

A photograph of a brick building with a prominent tower and a flowering tree in the foreground. The building is made of red brick with white accents and large windows. The tower is a brick structure with a white metal lattice on top. A large tree with white blossoms is in the foreground on the left. The sky is blue with light clouds.

VILLAGE OF ORLAND PARK, ILLINOIS

POPULAR ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018



A Message to Our Readers...

It is our pleasure to present the Village of Orland Park Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2018. The purpose of the PAFR is to provide the community with a simplified presentation of the Village's financial activities and position, in a transparent and easily understood format.

This report presents summarized financial information from the Village's Comprehensive Annual Financial Report (CAFR), which is available on the Village's website at orlandpark.org. The CAFR is a more complete, independently audited financial presentation prepared in accordance with generally accepted accounting principles (GAAP). The Village received an unqualified opinion on its CAFR, meaning that the financial statements fairly present the financial position and operations of the Village. We are proud to state that for the past 31 years the Village's CAFR has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). The Village has applied for and received the Popular Annual Financial Reporting Award for the past 2 years.

Financial data for the primary government is included in the PAFR, mainly focusing on the Village's governmental activities. While the Village has several component units whose financial activities are included in the CAFR, they are not part of the financial information presented within this document.

The Village continues to make financial presentation and transparency a priority. Additional details and information regarding the information in this report is available on the Village's website, orlandpark.org. We hope you will find the PAFR to be interesting and informative, and welcome any feedback, comments or concerns regarding the information presented.

ELECTED OFFICIALS

Keith Pekau
Village President

John Mehalek
Village Clerk

TRUSTEES

James Dodge
Mayor Pro Tem
Parks & Recreation

Kathleen Fenton
Public Works

Daniel Calandriello
Finance

William Healy
Development Services,
Planning & Engineering

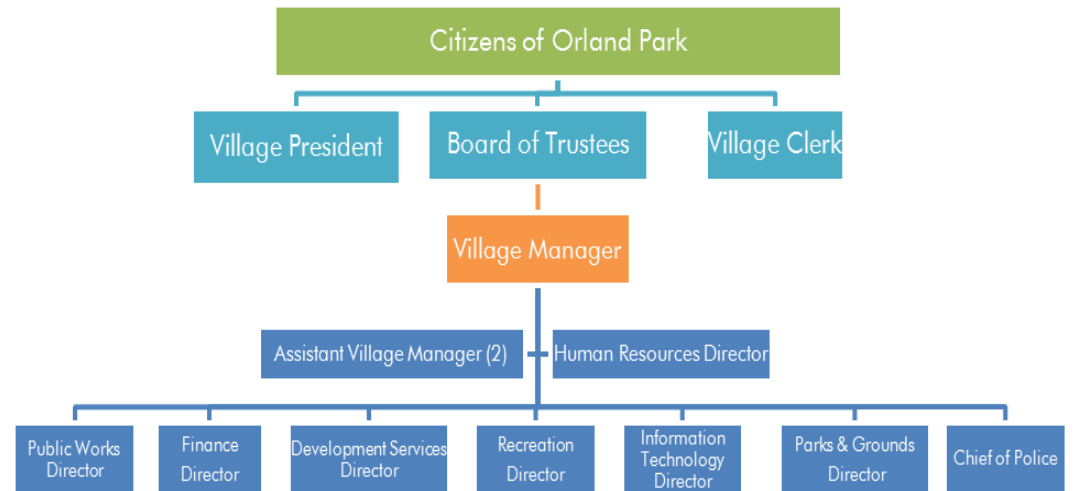
Cynthia Katsenes
Public Safety

Michael Milani
Technology, Innovation
& Performance Improvement



VILLAGE STAFF

- | | |
|---------------------------------------|---------------------|
| Village Manager | George Koczvara |
| Assistant Village Manager | Greg Summers |
| Interim Development Services Director | Ed Lelo |
| Human Resources Director | Stephana Przybylski |
| Interim Public Works Director | Rich Rittenbacher |
| Finance Director | Annmarie Mampe |
| Recreation Director | Nancy Flores |
| Parks and Grounds Director | Gary Couch |
| Chief of Police | Timothy McCarthy |
| Information Technology Director | David Buwick |



About our Village

Located 25 miles southwest of downtown Chicago, the Village has grown into an upscale suburban community of approximately 58,000 residents, with full build-out population expected to peak at approximately 75,000.

