

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED APRIL 30, 2014**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**April 30, 2014**

**CONTENTS**

<b>PRINCIPAL OFFICIALS</b>	i
<b>INDEPENDENT AUDITOR’S REPORT</b>	1-2
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Management’s Discussion and Analysis	3-12
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to the Financial Statements	21-51

**VILLAGE OF ORLAND HILLS, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

April 30, 2014

**CONTENTS (Continued)**

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress	52
Schedule of Employer Contributions	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Motor Fuel Tax Fund	54
Notes to the Required Supplementary Information	55

**SUPPLEMENTARY INFORMATION**

Schedule of Revenues – Budget and Actual – General Fund	56
Schedule of Expenditures – Budget and Actual – General Fund	57-58
Nonmajor Funds	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	60
Combining Balance Sheet – Nonmajor Special Revenue Funds	61
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds	62
Combining Balance Sheet – Debt Service Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	64

**STATISTICAL SCHEDULE**

General Property Tax Date (Last Ten Years)	65
--	----

**VILLAGE OF ORLAND HILLS, ILLINOIS**

**PRINCIPAL OFFICIALS**

April 30, 2014

**LEGISLATIVE**

Village Board of Trustees

Kyle R. Hastings, President

Curt Petrey

Tracy Roti

Kyle R. Hastings II

Brian O’Neill

Joseph Janachowski

Candice Morrison

Jennifer Iannantone, Clerk

**APPOINTED OFFICIAL**

John A. Daly, Village Administrator



**FINANCIAL SECTION**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**INDEPENDENT AUDITOR'S REPORT**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

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

*CERTIFIED PUBLIC ACCOUNTANTS*

2617 Chicago Road  
South Chicago Heights, IL 60411

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

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Orland Hills, Illinois as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Orland Hills, Illinois, as of April 30, 2014, and the respective changes in financial for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 13 to the financial statements, beginning fund balance in the non-major governmental funds and beginning net position were restated (increased) as a result of an error in the prior year's financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of employer contributions and budgetary comparison information on pages 3-12 and 52-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

*JW & Associates, P.C.*

South Chicago Heights, Illinois  
October 13, 2014



**MANAGEMENT'S DISCUSSION AND ANALYSIS**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

As management of the Village of Orland Hills (the "Village") we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2014. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

**Financial Highlights**

- The Village's net position as of April 30, 2014 is \$20 million as compared to \$20.4 million in the prior year. Of the total net position, \$20.9 million is invested in capital assets net of related debt and there is a \$.8 million deficit in unrestricted net position as compared to a deficit of \$1.2 million in the prior year.
- Total Village revenues for the year ended April 30, 2014 fell short of total expenses by \$0.6 million.
- At the end of the fiscal year, the unassigned fund balance of the General Fund was a deficit of \$928,201 after a loss for the year of \$9,471.

**Overview of the Financial Statements**

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

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

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

**Government-wide Financial Statements**

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

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

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2014**

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

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be included into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed view of the Village's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Motor Fuel Tax Fund both of which are considered to be major funds. Major funds are defined as the General Fund and other funds where the assets and deferred outflows of resources, the liabilities and deferred inflows or resources, revenue or expenditures of that fund are at least ten percent of the corresponding total for all governmental funds, since the Village has no enterprise funds.

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

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

The basic governmental fund financial statements (including the reconciliation) can be found on pages 13-18 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The fiduciary fund financial statements provide separate information for the Police Pension Fund. The basic fiduciary fund financial statements can be found of pages 19-20 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21.

**Other Information**

In addition to the basic financial statements, this report also includes certain required supplementary information related to the budgetary information and the Village's funding progress of the Illinois Municipal Retirement Fund, Police Pension Fund and other postemployment benefits and the budgetary to actual statements for the General Fund and Motor Fuel Tax Fund which is the only major special revenue fund. Required supplementary information can be found on pages 52-55. The combining statements dealing with the non-major governmental funds are presented immediately following the required supplementary information.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

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

**Statement of Net Position**

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

**CONDENSED STATEMENT OF NET POSITION**

**April 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	\$ 1.8	\$ 1.9
Capital assets, net	<u>21.3</u>	<u>21.6</u>
Total assets	23.1	23.5
Liabilities:		
Current liabilities	1.8	2.1
Long-term liabilities	<u>1.0</u>	<u>0.7</u>
Total liabilities	<u>2.8</u>	<u>2.8</u>
Total deferred inflows of resources	<u>0.3</u>	<u>0.3</u>
Net position:		
Invested in capital assets -net	20.8	21.2
Restricted	-	0.4
Unrestricted	<u>(0.8)</u>	<u>(1.2)</u>
Total net position	<u>\$ 20.0</u>	<u>\$ 20.4</u>

The 2014 assets as described above are composed of cash and investments valued at \$0.5 million (3% of total assets), \$1.2 million of intergovernmental and taxes receivable (5% of total assets) and capital assets net of accumulated depreciation of \$21.3 million (92% of total assets). The liabilities as described above are composed of accounts payable of \$0.9 million (31% of total liabilities), accrued payroll and other liabilities of \$.8 million (31% of total liabilities), \$0.07 million of long term debt due within one year (2% of total liabilities) and \$1.0 million of long term debt due in more than one year (36% of total liabilities). Current liabilities decreased and long term liabilities increased by approximately the same amount due primarily to the refinancing of debt certificates to extend their maturity as more fully discussed in the debt administration section of this report.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

**Statement of Activities**

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

**CONDENSED STATEMENT OF ACTIVITIES**

**April 30, 2014 and 2013**

Revenues:	<u>2014</u>	<u>2013</u>
Program Revenues:		
Charges for services	\$ 0.9	\$ 0.6
Operating grants and contributions	0.3	0.3
Capital grants and contributions	0.1	
General Revenues:		
Property taxes	0.6	0.6
State sales tax	1.3	1.5
Other taxes	1.8	2.0
Other	<u>0.7</u>	<u>0.6</u>
Total revenues	5.6	5.6
Expenses:		
General government	1.5	1.6
Public safety	2.8	2.7
Culture and recreation	0.7	0.7
Highway and streets	<u>1.3</u>	<u>1.1</u>
Total expenses	6.2	6.1
Change in net position	<u>(0.6)</u>	<u>(0.5)</u>
Net position - beginning (as restated)	<u>20.7</u>	<u>21.0</u>

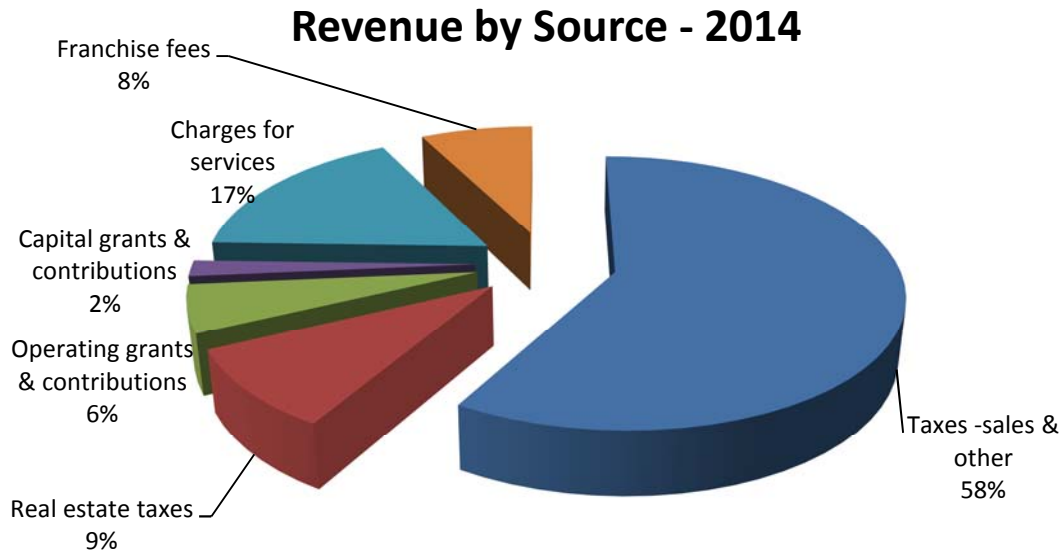
Total revenues for fiscal 2014 were constant from the prior fiscal year. The most significant changes include:

- An increase in charges for services of \$0.3 million. This was, largely due to a \$.17 million increase in police revenues.
- A capital grant from the Illinois Department of Transportation (IDOT) for \$95,500 for street resurfacing.
- A decrease of \$0.2 million in state sales taxes.
- A decrease of \$0.2 million in other taxes which was partly the result of a small decrease in income tax;
- An increase of \$0.1 million in other which was partly the result of the funds received from the sale of five vehicles

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

Total expenses for fiscal 2014 increased by \$0.1 million. The most significant changes within expenses were a decrease in general government expenses of \$0.1 million an increase in highway and streets expenses of \$0.2 million, and an increase in public safety expenses of \$0 .1 million.

