

VILLAGE OF ORLAND HILLS, ILLINOIS

ANNUAL FINANCIAL REPORT

Year Ended April 30, 2010

VILLAGE OF ORLAND HILLS, ILLINOIS

ANNUAL FINANCIAL REPORT
Year Ended April 30, 2010

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VILLAGE OF ORLAND HILLS, ILLINOIS
PRINCIPAL OFFICIALS
April 30, 2010

LEGISLATIVE

VILLAGE BOARD OF TRUSTEES
Kyle R. Hastings, President

Joseph Janachowski

Candice Morrison

Art Gnech

Traci Roti

Michael Hanley

Brian D. O'Neill

Mikki Burke, Clerk

APPOINTED OFFICIAL

John A. Daly, Village Administrator

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Orland Hills, Illinois (Village), as of and for the year ended April 30, 2010, which comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2010 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplemental information, including the combining and individual fund financial statements and schedules as of and for the year ended April 30, 2010, as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The General Property Tax Data information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

In June, 2004, the GASB released Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement is effective for fiscal periods beginning after December 15, 2008 for phase three governments (those with total annual revenues of less than \$10 million). The Village has implemented this statement prospectively (\$66,754 net OPEB obligation at the transition date) as of their fiscal year ended April 30, 2010. The statement addresses post employment benefits other than pension and establishes standards for the measurement, recognition, and display of expense, expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers.


Crowe Horwath LLP

Oak Brook, Illinois
October 22, 2010

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

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, 2010. 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 \$23.4 million (net assets) as compared to \$21.1 million in the prior fiscal year. Of the total net assets, \$21.9 million is invested in capital assets net of related debt while \$1.5 million is committed to other purposes, leaving a deficit of \$24,155 in unrestricted net assets as compared to a deficit of \$1.2 million in the prior year.
- The Village's total net assets increase by \$2.3 million in 2010 as compared to the decrease noted in 2009 by \$0.8 million. The major source of this increase was the increase in property tax collections by \$2.9 million and a decrease in fees, fines and charges for services by \$0.4 million.
- At the close of the fiscal year, the Village's governmental funds reported combined ending fund balance of \$1.6 million, an increase of \$1.1 million as compared to the prior year.
- At the end of the fiscal year, unreserved fund balance in the General Fund was \$99,254 or 1.8% of total General Fund expenditures for the year. The Village continues to monitor the position of the General Fund.

Overview of the financial statements

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

Government-Wide Financial Statements

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

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

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

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 three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

Notes to the Financial Statements

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

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities	
	2010	2009
Assets:		
Current & other assets	\$ 3.4	\$ 3.2
Capital assets	22.6	22.5
Total assets	26.0	25.7
Liabilities:		
Other liabilities	1.5	2.6
Long-term liabilities	1.1	2.0
Total liabilities	2.6	4.6
Net Assets:		
Invested in capital assets, net,	21.9	20.9
Restricted	1.5	1.4
Unrestricted	(0.0)	(1.2)
Total Net Assets	\$ 23.4	\$ 21.1

The 2010 assets as described above are composed of cash and investments valued at \$2.5 million (10% of total assets), \$0.9 million of intergovernmental and taxes receivable (3% of total assets) and capital assets net of accumulated depreciation of \$22.6 million (87% of total assets). The liabilities as described above are composed of accounts payable of \$0.9 million (35% of total liabilities), accrued payroll and other liabilities of \$0.7 million (27% of total liabilities), \$0.2 million of long-term debt due within one year (8% of total liabilities) and \$1.1 million of long-term debt due in more than one year (42% of total liabilities). 92% of the Village's net assets are made up of capital assets (e.g. Land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to its citizens; consequently, those assets are not available for future spending. An additional portion of the Village's net assets (6%) are resources that are subject to external restrictions on their use. The remaining deficit balance of

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VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

unrestricted assets of \$24,155, are available to meet the government's ongoing obligations to its citizens and creditors.

The Village's combined net assets increase by \$2.3 million from FY09 - increase from \$21.1 million to \$23.4 million. The Village's increase of combined net assets was mainly due to the increase in investment in capital assets net of related debt of \$1.0 million as well as a decrease in short term liabilities due to Village operations.

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

	Governmental	
	Activities	
	<u>2010</u>	<u>2009</u>
REVENUES		
Program Revenues:		
Charges for Services	\$ 0.7	\$ 1.1
Oper. Grants/Contrib.	0.2	0.2
Cap. Grants/Contrib.	0.5	0.1
General Revenues:		
Property Taxes	4.0	1.0
Other Taxes	2.8	2.4
Other	<u>0.5</u>	<u>0.7</u>
Total Revenues	<u>8.7</u>	<u>5.5</u>
EXPENSES		
General Government	1.9	1.6
Public Safety	2.3	2.3
Culture and Recreation	0.4	0.6
Highway and Streets	1.6	1.7
Interest on Debt	<u>0.1</u>	<u>0.1</u>
Total Expenses	<u>6.3</u>	<u>6.3</u>
Change in Net Assets	<u>2.4</u>	<u>(0.8)</u>
Ending Net Assets	<u>\$ 23.4</u>	<u>\$ 21.1</u>

Revenue:

The total revenues in FY10 increased from the prior year by \$3.2 million from \$5.5 million to \$8.7 million.

Property taxes increased by 311% from \$1 million to \$4 million in FY10. State shared sales tax revenues increased 10% from approximately \$1.2 million in FY09 to approximately \$1.4 million in FY10. State shared income tax revenues had a decrease of about 50% or about \$278,220 from the previous year.

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VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

Utility and other tax and franchise fee revenues were consistent with the prior year. The State has assumed the job of collecting the taxes statewide from the telecommunication companies and distributing each municipality's share monthly. Currently, there is no method of verifying the accuracy of the State's computations. These three revenue sources combined totaled approximately \$2.8 million in FY10 and approximately \$2.4 million in FY09, an overall increase of 17%. This combined revenue represents roughly 32% of the total Governmental Activities revenue.

Property taxes represent about 46% of the Village's revenue for Governmental Activities. As the Village is subject to the Tax Cap Limitation Act, property tax revenue increased from \$960,790 to \$3,955,060. The increase of \$2,994,270 was attributable to the collection of property taxes levied in prior years and distributed to the Village in FY10. The effective tax rate has been reduced by over 40% since 1987. This represents the lowest tax rate in all time, according to Village records.

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

Expenses:

The Village's Governmental Activities total expenses remained consistent with FY09 at \$6.3 million.

Some material changes from FY09 to FY10 include: the increase in general government expense of \$0.3 million. In addition, Public Safety has seen cost increases due to additional officers being added to the Police Department to fill immediate needs. The costs of recruiting and retaining the best public safety officials available were continued to be incurred by the Village. As in prior years, any expense increases were offset by heightened controls over other expenses in all departments especially general government operations.

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balance of \$1.6 million, an increase of \$1.1 million compared to the prior year. The amount available for spending by the Village is \$1.6 million (unrestricted fund balance).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance in the General Fund had a balance of \$99,254. The change in fund balance was an increase of approximately \$1.0 million. This was due in large part to property tax distributions from the County for prior year tax levies in FY10.

The Motor Fuel Tax Fund is a special revenue fund that is used to account for Motor Fuel Tax revenues received from the State of Illinois. These funds are used for certain infrastructure maintenance, repair and replacement. It should be noted that the Village funds these activities with Motor Fuel Tax funds first. Any excess costs for these projects are funded by the General Fund. The Motor Fuel Tax Fund had \$0.1 million in unrestricted fund balance available for expenditures on such projects. The increase in unrestricted fund balance was \$10,211 or 15.9%. Expenses for road projects in the Motor Fuel Tax Fund decreased by 49%, while corresponding revenue remain consistent with FY09.

