
Other purposes	-	-	100,290	-	100,290
Unassigned	(1,064,421)	-	-	(148,147)	(1,212,568)
Total fund balances (deficit)	<u>(462,616)</u>	<u>199,938</u>	<u>100,290</u>	<u>(148,147)</u>	<u>(310,535)</u>
Total liabilities and fund balances	<u>\$ 1,394,864</u>	<u>\$ 199,938</u>	<u>\$ 100,290</u>	<u>\$ 173,703</u>	<u>\$ 1,868,795</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

APRIL 30, 2012

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS (PAGE 6) \$ (310,535)

AMOUNTS REPORTED FOR GOVERNMENT ACTIVITIES IN THE STATEMENT OF
NET ASSETS 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	\$ 33,157,293	
Less accumulated depreciation	<u>(11,067,151)</u>	
Net capital assets		22,090,142

Deferred revenues for sales 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	201,259
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.	(2,561)
--	---------

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

Provision for compensated absences	(210,012)	
Provision for net pension obligation	(157,246)	
Provision for other postemployment benefits obligation	(191,016)	
Capital leases	(21,758)	
Debt certificates payable (net of delinquent amount due)	<u>(390,000)</u>	
Total long-term liabilities		<u>(970,032)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES (PAGE 4) \$ 21,008,273

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

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

YEAR ENDED APRIL 30, 2012

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund	Capital Projects Fund		
REVENUES					
Taxes	\$ 1,446,818	\$ 23,476	\$ -	\$ 116,537	\$ 1,586,831
Licenses and permits	239,665	-	-	-	239,665
Intergovernmental revenue	2,083,558	194,656	-	-	2,278,214
Fees and charges for services	658,778	-	-	-	658,778
Fines	295,052	-	-	-	295,052
Investment income	10,869	92	3	76	11,040
Other revenue	1,073,249	-	-	1,425	1,074,674
Total revenues	<u>5,807,989</u>	<u>218,224</u>	<u>3</u>	<u>118,038</u>	<u>6,144,254</u>
EXPENDITURES					
Administration	1,160,539	-	-	369,428	1,529,967
Building and zoning department	239,549	-	-	-	239,549
Police department	2,606,166	-	-	8,431	2,614,597
Fire and police commission	5,371	-	-	-	5,371
ESDA	3,598	-	-	-	3,598
Parks and recreation	581,831	-	-	-	581,831
Concession stand / seniors	3,930	-	-	-	3,930
Special transportation	88,323	-	-	-	88,323
Public works	590,253	95,400	-	-	685,653
Flood prevention	8,915	-	-	-	8,915
Capital outlay	25,692	26,985	-	-	52,677
Debt service - principal retired	130,000	-	-	-	130,000
Debt service - interest and fees	10,967	-	-	-	10,967
Total expenditures	<u>5,455,134</u>	<u>122,385</u>	<u>-</u>	<u>377,859</u>	<u>5,955,378</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>352,855</u>	<u>95,839</u>	<u>3</u>	<u>(259,821)</u>	<u>188,876</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	90,000	50,000	-	-	140,000
Transfers out	(50,000)	(50,000)	(15,000)	(25,000)	(140,000)
Total other financing sources (uses)	<u>40,000</u>	<u>-</u>	<u>(15,000)</u>	<u>(25,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES					
	392,855	95,839	(14,997)	(284,821)	188,876
FUND BALANCES					
Beginning of year	<u>(855,471)</u>	<u>104,099</u>	<u>115,287</u>	<u>136,674</u>	<u>(499,411)</u>
End of year	<u>\$ (462,616)</u>	<u>\$ 199,938</u>	<u>\$ 100,290</u>	<u>\$ (148,147)</u>	<u>\$ (310,535)</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2012

NET CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (PAGE 8) \$ 188,876

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. (150,555)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds

Change in net pension obligation	\$ 18,272	
Change in other postemployment benefits obligation	(60,535)	
Change in accrued interest on bonds	<u>966</u>	
		<u>(41,297)</u>

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Capital outlay	53,262	
Depreciation	<u>(623,587)</u>	
Capital outlay in excess of depreciation		<u>(570,325)</u>

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

Bond principal retirement	130,000	
Capital leases payable	8,918	
Increase in compensated absences	<u>(3,122)</u>	
Total retirement of debt		<u>135,796</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (PAGE 5) \$ (437,505)

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND**

APRIL 30, 2012

	Public Employee Retirement <u>Plan</u>
ASSETS	
CASH IN BANK	\$ <u>129,239</u>
INVESTMENT - at fair value	
U.S. Government and Government Agency obligations	956,610
State and municipal bonds	143,568
Corporate bonds	404,030
Annuities	230,215
Short-term investments	<u>57,087</u>
Total investments	<u>1,791,510</u>
RECEIVABLES	
Accrued interest on investments	15,865
Due from village	<u>612,110</u>
Total receivables	<u>627,975</u>
Total assets	<u>2,548,724</u>
NET ASSETS	
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 2,548,724</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND

YEAR ENDED APRIL 30, 2012

	Public Employee Retirement <u>Plan</u>
ADDITIONS	
Employer contributions	
Property taxes	\$ 210,340
Employee contributions	<u>67,470</u>
Total contributions	<u>277,810</u>
Investment income	
Net appreciation in fair value of investments	43,636
Interest and dividends on investments	<u>49,597</u>
	93,233
Less investment expense	<u>(2,932)</u>
Net investment income	<u>90,301</u>
Total additions	<u>368,111</u>
DEDUCTIONS	
Benefits and refunds	144,895
Administrative expenses	<u>5,248</u>
Total deductions	<u>150,143</u>
CHANGE IN PLAN NET ASSETS	217,968
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>2,330,756</u>
End of year	<u>\$ 2,548,724</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Orland Hills, Illinois ("Village"), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments, as promulgated by the 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

The Village's police department employees participate in a police pension employees retirement system (PERS). The PERS functions for the benefit of these employees and is governed by a 5 member board consisting of two members appointed by the Town's president, one elected pension beneficiary, and two elected police employees. The Village and the PERS participants are obligated to fund all PERS 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 contribution levels.