**Revenue by Source - 2014**



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

**Governmental Funds**

The following chart reflects a condensed comparison of 2014 and 2013 revenues and expenditures:

	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u> <u>2014 to 2013</u>
<b>Revenues</b>			
General Fund	\$ 5,309,116	\$ 5,027,389	\$ 281,727
Motor Fuel Tax Fund	236,555	227,086	9,469
Nonmajor Funds	<u>123,689</u>	<u>142,738</u>	<u>(19,049)</u>
<b>Total Revenues</b>	<b><u>\$ 5,669,360</u></b>	<b><u>\$ 5,397,213</u></b>	<b><u>\$ 272,147</u></b>
<b>Expenditures</b>			
General Fund	\$ 5,761,596	\$ 5,467,760	\$ 293,836
Motor Fuel Tax Fund	355,037	165,915	189,122
Nonmajor Funds	<u>92,419</u>	<u>96,811</u>	<u>(4,392)</u>
<b>Total Expenditures</b>	<b><u>\$ 6,209,052</u></b>	<b><u>\$ 5,730,486</u></b>	<b><u>\$ 478,566</u></b>
<b>Other Financing Sources (Uses)</b>			
General Fund	\$ 443,009	\$ (15,744)	\$ 458,753
Motor Fuel Tax Fund		31,194	(31,194)
Nonmajor Funds		<u>(15,450)</u>	<u>15,450</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>\$ 443,009</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 443,009</u></b>

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

**Revenues**

General Fund revenues were up 6% from the prior year primarily as a result of revenues obtained from police fines. This \$168,000 increase from FY 13 took place as a result of the Police Labor Contract Settlement.

**Expenditures**

General Fund expenditures were up 5% from the prior year. A large portion of this increase can be attributed to the roughly \$200,000 increase in highways and streets, almost half of which is for street repaving offset by grant funds received from IDOT. MFT expenditures also increased due to road resurfacing projects.

**Budgetary Highlights**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 1,388,800	\$ 1,574,469	\$ 185,669
Intergovernmental	2,111,000	2,160,317	49,317
Other	<u>1,519,980</u>	<u>1,574,330</u>	<u>54,350</u>
Total revenues	5,019,780	5,309,116	289,336
Expenditures	<u>5,072,083</u>	<u>5,761,596</u>	<u>689,513</u>
Excess of revenues over (under) expenditures	<u>(52,303)</u>	<u>(452,480)</u>	<u>(400,177)</u>
Other financing sources (uses)			
Other financing sources	53,200	443,009	389,809
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>53,200</u>	<u>443,009</u>	<u>389,809</u>
Change in fund balance	<u>\$ 897</u>	<u>\$ (9,471)</u>	<u>\$ (10,368)</u>

The major variances between actual and budget include the following:

- Revenues exceeded budget by about 13% primarily due to property tax revenues exceeding the budgeted amount by over \$200,000;



**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

- Highways and Streets department expenditures exceeded budget by about 35% due to unbudgeted costs for street projects which were offset by grant revenues from IDOT.
- Police department expenditures exceeded budget by about 17% due to increased costs resulting from the settlement of the Police Labor Contract Settlement .
- Personal services costs exceeded budget in most departments as a result of increased workers compensation costs.
- The refunding of the Village's debt certificates resulted in debt service costs exceeding budget by \$130,000. However, unbudgeted proceeds from the restructured debt resulted in other financing sources exceeding budget by \$390,000.

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

**CAPITAL ASSETS**

**Governmental Activities Change in Capital Assets**

	Balance	Net	Balance
	<u>April 30, 2014</u>	<u>Additions/ Deletions</u>	<u>April 30, 2014</u>
Non-depreciable assets - land	\$10,133,189	\$ -	\$ 10,133,189
Construction in progress	59,978	276,863	336,841
Depreciable capital assets			
Land improvements	643,328		643,328
Buildings & Improvements	4,199,899	-	4,199,899
Equipment	1,155,796	(46,367)	1,109,429
Infrastructure	17,055,629	-	17,055,629
Accumulated depreciation	<u>(11,637,926)</u>	<u>(508,921)</u>	<u>(12,146,847)</u>
 Total capital assets, net	 <u>\$21,609,893</u>	 <u>\$(278,425)</u>	 <u>\$ 21,331,468</u>

Capital asset additions included the Haven Avenue project (which is in process), and the addition of two vehicles and a breathalyzer. Depreciation expense for the year was \$608,170. More detailed information can be found in Note 4 to the financial statements.

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

**DEBT ADMINISTRATION**

At April 30, 2014, the Village had outstanding debt as follows:

South Suburban Mayors Debt Cert 2008	\$390,000
Capital leases	48,207
Net pension obligation	158,292
OPEB – Health Insurance for Retirees (PSEBA Act)	337,565
Compensated absences	<u>161,810</u>
Total long-term debt	<u>\$1,095,874</u>

The Village’s debt increased by approximately \$100,000 this year. This was due to:

- The addition of a capital lease for \$53,009 for the purchase of two vehicles
- A reduction of compensated absences by about \$12,000 due to the payout at termination/retirement of three employees and
- An increase of about \$73,000 in the OPEB – Health Insurance for Retirees (PSEBA Act).

During the year, the Village was able to restructure its debt certificate payable with the South Suburban Mayors and Managers Association. Principal payments which were \$130,000 annually through December of 2014 have been reduced to \$55,714 annually through December of 2020. The restructuring had a positive impact on the fund balance of the general fund since a \$130,000 delinquent payment from prior years is no longer a current liability and therefore removed from the general fund balance sheet.

State statutes limit the amount of debt that a local government may issue. In the current fiscal year, that limit was 8.625% of the total equalized assess value of the Village, or \$11.6 million.

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 approximately \$675,000.

**Economic Factors**

The Village President and Board of Trustees have continued to promote economic growth and development in the Village of Orland Hills. In spite of the global economic downturn from several years ago, the Village has had moderate general growth.

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

**VILLAGE OF ORLAND HILLS, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2014**

foster growth. The State of Illinois approved Video Gaming as a new source of revenue for both the state and municipalities. Orland Hills has supported this state-wide program and is beginning to see benefits from this effort. In the first five months of the new fiscal year the Village has benefited by more than \$34,000, from this program. This new fiscal year activity is more than double the same period in FY 2014, which is more than \$19,000 of new revenue.

In April 2012, an Off Track Betting establishment was located in Orland Hills. The business is establishing itself and developing a growing clientele. In FY 2014 this business generated over \$70,000 of additional revenue to the Village. In the first half of FY 2015 the revenue is 7.69% greater, which will yield approximately \$82,000 in total for FY 2015.

Economic development opportunities for the vacant property on the western end of Orland Hills have awakened new potential. The Village anticipates the recapture of \$270,000 with the establishment of new development in the next year .

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

In the past two years, the Village has had to reimburse the County of Cook for almost \$900,000 of property tax rebates which were granted by the Property Tax Appeal Board to businesses in town. Irresponsible actions of the Property Tax Appeal Board place municipalities, such as Orland Hills, in an awkward and exposed position. The Village has and will continue to oppose such grantings.

Over the past twenty years, the Village has reduced reliance on property taxes to balance the budget. The Orland Hills tax rate has been reduced by approximately thirty per cent (30%) over that time. To continue this trend, the Village welcomes the recent surge in sales taxes which is attributed to an improving economy. And lastly, the Village continues to reduce expenses and minimize overtime labor costs whenever possible.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Village Administrator, Village of Orland Hills, 16033 South 94<sup>th</sup> Ave, Orland Hills, Illinois 60487-4623. E-mails may be directed to [contact@orlandhills.org](mailto:contact@orlandhills.org).