The TIF Eligible Fund is a special revenue fund that is used to account for TIF revenues and related project expenditures as well as debt service. The TIF Eligible Fund had an increase in fund balance by \$1,173,828 as the Village received collections from prior tax levies from the County in FY10.

The Bond Fund is a debt service fund and is used to account for the resources accumulated to pay for the Village's long-term debt. The Bond Fund had a decrease of restricted fund balance of \$652,930 or 100% as the Village repaid bonds in FY10 with resources from prior years that was accumulated for this purpose. All debt service obligations of the Village were made on a timely basis.

The Special Tax Allocation Fund is a debt service fund and is used to account for the resources accumulated to fund bond payments and to pay developers incentives that are incorporated into the Village's Tax Increment Financing District (TIF) obligation. The fund had a decrease in restricted fund balance of \$39,624 or 100%. This was due to the District transferred all remaining fund balance to General Fund in FY10.

The Capital Projects Fund is a capital projects fund and is used to account for the resources accumulated to fund capital improvements throughout the Village. The fund had a decrease in fund balance of \$285,589. This was due to the debt payments for the new debt certificates issued in the fiscal year 2008 that is to be used to fund capital improvements throughout the Village.

VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

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

General Fund:	<u>Adopted Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 0.6	\$ 2.2
Intergovernmental	2.1	1.8
<u>Other</u>	<u>1.7</u>	<u>1.2</u>
Total	4.4	5.2
Expenditures:		
<u>Expenditures</u>	<u>5.3</u>	<u>5.4</u>
Total	5.3	5.4
Other Financing Sources/(Uses):		
Other Financing Sources	1.0	1.6
<u>Other Financing Uses</u>	<u>(0.1)</u>	<u>(0.3)</u>
Total	0.9	1.3
Change in Fund Balance	<u><u>\$ 0.0</u></u>	<u><u>\$ 1.1</u></u>

Differences between the appropriation ordinance and the actual amount expended were 3% over budget. The variances were minor and can be briefly summarized primarily as follows:

- 19% over budget in general administrative expenses
- 12% over budget in building and zoning expenses
- 2% over budget in parks and recreation department expenses
- 7% over budget in public safety department expenses
- 18% under budget in highways and streets department expenses

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

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VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Governmental Activities Change in Capital Assets (in millions)			
	<u>Balance April 30, 2009</u>	<u>Net Additions/ Deletions</u>	<u>Balance April 30, 2010</u>
Non-Depreciable Assets:			
Land/CIP	\$ 10.1	\$ 0.0	\$ 10.1
Other Capital Assets:			
Infrastructure	16.3	0.7	17.0
Buildings	4.2	0.0	4.2
Improvements	0.3	0.0	0.3
Vehicles/Furniture/Fixtures	0.9	0.0	0.9
Accum. Depreciation on Capital Assets	<u>(9.4)</u>	<u>(0.5)</u>	<u>(9.9)</u>
Totals	<u><u>\$ 22.4</u></u>	<u><u>\$ 0.2</u></u>	<u><u>\$ 22.6</u></u>

The Village has fully funded infrastructure repair and maintenance projects through Motor Fuel Tax revenues collected in 2010. However, no new major assets were put into place during the fiscal year.

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

Debt Administration

At April 30, 2010, the Village had outstanding debt as follow:

South Suburban Mayors and Managers Association Note Payable	\$ 650,000
Capital Leases	16,396
Litigation Payable	85,128
Net Pension Obligation	113,209
Other Post Employment Benefit Obligation	66,754
Compensated Absences	<u>185,370</u>
Total Long-term Debt	<u><u>\$ 1,116,857</u></u>

The Village's debt decreased by \$0.9 million or 44% in the current fiscal year. This was due to timely payments of principal and interest obligations of \$0.8 million as well as the issuance of \$0.2 million of new debt (\$66,754 in other post employment benefits, \$57,669 in net pension obligation, and \$75,127 in

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VILLAGE OF ORLAND HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2010

compensated absences). The Village has an insignificant real estate tax receipts loss factor built into the annual levy, and collects all revenues needed to finance debt service of the Village. Long-term levies have been approved and filed for all future debt service funding. The Village has maintained an "Aaa" rating from Moody's investor's service for its general obligation debt and TIF debt obligations. 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 \$13.8 million.

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

The State statutes also allow the Village to issue General Obligation Bonds for up to ½ of 1% of our assessed valuation without referendum. That amount would be \$1,547,916. The Village has no immediate plans to issue bonds.

ECONOMIC FACTORS

The Village has strived to increase the services available to its residents while simultaneously reducing the property tax burden placed on residents for such services. The Dial-A-Ride service continues to remain popular while the recreation department continues to expand the activities available to residents. In 2010, the Village offered culture and recreation activities such as the Jamboree and the Fourth of July Celebration. The Village will continue to offer such services and activities to its residents.

It has been a hallmark of the Village's administration to reduce reliance on property taxes. The current tax rate of \$0.28 per \$100 of assessed valuation represents no change from the prior year. The upcoming tax rate, for the new tax levy year, is expected to stay in line with the current rate, but subsequent years will continue to perpetuate the downward trends that have been established over the past 15 years.

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

Other sales tax revenues are anticipated in future years due to the recent intergovernmental agreement with a neighboring community that garners a significant portion of new retail trade from the development at Park Hill Plaza. Economic development efforts are coming to fruition with the redevelopment of the Orland Towne Center, which begun in during the prior fiscal year. This redevelopment will generate increases in sales tax revenue in 2011 and beyond.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Net Assets

April 30, 2010

	Primary Government <u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 208,960
Short Term Investments	2,298,299
Taxes Receivable	138,078
Intergovernmental Receivables	747,528
Accounts Receivable	41,239
Prepaid Items	26,347
Capital Assets Not Being Depreciated	10,133,189
Capital Assets Being Depreciated	<u>12,480,719</u>
Total Assets	<u>\$ 26,074,359</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable	\$ 836,228
Accrued Payroll	33,891
Other Liabilities	15,281
Due to Police Pension	612,110
Due to Other Entities	8,388
Interest Payable	1,106
Long Term Debt, Due Within One Year:	
Capital Leases Payable	5,014
Debt Certificates Payable	130,000
Compensated Absences	55,611
Long Term Debt, Due in More Than One Year:	
Capital Leases Payable	11,382
Net Pension Obligation	113,209
Other Post Employment Benefits Obligation	66,754
Debt Certificates Payable	520,000
Compensated Absences	129,759
Litigation Claims Payable	<u>85,128</u>
Total Liabilities	<u>2,623,861</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	21,947,512
Restricted for:	
Capital Projects	1,379,049
Other Purposes	148,092
Unrestricted Net Assets	<u>(24,155)</u>
Total Net Assets	<u>23,450,498</u>
Total Liabilities and Net Assets	<u>\$ 26,074,359</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Activities
Year Ended April 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)/Revenue and Changes in Net Assets
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental activities:					
General Government	\$ 1,889,463	\$ 296,739	\$ -	\$ -	\$ (1,592,724)
Public Safety	2,360,983	265,702	12,300	-	(2,082,981)
Culture and Recreation	426,683	170,613	-	-	(256,070)
Highways and Streets	1,618,079	-	172,423	528,084	(917,572)
Interest on Debt	50,611	-	-	-	(50,611)
Total Primary Government	\$ 6,345,819	\$ 733,054	\$ 184,723	\$ 528,084	(4,899,958)
General revenues:					
Taxes:					
					3,955,060
					1,372,058
					467,389
					318,777
					634,417
					397,902
					12,948
					94,422
					<u>7,252,973</u>
					<u>2,353,015</u>
					<u>21,097,483</u>
					<u>\$ 23,450,498</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