Although it possesses many characteristics of a legally separate government, PERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pension of the Village's police employees and because of the fiduciary nature of such activities. PERS is reported as a pension trust fund. The financial statements of the Police Pension fund as of and for the fiscal year ended April 30, 2012, are blended in the Village's basic financial statements as a pension trust fund.

Government-wide and Fund Financial Statements

The Village's basic financial statements consist of the government-wide financial statements, including a Statement of Net Assets 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 Assets and 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 Assets presents the financial condition of the governmental activities of the Village at year end. The Statement of Net Assets includes all assets and liabilities as well as the capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the Village.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (continued)

Government-Wide Financial Statements (continued)

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 revenues 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.

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, liabilities, 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 and Capital Projects Fund as major funds. 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 governmental-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 asset nor liability is reported in fund financial statements. Both items are included in the government-wide financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (continued)

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 Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition 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 Town 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 Town 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

Fiduciary Funds

Trust Funds - Trust funds are used to account for assets held by the government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include pension trust funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (continued)

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 government fund statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also 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. If subsequent revenue recognition criteria are met, or 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 Assets

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets (continued)

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 Threshold</u>	<u>Estimated 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets

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."

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 Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The Village reports deferred revenue on the government-wide and fund financial statements. Deferred revenues arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In a subsequent period, when both recognition criteria are met, or when the government has a legal claim to the resources, the liability is removed and revenue is recognized.

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

Property Tax Revenue Recognition

Property taxes attach retroactively as an enforceable lien on January 1 of the levy year. They are levied in August by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about March 1 and August 1 the following year. They are payable in two installments on or about April 1 and 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

The Village has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement 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 regulations 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' Council. The Village has no committed fund balances at April 30, 2012.

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 Council; or 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent events

Subsequent events have been evaluated through October 23, 2012 which is the financial statements were available to be issued.

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.

No budgets were prepared for the following funds:

Governmental Type Funds:

Special Revenue Fund:

TIF Eligible Fund

Non-Drug Seizure Fund

Integrity Fund

Special Service Area Fund

Debt Service Funds:

Incremental Sales Tax Fund

1992 G.O. Corporate Bond Fund

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

EXPENDITURES OVER BUDGET

For the year ended April 30, 2012, expenditures/expenses exceeded budget as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund	<u>\$ 5,076,835</u>	<u>\$ 5,455,134</u>	<u>\$ 378,299</u>

DEFICIT FUND BALANCES

As of April 30, 2012, the following funds had deficit fund balances:

General Fund	\$ 462,616
TIF Eligible Fund	178,063
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 \$81,886 at April 30, 2012, while the bank balances were \$108,644. 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.

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash (continued)

The following schedule reports the fair values and maturities for the Village's governmental fund investments at April 30, 2012.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
State Treasurer Illinois Funds	\$ 412,755	\$ 412,755
Bond mutual fund	3,784	3,784
Total	<u>\$ 416,539</u>	<u>\$ 416,539</u>

Interest Rate Risk

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

Credit Risk

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

Credit ratings for the Village's investments in debt securities as described by Standard & Poor's at April 30, 2012 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Percent of Total Investments</u>
State Treasurer Illinois Funds	AAA	99%
Bond mutual fund	AAA	1%

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Village is fully collateralized at April 30, 2012.

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, Integrity Fund, Tourism Fund, Park Donation Fund, Wetland Maintenance Fund, Working Cash Fund, Special Service Area Fund, TIF Eligible Fund, 1992 G.O. Corporate Bond Fund, and Capital Project Fund.

Police Pension Fund's Investments

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

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**Police Pension Fund's Investments (continued)**

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, 2012:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Maturities</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>Greater Than Ten Years</u>
Corporate bonds	\$ 404,030	\$ -	\$ 246,838	\$ 157,192	\$ -
Government agencies	956,610	50,079	419,016	385,278	102,237
State and municipal bonds - taxable	143,568	-	97,312	46,256	-
State Treasurer Illinois Funds	<u>57,087</u>	<u>57,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 107,166</u>	<u>\$ 763,166</u>	<u>\$ 588,726</u>	<u>\$ 102,237</u>
Investments not sensitive to interest rate risk:					
Insurance annuities	<u>230,215</u>				
	<u>\$ 1,791,510</u>				

Interest Rate Risk

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

Credit Risk

The Police Pension Fund's policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. Government, or any agency or instrumentality thereof, or to corporate and municipal issues. All securities shall be of "investment grade" quality (that is, at the time of 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.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund's Investments (continued)

Credit ratings for the Police Pension Fund's investments in debt securities at April 30, 2012 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

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

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Percent of Investment Type</u>	<u>Percent of Total Investments</u>
Corporate bonds	A+	22%	26%
	A-	55%	
	BBB+	11%	
Government agencies	AA+	64%	64%
		10%	
Municipal bond - taxable	AA+	36%	10%
	AA-	32%	

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Police Pension Fund's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for fund investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Police Pension Fund is fully collateralized at April 30, 2012.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund's Investments (continued)

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 in U.S. Treasury notes, corporate bonds, Federal National Mortgage Association, Government National Mortgage Association, and municipal bonds. These investments are 2.95%, 22.55%, 50.01%, 0.44 %, and 8.01 % respectively, of the total Police Pension Fund's investments.