## BASIC FINANCIAL STATEMENTS



VILLAGE OF ORLAND HILLS, ILLINOIS

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2014**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 79,751
Short-term investments	381,075
Taxes receivable	440,445
Intergovernmental receivables	766,847
Accounts receivable	47,528
Prepaid items	42,809
Capital assets not being depreciated	10,470,030
Capital assets being depreciated	10,861,438
Total assets	23,089,923
 <b>Liabilities</b>	
Current	
Accounts payable	854,422
Accrued payroll	106,584
Due to police pension	612,110
Due to other entities	105,038
Other payables	1,002
Interest payable	4,158
Long-term debt, due within one year	
Capital leases payable	22,489
Debt certificates payable	55,714
Long term	
Long-term debt, due in more than one year	
Capital leases payable	25,718
Net pension obligation	158,292
Other postemployment benefits obligation	337,565
Debt certificates payable	334,286
Compensated absences	161,810
Total liabilities	2,779,188
 <b>Deferred Inflows of Resources</b>	
Unearned revenue	275,725
Total deferred inflows of resources	275,725
 <b>Net Position</b>	
Invested in capital assets, net of related debt	20,893,261
Restricted for	
Debt service	-
Unrestricted net position	(858,251)
Total net position	\$ 20,035,010

**VILLAGE OF ORLAND HILLS, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2014**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Changes in Net Position</u>
	<u>Expenses</u>	<u>Fees, Fines &amp; Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
<b>Governmental Activities</b>					
General government	\$ 1,499,058	\$ 423,481	\$ 69,527	\$ 95,500	\$ (910,550)
Public safety	2,769,785	376,779	-	-	(2,393,006)
Culture and recreation	683,458	125,868	-	-	(557,590)
Highways and streets	1,312,683	-	203,561	-	(1,109,122)
Interest on debt	3,452	-	-	-	(3,452)
Total	<u>6,268,436</u>	<u>926,128</u>	<u>273,088</u>	<u>95,500</u>	<u>(4,973,720)</u>
<b>General Revenues</b>					
Taxes:					
		Property taxes			569,539
		State sales tax			1,340,268
		Non home-rule sales tax			663,479
		Income tax			681,524
		Other taxes			440,188
		Franchise fees			433,533
		Investment Income			6,113
		Gain (loss) on disposal of capital assets			(6,002)
		Other general revenues			229,564
		Total general revenues			<u>4,358,206</u>
		Change in net position			<u>(615,514)</u>
		<b>Net Position - Beginning</b>			<u>20,650,524</u>
		<b>Net Position - Ending</b>			<u>\$ 20,035,010</u>

See accompanying notes to financial statements

**VILLAGE OF ORLAND HILLS, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2014**

	<u>Major Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>		
<b>Assets</b>				
Cash and cash equivalents	\$ 72,854	\$ -	\$ 6,897	\$ 79,751
Short-term investments	114,499	173,372	93,204	381,075
Taxes receivable	389,489	-	50,956	440,445
Intergovernmental receivables	753,668	13,179	-	766,847
Accounts receivable	47,528	-	-	47,528
Prepaid items	42,809	-	-	42,809
Due from other funds	53,567	-	142,334	195,901
Total assets	<u>\$ 1,474,414</u>	<u>\$ 186,551</u>	<u>\$ 293,391</u>	<u>\$ 1,954,356</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 834,641	\$ 12,729	\$ 7,051	\$ 854,421
Accrued payroll	106,584	-	-	106,584
Other Liabilities	1,002	-	-	1,002
Due to other entities	105,038	-	-	105,038
Due to police pension fund	612,110	-	-	612,110
Due to other funds	142,334	-	53,567	195,901
Total liabilities	<u>1,801,709</u>	<u>12,729</u>	<u>60,618</u>	<u>1,875,056</u>
<b>Deferred inflows of resources</b>				
Unearned revenues	600,906	-	13,845	614,751
Total deferred inflows of resources	<u>600,906</u>	<u>-</u>	<u>13,845</u>	<u>614,751</u>
<b>Fund balances (Deficits)</b>				
<b>Nonspendable</b>				
Prepaid items	42,809	-	-	42,809
<b>Assigned</b>				
Capital projects	-	-	100,290	100,290
Other purposes	-	173,822	172,097	345,919
Unassigned	(971,010)	-	(53,459)	(1,024,469)
Total fund balances (deficits)	<u>(928,201)</u>	<u>173,822</u>	<u>218,928</u>	<u>(535,451)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,474,414</u>	<u>\$ 186,551</u>	<u>\$ 293,391</u>	<u>\$ 1,954,356</u>

See accompanying notes to financial statements

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION**  
**APRIL 30, 2014**

**Total fund balances - governmental funds** \$ (535,451)

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

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

Governmental capital assets	33,478,315	
Less Accumulated depreciation	<u>(12,146,847)</u>	
Net capital assets		21,331,468

Deferred revenues for sales tax, use tax, income tax and utilities taxes reported in the governmental funds that do not provide current financial resources are recognized as revenues for the governmental-wide financial statements		339,025
---	--	---------

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(4,158)
---	--	---------

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	(161,810)	
Provision for net pension obligation	(158,292)	
Provision for other postemployment benefits obligation	(337,565)	
Capital leases	(48,207)	
Debt certificates payable	<u>(390,000)</u>	

Total long-term liabilities		<u>(1,095,874)</u>
-----------------------------	--	--------------------

<b>Net position of governmental activities</b>		<u><u>\$ 20,035,010</u></u>
--	--	-----------------------------



**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2014**

	<b>Major Funds</b>		<b>Nonmajor Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>	<b>Motor Fuel Tax Fund</b>		
<b>Revenues</b>				
Taxes	\$ 1,574,469	\$ 25,146	\$ 123,670	\$ 1,723,285
Licenses and permits	171,403	-	-	171,403
Intergovernmental revenue	2,160,317	211,358	-	2,371,675
Fees and charges for services	662,003	-	-	662,003
Fines	368,891	-	-	368,891
Investment income	6,043	51	19	6,113
Other revenue	365,990	-	-	365,990
Total revenues	<u>5,309,116</u>	<u>236,555</u>	<u>123,689</u>	<u>5,669,360</u>
<b>Expenditures</b>				
Current				
Administration	1,037,500	-	92,419	1,129,919
Building and zoning department	296,123	-	-	296,123
Police department	2,727,723	-	-	2,727,723
Fire and police commission	3,553	-	-	3,553
ESDA	749	-	-	749
Parks and recreation	517,493	-	-	517,493
Orland Towne Village festival	20,740	-	-	20,740
Concession stand/ seniors	5,520	-	-	5,520
Special transportation	81,692	-	-	81,692
Highways and streets	769,781	240,370	-	1,010,151
Flood prevention	29,080	-	-	29,080
Capital outlay	8,190	114,667	-	122,857
Debt service- principal retired	260,000	-	-	260,000
Debt service- interest and fees	3,452	-	-	3,452
Total expenditures	<u>5,761,596</u>	<u>355,037</u>	<u>92,419</u>	<u>6,209,052</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(452,480)</u>	<u>(118,482)</u>	<u>31,270</u>	<u>(539,692)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of capital lease	53,009	-	-	53,009
Proceeds of debt certificates	390,000	-	-	390,000
Total other financing sources (uses)	<u>443,009</u>	<u>-</u>	<u>-</u>	<u>443,009</u>
<b>Net Change in Fund Balances</b>				
	<u>(9,471)</u>	<u>(118,482)</u>	<u>31,270</u>	<u>(96,683)</u>
<b>Fund Balances - Beginning of Year (Restated)</b>				
	<u>(918,730)</u>	<u>292,304</u>	<u>187,658</u>	<u>(438,768)</u>
<b>Fund Balances -End of Year</b>				
	<u>\$ (928,201)</u>	<u>\$ 173,822</u>	<u>\$ 218,928</u>	<u>\$ (535,451)</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED APRIL 30, 2014**

**Net change in fund balance of governmental funds** \$ (96,683)

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

Some grant revenues and taxes were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds. (10,436)

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	(3,432)	
Change in other postemployment benefits obligation	(72,834)	
Change in accrued interest on bonds	<u>          </u>	(76,266)

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	335,747	
Depreciation	<u>(608,170)</u>	
Capital outlay in excess of depreciation		(272,423)

Loss on disposal of capital assets (6,002)

The issuance of long term debt is shown as an other financing source in the governmental funds but as a long term liability in the Statement of Net Position (443,009)

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

Bond principal retirement	260,000	
Capital leases payable	17,410	
Decrease in compensated absences	<u>11,895</u>	
Total retirement of debt		<u>289,305</u>

**Change in net position of governmental activities** \$ (615,514)

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**APRIL 30, 2014**

		<b>Public Employee Retirement Plan</b>
<b>Assets</b>		
Investments- at fair value		
Money Market Mutual Funds	\$	3,510
Corporate bonds		692,282
U.S. Treasuries		50,724
U.S. Agencies		618,333
Mortgage Backed Securities		6,707
State and Municipal Bonds		207,071
State Treasurer - Illinois Funds		135,802
Equity Securities		3,061
Mutual Funds		21,897
Annuities		267,974
Total investments		<u>2,007,361</u>
Receivables		
Accrued interest on investments		18,522
Due from Village		612,110
Total receivables		<u>630,632</u>
Total assets		<u>2,637,993</u>
<b>Net Position</b>		
Plan net position held in trust for pension benefits	\$	<u>2,637,993</u>

See accompanying notes to financial statements

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED APRIL 30, 2014**

	<u><b>Public Employee Retirement Plan</b></u>
<b>Additions</b>	
Employer contributions	
Property taxes	\$ 204,568
Employee contributions	79,799
Total contributions	<u>284,367</u>
Investment income	
Net appreciation in fair value of investments	(38,774)
Interest and dividends on investments	65,962
	<u>27,188</u>
Less investment expense	-
Net investment income	<u>27,188</u>
Total additions	<u>311,555</u>
<b>Deductions</b>	
Benefits and refunds	327,680
Administrative expenses	20,736
Total deductions	<u>348,416</u>
<b>Change in Plan Net Position</b>	<u>(36,861)</u>
<b>Net Position Held in Trust for Pension Benefits</b>	
Beginning of Year	<u>2,674,854</u>
End of Year	<u><u>\$ 2,637,993</u></u>

See accompanying notes to financial statements

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

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

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

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

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

Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village’s police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. The financial statements of the Police Pension fund as of and for the fiscal year April 30, 2014, are blended in the Village’s basic financial statements as a pension trust fund.