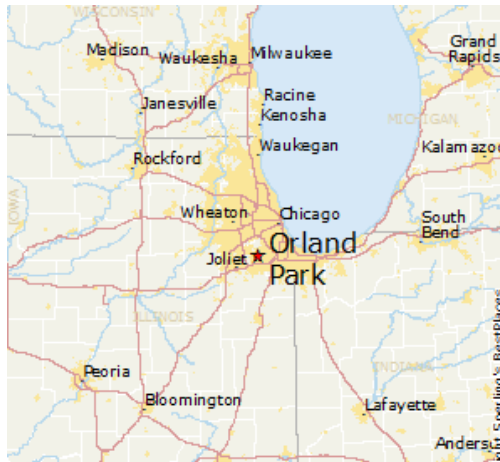
The Village utilizes the council-manager form of government and is directed by a board of six trustees and a Village president. The council-manager form of government has been adopted by many local communities with a population of more than 25,000 and governs more than 3,000 cities and villages in the United States.

The Board of Trustees constitutes the primary policy making body of the Village. The Board determines Village policy, approves the annual budget, levies taxes, authorizes the payment of bills, approves bids and contracts involving Village business, and adopts Village ordinances.

Since 1984, when home rule status was obtained, a Village Manager has been appointed as the Chief Administrative Officer of the Village.

The Village Manager is directly responsible to the Board of Trustees for the proper administration of all day-to-day affairs of the Village. He is vested with the enforcement of all Village laws and ordinances, and has the authority to appoint and direct all employees.

The Village encourages communication with its residents. A wide range of information is available online, at orlandpark.org, such as meeting dates and times, community events, and more. The Village also utilizes various social media platforms to communicate with its residents.



ILLINOIS TRAFFIC SAFETY CHALLENGE AWARD

The Orland Park Police Department received first place honors in the Illinois Association of Chiefs of Police Traffic Safety Challenge. The winning presentation detailed efforts to promote safety belt use, correctly installing child safety seats, speed enforcement, impaired driving enforcement and distracted driving.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING AND DISTINGUISHED BUDGET PRESENTATION AWARDS

The Village of Orland Park once again received the Certificate for Excellence in Financial Reporting for its fiscal year 2017 Comprehensive Annual Financial Report (CAFR). This award is granted in recognition of transparency and full disclosure that goes beyond the minimum requirements of generally accepted accounting principles. The Village has received this award for 31 consecutive years.

Since fiscal year 2006, the Finance Department has been awarded the GFOA Distinguished Budget Presentation Award. To qualify for this award, the Village's budget document is judged to be outstanding as a financial policy document, operations guide and communications device.

2018 STARGUARD ELITE AWARD

The Village of Orland Park received the 2018 StarGuard award in recognition of the Centennial Park Aquatic Center's (CPAC) efforts as above the industry standard, reflecting a proactive approach to aquatic risk prevention. CPAC also earned a five-star safety rating, the highest rating possible.

Population (ACS)	58,312
Median Age	43
Median Household Income	\$93,498
Per Capita Income	\$42,848
Median Home Value	\$318,562
Homeownership Rate	89.4%
Unemployment Rate	3.3%
Bachelor's Degree or Higher	44%

With the exception of fire protection and ambulance services, the Village provides a full range of municipal services including public safety, street maintenance and reconstruction, code enforcement, public improvements, economic development, planning and zoning, transportation, water and sewer, parks and recreation, and general administrative services.

Public Safety

The Orland Park Police Department is committed to responding to the needs of and establishing a working relationship with the Orland Park community. Events such as National Night Out Against Crime, Cook Out with the Cops and Citizens Police Academy work to strengthen community relationships.

According to the FBI 2018 annual statistics for Crime in the United States Orland Park had the lowest number of index crimes (murder, sex assault, robbery, aggravated assault and battery, burglary, theft, motor vehicle theft, arson and human trafficking) since 1994. In addition, with only 20 violent crimes in 2018, Orland Park had the lowest number of violent crimes of any community over 50,000.