Cash and investments	
Cash - Village	\$ 81,886
Investments - Village	416,539
Cash - Pension Trust Fund	129,239
Investments - Pension Trust Fund	<u>1,791,510</u>
Total cash and investments	<u>\$ 2,419,174</u>

NOTE 4. CAPITAL ASSETS

The summary of changes in the capital asset of the Village's governmental activities for the year ended April 30, 2012 is as follows:

	<u>Balance at May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,133,189	\$ -	\$ -	\$ 10,133,189
Capital assets being depreciated:				
Land improvements	550,319	44,563	-	594,882
Buildings and improvements	4,199,899	-	-	4,199,899
Machinery and equipment	1,225,651	8,699	60,656	1,173,694
Infrastructure	17,055,629	-	-	17,055,629
Total capital assets being depreciated	<u>23,031,498</u>	<u>\$ 53,262</u>	<u>\$ 60,656</u>	<u>23,024,104</u>
Less accumulated depreciation for:				
Land improvements	(156,632)	\$ (29,744)	\$ -	(186,376)
Building and improvements	(1,083,251)	(85,861)	-	(1,169,112)
Machinery and equipment	(762,101)	(81,864)	60,656	(783,309)
Infrastructure	(8,502,236)	(426,118)	-	(8,928,354)
	<u>(10,504,220)</u>	<u>\$ (623,587)</u>	<u>\$ 60,656</u>	<u>(11,067,151)</u>
Total capital assets being depreciated, net	<u>12,527,278</u>			<u>11,956,953</u>
Capital assets, net	<u>\$ 22,660,467</u>			<u>\$ 22,090,142</u>

Depreciation expense of \$623,587 was charged to the governmental activities functional expense categories as follows:

	<u>Depreciation</u>
General government	\$ 75,386
Public safety	36,198
Culture and recreation	11,546
Highway and streets	<u>500,457</u>
Total	<u>\$ 623,587</u>

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2012 are summarized below:

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

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

NOTE 6. TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 90,000	\$ 50,000
Capital Projects	-	15,000
Motor Fuel Tax	50,000	50,000
Nonmajor governmental funds:	<u>-</u>	<u>25,000</u>
Total transfers	<u>\$ 140,000</u>	<u>\$ 140,000</u>

The transfers represent both routine and non-routine items. Generally, routine transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments are due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7. RECEIVABLES

The following is a summary of other taxes, amounts due from governments and other receivables by fund type at April 30, 2012. Any uncollectible amount is not believed to be material.

Governmental activities:

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Special Revenue</u>	<u>Total Statements of Net Assets</u>
Taxes receivable:				
Property taxes	\$ 265,555	\$ -	\$ 14,479	\$ 280,034
Utility taxes	38,358	-	-	38,358
Franchise taxes	60,746	-	-	60,746
Hotel taxes	-	-	34,749	34,749
Total taxes receivable	<u>\$ 364,659</u>	<u>\$ -</u>	<u>\$ 49,228</u>	<u>\$ 413,887</u>
Intergovernmental receivable:				
Illinois income tax	\$ 350,293	\$ -	\$ -	\$ 350,293
Illinois sales tax	214,098	-	-	214,098
Illinois local use tax	16,828	-	-	16,828
Motor fuel taxes	-	13,879	-	13,879
Illinois non-home rule sales tax	105,734	-	-	105,734
Total intergovernmental receivable	<u>\$ 686,953</u>	<u>\$ 13,879</u>	<u>\$ -</u>	<u>\$ 700,832</u>
Account receivable:				
Police citations	\$ 40,382	\$ -	\$ -	\$ 40,382
Video provider fees	8,350	-	-	8,350
Total account receivable	<u>\$ 48,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,732</u>

NOTE 8. LONG-TERM DEBT

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

	Balance <u>May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2012</u>	Due Within <u>One Year</u>
South Suburban Mayors and Managers Association Debt certificate payable Series of 2008	\$ 650,000	\$ -	\$ 130,000	\$ 520,000	\$ 260,000
Capital leases					
2008 copy machine	11,382	-	5,821	5,561	5,561
2011 copy machine	19,294	-	3,097	16,197	3,589
Compensated absences	206,890	3,122	-	210,012	63,004
Net pension obligation	175,518	6,679	24,951	157,246	-
OPEB obligation	130,481	60,535	-	191,016	-
Total governmental activities	<u>\$ 1,193,565</u>	<u>\$ 70,336</u>	<u>\$ 163,869</u>	<u>\$ 1,100,032</u>	<u>\$ 332,154</u>

South Suburban Mayors and Managers Association Debt Certificate Payable

Debt includes a \$900,000 Series 2008 Debt Certificate payable dated April 1, 2008, due December 14, 2014; interest rate is variable and fluctuates based on the remarketing agent and is based on the Securities Industry and Financial Market Association (SIFMA) Municipal Swap Index. The amount of interest due on the debt certificates is calculated by taking the average of the weekly interest rates for the given month and applying it to the outstanding principal balance at the beginning of the month. The trustee calculates the amount of interest due and invoices the Village. The interest rate as of April 30, 2012 is 0.50% (principal and interest to be serviced by the general revenues of the Village).