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

**Government-Wide and Fund Financial Statements**

The Village's basic financial statements consist of both the government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and the fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the village as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

***Government-Wide Financial Statements***

The Statement of Net Position and the Statement of Activities report information on activities of the Village, except for fiduciary funds. The effect of interfund activity has been removed from these statements excluding interfund services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities of the Village at year end. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources as well as the capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the Village.

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

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

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

***Fund Financial Statements***

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

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

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

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

**Fund Accounting**

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

Funds are classified as: governmental or fiduciary funds.

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

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

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

**Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considered revenues to be available if they are collected within 60 days of the end of the year.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or when amounts have been accumulated in the debt service fund for payment to be made early in the following year.

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

The Village reports the following major governmental funds:

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

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



## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

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

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

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

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

#### Fiduciary Funds

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

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

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

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

The Village reports unearned revenues on its government fund statements. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. When the Village has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized.

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

#### ***Cash and Investments***

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Illinois Funds.

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

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

***Prepaid Items***

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

***Capital Assets***

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

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

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

***Receivables and Payables***

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

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

***Interfund Transfers***

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

***Compensated Absences***

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

***Long-Term Obligations***

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

***Deferred Inflows of Resources***

The Village reports deferred inflows of resources on the government-wide and fund financial statements. Deferred inflows of resources are recorded when assets are acquired that apply to a future reporting period. Property taxes which have been deemed to be measurable but not available or have been levied for use in the subsequent period represent deferred inflows of resources. In addition, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period in governmental funds.

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

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

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

***Property Tax Revenue Recognition***

Property taxes attach retroactively as an enforceable lien on January 1 of the levy year. They are levied in December by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about March 1 and August 1 the following year. They are payable in two installments on or about April 1 and thirty days after release of the second billing which is generally between August and November of the current year. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available.

***Fund Equity***

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

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

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

**Committed fund balance** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village's highest level of decision-making authority rests with the Village' Council. The Village has not committed fund balances at April 30, 2014.

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

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

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

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

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

***Accounting Estimates***

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

***Eliminations and Reclassifications***

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

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2014

---

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

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

**EXPENDITURES OVER BUDGET**

For the year ended April 30, 2014, expenditures/expenses exceeded budget as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund	\$5,072,083	5,761,596	689,513

**DEFICIT FUND BALANCES**

As of April 30, 2014, the following funds had deficit fund balances:

General Fund	\$ 928,202
Incremental Sales Tax Fund	53,567

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

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Cash**

The carrying amount of cash, excluding the Pension Trust Fund, was \$79,751 at April 30, 2014, while the bank balances were \$98,111. All account balances at banks were insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village agent.

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

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2014

---

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

The following schedule reports the fair values and maturities for the Village's governmental fund investments at April 30, 2014.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
State Treasurer Illinois Funds	\$ 359,125	\$ 359,125
Bond Mutual Fund	1,665	1,665
Stancorp Stock	20,285	20,285
Total	<u>\$ 381,075</u>	<u>\$ 381,075</u>

**Interest Rate Risk**

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

**Credit Risk**

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

Credit ratings for the Village's investments in debt securities as described by Standard & Poor's at April 30, 2014 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) are as follows:

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Percent of Total Investments</u>
State Treasurer Illinois Funds	AAA	94%
Bond Mutual Fund	AAA	4%

---

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

#### **Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. The Village is fully collateralized at April 30, 2014.

#### **Concentration of Credit Risk**

The Village places no limit on the amount the Village may invest in any one issuer. The majority of the Village's total investments are invested in State Treasurer Illinois Funds. All of the investments are recorded in the General Fund, Motor Fuel Tax Fund, Non-Drug Seizure Fund, Tourism Fund, Park Donation Fund, Wetland Maintenance Fund, Working Cash Fund, Special Service Area Fund, Non-Drug Seizure 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 vehicle as set forth in the Illinois Compiled Statutes.

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



**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
 April 30, 2014

---

**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, 2014:

Investment Types	Fair Value	Maturities			
		Less Than One Year	One to Five Years	Six to Ten Years	Greater Than Ten Years
Money Market Mutual Funds	3,510	3,510	-	-	-
Corporate Bonds	692,282	-	545,188	147,094	-
U.S. Agencies	625,040	75,794	333,514	47,800	167,932
U.S. Agency Notes	50,724	-	50,724	-	-
State and Municipal Bonds	207,071	51,535	114,235	41,301	-
State Treasurer - Illinois Funds	135,802	135,802	-	-	-
<b>Total</b>	<b>1,714,429</b>	<b>266,641</b>	<b>1,043,661</b>	<b>236,195</b>	<b>167,932</b>

Investments not sensitive to

Interest Rate Risk:

Equity Securities 3,061

Mutual Funds 21,897

Life Insurance Annuities 267,974

**Total Investments 2,007,361**

**Interest Rate Risk**

The Police Pension Fund's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Up to 5% of Fund assets may be invested in non-liquid long-term investments.

**Credit Risk**

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

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

Credit ratings for the Police Pension Fund's investments in debt securities at April 30, 2014 (excluding investments in U.S. Treasuries, which are not considered to have credit risks) are as follows:

<u>Investment Type</u>	<u>Credit Ratings</u>	<u>Percentage of Investment Type</u>	<u>Percent of Total Investments</u>
Corporate Bonds	AA+	8%	45%
	A	35%	
	A-	35%	
	BBB+	13%	
	BBB	9%	
U.S.Agencies	AA+	100%	41%
State and Municipal Bonds	AAA	20%	14%
	AA+	25%	
	AA	21%	
	A+	21%	
	A	13%	

**Custodial Credit Risk**

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

The Police Pension Fund's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for fund investments or any other high-quality, interest-bearing security rated at least AAA/Aa by one or more standard rating service to include Standard & Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. The Police Pension Fund is fully collateralized at April 30, 2014.

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2014

---

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

**Concentration of Credit Risk**

The Police Pension Fund places no limit on the amount the fund may invest in any one issuer. The Police Pension Fund's investments are in corporate bonds, U. S. Agency notes, Illinois Funds, annuities and municipal bonds. These investments are 31%, 34%, 7%, 13% and 10% respectively, of the total Police Pension Fund's investments.