Community Development

In 2018, the Village continued to experience growth in both residential and commercial development, issuing 29 residential and 4 commercial permits for new construction and expansion projects, including

- Aldi – Interior remodel and 2,297sf expansion of an existing 16,219 square foot commercial building.
- Andy's Frozen Custard - 3,600sf new commercial building.
- Smith Crossing - 45,191sf expansion of senior living facility.

Public Works

Repair and replacement of aging infrastructure continued to be a Village priority in 2018. The Village street maintenance program spent \$4.2 million to replace, repair and maintain aging streets, curbs, gutters and sidewalks. In addition, the village continues to prioritize the maintenance of the aging water main system. In 2018, over \$4.3 million was spent on replacement and rehabilitation of existing water main throughout the village.



Recreation & Parks

The Village's Recreation & Parks departments work to support and maintain more than 800 acres of public space, including 64 park properties, over 100 athletic fields and courts, an outdoor ice rink, a 25,000 square foot outdoor water park with multiple pools and slides, a 90,000 square foot sports recreation and fitness center, a 78,000 square foot health and fitness center, including an indoor lap and warm water therapy pool, more than 63 miles of walking/bicycle paths and a stocked man-made lake.

The Parks & Grounds Department is responsible for the water quality and shoreline stabilization of over 175 Village Pond locations as well as the landscape maintenance and aesthetics of over 100 median and ROW locations.

The Village holds many community events throughout the year, which are administered by the Recreation Department with logistical support provided by the Parks & Ground Department. These events include the Taste of Orland, Turkey Trot, free concerts at Centennial Park West and Crescent Park, a Ticketed Concert at Centennial Park, Market at the Park, Easter Egg Hunt, Harvest Hoedown, Pumpkin Party and Winter Festival. Staff also supports many non-profit organizations and community outreach programs.

2018 Balance Sheet

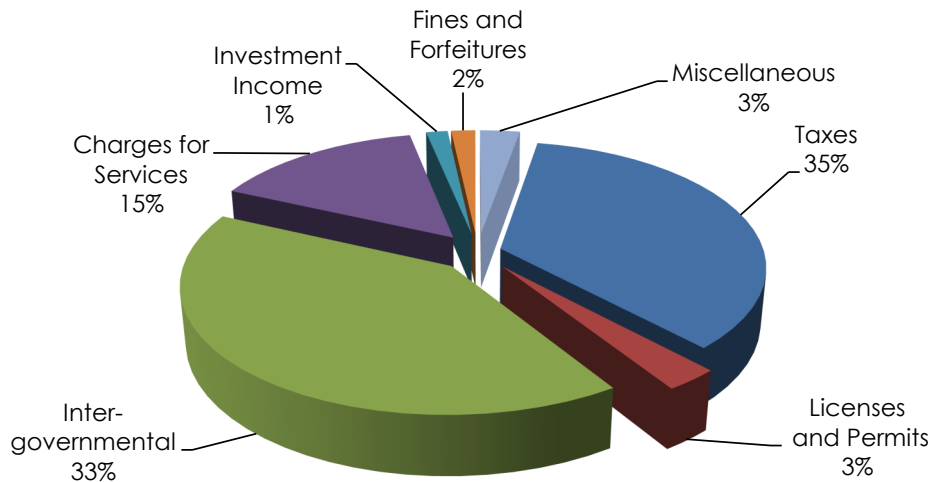
Fund	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Fund Balance
Governmental Funds			
<u>Major</u>			
General	\$ 44,435,704	\$ 12,751,452	\$ 31,684,252
Recreation & Parks	2,555,747	2,530,751	24,996
Capital Improvement	8,412,317	2,390,200	6,022,117
Home Rule Sales Tax	40,059,857	292	40,059,565
Main Street Triangle TIF	280,636	28,064,906	(27,784,270)
Debt Service	27,388,770	19,675,588	7,713,182
<u>Non-Major</u>			
Motor Fuel Tax	1,047,277	-	1,047,277
Park Development	1,389,172	174,585	1,214,587
Seizure & Forfeiture	328,625	8,174	320,451
Road Exaction	108,081	147,900	(39,819)
Total Governmental Funds	\$ 126,006,186	\$ 65,743,848	\$ 60,262,338
Proprietary Funds			
<u>Enterprise Funds</u>			
<u>Major</u>			
Water & Sewer	171,398,620	12,308,101	159,090,519
<u>Non-Major</u>			
Commuter Parking	3,287,259	35,205	3,252,054
<u>Internal Service Fund</u>			
Insurance	5,770,220	1,992,370	3,777,850
Total Proprietary Funds	\$ 180,456,099	\$ 14,335,676	\$ 166,120,423
Fiduciary Funds			
Police Pension	85,740,539	551	85,739,988
Agency	82,435	82,435	-
TOTAL	\$ 392,285,259	\$ 80,162,510	\$ 312,122,749