Governmental Funds
Balance Sheet
April 30, 2010

	Major Funds							Total Governmental Funds
	General Fund	Motor Fuel Tax Fund	TIF Eligible Fund	Bond Fund	Special Tax Allocation Fund	Capital Projects Funds	Nonmajor Governmental Funds	
ASSETS								
Cash and Cash Equivalents	\$ 183,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,523	\$ 208,960
Short Term Investments	913,782	45,534	1,224,830	-	-	14,308	99,845	2,298,299
Taxes Receivable	122,038	-	-	-	-	-	16,040	138,078
Intergovernmental Receivables	718,596	28,932	-	-	-	-	-	747,528
Accounts Receivable	41,239	-	-	-	-	-	-	41,239
Prepaid Items	26,347	-	-	-	-	-	-	26,347
Due from Other Funds	53,568	-	-	-	-	99,980	11,066	164,614
Total Assets	\$ 2,059,007	\$ 74,466	\$ 1,224,830	\$ -	\$ -	\$ 114,288	\$ 152,474	\$ 3,625,065
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 801,693	\$ -	\$ 13,544	\$ -	\$ -	\$ 20,991	\$ -	\$ 836,228
Accrued Payroll	33,891	-	-	-	-	-	-	33,891
Other Liabilities	15,281	-	-	-	-	-	-	15,281
Deferred Revenue	377,344	-	-	-	-	-	-	377,344
Due to Other Entities	8,388	-	-	-	-	-	-	8,388
Due to Police Pension Fund	612,110	-	-	-	-	-	-	612,110
Due to Other Funds	111,046	-	-	-	-	-	53,568	164,614
Total Liabilities	1,959,753	-	13,544	-	-	20,991	53,568	2,047,856
Fund Balances:								
Unreserved, Reported in:								
General Fund	99,254	-	-	-	-	-	-	99,254
Special Revenue Funds	-	74,466	1,211,286	-	-	-	152,366	1,438,118
Debt Service Funds	-	-	-	-	-	-	(53,460)	(53,460)
Capital Projects Funds	-	-	-	-	-	93,297	-	93,297
Total Fund Balances	99,254	74,466	1,211,286	-	-	93,297	98,906	1,577,209
Total Liabilities and Fund Balances	\$ 2,059,007	\$ 74,466	\$ 1,224,830	\$ -	\$ -	\$ 114,288	\$ 152,474	\$ 3,625,065

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
April 30, 2010

Total fund balances - governmental funds \$ 1,577,209

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

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

Capital Assets	32,506,811	
Accumulated Depreciation	<u>(9,892,903)</u>	
Net Capital Assets		<u>22,613,908</u>

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

Taxes Receivable	<u>377,344</u>	
Total Receivables		<u>377,344</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due. (1,106)

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

Provision for Compensated Absences	(185,370)	
Provision for Litigation Claims	(85,128)	
Provision for Net Pension Obligation	(113,209)	
Provision for Other Post Employment Benefits Obligation	(66,754)	
Capital Leases	(16,396)	
Bonds Payable	<u>(650,000)</u>	
Total Long-term liabilities		<u>(1,116,857)</u>

Net assets of governmental activities \$ 23,450,498

VILLAGE OF ORLAND HILLS, ILLINOIS

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended April 30, 2010

	Major Funds							Total Governmental Funds
	General Fund	Motor Fuel Tax Fund	TIF Eligible Fund	Bond Fund	Special Tax Allocation Fund	Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES								
Taxes	\$ 2,244,584	\$ 10,913	\$ 1,221,947	\$ -	\$ 1,222,732	\$ -	\$ 84,645	\$ 4,784,821
Licenses and Permits	221,372	-	-	-	-	-	-	221,372
Intergovernmental Revenue	1,754,952	172,423	-	-	-	37,500	-	1,964,875
Fees and Charges for Services	637,486	-	-	-	-	-	-	637,486
Fines	264,912	-	-	-	-	-	-	264,912
Investment Income	579	54	425	413	25	217	322	2,035
Other Revenue	101,608	-	-	-	-	-	-	101,608
Total Revenues	5,225,493	183,390	1,222,372	413	1,222,757	37,717	84,967	7,977,109
EXPENDITURES								
Current:								
Administration	1,389,445	-	-	-	-	-	79,878	1,469,323
Building and Zoning Dept	285,129	-	-	-	-	-	-	285,129
Police Department	2,397,295	-	-	-	-	-	65,245	2,462,540
Fire and Police Commission	8,495	-	-	-	-	-	-	8,495
ESDA	1,152	-	-	-	-	-	-	1,152
Parks and Recreation	593,131	-	-	-	-	-	1,317	594,448
Concession Stand/Seniors	6,972	-	-	-	-	-	-	6,972
Special Transportation	10,786	-	-	-	-	-	-	10,786
Public Works	641,711	125,111	-	-	-	213,735	-	980,557
Flood Prevention	10,508	-	-	-	-	-	-	10,508
Capital Outlay	68,588	48,068	13,544	-	-	2,483	1,681	134,364
Debt Service - Principal Retired	-	-	-	620,000	-	130,000	95,000	845,000
Debt Service - Interest and Fees	-	-	-	29,450	-	27,088	6,555	63,093
Total Expenditures	5,413,212	173,179	13,544	649,450	-	373,306	249,676	6,872,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,719)	10,211	1,208,828	(649,037)	1,222,757	(335,589)	(164,709)	1,104,742
OTHER FINANCING SOURCES (USES)								
Transfers In	1,603,352	-	-	-	-	227,000	102,162	1,932,514
Transfers Out	(329,162)	-	(35,000)	(3,893)	(1,262,381)	(177,000)	(125,078)	(1,932,514)
Proceeds from Sale of Fixed Assets	5,590	-	-	-	-	-	-	5,590
Total Other Financing Sources (Uses)	1,279,780	-	(35,000)	(3,893)	(1,262,381)	50,000	(22,916)	5,590
Net Change in Fund Balances	1,092,061	10,211	1,173,828	(652,930)	(39,624)	(285,589)	(187,625)	1,110,332
Fund Balances at Beginning of Year	(992,807)	64,255	37,458	652,930	39,624	378,886	286,531	466,877
Fund Balances at End of Year	\$ 99,254	\$ 74,466	\$ 1,211,286	\$ -	\$ -	\$ 93,297	\$ 98,906	\$ 1,577,209

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

Reconciliation of Statements of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to Statement of Activities
Year Ended April 30, 2010

Net Change in Total Fund Balances \$ 1,110,332

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

Some grant revenues and taxes were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds

193,641

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	(57,669)
Change in Other Post Employment Benefits Obligation	(66,754)
Change in Accrued Interest on Bonds	<u>12,482</u>

(111,941)

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	742,354
Depreciation	<u>(575,721)</u>
Capital Outlay in Excess of Depreciation	<u>166,633</u>

The proceeds from the sale of land and equipment are reported as revenues in the governmental funds. However, when disposed, the cost of the land and equipment is removed from the capital assets account in the statements of net assets and offset against sale proceeds resulting in gain or (loss) in the statements of activities.

Net effect of sales, trade-ins and disposals of assets	<u>(5,234)</u>
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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	845,000
Capital Leases Payable	4,318
Decrease in Litigation Payable	178,146
Increase in Compensated Absences	<u>(27,880)</u>
Total retirement of debt	<u>999,584</u>

Change in Net Assets of Governmental Activities \$ 2,353,015

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Fiduciary Net Assets
April 30, 2010

	<u>Pension Trust Fund</u>
ASSETS	
Short Term Investments	\$ 361,017
Long Term Investments	1,216,330
Accrued Interest Receivable	9,687
Due from Village	<u>612,110</u>
 Total Assets	 <u>\$ 2,199,144</u>
LIABILITIES	
Accounts Payable	<u>\$ 34,872</u>
Total Liabilities	<u>34,872</u>
NET ASSETS	
Held in Trust for Employee Pension Benefits	<u>2,164,272</u>
 Total Liabilities and Net Assets	 <u>\$ 2,199,144</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS

Statement of Changes in Fiduciary Net Assets
Year Ended April 30, 2010

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 139,669
Plan Members	<u>61,499</u>
Total Contributions	<u>201,168</u>
Investment Income	
Net Appreciation in Fair Value of Investments	<u>71,466</u>
Total Additions	<u>272,634</u>
DEDUCTIONS	
Benefits and Refunds	138,021
Administrative Expenses	<u>40,216</u>
Total Deductions	<u>178,237</u>
Change in Net Assets	94,397
Net Assets at Beginning of Year	<u>2,069,875</u>
Net Assets at End of Year	<u>\$ 2,164,272</u>

See accompanying notes to financial statements.