Remaining principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 260,000	\$ 3,841	\$ 263,841
2014	130,000	950	130,950
2015	130,000	299	130,299
	<u>\$ 520,000</u>	<u>\$ 5,090</u>	<u>\$ 525,090</u>

NOTE 8. LONG-TERM DEBT (CONTINUED)

South Suburban Mayors and Managers Association Debt Certificate Payable (continued)

During the year ended April 30, 2012, the Village did not make its scheduled principal payment of \$130,000. This amount is included in the amount due in the next fiscal year and it also accrued as a liability in the General Fund. The debt agreement specifies that the debt certificate holders have the right to legal action to compel the Village to make its scheduled payments. To date, the Village has not received notification of any action taken by the debt certificate holders.

Capital Leases

2008 Copy Machine

The Village entered into a capital lease agreement for the lease of one copy machine. Total annual payments for the machine are \$5,951 with the first annual payment due at lease signing. The payments are for a four-year period, after at which the Village has the right to purchase the machine for \$1. As of April 30, 2012, the amount of capital assets acquired through this lease was \$25,000. Accumulated depreciation totaled \$25,000 leaving a book value of \$0.

Debt service for the copy machine is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 5,561</u>	<u>\$ 390</u>	<u>\$ 5,951</u>

2011 Copy Machine

The Village entered into a capital lease agreement for the lease of one copy machine. Total annual payments for the machine are \$5,753 with the first annual payment due at lease signing. The payments are for a five-year period, after which the Village has the right to purchase the machine for \$1. As of April 30, 2012, the amount of capital assets acquired through this lease was \$20,229. Accumulated depreciation totaled \$7,586 leaving a book value of \$12,643.

NOTE 8. LONG-TERM DEBT (CONTINUED)

2011 Copy Machine (continued)

Debt service for the copy machine is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,589	\$ 2,164	\$ 5,753
2014	4,158	1,595	5,753
2015	4,819	934	5,753
2016	<u>3,631</u>	<u>205</u>	<u>3,836</u>
	<u>\$ 16,197</u>	<u>\$ 4,898</u>	<u>\$ 21,095</u>

Conduit Debt Obligations

The Village has issued Multi-Family Housing Mortgage Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by irrevocable transferable letter of credit 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, 2012, the equalized assessed valuation of the Village is \$155,343,519 and the legal debt margin is \$13,398,378. The Village is in compliance with this requirement.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. CONTINGENT LIABILITIES

The Village has been named as a party in a lawsuit pertaining to the construction of the Orland Hills Recreation Center. The lawsuit is currently being adjudicated. The Village, under advice of legal counsel, believes that the Village's defense is based on sound legal ground and believes it will prevail. However, it is reasonably possible that a ruling could be made in favor of the plaintiff. In the case of an adverse ruling, the Village could be liable to the plaintiff for damages. The potential exposure to the Village, if liability is found against the Village, is estimated to range anywhere between \$1.6 and \$2.4 million.

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS**Illinois Municipal Retirement Fund****Plan Description**

The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the Village's Regular plan members are required to contribute 4.5% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2011 was 14.63% of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 15.23%.

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS (CONTINUED)

Funding Policy (continued)

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.

For calendar year ending December 31, 2011, the Village's actual contributions for pension cost for the Regular employees were \$162,835. Its required contribution for calendar year 2011 was \$169,514.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 169,514	96%	\$ 6,679
12/31/10	137,539	100%	-
12/31/09	126,334	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4.00% a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit; and (d) postretirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 47.48% funded. The actuarial accrued liability for benefits was \$3,644,629 and the actuarial value of assets was \$1,730,644 resulting in an underfunded actuarial accrued liability (UAAL) of \$1,913,985. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the Plan) was \$1,113,025 and the ratio of the UAAL to the covered payroll was 171.96%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS (CONTINUED)

Police Pension Plan

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

At April 30, 2011(the most recent information available) the Police Pension Fund plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	3
Current employees	
Vested	5
Nonvested	<u>7</u>
Total	<u>18</u>

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

The Police Pension Fund plan provides retirement benefits as well as death and disability benefits. Covered employees 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 increase each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retire 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 of 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.

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS (CONTINUED)

Police Pension Plan (continued)

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. 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.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

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

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation

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

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Contributed rate		
Employer	14.63%	28.47%
Employee	4.50%	9.91%
Annual pension cost	\$ 169,514	\$ 185,338
Contributions made	\$ 162,733	\$ 210,339
Actuarial valuation date	12/31/2011	5/1/2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amoritzation method	Level % of projected payroll closed basis	Level % of projected payroll closed basis
Remaining amortization period	30 years	26 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.50% compounded annually	6.75% compounded annually
Projected salary increases	0.4% to 10.0%	1.12% - 4.86%
Inflation rate included	4.00%	2.50%
Cost-of-living adjustments	3.00%	3.00%

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation (continued)

The pension liability at transition was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. The amount of the pension liability for the Police Pension Fund is as follows:

	<u>IMRF</u>	<u>Police Pension</u>
Annual required contribution	\$ 169,514	\$ 183,214
Interest on the NPO	-	11,847
Adjustment to the ARC	-	<u>(9,673)</u>
Annual pension cost	169,514	185,388
Actual contribution	<u>162,835</u>	<u>210,339</u>
Increase in the NPO	6,679	(24,951)
NPO at April 30, 2011	<u>-</u>	<u>175,518</u>
NPO at April 30, 2012	<u>\$ 6,679</u>	<u>\$ 150,567</u>

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation (continued)

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

		Illinois		
		Municipal		Police
	<u>Year</u>	<u>Retirement</u>	<u>Year</u>	<u>Pension</u>
Annual pension cost (APC)	2011	\$ 169,514	2012	\$ 185,388
	2010	\$ 137,539	2011	\$ 219,643
	2009	\$ 126,334	2010	\$ 197,338
Actual contributions	2011	\$ 162,835	2012	\$ 210,339
	2010	\$ 137,539	2011	\$ 158,858
	2009	\$ 126,334	2010	\$ 139,669
Percentage of APC contributed	2011	96.1%	2012	113.5%
	2010	100.0%	2011	72.0%
	2009	100.0%	2010	70.8%
Net pension obligation	2011	\$ 6,679	2012	\$ 150,567
	2010	-	2011	\$ 175,518
	2009	-	2010	\$ 113,753

NOTE 12. 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 exceeds the average amount paid by retirees, the additional cost is paid by the Village and is the basis for the other postemployment benefits (OPEB) obligation accounted for under GASB 45.