The Village has Board-approved reserve policies in place for the General, Park Development, Home Rule Sales Tax, Water & Sewer, Road Exaction, Capital Improvement and Insurance Funds.

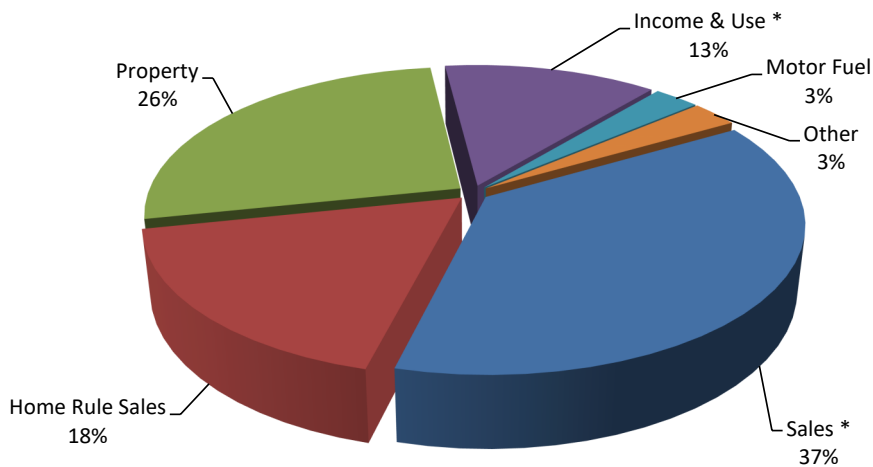
At December 31, 2018, reserves met or exceeded Board-approved policy requirements for all funds, with the exception of the Capital Improvement and the Road Exaction Funds. One time, partial draw-downs in FY2018 of the Capital Improvement and Road Exaction Fund reserves to finance various capital projects will be partially replenished in FY2019, with the goal of replenishing remainder in FY2020.



Revenues by Source



Breakdown of Taxes Received

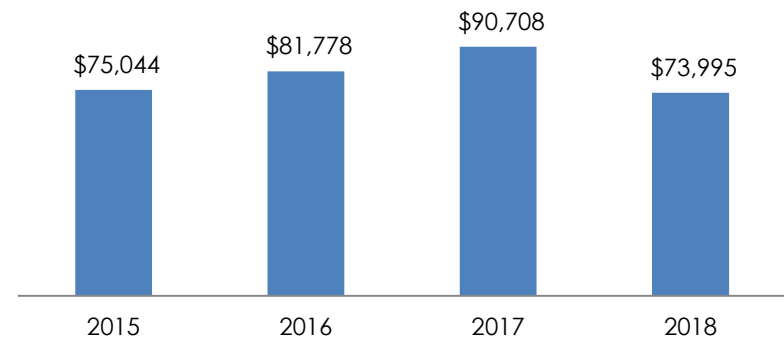


*Municipal Sales, Income, and Use Taxes are reflected in Intergovernmental revenues.

GOVERNMENTAL FUNDS

	2018	2017
Revenues		
Taxes	\$ 26,064,213	\$ 26,434,814
Licenses and Permits	2,139,044	2,883,200
Intergovernmental	30,264,973	29,471,620
Charges for Services	11,056,107	10,589,606
Investment Income	1,128,225	2,139,983
Fines and Forfeitures	1,265,451	1,271,858
Miscellaneous	2,077,374	17,917,045
Total Revenues	\$ 73,995,387	\$ 90,708,126

Revenue Trend (in \$1,000's)



The decrease in 2018 revenues as compared to 2017 was primarily due to a one-time payment received in 2017 from the liquidation of the Village's interest in a public-private partnership related to the Ninety 7 Fifty on the Park development. In addition, 2017 revenues reflect proceeds from the bi-annual vehicle sticker sale; this sale did not take place in 2018.