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Police Pension Fund of the Village is an Illinois local government; as such, it is a separate legal entity with its own management and budget authority. This fund exists solely to provide pension benefits for the Village's police officers. The Police Pension Fund may not issue bonded debt or levy taxes without the City's approval. The financial statements of the Police Pension Fund as of and for the fiscal year ended April 30, 2010, are blended in the Village's basic financial statements as a pension trust fund.

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Measurement Focus and Basis of Accounting:

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues accrued at the end of the year include charges for services, licenses and permits, fines and forfeitures, intergovernmental revenues, investment earnings, property taxes, sales taxes, and income taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Non-exchange transactions, in which the Village receives value without directly giving equal value in return, include taxes, grants, and donations. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Deferred revenue is reported on the governmental fund balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria. Deferred revenues also arise when resources are received prior to the government having a legal claim to them. In a subsequent period, when both recognition criteria are met or when the government has a legal claim to the resources, the liability is removed and the revenue recognized.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Village reports the following major governmental funds:

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

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

TIF Eligible Fund - The TIF Eligible Fund is used to account for tax increment financing resources and its related expenditures.

Bond Fund - The Bond Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Special Tax Allocation Fund - The Special Tax Allocation Fund is used to account for tax incremental finance revenues received and transferred to other funds for the servicing of the Village's Tax Increment Finance (TIF) district.

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

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

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

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

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

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

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

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

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

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

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

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

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NOTE 2 - DEFICIT FUND BALANCE

The following fund had a deficit in fund balance as of April 30, 2010:

Incremental Sales Tax	\$ 53,568
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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 \$208,960 at April 30, 2010, while the bank balances were \$248,622. All account balances at banks totaling were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

At April 30, 2010, the Police Pension Fund had no cash on deposit.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Village's investments at April 30, 2010.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
State Treasurer Illinois Funds	\$2,294,535	\$2,294,535
Bond Mutual Fund	<u>3,764</u>	<u>3,764</u>
Total	<u>\$2,298,299</u>	<u>\$2,298,299</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.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit ratings for the Village’s investments in debt securities as described by Standard & Poor’s and Moody’s at April 30, 2010 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village’s investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor’s, Moody’s, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Village is fully collateralized as of April 30, 2010.

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

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

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 3 - DEPOSITS AND 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, 2010.

<u>Investment Types</u>	<u>Fair Value</u>	<u>Maturities</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>Greater Than Ten Years</u>
U.S. Treasury notes	\$ 348,015	\$ -	\$ 348,015	\$ -	\$ -
U.S. agencies	868,315	-	459,772	-	408,543
Money market mutual fund	30,854	30,854	-	-	-
State Treasurer Illinois Funds	<u>121,708</u>	<u>121,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 152,562</u>	<u>\$ 807,787</u>	<u>\$ -</u>	<u>\$ 408,543</u>
Investments not sensitive to interest rate risk:					
Insurance annuities	<u>208,455</u>				
Total investments	<u>\$ 1,577,347</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 purchases, rated no lower than "Baa" by Moody's and no lower than "BBB" by Standard & Poor's). The Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit ratings for the Police Pension Fund's investments in debt securities at April 30, 2010 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

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

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Police Pension Fund's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for fund investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's, or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. The Police Pension Fund is fully collateralized as of April 30, 2010.

Concentration of Credit Risk - The Police Pension Fund places no limit on the amount the fund may invest in any one issuer. More than 5% of the Police Pension Fund's investments are in U.S. Treasury Notes, Federal National Mortgage Association, Government National Mortgage Association, and Lincoln Benefit Life. These investments are 5.8%, 19.7%, 6.4%, and 6.4%, respectively, of the total Police Pension Fund's investments.

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

Cash and investments per financial statements	
Cash and cash equivalents - statement of net assets	\$ 208,960
Short-term investments - statement of net assets	2,298,299
Short-term investments - statement of fiduciary net assets	361,017
Long-term investments - statement of fiduciary net assets	<u>1,216,330</u>
Total cash and investments per financial statements	<u>\$ 4,084,606</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Cash and investments per Note 3	
Cash - Village	\$ 208,960
Investments - Village	2,298,299
Investments - Pension Trust fund	<u>1,577,347</u>
Total cash and investments per Note 3	<u>\$ 4,084,606</u>

NOTE 4 - CAPITAL ASSETS

	<u>Balance at May 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2010</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,133,189	\$ -	\$ -	\$ 10,133,189
Capital assets being depreciated:				
Land improvements	284,674	-	-	284,674
Buildings and improvements	4,199,899	-	-	4,199,899
Machinery and equipment	932,677	69,789	71,589	930,877
Infrastructure	<u>16,285,607</u>	<u>672,565</u>	-	<u>16,958,172</u>
Subtotal	<u>21,702,857</u>	<u>742,354</u>	<u>71,589</u>	<u>22,373,622</u>
Less accumulated depreciation for:				
Land improvements	(114,882)	(14,234)	-	(129,116)
Buildings and improvements	(911,529)	(85,861)	-	(997,390)
Machinery and equipment	(703,878)	(52,756)	66,355	(690,279)
Infrastructure	<u>(7,653,248)</u>	<u>(422,870)</u>	-	<u>(8,076,118)</u>
Total accumulated depreciation	<u>(9,383,537)</u>	<u>(575,721)</u>	<u>66,355</u>	<u>(9,892,903)</u>
Total capital assets being depreciated, net	<u>12,319,320</u>	<u>166,633</u>	<u>5,234</u>	<u>12,480,719</u>
Governmental activities				
Capital assets, net	<u>\$ 22,452,509</u>	<u>\$ 166,633</u>	<u>\$ 5,234</u>	<u>\$ 22,613,908</u>

Depreciation expense of \$575,721 was charged to the governmental activities functional expense categories as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 41,997
Public Safety	30,887
Culture and Recreation	11,027
Public Works	<u>491,810</u>
Total	<u>\$ 575,721</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2010 are summarized below:

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

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

NOTE 6 - TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 1,603,352	\$ 329,162
TIF Eligible	-	35,000
Bond	-	3,893
Special Tax Allocation	-	1,262,381
Capital Projects	227,000	177,000
Nonmajor governmental funds:	<u>102,162</u>	<u>125,078</u>
Total transfers	<u>\$ 1,932,514</u>	<u>\$ 1,932,514</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.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 6 - TRANSFERS (Continued)

The non-routine transfers included a \$1,262,381 transfer from the Special Tax Allocation Fund to the General Fund for property taxes collected that were released from restrictions, \$177,000 from the Capital Projects Fund to the General Fund for project cost reimbursements funded by the General Fund, \$225,000 from the General Fund to the Capital Projects Fund for project cost incurred and \$125,000 from the Non-Drug Seizure Fund to the General Fund to fund public safety costs incurred by the General Fund.

NOTE 7 - RECEIVABLES

The following is a summary of other taxes, due from other governments, accounts, notes, and other receivables by fund type at April 30, 2010. Any uncollectible amount is not believed to be material.