Participant Data

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

NOTE 12. POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**Funding Policy**

Funding is provided by the Village on a pay-as-you basis. The Village's contribution on behalf of the employees to the insurance provider was \$29,425 for 2012.

Annual OPEB Cost and Net OPEB Obligation

The Village's annual OPEB cost (expense) is calculated based on the annual required contribution. The annual required contribution represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years. The following table shows the components of the Village's annual OPEB cost for 2012, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

<u>Item</u>	<u>Police</u>	<u>Other Departments</u>	<u>Total</u>
Annual required contribution	\$ 84,626	\$ 6,894	\$ 91,520
Interest on net OPEB obligation	5,839	685	6,524
Adjustment to annual required contribution	<u>(7,235)</u>	<u>(849)</u>	<u>(8,084)</u>
Annual OPEB cost	83,230	6,730	89,960
Contributions made	<u>(29,425)</u>	<u>-</u>	<u>(29,425)</u>
Increase in net OPEB obligation	53,805	6,730	60,535
Net OPEB obligation beginning of year	<u>116,775</u>	<u>13,706</u>	<u>130,481</u>
Net OPEB obligation end of year	<u>\$ 170,580</u>	<u>\$ 20,436</u>	<u>\$ 191,016</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 was as follows:

<u>Three Year Trend Information</u>			
<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2012	\$ 89,960	32.7%	\$ 191,016
4/30/2011	90,722	29.8%	130,481
4/30/2010	91,520	27.1%	66,754

NOTE 12. POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Funded Status and Funding Progress (continued)

As of April 30, 2012, the actuarial accrued liability for benefits was \$1,120,618. The covered payroll was approximately \$1,637,648 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 68.43%.

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

Actuarial Methods and Assumptions

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

In the April 30, 2012 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 9 percent initially, reduced to an ultimate rate of 5 percent after five years. Rates include a 2.5 percent general inflation assumption. The assumptions also included a 5.0 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, 2012.

NOTE 13. 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.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement considers the timing and frequency of the measurement of actuarial liabilities for OPEB by agent employers and also considers the guidelines regarding the use of the alternative measurement method by agent employers with small individual OPEB plans. The provisions related to the frequency and timing of measurements are effective for the Village's fiscal year ending April 30, 2013.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and No. 34*. The objective of the Statement is to improve financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. The Statement also clarifies the reporting of equity interest in legally separate organizations. Statement No. 61 is effective for the Village's fiscal year ending April 30, 2014.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Statement No. 62 is effective for the Village's fiscal year ending April 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Statement No. 63 is effective for the Village's fiscal year ending April 30, 2013.

NOTE 13. PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE (CONTINUED)

In June 2011, GASB issued Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provision - An Amendment to GASB Statement No. 53*. The objective of this Statement is to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. Statement No. 64 is effective for the Village's fiscal year ending April 30, 2013.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to enhance appropriate reporting of deferred outflows and resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 65 is effective for the Village's fiscal year ending April 30, 2014.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*. The objective of this Statement is to enhance the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. Statement No. 66 is effective for the Village's fiscal year ending April 30, 2014.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. Statement No. 67 is effective for the Village's fiscal year ending April 30, 2015.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. Statement No. 68 is effective for the Village's fiscal year ending April 30, 2015.

The Village is currently evaluating the impact, if any, of adopting the above Statements.

NOTE 14. MANAGEMENT'S PLAN TO REDUCE DEFICIT

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ORLAND HILLS, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

SCHEDULES OF STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

GENERAL FUND AND MOTOR FUEL TAX FUND

YEAR ENDED APRIL 30, 2012

	General Fund			Motor Fuel Tax Fund		
	Original/ Final Budget	Actual	Variance Over (Under) Final Budget	Original/ Final Budget	Actual	Variance Over (Under) Final Budget
REVENUES						
Taxes	\$ 1,206,800	\$ 1,446,818	\$ 240,018	\$ -	\$ 23,476	\$ 23,476
Licenses and permits	240,600	239,665	(935)	-	-	-
Intergovernmental	2,176,575	2,083,558	(93,017)	201,000	194,656	(6,344)
Fees and charges for services	670,775	658,778	(11,997)	-	-	-
Fines	294,100	295,052	952	-	-	-
Investment income	810	10,869	10,059	100	92	(8)
Other revenues	417,400	1,073,249	655,849	-	-	-
Total revenues	<u>5,007,060</u>	<u>5,807,989</u>	<u>800,929</u>	<u>201,100</u>	<u>218,224</u>	<u>17,124</u>
EXPENDITURES						
Administration	920,450	1,160,539	240,089	-	-	-
Building and zoning department	251,700	239,549	(12,151)	-	-	-
Police department	2,245,000	2,606,166	361,166	-	-	-
Fire and police commission	10,000	5,371	(4,629)	-	-	-
ESDA	3,500	3,598	98	-	-	-
Parks and recreation	552,450	581,831	29,381	-	-	-
Orland Towne Village festival	40,000	-	(40,000)	-	-	-
Concession stand / seniors	5,700	3,930	(1,770)	-	-	-
Special transportation	64,135	88,323	24,188	-	-	-
Highway and streets	771,400	590,253	(181,147)	83,100	95,400	12,300
Flood prevention	16,500	8,915	(7,585)	-	-	-
Capital outlay	34,000	25,692	(8,308)	118,000	26,985	(91,015)
Debt Service - principal retired	145,000	130,000	(15,000)	-	-	-
Debt Service - interest and fees	25,000	10,967	(14,033)	-	-	-
Total expenditures	<u>5,084,835</u>	<u>5,455,134</u>	<u>370,299</u>	<u>201,100</u>	<u>122,385</u>	<u>(78,715)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>(77,775)</u>	<u>352,855</u>	<u>430,630</u>	<u>-</u>	<u>95,839</u>	<u>95,839</u>
OTHER FINANCING SOURCES/(USES)						
TRANSFERS IN	78,000	90,000	12,000	-	50,000	50,000
TRANSFERS OUT	-	(50,000)	(50,000)	-	(50,000)	(50,000)
Total other financing sources	<u>78,000</u>	<u>40,000</u>	<u>(38,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE						
	<u>\$ 225</u>	<u>392,855</u>	<u>\$ 392,630</u>	<u>\$ -</u>	<u>95,839</u>	<u>\$ 95,839</u>
FUND BALANCES						
Beginning of year		<u>(855,471)</u>			<u>104,099</u>	
End of year		<u>\$ (462,616)</u>			<u>\$ 199,938</u>	