Cash and Investments	
Cash - Village	\$ 79,751
Investments - Village	381,075
Investments - Pension Trust Fund	<u>2,007,361</u>
Total cash and investments	<u>\$ 2,468,187</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

**NOTE 4 CAPITAL ASSETS**

The summary of changes in the capital asset of the Village's governmental activities for the year ended April 30, 2014 is as follows:

	Balance at May 1, 2013	Additions	Deletions	Balance at April 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,133,189	\$ -	\$ -	\$ 10,133,189
Construction in Progress	59,978	276,863	-	336,841
Total capital assets not being depreciated	<u>10,193,167</u>	<u>276,863</u>	<u>-</u>	<u>10,470,030</u>
Capital assets being depreciated:				
Land improvements	643,328	-	-	643,328
Buildings and improvements	4,199,899	-	-	4,199,899
Machinery and equipment	1,155,796	58,884	105,251	1,109,429
Infrastructure	17,055,629	-	-	17,055,629
Total capital assets being depreciated	<u>23,054,652</u>	<u>58,884</u>	<u>105,251</u>	<u>23,008,285</u>
Less accumulated depreciation for:				
Land improvements	(218,542)	(32,166)	-	(250,708)
Buildings and improvements	(1,254,973)	(85,861)	-	(1,340,834)
Machinery and equipment	(827,149)	(81,235)	99,249	(809,135)
Infrastructure	(9,337,262)	(408,908)	-	(9,746,170)
Total accumulated depreciation	<u>(11,637,926)</u>	<u>(608,170)</u>	<u>99,249</u>	<u>(12,146,847)</u>
Total capital assets being depreciated, net	<u>11,416,726</u>			<u>10,861,438</u>
Capital assets, net	<u>\$ 21,609,893</u>			<u>\$ 21,331,468</u>

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

**NOTE 4 CAPITAL ASSETS (Continued)**

Depreciation expense of \$608,170 was charged to the governmental activities functional expense categories as follows:

	<u>Depreciation</u>	
General government	\$	72,808
Public safety		41,701
Culture and recreation		58,013
Highway and streets		435,648
	\$	<u>608,170</u>

**NOTE 5 INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables as of April 30, 2014 are summarized below:

	Due from Other <u>Funds</u>	Due to Other <u>Funds</u>
Major governmental funds:		
General	\$ 53,568	\$ 142,334
Nonmajor governmental funds:	<u>142,334</u>	<u>53,568</u>
	<u>\$ 195,902</u>	<u>\$ 195,902</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.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

**NOTE 6 RECEIVABLES**

The following is a summary of other taxes, amounts due from governments and other receivables by fund type at April 30, 2014. Any uncollectible amount is not believed to be material.

Governmental activities:

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Special Revenue</u>	<u>Total Statement of Net Assets</u>
Taxes receivable:				
Property taxes	\$ 264,085	\$ -	\$ 13,845	\$ 277,930
Franchise tax	78,512	-	-	78,512
Utility tax	46,892	-	-	46,892
Hotel taxes	-	-	37,111	37,111
Total taxes receivable	<u>\$ 389,489</u>	<u>\$ -</u>	<u>\$ 50,956</u>	<u>\$ 440,445</u>
Intergovernmental receivable:				
Illinois income tax	\$ 257,736	\$ -	\$ -	\$ 257,736
Illinois sales tax	466,284	-	-	466,284
Illinois local use tax	29,648	-	-	29,648
Motor fuel tax	-	13,179	-	13,179
Total intergovernmental receivable	<u>\$ 753,668</u>	<u>\$ 13,179</u>	<u>\$ -</u>	<u>\$ 766,847</u>
Accounts receivable:				
Police fines	\$ 47,528	\$ -	\$ -	\$ 47,528
Total accounts receivable	<u>\$ 47,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,528</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2014

---

**NOTE 7 LONG-TERM DEBT**

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

	Balance <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2014</u>	Due Within <u>One Year</u>
South Suburban Mayors and Manager's Association Debt Certificate Payable Series of 2008	\$ 390,000	\$ -	\$ 390,000	\$ -	\$ -
South Suburban Mayors and Manager's Association Debt Certificate Payable Series of 2013	-	390,000	-	390,000	55,714
Capital leases					
2011 copy machine	12,608	-	4,158	8,450	4,819
2014 Ford vehicles	-	53,009	13,252	39,757	17,670
Compensated absences	173,405	-	11,595	161,810	-
Net pension obligation	154,860	3,432	-	158,292	-
OPEB obligation	264,731	72,834	-	337,565	-
Total governmental activities	<u>\$ 995,604</u>	<u>\$ 519,275</u>	<u>\$ 419,005</u>	<u>\$ 1,095,874</u>	<u>\$ 78,203</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2014

---

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

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

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

Remaining principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 55,714	\$ 8,428	\$ 64,142
2016	55,714	7,224	62,938
2017	55,714	6,037	61,751
2018	55,714	4,816	60,530
2019	55,714	3,612	59,326
2020	55,714	2,408	58,122
2021	55,716	1,207	56,923
	<u>\$ 390,000</u>	<u>\$ 33,733</u>	<u>\$ 423,733</u>



VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

**Capital Leases**

**2011 Copy Machine**

The Village entered into a capital lease agreement for the lease of one copy machine. Total annual payments for the machine are \$5,753 with the first annual payment due at lease signing. The payments are for a five-year period, after which the Village has the right to purchase the machine for \$1. As of April 30, 2014, the amount of capital acquired through this lease was \$20,229. Accumulated depreciation totaled \$10,115 leaving a book value of \$10,114.

Debt service for the copy machine is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,819	\$ 934	\$ 5,753
2016	<u>3,631</u>	<u>205</u>	<u>3,836</u>
	<u>\$ 8,450</u>	<u>\$ 1,139</u>	<u>\$ 9,589</u>

**2014 Ford Vehicles**

During the year, the Village entered into a capital lease agreement for the lease of two 2014 Ford Police Interceptor sedans. Total annual payments for the vehicles are 19,161 with the first annual payment due on August 2, 2013. The payments are for a three-year period, after which the Village has the right to purchase the cars for \$1. As of April 30, 2014, the amount of capital acquired through this lease was \$53,009. Accumulated depreciation totaled \$6,626 leaving a book value of \$46,383.

Debt service for the cars is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 17,670	\$ 1,491	\$ 19,161
2016	17,670	1,491	19,161
2017	<u>4,417</u>	<u>373</u>	<u>4,790</u>
	<u>\$ 39,757</u>	<u>\$ 3,355</u>	<u>\$ 43,112</u>

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

#### **Conduit Debt Obligations**

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

#### **Legal Debt Margin**

The Village is subjected to a legal debt margin of 8.625% of equalized assessed value of property in the Village. As of April 30, 2014, the equalized assessed valuation of the Village is \$135,063,473 and the legal debt margin is \$11,649,225. The Village is in compliance with this requirement.

### **NOTE 8 RISK MANAGEMENT**

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

### **NOTE 9 CONTINGENT LIABILITIES**

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Attorney, the resolution of these matters will not have a material adverse effect on the financial statements of the Village.

### **NOTE 10 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 Funds (IMRF), an agent multiple employer plan.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

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. The report may be obtained on-line at [www.imrf.org](http://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 employees to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 17.11%.

The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For calendar year ending December 31, 2013, the Village's required contribution was \$181,121.

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 181,121	100%	\$ 8,223
12/31/12	181,173	99%	8,051
12/31/11	169,514	96%	6,679

The required contribution for 2013 was determined as a part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4.00% a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit; and (d) postretirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility on the market value of investments over a five-year period with 20% corridor between the actuarial and market value of assets. The Village Regular plan's unfunded actuarial accrued liability at December 31, 2011, is being amortized as a level percentage of projected payroll on an open 30-year basis.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

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 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 employees 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. A stand-alone financial report is not issued for the plan.

At May 1, 2013 (the most recent information available) the Police Pension Fund plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	5
Terminated employees entitled to benefits but not yet receiving them	2
Current employees	
Vested	5
Nonvested	6
	<u>18</u>

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

The Police Pension fund plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retires with 20 or more years of service after January 1, 1977 increases annually, following the first anniversary date of retirement and be paid upon reaching the age at least 55, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, increases annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60 but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

---

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Fund is 90% funded.

**Basis of Accounting**

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

**Method Used to Value Investments**

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

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

**Funded Status and Funding Progress**

As of May 1, 2013, the most recent actuarial valuation date, the plan was 64.01% funded. The actuarial accrued liability for benefits was \$4,683,709 and the actuarial value of assets was \$2,998,066 resulting in an underfunded actuarial accrued liability (UAAL) of \$1,685,643. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the Plan) was \$684,329 and the ratio of the UAAL to the covered payroll was 246.32%.

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 liability for benefits.

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

**NOTE 10 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>IMRF</u>	<u>Police Pension Fund</u>
Contributed rate		
Employer	17.11%	26.47%
Employee	4.50%	9.91%
Annual pension cost	181,121	197,068
Contributions made	181,121	204,568
Actuarial valuation date	12/31/2013	5/1/2013
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	30 years	25 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.50% compounded annually	6.75% compounded annually
Projected salary increases	0.4 to 10.0%	1.12% to 4.86%
Inflation rate included	4.00%	3.50%
Cost-of-living adjustments	3.00%	3.00%

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

**NOTE 10 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 Government Employers*. The amount of the pension liability for IMRF and the Police Pension Fund are as follows:

	<u>IMRF</u>	<u>Police Pension Fund</u>
Annual required contribution	\$ 181,121	\$ 206,221
Interest on the NPO	604	9,910
Adjustment to the annual required contribution	<u>(432)</u>	<u>(8,303)</u>
Annual pension cost	181,293	207,828
Actual contribution	<u>181,121</u>	<u>204,568</u>
Increase in the NPO	172	3,260
NPO at April 30, 2013	<u>8,051</u>	<u>146,809</u>
 NPO at April 30, 2014	 <u>\$ 8,223</u>	 <u>\$ 150,069</u>

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.