Governmental activities:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Statement of Net Assets</u>
Taxes receivable:				
Utility taxes	\$ 47,877	\$ -	\$ -	\$ 47,877
Franchise taxes	67,687	-	-	67,687
Non-retail business taxes	2,898	-	-	2,898
Vehicle lease taxes	3,576	-	-	3,576
Hotel taxes	<u>-</u>	<u>16,040</u>	<u>-</u>	<u>16,040</u>
 Total taxes receivable	 <u>\$ 122,038</u>	 <u>\$ 16,040</u>	 <u>\$ -</u>	 <u>\$ 138,078</u>
Intergovernmental receivable:				
Illinois income tax	\$ 254,115	\$ -	\$ -	\$ 254,115
Illinois sales tax	301,891	-	-	301,891
Illinois local use tax	20,282	-	-	20,282
Motor fuel taxes	-	28,932	-	28,932
Illinois non-home rule sales tax	<u>142,308</u>	<u>-</u>	<u>-</u>	<u>142,308</u>
 Total intergovernmental receivable	 <u>\$ 718,596</u>	 <u>\$ 28,932</u>	 <u>\$ -</u>	 <u>\$ 747,528</u>
Accounts receivable:				
Police citations	\$ 41,239	\$ -	\$ -	\$ 41,239
 Total accounts receivable	 <u>\$ 41,239</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 41,239</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 8 - LONG-TERM DEBT

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

	<u>Balance</u> <u>May 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General Obligation					
Bonds Series of 1992	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -
Tax Increment Financing					
Bonds (Alternate					
Revenue Source)					
Series of 2001A	620,000	-	620,000	-	-
South Suburban Mayors					
And Managers Association					
Note Payable					
Series of 2008	780,000	-	130,000	650,000	130,000
Capital leases					
2008 Copy machine	20,714	-	4,318	16,396	5,014
Compensated absences	157,490	75,127	47,247	185,370	55,611
Net pension obligation	55,540	57,669	-	113,209	-
OPEB obligation	-	66,754	-	66,754	-
Litigation claims	263,274	-	178,146	85,128	-
Total governmental					
activities	<u>\$ 1,992,018</u>	<u>\$ 199,550</u>	<u>\$ 1,074,711</u>	<u>\$ 1,116,857</u>	<u>\$ 190,625</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 8 - LONG-TERM DEBT

General Obligation Bonds: *General Obligation Bonds, Series of 1992* - \$920,000 1992 General Obligation Bonds dated December 21, 1992 due January 1, 2010; interest at 6.0% to 6.9% (principal and interest to be serviced by the general revenues of the Village). The bonds were paid off as of April 30, 2010.

Tax Increment Financing Bonds (Alternate Revenue Source): *Tax Increment Financing Bonds (Alternate Revenue Source), Series of 2001A*- \$6,620,000 2001A Tax Increment Financing Bonds (Alternate Revenue Source) dated December 15, 2001 due January 1, 2010; interest at 3.25% to 4.75% (principal and interest to be serviced by the general revenues of the Village). The bonds were paid off as April 30, 2010.

Tax Increment Financing: The Village has designated an area of the Village as a redevelopment project area in accordance with the Tax Increment Allocation Redevelopment Act (TIF) of the State of Illinois.

The Village issued TIF bonds to generate resources to construct a Village hall and to pay bond issuance costs and capitalized interest. The bonds were refunded in December 2001 and are to be repaid using sales and property tax receipts in excess of base year amounts generated by the shopping center.

The Village is entitled to recover \$220,000 from excess TIF project incremental revenue generated. After the \$220,000 is distributed to the Village, beginning January 1, 1996 and ending December 31, 2013, 60% of additional excess project incremental revenue shall be distributed to the Village and 40% to the developer. These amounts will be paid from sales and property taxes generated in excess of those required to repay the bonds. In the event the project does not generate sufficient revenue to meet certain bond payment commitments, the Village shall be entitled to recover from the developer the amount of the deficiency actually paid by the Village plus interest. This clause shall terminate on the date the Village has expended substantially all of the project costs. The Village is in the process of closing the TIF District via Board ordinances.

South Suburban Mayors and Managers Association Note Payable: \$900,000 2008 Note 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 bonds is calculated by taking the average of the weekly interest rates for the given month and applying it to the outstanding principal balance at the beginning of the month. The trustee calculates the amount of interest due and invoices the Village. Interest rate as of April 30, 2010 is 0.50% (principal and interest to be serviced by the general revenues of the Village).

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 8 - LONG-TERM DEBT (Continued)

Remaining principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 130,000	\$ 2,884	\$ 132,884
2012	130,000	2,243	132,243
2013	130,000	1,598	131,598
2014	130,000	950	130,950
2015	<u>130,000</u>	<u>299</u>	<u>130,299</u>
	<u>\$ 650,000</u>	<u>\$ 7,974</u>	<u>\$ 657,974</u>

Capital Leases - 2008 Copy Machine: The Village entered into a capital lease agreement with Proven Business Systems for the lease of one copy machine. Total annual payments for the machine are \$7,140 with the first annual payment due at lease signing. The payments are for a four-year period, at which the Village has the right to purchase the vehicle for \$1. As of April 30, 2010, the capital assets acquired through this lease was \$25,000. Accumulated depreciation totaled \$12,917 leaving a book value of \$12,083.

Debt service for the copy machine is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,014	\$ 2,126	\$ 7,140
2012	5,821	1,319	7,140
2013	<u>5,561</u>	<u>390</u>	<u>5,951</u>
	<u>\$ 16,396</u>	<u>\$ 3,835</u>	<u>\$ 20,231</u>

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 8 - LONG-TERM DEBT (Continued)

Legal Debt Margin: The Village is subject to a legal debt margin of 8.625% of equalized assessed value of property in the Village. As of April 30, 2010, the equalized assessed valuation of the Village is \$164,470,074 and the legal debt margin is \$15,560,544. 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 wrongful termination of an employee. The Village settled the case for a total of \$120,000 of which \$85,128 would be paid for by the Village with the remaining \$34,872 to be paid by the Pension Fund. The Village has accrued this amount in its financial statements as a long term liability.

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2010

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - DEFINED BENEFIT PLANS

Illinois Municipal Retirement Fund:

Plan Description

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

Funding Policy

As set by statute, the Village's regular plan members are required to contribute 4.5% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2009 was 12.75% of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2009, the Village's annual pension cost of \$126,334 for the regular plan was equal to the Village's required and actual contributions.

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/09	\$ 126,334	100%	\$ 0
12/31/08	116,624	100%	0
12/31/07	124,096	100%	0

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4% a year, attributable to inflation; (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service, attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 27 years.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

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

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 50.72% funded. The actuarial accrued liability for benefits was \$2,433,578 and the actuarial value of assets was \$1,234,333 resulting in an underfunded actuarial accrued liability (UAAL) of \$1,199,245. The covered payroll (annual payroll of active employees covered by the plan) was \$990,853 and the ratio of the UAAL to the covered payroll was 121%. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effort 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

At April 30, 2009 (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	4
Nonvested	<u>8</u>
Total	<u><u>18</u></u>

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

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

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

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

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

Summary of Significant Accounting Policies and Plan Asset Matters:

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

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

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

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 Year Ended April 30, 2010

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 rates		
Employer	12.75%	18.33%
Employee	4.5%	9.91%
Annual pension cost	\$126,334	\$197,338
Contributions made	\$126,334	\$139,669
Actuarial valuation date	12/31/09	4/30/09
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining amortization period	28 Years	29 Years
Asset valuation method	5-Year Smoothed Market	3-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	7.50% Compounded Annually	6.75% Compounded Annually
Projected salary increases	0.4 to 10.0%	1.12% - 4.86%
Inflation rate included	4.00%	2.50%
Cost-of-living adjustments	3.00%	3.00%

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

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

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

	<u>Police Pension</u>
Annual required contribution	\$ 197,338
Interest on the NPO	-
Adjustment to the ARC	-
Annual pension cost	197,338
Actual contribution	139,669
Increase in the NPO	57,669
NPO at April 30, 2009	55,540
NPO at April 30, 2010	\$ 113,209

Trend Information

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

	Year	Illinois Municipal Retirement	Year	Police Pension
Annual pension cost (ACP)	2009	\$ 126,334	2009	\$ 197,338
	2008	116,624	2008	181,313
	2007	124,096	2007	N/A
Actual contributions	2009	\$ 126,334	2009	\$ 139,669
	2008	116,624	2008	125,773
	2007	124,096	2007	0
Percentage of APC contributed	2009	100.0%	2009	70.8%
	2008	100.0%	2008	69.4%
	2007	100.0%	2007	N/A
Net pension obligation	2009	\$ 0	2009	\$ 113,209
	2008	0	2008	55,540
	2007	0	2007	N/A

N/A - Comparative information for this year is not available.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 12 - POST EMPLOYMENT HEALTHCARE BENEFITS

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

Participant Data

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

Funding Policy: Funding is provided by the Village on a pay-as-you-go basis. The Village's contribution on behalf of the employees to the insurance provider was \$24,766 for 2010.