See accompanying notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MOTOR FUEL TAX FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2012

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, 2012:

<u>Fund</u>	<u>Amount</u>
General	\$ 370,299
Tourism	41,489

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

YEAR ENDED APRIL 30, 2012

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 1,730,644	\$ 3,644,629	\$ 1,913,985	47.48%	\$ 1,113,025	171.96%
12/31/10	1,442,058	2,924,745	1,482,687	49.31%	\$ 1,034,129	143.38%
12/31/09	1,234,333	2,433,578	1,199,245	50.72%	\$ 990,853	121.03%

Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/1/2011	\$ 2,636,784	\$ 3,933,179	\$ 1,296,395	67.04%	\$ 738,726	175.49 %
5/1/2010	\$ 2,392,603	\$ 4,289,129	\$ 1,896,526	55.78%	\$ 600,011	316.08 %
5/1/2009	\$ 2,224,814	\$ 3,499,019	\$ 1,274,205	63.58%	\$ 664,551	191.74 %

Other Postemployment Benefit

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2012	\$ -	\$ 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%

See accompanying notes to requires supplementary information.

VILLAGE OF ORLAND HILLS, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

YEAR ENDED APRIL 30, 2012

Illinois Municipal Retirement Fund

Actuarial Valuation <u>Date</u>	Annual Pension <u>Cost</u>	Employer <u>Contribution</u>	Percentage <u>Contributed</u>
12/31/11	\$ 169,514	\$ 162,835	96.06%
12/31/10	137,539	137,539	100.00%
12/31/09	126,334	126,334	100.00%

Police Pension Fund

Actuarial Valuation <u>Date</u>	Annual Pension <u>Cost</u>	Employer <u>Contribution</u>	Percentage <u>Contributed</u>
4/30/2012	\$ 185,338	\$ 210,339	113.49%
4/30/2011	220,623	158,858	72.00%
4/30/2010	197,882	139,669	70.58%

Other Post Employment Benefit

Actuarial Valuation <u>Date</u>	Annual Pension <u>Cost</u>	Employer <u>Contribution</u>	Percentage <u>Contributed</u>
4/30/2012	\$ 89,960	\$ 29,417	32.70%
4/30/2011	90,722	26,995	29.76%
4/30/2010	91,520	24,766	27.06%

See accompanying notes to required supplementary information.

VILLAGE OF ORLAND HILLS, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2012

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance Over (Under) <u>Final Budget</u>
REVENUES			
Taxes			
Property tax	\$ 320,000	\$ 517,694	\$ 197,694
Road and bridge property tax	20,000	-	(20,000)
Non home-rule sales tax	635,000	668,562	33,562
Telecommunication utility tax	190,000	208,350	18,350
Nonretail business tax	18,000	14,034	(3,966)
Vehicle lease tax	23,800	38,178	14,378
Total taxes	<u>1,206,800</u>	<u>1,446,818</u>	<u>240,018</u>
Licenses and permits			
Vehicle licenses	71,050	68,304	(2,746)
Liquor licenses	31,000	46,150	15,150
Other licenses and permits	5,300	6,130	830
Business licenses	45,000	44,455	(545)
Contractor licenses	24,000	16,200	(7,800)
Building permits and inspections	49,250	27,690	(21,560)
Container licenses	15,000	30,736	15,736
Total licenses and permits	<u>240,600</u>	<u>239,665</u>	<u>(935)</u>
Intergovernmental revenues			
Personal property replacement tax	3,000	3,479	479
State income tax	600,000	595,130	(4,870)
State sales tax	1,425,000	1,333,733	(91,267)
DCEO grant	58,575	46,875	(11,700)
Use tax	90,000	104,341	14,341
Total intergovernmental revenues	<u>2,176,575</u>	<u>2,083,558</u>	<u>(93,017)</u>
Fees and charges for services			
Franchise fees	445,000	409,861	(35,139)
Inspection fees	62,500	38,251	(24,249)
Recreation fees	120,775	162,929	42,154
Video provider fee	28,000	32,888	4,888
Other fees and charges	14,500	14,849	349
Total fees and charges for services	<u>670,775</u>	<u>658,778</u>	<u>(11,997)</u>
Fines			
Police fines	209,000	178,921	(30,079)
Forfeiture proceeds	100	-	(100)
Miscellaneous fines	85,000	116,131	31,131
Total fines	<u>294,100</u>	<u>295,052</u>	<u>952</u>
Investment income	810	10,869	10,059
Other revenue			
Donations	55,000	3,750	(51,250)
Reimbursements	321,600	920,067	598,467
Miscellaneous	40,800	149,432	108,632
Total other revenue	<u>417,400</u>	<u>1,073,249</u>	<u>655,849</u>
Total revenues	<u>\$ 5,007,060</u>	<u>\$ 5,807,989</u>	<u>\$ 800,929</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2012