	<u>Year</u>	<u>IMRF</u>	<u>Year</u>	<u>Police Pension Fund</u>
Annual pension cost (APC)	2013	\$ 181,121	2014	\$ 206,221
	2012	\$ 181,316	2013	\$ 189,987
	2011	\$ 169,514	2012	\$ 185,388
Actual contributions	2013	\$ 181,121	2014	\$ 204,568
	2012	\$ 179,943	2013	\$ 193,745
	2011	\$ 192,835	2012	\$ 210,339
Percentage of APC contributed	2013	100.0%	2014	99.2%
	2012	99.2%	2013	102.0%
	2011	96.1%	2012	113.5%
Net pension obligation	2013	\$ 8,223	2014	\$ 150,069
	2012	\$ 8,051	2013	\$ 146,809
	2011	\$ 6,678	2012	\$ 150,567

---

VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

**NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

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

	<u>Participant Data</u>		
	<u>Police</u>	<u>Other Departments</u>	<u>Total</u>
Active participants	12	10	22
Retired participants	<u>4</u>	<u>0</u>	<u>4</u>
	<u>16</u>	<u>10</u>	<u>26</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 \$57,259 for 2014.

**Annual OPEB cost and Net OPEB Obligation**

The Village’s annual OPEB cost (expense) is calculated on the annual required contribution. The annual required contribution represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years. The following table shows the components of the Village’s annual OPEB cost for 2014, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation:

	<u>Police</u>	<u>Other</u>	<u>Total</u>
		<u>Departments</u>	
Annual required contribution	\$ 124,740	\$ 8,517	\$ 133,257
Interest on the net OPEB obligation	12,083	1,154	13,237
Adjustment to the annual required contribution	<u>(14,630)</u>	<u>(1,771)</u>	<u>(16,401)</u>
Annual OPEB cost	122,193	7,900	130,093
Contribution made	<u>(57,259)</u>	<u>-</u>	<u>(57,259)</u>
Increase in the net OPEB obligation	64,934	7,900	72,834
Net OPEB obligation beginning of year	<u>236,022</u>	<u>28,709</u>	<u>264,731</u>
Net OPEB obligation end of year	<u>\$ 300,956</u>	<u>\$ 36,609</u>	<u>\$ 337,565</u>



VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

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

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2014 was as follows:

<u>Year Ended</u>	<u>Three-Year Trend Information</u>		
	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2014	\$ 130,093	38.5%	\$ 337,565
4/30/2013	130,974	43.7%	264,731
4/30/2012	89,960	32.7%	191,016

As of April 30, 2014, the actuarial accrued liability for benefits was \$1,716,083. The covered payroll was approximately \$1,318,139 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 130.2%.

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

**Actuarial Methods and Assumptions**

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

In the April 30, 2013 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. Under this method, a normal cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay. The actuarial assumptions included an annual healthcare cost trend rate of 9 percent initially, reduced to an ultimate rate of 5 percent after five years. Rates include a 2.5 percent inflation assumption. The assumptions also include a 5.0 percent discount rate with 3.5 percent salary progression per year. The unfunded accrued actuarial liability is being amortized as a level dollar amount over 30 years. In accordance with GASB Statement No. 45, the Village will have an actuarial valuation done once every three years. The above information is from the most recent valuation as of April 30, 2013.

## VILLAGE OF ORLAND HILLS, ILLINOIS

Notes to financial statements  
April 30, 2014

---

### NOTE 12 PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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

GASB Statement No. 67 – *Financial Reporting for Pension Plans* is effective for the Village’s pension plan’s fiscal year ending December 31, 2014. It supersedes Statements No. 25 and No. 50 as they relate to pension plans that are administered through trust or similar arrangements meeting certain criteria. It modifies the format of financial statements for plans and mandates various disclosures for the total pension liability and net pension liability, including significant assumptions and rates of return. The statement also requires the presentation of new information about annual money weighted rates of return in the notes to the financial statements and in 10 year RSI schedules.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* is effective for the Village beginning with its fiscal year ending April 30, 2016. It supersedes Statements No. 27 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The statement requires governments providing defined benefit pensions to recognize their long term obligation for pension benefits as a liability for the first time. It also requires more comprehensive and comparable measurements of the annual costs of pension benefits and requires revised and new note disclosures and RSI.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations* is effective for the Village beginning with its fiscal year ending April 30, 2015. It establishes accounting and financial reporting requirements for government combinations and disposal of government operations.

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* is effective for the Village beginning with its fiscal year ending April 30, 2015. It requires governments that extend a nonexchange financial guarantee to recognize a liability under certain circumstances and provides for disclosure requirements for governments giving or receiving guarantees.

GASB statement No.71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date- An Amendment of GASB Statement No. 68*. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68.

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

**VILLAGE OF ORLAND HILLS, ILLINOIS**

Notes to financial statements  
April 30, 2014

---

**NOTE 13 PRIOR PERIOD ADJUSTMENT**

During the year, an adjustment to beginning fund equity in the TIF Eligible Fund was determined in order to eliminate a liability that had been accrued in that fund as well as in the General Fund. The Village has been paying down that liability in the General Fund as the TIF Eligible Fund did not have enough cash to pay the liability off. Instead of the liability being transferred to the General Fund from the TIF Eligible Fund, it was recorded in both funds in error.

Below is a schedule detailing the effect of the prior period adjustment for both beginning fund balance of the TIF Eligible Fund and beginning net position of governmental activities:

TIF Eligible Fund:	
Beginning Fund Balance, May 1, 2013	\$ (202,967)
Prior Period Adjustment for Removal of Liability	<u>205,038</u>
Beginning Fund Balance, May 1, 2013 (restated)	<u>\$ 2,071</u>
Governmental Activities:	
Beginning Net Position, May 1, 2013	\$ 20,445,486
Prior Period Adjustment for Removal of Liability	<u>205,038</u>
Beginning Net Position, May 1, 2013 (restated)	<u>\$ 20,650,524</u>

**NOTE 14 MANAGEMENT'S PLAN TO REDUCE DEFICIT**

As reported in the fiscal year 2013 Annual Financial Report, the Village experienced several recent shortfalls that have impacted its operating position. In fiscal year 2013, two significant non-recurring expenditures contributed to the deficit. The first was approximately \$205,000 owed back to Cook County for tax refunds in the former TIF district. The second was approximately \$174,000 of retro pay resulting from the settlement of the police contract that covered the period from 2009 through 2015.

Management's plans to reduce the deficit included the restructure of the \$390,000 note payable to the South Suburban Mayors and Managers Association and the reduction in police overtime expenditures due to provisions in the new collective bargaining agreement. These have been accomplished during fiscal year 2014 resulting in improved operating results.

Management's ongoing plans include the following:

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

**REQUIRED SUPPLEMENTARY INFORMATION**



**VILLAGE OF ORLAND HILLS, ILLINOIS**

**VILLAGE OF ORLAND HILLS, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED APRIL 30, 2014**

**Illinois Municipal Retirement Fund**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b- a/c)]</u>
12/31/2013	\$ 2,144,526	\$ 4,257,909	\$ 2,113,383	50.37%	\$ 1,058,568	199.65%
12/31/2012	1,917,202	3,759,555	1,842,353	51.00%	\$ 1,118,352	164.74%
12/31/2011	1,730,644	3,644,629	1,913,985	47.48%	\$ 1,113,025	171.96%

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b- a/c)]</u>
5/1/2013	\$ 2,998,066	\$ 4,683,709	\$ 1,685,643	64.01%	\$ 684,325	246.32%
5/1/2012	2,864,714	4,306,877	1,442,163	66.51%	\$ 667,820	215.95%
5/1/2011	2,636,784	3,933,179	1,296,395	67.04%	\$ 738,726	175.49%

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b- a/c)]</u>
4/30/2014	\$ -	\$ 1,716,083	\$ 1,716,083	0.00%	\$ 1,318,139	130.19%
4/30/2013	-	1,716,083	1,716,083	0.00%	\$ 1,318,139	130.19%
4/30/2012	-	1,120,618	1,120,618	0.00%	\$ 1,637,648	68.43%

**VIIAGE OF ORLAND HILLS, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED APRIL 30, 2014**

**Illinois Municipal Retirement Fund**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
12/31/2013	\$ 181,121	\$ 181,121	100%
12/31/2012	181,173	179,943	99%
12/31/2011	169,514	162,835	96%

**Police Pension Fund**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
5/1/2014	\$ 206,221	\$ 204,568	99%
5/1/2013	189,987	193,745	102%
5/1/2012	185,388	210,399	113%