Annual OPEB Cost and Net OPEB Obligation: The Village's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution. The Annual Required Contribution represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years. The following table shows the components of the Village's annual OPEB cost for 2010, 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	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost	84,626	6,894	91,520
Contributions made	<u>(24,766)</u>	<u>-</u>	<u>(24,766)</u>
Increase (decrease) in net OPEB obligation	59,860	6,894	66,754
Net OPEB obligation beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB obligation end of year	<u>\$ 59,860</u>	<u>\$ 6,894</u>	<u>\$ 66,754</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 12 - POST EMPLOYMENT HEALTHCARE BENEFITS (Continued)

Three Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2010	\$ 91,520	27.1%	\$ 66,754

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

Funded Status and Funding Progress: As of April 30, 2010, the actuarial accrued liability for benefits was \$1,011,073. The covered payroll was approximately \$1,528,761 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 66.1%.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2010	\$ -	\$ 1,011,073	\$ 1,011,073	0.00%	\$ 1,528,761	66.10%

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.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 12 - POST EMPLOYMENT HEALTHCARE BENEFITS (Continued)

In the April 30, 2010 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. Under this Method, a Normal cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, for hire to termination, as a level percentage of pay. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The assumptions also included a 5.0 percent discount rate with 3.5% salary progression per year. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

In accordance with GASB Statement No. 45, the Village will have an actuarial valuation done once every two years; above is the information from the most recent valuation as of April 30, 2010.

NOTE 13 - TAX INCREMENT REVENUES PLEDGED

The Village has pledged a portion of future property tax and sales tax revenues to repay \$10,000,000 in tax increment bonds issued in April 1994 to finance the refurbishing of the Orland Towne Center. The bonds are payable solely from the incremental property and sales taxes generated by increased retail sales in the refurbished district. Incremental property and sales taxes were projected to produce 100 percent of the debt service requirements over the life of the bonds. The bonds were paid off as of April 30, 2010. For the current year, principal and interest paid and total incremental sales tax revenues were \$649,450 and \$1,222,732, respectively.

NOTE 14 - NEW GOVERNMENT ACCOUNTING STANDARDS

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance amounts will be reported in the following classifications: restricted, committed, assigned, and unassigned. Statement 54 is effective for financial statements for periods beginning after June 15, 2010.

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2010

NOTE 14 - NEW GOVERNMENT ACCOUNTING STANDARDS (Continued)

In June 2010 the Governmental Accounting Standards Board (GASB) issued Statement No. 59, Financial Instruments Omnibus. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. Statement No. 59 emphasizes the applicability of U.S. Securities and Exchange Commission requirements to certain external investment pools—known as 2a7-like pools—to provide users more consistent information on qualifying pools; addresses the applicability of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, to certain financial instruments to clarify which financial instruments are within the scope of that pronouncement and to provide greater consistency in financial reporting; and applies the reporting provisions for interest-earning investment contracts of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, to unallocated insurance contracts improve to the consistency of reporting by pension and OPEB plans. Statement No. 59 is effective for fiscal years beginning after June 15, 2010, with earlier application encouraged.

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

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
 Budgetary Comparison Schedule
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 General Fund and Motor Fuel Tax Fund
 Year Ended April 30, 2010

	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						
Property Taxes	\$ 641,000	\$ 2,244,584	\$ 1,603,584	\$ -	\$ 10,913	\$ 10,913
Licenses and Permits	382,350	221,372	(160,978)	-	-	-
Intergovernmental	2,120,000	1,754,952	(365,048)	180,000	172,423	(7,577)
Fees and Charges for Services	656,575	637,486	(19,089)	-	-	-
Fines	280,200	264,912	(15,288)	-	-	-
Investment Income	1,950	579	(1,371)	3,000	54	(2,946)
Other Revenues	304,100	101,608	(202,492)	-	-	-
Total Revenues	4,386,175	5,225,493	839,318	183,000	183,390	390
Expenditures						
Current:						
Administration	1,166,400	1,389,445	223,045	-	-	-
Building and Zoning Dept	253,900	285,129	31,229	-	-	-
Police Department	2,228,600	2,397,295	168,695	-	-	-
Fire and Police Commission	9,200	8,495	(705)	-	-	-
ESDA	4,550	1,152	(3,398)	-	-	-
Parks and Recreation	580,900	593,131	12,231	-	-	-
Orland Towne Village Festival	26,500	-	(26,500)	-	-	-
Concession Stand/Seniors	25,290	6,972	(18,318)	-	-	-
Special Transportation	57,535	10,786	(46,749)	-	-	-
Public Works	753,350	641,711	(111,639)	110,000	125,111	15,111
Flood Prevention	43,500	10,508	(32,992)	-	-	-
Capital Outlay	103,500	68,588	(34,912)	100,000	48,068	(51,932)
Total Expenditures	5,253,225	5,413,212	159,987	210,000	173,179	(36,821)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(867,050)	(187,719)	679,331	(27,000)	10,211	37,211
Other Financing Sources/ (Uses)						
Transfers In	970,000	1,603,352	633,352	-	-	-
Transfers Out	(101,555)	(329,162)	(227,607)	-	-	-
Proceeds from Sale of Fixed Assets	-	5,590	5,590	-	-	-
Total Other Financing Sources/ (Uses)	868,445	1,279,780	411,335	-	-	-
Net Change in Fund Balance	\$ 1,395	1,092,061	\$ 1,090,666	\$ (27,000)	10,211	\$ 37,211
Fund Balance at Beginning of Year		(992,807)			64,255	
Fund Balance at End of Year		\$ 99,254			\$ 74,466	

VILLAGE OF ORLAND HILLS, ILLINOIS

Required Supplementary Information
Budgetary Comparison Schedule – General Fund and Motor Fuel Tax Fund
Notes to RSI
April 30, 2010

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

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

The appropriation ordinance may be amended by the governing body.

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

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

The following funds has an excess of actual budgetary expenditures / expenses over budget for the year ended April 30, 2010:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 159,987
Capital Project Fund	105,651
TIF Eligible Fund	6,244
Integrity Fund	639

VILLAGE OF ORLAND HILLS, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2010

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)
12/31/09	\$ 1,234,333	\$ 2,433,578	\$ 1,199,245	50.72%	\$ 990,853	121.03%
12/31/08	1,304,448	2,201,769	897,381	59.24	1,004,518	89.33
12/31/07	1,355,554	2,184,568	829,014	62.05	1,048,105	79.10

On a market basis, the actuarial value of assets as of December 31, 2009 is \$1,194,310. On a market basis, the funded ratio would be 49.08%.

Digest of Changes:

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 experience study.

Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
4/30/08	\$ 2,123,374	\$ 3,228,374	\$ 1,105,043	65.7%	\$ 686,004	161.08%
4/30/07	N/A	N/A	N/A	N/A	N/A	N/A
4/30/06	N/A	N/A	N/A	N/A	N/A	N/A

N/A - The Pension Fund did not have an actuarial study performed for the year.