	Original/ Final Budget	Actual	Variance Over (Under) Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
Administration			
Personal services	\$ 521,200	729,054	\$ 207,854
Contractual	291,300	323,964	32,664
Commodities	106,950	107,521	571
Capital outlay	1,000	-	(1,000)
Total Administration	<u>920,450</u>	<u>1,160,539</u>	<u>240,089</u>
Building & zoning department			
Personal services	217,800	212,672	(5,128)
Contractual	26,850	23,199	(3,651)
Commodities	7,050	3,678	(3,372)
Total building & zoning department	<u>251,700</u>	<u>239,549</u>	<u>(12,151)</u>
Total general government	<u>1,172,150</u>	<u>1,400,088</u>	<u>227,938</u>
PUBLIC SAFETY			
Police department			
Personal services	1,743,800	1,995,038	251,238
Contractual	381,300	486,747	105,447
Commodities	116,400	124,381	7,981
Capital outlay	3,500	-	(3,500)
Total police department	<u>2,245,000</u>	<u>2,606,166</u>	<u>361,166</u>
Fire and police commission			
Contractual	9,500	4,996	(4,504)
Commodities	500	375	(125)
Total fire and police commission	<u>10,000</u>	<u>5,371</u>	<u>(4,629)</u>
ESDA			
Personal services	2,100	1,044	(1,056)
Contractual	300	209	(91)
Commodities	1,100	2,345	1,245
Total ESDA	<u>3,500</u>	<u>3,598</u>	<u>98</u>
Total public safety	<u>2,258,500</u>	<u>2,615,135</u>	<u>356,635</u>
CULTURE AND RECREATION			
Parks and recreation			
Personal services	348,300	347,444	(856)
Contractual	109,700	136,967	27,267
Commodities	92,950	97,420	4,470
Capital outlay	1,500	-	(1,500)
Total parks and recreation	<u>552,450</u>	<u>581,831</u>	<u>29,381</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2012

	Original/ Final Budget	Actual	Variance Over (Under) Final Budget
CULTURE AND RECREATION (CONTINUED)			
Orland Towne Village festival			
Commodities	\$ 40,000	\$ -	\$ (40,000)
Concession stand / seniors			
Personal services	300	101	(199)
Contractual	400	313	(87)
Commodities	<u>5,000</u>	<u>3,516</u>	<u>(1,484)</u>
Total concession stand / seniors	<u>5,700</u>	<u>3,930</u>	<u>(1,770)</u>
Special transportation			
Personal services	56,435	75,969	19,534
Contractual	2,000	5,845	3,845
Commodities	<u>5,700</u>	<u>6,509</u>	<u>809</u>
Total special transportation	<u>64,135</u>	<u>88,323</u>	<u>24,188</u>
Total culture and recreation	<u>662,285</u>	<u>674,084</u>	<u>11,799</u>
HIGHWAYS AND STREETS			
Public works			
Personal services	582,200	431,903	(150,297)
Contractual	145,800	127,285	(18,515)
Commodities	41,400	31,065	(10,335)
Capital outlay	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Total public works	<u>771,400</u>	<u>590,253</u>	<u>(181,147)</u>
Flood prevention	<u>16,500</u>	<u>8,915</u>	<u>(7,585)</u>
Total highways and streets	<u>787,900</u>	<u>599,168</u>	<u>(188,732)</u>
Capital outlay	<u>34,000</u>	<u>25,692</u>	<u>(8,308)</u>
Debt service - principal retired	145,000	130,000	(15,000)
Debt service - interest and fees	<u>25,000</u>	<u>10,967</u>	<u>(14,033)</u>
Total expenditures	<u>\$ 5,084,835</u>	<u>\$ 5,455,134</u>	<u>\$ 370,299</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

APRIL 30, 2012

	Nonmajor Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 18,159	\$ -	\$ 18,159
SHORT-TERM INVESTMENTS	95,141	109	95,250
RECEIVABLES			
Property taxes	14,479	-	14,479
Hotel taxes	34,749	-	34,749
DUE FROM OTHER FUNDS	<u>11,066</u>	<u>-</u>	<u>11,066</u>
Total assets	<u>173,594</u>	<u>109</u>	<u>173,703</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	247,173	-	247,173
Due to other funds	-	53,568	53,568
Deferred revenue	<u>21,109</u>	<u>-</u>	<u>21,109</u>
Total liabilities	<u>268,282</u>	<u>53,568</u>	<u>321,850</u>
FUND BALANCES (DEFICIT)			
Unreserved, reported in			
Special Revenue funds	(94,688)	-	(94,688)
Debt Service funds	<u>-</u>	<u>(53,459)</u>	<u>(53,459)</u>
	<u>(94,688)</u>	<u>(53,459)</u>	<u>(148,147)</u>
Total liabilities and fund balances	<u>\$ 173,594</u>	<u>\$ 109</u>	<u>\$ 173,703</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED APRIL 30, 2012