**Other Post Employment Benefit**

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
4/30/2014	\$ 130,093	\$ 57,259	44%
4/30/2013	130,974	57,259	44%
4/30/2012	89,960	29,417	33%

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND MOTOR FUEL TAX FUND**  
**YEAR ENDED APRIL 30, 2014**

	General Fund			Motor Fuel Tax Fund		
	Original and Final Budget	Actual	Variance Over (Under) Final	Original and Final Budget	Actual	Variance Over (Under) Final
<b>Revenues</b>						
Taxes	\$ 1,388,800	\$ 1,574,469	\$ 185,669	\$ 24,000	\$ 25,146	\$ 1,146
Licenses and permits	177,950	171,403	(6,547)	-	-	-
Intergovernmental	2,111,000	2,160,317	49,317	200,000	211,358	11,358
Fees and charges for services	710,520	662,003	(48,517)	-	-	-
Fines	400,100	368,891	(31,209)	-	-	-
Investment income	210	6,043	5,833	100	51	(49)
Other revenues	231,200	365,990	134,790	-	-	-
Total revenues	<u>5,019,780</u>	<u>5,309,116</u>	<u>289,336</u>	<u>224,100</u>	<u>236,555</u>	<u>12,455</u>
<b>Expenditures</b>						
Administration	1,024,700	1,037,500	12,800	-	-	-
Building and zoning department	233,060	296,123	63,063	-	-	-
Police Department	2,330,800	2,727,723	396,923	-	-	-
Fire and police commission	6,000	3,553	(2,447)	-	-	-
ESDA	3,300	749	(2,551)	-	-	-
Parks and recreation	568,173	517,493	(50,680)	-	-	-
Orland Towne Village festival	40,000	20,740	(19,260)	-	-	-
Concession stand/ seniors	5,400	5,520	120	-	-	-
Special transportation	86,850	81,692	(5,158)	-	-	-
Highway and streets	569,300	769,781	200,481	111,500	240,370	128,870
Flood prevention	8,500	29,080	20,580	-	-	-
Capital outlay	56,000	8,190	(47,810)	360,000	114,667	(245,333)
Debt Service-principal retired	130,000	260,000	130,000	-	-	-
Debt Service- interest and fees	10,000	3,452	(6,548)	-	-	-
Total expenditures	<u>5,072,083</u>	<u>5,761,596</u>	<u>689,513</u>	<u>471,500</u>	<u>355,037</u>	<u>(116,463)</u>
<b>Excess (deficiency) of revenues Over expenditures</b>	<u>(52,303)</u>	<u>(452,480)</u>	<u>(400,177)</u>	<u>(247,400)</u>	<u>(118,482)</u>	<u>128,918</u>
<b>Other Financing Sources/(Uses)</b>						
Proceeds of capital lease	-	53,009	53,009	-	-	-
Proceeds of debt certificates	-	390,000	390,000	-	-	-
Transfers in	153,200	-	(153,200)	-	-	-
Transfers out	(100,000)	-	100,000	-	-	-
Total other financing sources	<u>53,200</u>	<u>443,009</u>	<u>389,809</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 897</u>	<u>(9,471)</u>	<u>\$ (10,368)</u>	<u>\$ (247,400)</u>	<u>(118,482)</u>	<u>\$ 128,918</u>
<b>Fund Balances - Beginning of Year</b>		<u>(918,731)</u>			<u>292,304</u>	
<b>Fund Balances - End of Year</b>		<u>\$ (928,202)</u>			<u>\$ 173,822</u>	

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE- GENERAL FUND AND MOTOR FUEL TAX FUND**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**April 30, 2014**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BUDGETARY DATA**

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

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

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

The appropriation ordinance may be amended by the governing body.

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

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

**Note 2 EXPENDITURES OVER BUDGET**

The following funds have an excess of actual expenditures over budget for the year ended April 30, 2014:

<u>Fund</u>	<u>Amount</u>
General	\$ 689,513



## SUPPLEMENTARY INFORMATION



VILLAGE OF ORLAND HILLS, ILLINOIS

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULES OF REVENUES- BUDGET AND ACTUAL**  
**YEAR ENDED APRIL 30, 2014**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Final Budget</u>
<b>Revenues</b>			
Taxes			
Property tax	\$ 330,000	\$ 538,610	\$ 208,610
Non home-rule sales tax	696,000	663,479	(32,521)
Telecommunication utility tax	210,000	196,355	(13,645)
Nonretail business tax	116,000	135,438	19,438
Vehicle lease tax	36,800	40,587	3,787
Total taxes	<u>1,388,800</u>	<u>1,574,469</u>	<u>185,669</u>
Licenses and permits			
Vehicle licenses	71,050	72,476	1,426
Liquor licenses	40,000	30,350	(9,650)
Other licenses and permits	6,900	6,347	(553)
Business licenses	45,000	39,330	(5,670)
Contractor licenses	15,000	22,900	7,900
Total licenses and permits	<u>177,950</u>	<u>171,403</u>	<u>(6,547)</u>
Intergovernmental revenues			
Personal property replacement tax	-	3,947	3,947
State income tax	634,000	696,642	62,642
State sales tax	1,390,000	1,334,544	(55,456)
Use tax	87,000	125,184	38,184
Total intergovernmental revenues	<u>2,111,000</u>	<u>2,160,317</u>	<u>49,317</u>
Fees and charges for services			
Franchise fees	445,000	433,533	(11,467)
Permit and inspection fees	63,300	59,805	(3,495)
Recreation fees	134,120	113,897	(20,223)
Video provider fee	40,000	34,658	(5,342)
Other fees and charges	28,100	20,110	(7,990)
Total fees and charges for services	<u>710,520</u>	<u>662,003</u>	<u>(48,517)</u>
Fines			
Police fines	250,000	303,674	53,674
Forfeiture proceeds	100	-	(100)
Miscellaneous fines	150,000	65,217	(84,783)
Total fines	<u>400,100</u>	<u>368,891</u>	<u>(31,209)</u>
Investment income	<u>210</u>	<u>6,043</u>	<u>5,833</u>
Other revenue			
Donations	44,100	165,027	120,927
Reimbursements	121,600	144,783	23,183
Miscellaneous	65,500	56,180	(9,320)
Total other revenue	<u>231,200</u>	<u>365,990</u>	<u>134,790</u>
Total revenues	<u>\$ 5,019,780</u>	<u>\$ 5,309,116</u>	<u>\$ 289,336</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULES OF EXPENDITURES- BUDGET AND ACTUAL**  
**YEAR ENDED APRIL 30, 2014**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Final Budget</u>
<b>Expenditures</b>			
General Government			
Administration			
Personal services	\$ 605,300	\$ 638,353	\$ (33,053)
Contractual	347,900	336,713	11,187
Commodities	70,500	60,164	10,336
Capital outlay	1,000	2,270	(1,270)
Total administration	<u>1,024,700</u>	<u>1,037,500</u>	<u>(12,800)</u>
Building & zoning department			
Personal services	205,260	266,867	(61,607)
Contractual	24,000	18,721	5,279
Commodities	3,800	10,535	(6,735)
Total building & zoning department	<u>233,060</u>	<u>296,123</u>	<u>(63,063)</u>
Total general government	<u>1,257,760</u>	<u>1,333,623</u>	<u>(75,863)</u>
Public Safety			
Police department			
Personal services	1,772,100	2,039,040	(266,940)
Contractual	421,300	476,149	(54,849)
Commodities	114,400	132,460	(18,060)
Capital outlay	23,000	80,074	(57,074)
Total police department	<u>2,330,800</u>	<u>2,727,723</u>	<u>(396,923)</u>
Fire and police comission			
Contractual	5,500	3,178	2,322
Commodities	500	375	125
Total fire and police commission	<u>6,000</u>	<u>3,553</u>	<u>2,447</u>
ESDA			
Personal services	2,100	500	1,600
Contractual	300	229	71
Commodities	900	20	880
Total ESDA	<u>3,300</u>	<u>749</u>	<u>2,551</u>
Total public safety	<u>2,340,100</u>	<u>2,732,025</u>	<u>(391,925)</u>
Culture and Recreation			
Parks and recreation			
Personal services	345,700	316,408	29,292
Contractual	127,273	90,837	36,436
Commodities	94,000	110,248	(16,248)
Capital outlay	1,200	-	1,200
Total parks and recreation	<u>568,173</u>	<u>517,493</u>	<u>50,680</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULES OF EXPENDITURES- BUDGET AND ACTUAL**  
**YEAR ENDED APRIL 30, 2014**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Final Budget</u>
Culture and Recreation (Continued)			
Orland Towne Village festival			
Commodities	\$ 40,000	\$ 20,740	\$ 19,260
Concession stand/seniors			
Personal services	-	250	(250)
Contractual	-	343	(343)
Commodities	5,400	4,927	473
Total concession stand/seniors	<u>5,400</u>	<u>5,520</u>	<u>(120)</u>
Special transportation			
Personal services	79,650	76,746	2,904
Contractual	1,200	573	627
Commodities	6,000	4,373	1,627
Total special transportation	<u>86,850</u>	<u>81,692</u>	<u>5,158</u>
Total culture and recreation	<u>700,423</u>	<u>625,445</u>	<u>74,978</u>
Highways and Streets			
Public works			
Personal services	411,700	471,758	(60,058)
Contractual	117,800	147,828	(30,028)
Commodities	34,300	52,074	(17,774)
Capital outlay	5,500	98,121	(92,621)
Total public works	<u>569,300</u>	<u>769,781</u>	<u>(200,481)</u>
Flood Prevention	<u>8,500</u>	<u>29,080</u>	<u>(20,580)</u>
Total highways and streets	<u>577,800</u>	<u>798,861</u>	<u>(221,061)</u>
Capital outlay	<u>56,000</u>	<u>8,190</u>	<u>47,810</u>
Debt service- principal retired	130,000	260,000	(130,000)
Debt service- interest and fees	10,000	3,452	6,548
Total expenditures	<u>\$ 5,072,083</u>	<u>\$ 5,761,596</u>	<u>\$ (689,513)</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2014**