Other Post Employment Benefit

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

VILLAGE OF ORLAND HILLS, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 APRIL 30, 2010

Illinois Municipal Retirement Fund

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
12/31/09	\$ 126,334	\$ 126,334	100.0%
12/31/08	116,624	116,624	100.0%
12/31/07	124,096	124,096	100.0%

Police Pension Fund

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
4/30/08	\$ 181,313	\$ 125,773	69.4%
4/30/07	N/A	N/A	N/A
4/30/06	N/A	N/A	N/A

N/A - The Pension Fund did not have an actuarial study performed for the year.

Other Post Employment Benefit

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

VILLAGE OF ORLAND HILLS, ILLINOIS

General Fund
 Schedule of Revenues - Budget (GAAP Basis) and Actual
 Year Ended April 30, 2010

	Original & Final Budget	Actual	Variance Over (Under) Final Budget
REVENUES			
Taxes			
Property Tax	\$ 307,000	\$ 1,501,499	\$ 1,194,499
Road & Bridge Property Tax	18,000	8,882	(9,118)
Non Home Rule Sales Tax	-	467,389	467,389
Telecommunication Utility Tax	250,000	215,818	(34,182)
Nonretail Business Tax	20,000	18,201	(1,799)
Vehicle Lease Tax	46,000	32,795	(13,205)
Total Taxes	641,000	2,244,584	1,603,584
Licenses and Permits			
Vehicle Licenses	70,050	72,263	2,213
Liquor Licenses	27,000	32,050	5,050
Other Licenses and Permits	5,300	6,219	919
Business Licenses	39,000	41,205	2,205
Contractor Licenses	22,000	22,675	675
Building Permits and Inspections	199,000	28,435	(170,565)
Container Licenses	20,000	18,525	(1,475)
Total Licenses and Permits	382,350	221,372	(160,978)
Intergovernmental Revenues			
Personal Property Replacement Tax	4,000	3,469	(531)
State Income Tax	618,000	318,777	(299,223)
State Sales Tax	1,400,000	1,339,209	(60,791)
Use Tax	98,000	81,197	(16,803)
FEMA Grant	-	1,100	1,100
Bobby Rush Bike Path Grant	-	11,200	11,200
Total Intergovernmental Revenues	2,120,000	1,754,952	(365,048)
Fees and Charges for Services			
Franchise Fees	443,000	397,902	(45,098)
Inspection Fees	78,100	74,758	(3,342)
Recreation Fees	127,475	154,636	27,161
Other Fees and Charges	8,000	10,190	2,190
Total Fees and Charges for Services	656,575	637,486	(19,089)
Fines			
Police Fines	195,000	192,274	(2,726)
Miscellaneous Fines	85,200	72,638	(12,562)
Total Fines	280,200	264,912	(15,288)
Investment Income			
	1,950	579	(1,371)
Other Revenue			
Developer Donations	1,500	400	(1,100)
Reimbursements	255,100	55,187	(199,913)
Miscellaneous	47,500	46,021	(1,479)
Total Other Revenue	304,100	101,608	(202,492)
Total Revenues	\$ 4,386,175	\$ 5,225,493	\$ 839,318

VILLAGE OF ORLAND HILLS, ILLINOIS

General Fund
 Schedule of Expenditures - Budget (GAAP Basis) and Actual
 Year Ended April 30, 2010

	Original & Final Budget	Actual	Variance Over (Under) Final Budget
EXPENDITURES			
General Government:			
Administration			
Personal Services	\$ 491,650	\$ 420,142	\$ (71,508)
Contractual	302,900	315,312	12,412
Commodities	371,850	653,991	282,141
Total Administration	<u>1,166,400</u>	<u>1,389,445</u>	<u>223,045</u>
Building & Zoning Department			
Personal Services	199,900	207,091	7,191
Contractual	41,000	35,195	(5,805)
Commodities	13,000	42,843	29,843
Total Building & Zoning Department	<u>253,900</u>	<u>285,129</u>	<u>31,229</u>
Total General Government	<u>1,420,300</u>	<u>1,674,574</u>	<u>254,274</u>
Public Safety:			
Police Department			
Personal Services	1,661,700	1,901,407	239,707
Contractual	452,300	393,586	(58,714)
Commodities	114,600	102,302	(12,298)
Total Police Department	<u>2,228,600</u>	<u>2,397,295</u>	<u>168,695</u>
Fire and Police Commission			
Contractual	9,200	8,495	(705)
	<u>9,200</u>	<u>8,495</u>	<u>(705)</u>
ESDA			
Personal Services	2,550	395	(2,155)
Contractual	400	262	(138)
Commodities	1,600	495	(1,105)
Total ESDA	<u>4,550</u>	<u>1,152</u>	<u>(3,398)</u>
Total Public Safety	<u>2,242,350</u>	<u>2,406,942</u>	<u>164,592</u>
Culture and Recreation:			
Parks and Recreation			
Personal Services	329,550	362,133	32,583
Contractual	145,700	138,516	(7,184)
Commodities	105,650	92,482	(13,168)
Total Parks and Recreation	<u>580,900</u>	<u>593,131</u>	<u>12,231</u>

(Continued)

VILLAGE OF ORLAND HILLS, ILLINOIS

General Fund
 Schedule of Expenditures - Budget (GAAP Basis) and Actual
 Year Ended April 30, 2010

	Original & Final Budget	Actual	Variance Over (Under) Final Budget
Orland Towne Village Festival			
Contractual	\$ 26,500	\$ -	\$ (26,500)
Total Orland Towne Village Festival	<u>26,500</u>	<u>-</u>	<u>(26,500)</u>
Concession Stand/Seniors			
Personal Services	15,940	934	(15,006)
Contractual	350	393	43
Commodities	<u>9,000</u>	<u>5,645</u>	<u>(3,355)</u>
Total Concession Stand/Seniors	<u>25,290</u>	<u>6,972</u>	<u>(18,318)</u>
Special Transportation			
Personal Services	45,235	4,034	(41,201)
Contractual	3,500	1,802	(1,698)
Commodities	<u>8,800</u>	<u>4,950</u>	<u>(3,850)</u>
Total Special Transportation	<u>57,535</u>	<u>10,786</u>	<u>(46,749)</u>
Total Culture and Recreation	<u>690,225</u>	<u>610,889</u>	<u>(79,336)</u>
Highways and Streets:			
Public Works			
Personal Services	516,900	472,060	(44,840)
Contractual	181,300	132,755	(48,545)
Commodities	<u>55,150</u>	<u>36,896</u>	<u>(18,254)</u>
Total Public Works	<u>753,350</u>	<u>641,711</u>	<u>(111,639)</u>
Flood Prevention	<u>43,500</u>	<u>10,508</u>	<u>(32,992)</u>
Total Highways and Streets	<u>796,850</u>	<u>652,219</u>	<u>(144,631)</u>
Capital Outlay	<u>103,500</u>	<u>68,588</u>	<u>(34,912)</u>
Total Expenditures	<u>\$ 5,253,225</u>	<u>\$ 5,413,212</u>	<u>\$ 159,987</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 25,523	\$ -	\$ 25,523
Short Term Investments	99,737	108	99,845
Taxes Receivable	16,040	-	16,040
Due from Other Funds	<u>11,066</u>	<u>-</u>	<u>11,066</u>
Total Assets	<u>\$ 152,366</u>	<u>\$ 108</u>	<u>\$ 152,474</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to Other Funds	<u>\$ -</u>	<u>\$ 53,568</u>	<u>\$ 53,568</u>
Total Liabilities	<u>-</u>	<u>53,568</u>	<u>53,568</u>
Fund Balances:			
Unreserved, Reported in:			
Special Revenue Funds	152,366	-	152,366
Debt Service Funds	<u>-</u>	<u>(53,460)</u>	<u>(53,460)</u>
Total Fund Balances	<u>152,366</u>	<u>(53,460)</u>	<u>98,906</u>
Total Liabilities and Fund Balances	<u>\$ 152,366</u>	<u>\$ 108</u>	<u>\$ 152,474</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2010