	Nonmajor Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES			
Property taxes	\$ 29,677	\$ -	\$ 29,677
Hotel taxes	86,860	-	86,860
Investment income	76	-	76
Other revenue	<u>1,425</u>	<u>-</u>	<u>1,425</u>
Total revenues	<u>118,038</u>	<u>-</u>	<u>118,038</u>
EXPENDITURES			
Administration	369,428	-	369,428
Police department	<u>8,431</u>	<u>-</u>	<u>8,431</u>
Total expenditures	<u>377,859</u>	<u>-</u>	<u>377,859</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(259,821)	-	(259,821)
OTHER FINANCING (USES)			
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
NET CHANGE IN FUND BALANCES			
	(284,821)	-	(284,821)
FUND BALANCES (DEFICIT)			
Beginning of year	<u>190,133</u>	<u>(53,459)</u>	<u>136,674</u>
End of year	<u>\$ (94,688)</u>	<u>\$ (53,459)</u>	<u>\$ (148,147)</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

APRIL 30, 2012

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund	Working Cash Fund	Special Service Area Fund	Non-Drug Seizure Fund	TIF Eligible Fund	Alternate Revenue Fund	Total
ASSETS										
Cash and cash equivalents	\$ -	\$ 18,146	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 18,159
Short-term investments	3	20,188	1,764	1,589	567	19,162	24,893	26,975	-	95,141
Receivables										
Property taxes	-	-	-	-	-	14,479	-	-	-	14,479
Hotel taxes	-	34,749	-	-	-	-	-	-	-	34,749
Due from other funds	-	11,066	-	-	-	-	-	-	-	11,066
Total assets	<u>\$ 3</u>	<u>\$ 84,149</u>	<u>\$ 1,776</u>	<u>\$ 1,589</u>	<u>\$ 567</u>	<u>\$ 33,641</u>	<u>\$ 24,893</u>	<u>\$ 26,975</u>	<u>\$ 1</u>	<u>\$ 173,594</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Accounts payable	\$ -	\$ 42,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,038	\$ -	\$ 247,173
Deferred revenue	-	6,630	-	-	-	14,479	-	-	-	21,109
Total liabilities	-	48,765	-	-	-	14,479	-	205,038	-	268,282
FUND BALANCES (DEFICIT)										
Unreserved	3	35,384	1,776	1,589	567	19,162	24,893	(178,063)	1	(94,688)
Total liabilities and fund balances	<u>\$ 3</u>	<u>\$ 84,149</u>	<u>\$ 1,776</u>	<u>\$ 1,589</u>	<u>\$ 567</u>	<u>\$ 33,641</u>	<u>\$ 24,893</u>	<u>\$ 26,975</u>	<u>\$ 1</u>	<u>\$ 173,594</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED APRIL 30, 2012

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund	Working Cash Fund	Special Service Area Fund	Non-Drug Seizure Fund	TIF Eligible Fund	Alternate Revenue Fund	Total
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,677	\$ -	\$ -	\$ -	\$ 29,677
Hotel tax	-	86,860	-	-	-	-	-	-	-	86,860
Investment income	-	31	1	1	-	7	19	17	-	76
Other revenue	-	-	-	-	-	-	1,425	-	-	1,425
Total revenue	-	86,891	1	1	-	29,684	1,444	17	-	118,038
EXPENDITURES										
Administration	-	163,017	-	-	-	-	-	206,411	-	369,428
Police department	-	-	-	-	-	-	8,431	-	-	8,431
Total expenditures	-	163,017	-	-	-	-	8,431	206,411	-	377,859
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	(76,126)	1	1	-	29,684	(6,987)	(206,394)	-	(259,821)
OTHER FINANCING (USES)										
Transfers out	-	-	-	-	-	(25,000)	-	-	-	(25,000)
NET CHANGE IN FUND BALANCES	-	(76,126)	1	1	-	4,684	(6,987)	(206,394)	-	(284,821)
FUND BALANCES (DEFICIT)										
Beginning of year	3	111,510	1,775	1,588	567	14,478	31,880	28,331	1	190,133
End of year	3	35,384	1,776	1,589	567	19,162	24,893	(178,063)	1	(94,688)

VILLAGE OF ORLAND HILLS, ILLINOIS

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS

APRIL 30, 2012

	Incremental Sales Tax <u>Tax Fund</u>	1992 G.O. Corporate <u>Bond Fund</u>	<u>Total</u>
ASSETS			
SHORT-TERM INVESTMENTS	<u>\$ 1</u>	<u>\$ 108</u>	<u>\$ 109</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 53,568	\$ -	\$ 53,568
FUND BALANCES			
Unreserved	<u>(53,567)</u>	<u>108</u>	<u>(53,459)</u>
Total liabilities and fund balances	<u>\$ 1</u>	<u>\$ 108</u>	<u>\$ 109</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS

YEAR ENDED APRIL 30, 2012

	Incremental Sales Tax <u>Tax Fund</u>	1992 G.O. Corporate <u>Bond Fund</u>	<u>Total</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES (DEFICIT)			
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>

VILLAGE OF ORLAND HILLS, ILLINOIS

GENERAL PROPERTY TAX DATA

LAST TEN YEARS

(UNAUDITED)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Assessed Valuation	\$ 155,343,519	\$ 181,065,140	\$ 169,916,160	\$ 154,791,619	\$ 139,502,747	\$ 137,805,740	\$ 118,061,057	\$ 116,156,506	\$ 109,405,985	\$ 106,109,526
Tax Rate										
General	0.331	0.279	0.269	0.280	0.279	0.288	0.282	0.316	0.321	0.312
Gross Levy										
General	\$ 513,365	\$ 503,858	\$ 456,555	\$ 444,960	\$ 411,821	\$ 395,813	\$ 383,805	\$ 366,680	\$ 351,193	\$ 330,630