	<u>Nonmajor Revenue</u>	<u>Special Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 6,897		\$ -	\$ -	\$ 6,897
Short-term investments		92,786	108	310	93,204
Receivables					
Property taxes		13,845	-	-	13,845
Hotel taxes		37,111	-	-	37,111
Due from other funds		42,354	-	99,980	142,334
Total assets	<u>\$ 192,993</u>		<u>\$ 108</u>	<u>\$ 100,290</u>	<u>\$ 293,391</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>					
Liabilities					
Accounts payable	\$ 7,051		\$ -	\$ -	\$ 7,051
Due to other funds	-		53,567	-	53,567
Total liabilities	<u>7,051</u>		<u>53,567</u>	<u>-</u>	<u>60,618</u>
Deferred inflows of resources					
Unearned revenues		13,845	-	-	13,845
Total deferred inflows of resources		<u>13,845</u>	<u>-</u>	<u>-</u>	<u>13,845</u>
Fund balances (deficits)					
Unreserved, reported in					
Special revenue funds		172,097	-	-	172,097
Debt service funds		-	(53,459)	-	(53,459)
Capital projects fund		-	-	100,290	100,290
Total fund balances (deficits)		<u>172,097</u>	<u>(53,459)</u>	<u>100,290</u>	<u>218,928</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 192,993</u>		<u>\$ 108</u>	<u>\$ 100,290</u>	<u>\$ 293,391</u>

**VILLAGE OF ORLAND HILLS, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2014**

	<b>Nonmajor Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Property taxes	\$ 30,929	\$ -	\$ -	\$ 30,929
Hotel taxes	92,741	-	-	92,741
Investment income	19	-	-	19
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>123,689</u>	<u>-</u>	<u>-</u>	<u>123,689</u>
<b>Expenditures</b>				
Administration	92,419	-	-	92,419
Police department	-	-	-	-
<b>Total expenditures</b>	<u>92,419</u>	<u>-</u>	<u>-</u>	<u>92,419</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>31,270</u>	<u>-</u>	<u>-</u>	<u>31,270</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>31,270</u>	<u>-</u>	<u>-</u>	<u>31,270</u>
<b>Fund Balances (Deficit)</b>				
Beginning of year	<u>140,827</u>	<u>(53,459)</u>	<u>100,290</u>	<u>187,658</u>
End of year	<u>\$ 172,097</u>	<u>\$ (53,459)</u>	<u>\$ 100,290</u>	<u>\$ 218,928</u>

VILLAGE OF ORLAND HILLS, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 APRIL 30, 2014

	SPECIAL REVENUE FUNDS										
	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund	Working Cash Fund	Special Service Area Fund	Non-Drug Seizure Fund	TIF Eligible Fund	Tax Rebate Fund	Alternate Revenue Fund	Total
<b>Assets</b>											
Cash and cash equivalents	\$ 2	\$ 2,142	\$ -	\$ -	\$ -	\$ -	\$ 2,681	\$ 2,071	\$ -	\$ 1	\$ 6,897
Short-term investments	-	57,281	1,777	1,590	568	31,229	341	-	-	-	92,786
Receivables											
Property taxes	-	-	-	-	-	13,845	-	-	-	-	13,845
Hotel taxes	-	37,111	-	-	-	-	-	-	-	-	37,111
Due from other funds	-	11,066	-	-	-	-	-	-	31,288	-	42,354
<b>Total assets</b>	<u>\$ 2</u>	<u>\$ 107,600</u>	<u>\$ 1,777</u>	<u>\$ 1,590</u>	<u>\$ 568</u>	<u>\$ 45,074</u>	<u>\$ 3,022</u>	<u>\$ 2,071</u>	<u>\$ 31,288</u>	<u>\$ 1</u>	<u>\$ 192,993</u>
<b>Deferred Inflows of Resources, and Fund Balances</b>											
<b>Liabilities</b>											
Accounts payable	\$ -	\$ 7,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,051
<b>Total liabilities</b>	-	7,051	-	-	-	-	-	-	-	-	7,051
<b>Deferred inflows of resources</b>											
Unearned revenue	-	-	-	-	-	13,845	-	-	-	-	13,845
<b>Total deferred inflows of resources</b>	-	-	-	-	-	13,845	-	-	-	-	13,845
<b>Fund balances (deficits)</b>											
Unreserved	2	100,549	1,777	1,590	568	31,229	3,022	2,071	31,288	1	172,097
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2</u>	<u>\$ 107,600</u>	<u>\$ 1,777</u>	<u>\$ 1,590</u>	<u>\$ 568</u>	<u>\$ 45,074</u>	<u>\$ 3,022</u>	<u>\$ 2,071</u>	<u>\$ 31,288</u>	<u>\$ 1</u>	<u>\$ 192,993</u>

VILLAGE OF ORLAND HILLS, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED APRIL 30, 2014

SPECIAL REVENUE FUNDS

	Integrity Fund	Tourism Fund	Park Donation Fund	Wetland Maintenance Fund	Working Cash Fund	Special Service Area Fund	Non-Drug Seizure Fund	TIF Eligible Fund	Tax Rebate Fund	Alternate Revenue Fund	Total
<b>Revenues</b>											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,929	\$ -	\$ -	\$ -	\$ -	\$ 30,929
Hotel tax	-	92,741	-	-	-	-	-	-	-	-	92,741
Investment income	-	14	-	-	-	2	3	-	-	-	19
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenue	-	92,755	-	-	-	30,931	3	-	-	-	123,689
<b>Expenditures</b>											
Administration	-	92,419	-	-	-	-	-	-	-	-	92,419
Police department	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	92,419	-	-	-	-	-	-	-	-	92,419
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	336	-	-	-	30,931	3	-	-	-	31,270
<b>Other financing Uses (Sources)</b>											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	-	336	-	-	-	30,931	3	-	-	-	31,270
<b>Fund Balances (Deficits)</b>											
Beginning of year (restated)	2	100,213	1,777	1,590	568	298	3,019	2,071	31,288	1	140,827
End of year	\$ 2	\$ 100,549	\$ 1,777	\$ 1,590	\$ 568	\$ 31,229	\$ 3,022	\$ 2,071	\$ 31,288	\$ 1	\$ 172,097



**VILLAGE OF ORLAND HILLS, ILLINOIS  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 APRIL 30, 2014**

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

**VILLAGE OF ORLAND HILLS, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**DEBT SERVICE FUNDS**  
**YEAR ENDED APRIL 30, 2014**

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

## STATISTICAL SECTION



VILLAGE OF ORLAND HILLS, ILLINOIS

**Village of Orland Hills, Illinois  
General Property Tax Data  
Last Ten Years  
(Unaudited)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assesed										
Valuation	\$ 135,063,473	\$ 143,633,188	\$ 155,343,519	\$ 181,065,140	\$ 169,916,160	\$ 154,791,619	\$ 139,502,747	\$ 137,805,740	\$ 118,061,057	\$ 116,156,506
Tax Rate										
General	0.400	0.369	0.331	0.278	0.269	0.280	0.279	0.288	0.282	0.316
Gross Levy										
General	540,254	529,320	513,365	503,858	456,555	444,960	411,821	395,813	383,805	366,680