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 84,645	\$ -	\$ 84,645
Investment Income	319	3	322
Total Revenues	<u>84,964</u>	<u>3</u>	<u>84,967</u>
EXPENDITURES			
Current:			
Administration	79,878	-	79,878
Police Department	65,245	-	65,245
Parks and Recreation	1,317	-	1,317
Capital Outlay	1,681	-	1,681
Debt Service - Principal Retired	-	95,000	95,000
Debt Service - Interest and Fees	-	6,555	6,555
Total Expenditures	<u>148,121</u>	<u>101,555</u>	<u>249,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(63,157)</u>	<u>(101,552)</u>	<u>(164,709)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	877	101,285	102,162
Transfers Out	<u>(125,078)</u>	<u>-</u>	<u>(125,078)</u>
Total Other Financing Sources (Uses)	<u>(124,201)</u>	<u>101,285</u>	<u>(22,916)</u>
Net Change in Fund Balances	(187,358)	(267)	(187,625)
Fund Balances at Beginning of Year	<u>339,724</u>	<u>(53,193)</u>	<u>286,531</u>
Fund Balances at End of Year	<u>\$ 152,366</u>	<u>\$ (53,460)</u>	<u>\$ 98,906</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Special Revenue Funds
April 30, 2010

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund
ASSETS				
Cash and Cash Equivalents	\$ 201	\$ 23,036	\$ 12	\$ -
Short Term Investments	119	38,633	1,760	1,586
Taxes Receivable	-	16,040	-	-
Due from Other Funds	-	11,066	-	-
Total Assets	<u>\$ 320</u>	<u>\$ 88,775</u>	<u>\$ 1,772</u>	<u>\$ 1,586</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unreserved	<u>320</u>	<u>88,775</u>	<u>1,772</u>	<u>1,586</u>
Total Fund Balances	<u>320</u>	<u>88,775</u>	<u>1,772</u>	<u>1,586</u>
Total Liabilities and Fund Balances	<u>\$ 320</u>	<u>\$ 88,775</u>	<u>\$ 1,772</u>	<u>\$ 1,586</u>

Working Cash Fund	Special Service Area Fund	Non-Drug Seizure Fund	Alternate Revenue Fund	Total
\$ -	\$ -	\$ 2,273	\$ 1	\$ 25,523
567	29	57,043	-	99,737
-	-	-	-	16,040
-	-	-	-	11,066
<u>\$ 567</u>	<u>\$ 29</u>	<u>\$ 59,316</u>	<u>\$ 1</u>	<u>\$ 152,366</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>567</u>	<u>29</u>	<u>59,316</u>	<u>1</u>	<u>152,366</u>
<u>567</u>	<u>29</u>	<u>59,316</u>	<u>1</u>	<u>152,366</u>
<u>\$ 567</u>	<u>\$ 29</u>	<u>\$ 59,316</u>	<u>\$ 1</u>	<u>\$ 152,366</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended April 30, 2010

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund	Working Cash Fund
REVENUES					
Taxes	\$ -	\$ 84,645	\$ -	\$ -	\$ -
Investment Income	-	119	40	2	1
Total Revenues	<u>-</u>	<u>84,764</u>	<u>40</u>	<u>2</u>	<u>1</u>
EXPENDITURES					
Current:					
Administration	-	79,878	-	-	-
Police Department	799	-	-	-	-
Parks and Recreation	-	-	1,317	-	-
Capital Outlay	-	-	1,681	-	-
Total Expenditures	<u>799</u>	<u>79,878</u>	<u>2,998</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(799)</u>	<u>4,886</u>	<u>(2,958)</u>	<u>2</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	799	-	78	-	-
Transfers Out	-	-	(78)	-	-
Total Other Financing Sources (Uses)	<u>799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	4,886	(2,958)	2	1
Fund Balances at Beginning of Year	<u>320</u>	<u>83,889</u>	<u>4,730</u>	<u>1,584</u>	<u>566</u>
Fund Balances at End of Year	<u>\$ 320</u>	<u>\$ 88,775</u>	<u>\$ 1,772</u>	<u>\$ 1,586</u>	<u>\$ 567</u>

Special Service Area Fund	Non-Drug Seizure Fund	Alternate Revenue Fund	Total
\$ -	\$ -	\$ -	\$ 84,645
-	157	-	319
-	157	-	84,964
-	-	-	79,878
-	64,446	-	65,245
-	-	-	1,317
-	-	-	1,681
-	64,446	-	148,121
-	(64,289)	-	(63,157)
-	-	-	877
-	(125,000)	-	(125,078)
-	(125,000)	-	(124,201)
-	(189,289)	-	(187,358)
29	248,605	1	339,724
<u>\$ 29</u>	<u>\$ 59,316</u>	<u>\$ 1</u>	<u>\$ 152,366</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Debt Service Funds
April 30, 2010

	<u>Incremental Sales Tax Tax Fund</u>	<u>1992 G.O. Corporate Bond Fund</u>	<u>Total</u>
ASSETS			
Short Term Investments	\$ -	\$ 108	\$ 108
Total Assets	<u>\$ -</u>	<u>\$ 108</u>	<u>\$ 108</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 53,568	\$ -	\$ 53,568
Total Liabilities	<u>53,568</u>	<u>-</u>	<u>53,568</u>
 Fund Balances:			
Unreserved	<u>(53,568)</u>	<u>108</u>	<u>(53,460)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 108</u>	<u>\$ 108</u>

VILLAGE OF ORLAND HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended April 30, 2010

	Incremental Sales Tax Tax Fund	1992 G.O. Corporate Bond Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment Income	\$ -	\$ 3	\$ 3
Total Revenues	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES			
Debt Service - Principal Retired	-	95,000	95,000
Debt Service - Interest and Fees	<u>-</u>	<u>6,555</u>	<u>6,555</u>
Total Expenditures	<u>-</u>	<u>101,555</u>	<u>101,555</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>-</u>	<u>(101,552)</u>	<u>(101,552)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>101,285</u>	<u>101,285</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>101,285</u>	<u>101,285</u>
Net Change in Fund Balances	-	(267)	(267)
Fund Balances at Beginning of Year	<u>(53,568)</u>	<u>375</u>	<u>(53,193)</u>
Fund Balances at End of Year	<u>\$ (53,568)</u>	<u>\$ 108</u>	<u>\$ (53,460)</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

GENERAL PROPERTY TAX DATA
LAST TEN YEARS
(UNAUDITED)

April 30, 2010

	2009*	2008	2007	2006	2005	2004	2003	2002	2001	2000
Assessed Valuation	\$ 164,470,074	\$ 154,791,619	\$ 139,502,747	\$ 137,805,740	\$ 118,061,057	\$ 116,156,506	\$ 109,405,985	\$ 106,109,526	\$ 84,417,147	\$ 80,532,326
Tax Rate General	0.269	0.280	0.279	0.288	0.282	0.316	0.321	0.312	0.371	0.385
Gross Levy General	\$ 456,455	\$ 444,960	\$ 411,821	\$ 395,813	\$ 383,805	\$ 366,680	\$ 351,193	\$ 330,630	\$ 313,120	\$ 310,030

* Preliminary levy information. Final 2009 levy information from Cook County not available.

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Village of Orland Hills, Illinois', (Village's) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended April 30, 2010. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

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

In our opinion, the Village complied in all material respects, with the aforementioned requirements for the year ended April 30, 2010.

These conditions were considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements as of and for the year ended April 30, 2010, and this report does not affect our report dated October 22, 2010 on those financial statements.


Crowe Horwath LLP

Oak Brook, Illinois
October 22, 2010