2016 revenues include a one-time reimbursement from the University of Chicago for costs incurred in the construction of a parking deck and 2015 revenues include a one-time reimbursement from the State of Illinois for road engineering initially paid for by the Village.

Governmental activities are mostly supported by taxes, such as property and sales taxes, and intergovernmental revenues. The General Fund, the Village's chief operating fund used to support its regular day-to-day operations, is included in governmental activities.

In 2018, revenues from the Village's governmental activities totaled \$73,995,387. Approximately 50% of this amount comes from sales and property taxes. In total, revenues decreased by approximately \$16,712,739 when compared to 2017.

Taxes –

Home Rule Sales Tax – A 0.75% home rule sales tax is received on eligible sales within the Village.

Property Tax – The second largest tax revenue, property taxes are levied by the Village. The Village has not increased its tax levy since 2012.

Other Taxes – Other taxes include hotel occupancy taxes, cable franchise tax, video gaming tax and a telecommunications tax.



Licenses and Permits – The licenses and permits category includes business, contractor, vehicle, and liquor licenses, and new and existing construction permits.

Intergovernmental – The intergovernmental category includes a 1% general sales tax collected by the state on eligible sales within the Village and income and use taxes collected and distributed by the state on a per capita basis.

Charges for Services – The charges for services category includes fees for recreation programs and events, rental fees, and other miscellaneous service fees.

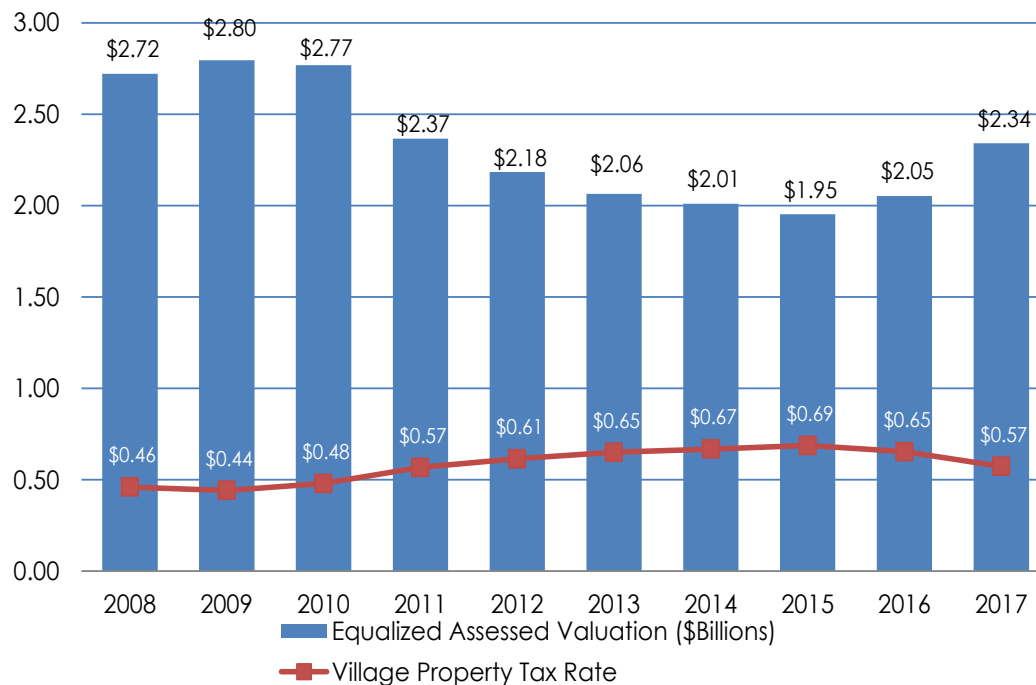
Investment Income – The investment income category includes income earned through the investment of available cash that is pooled from various governmental funds, following the Village's investment policies.

Fines and Forfeitures – The fines and forfeitures category includes circuit court fines, and fines for municipal and ordinance violations.

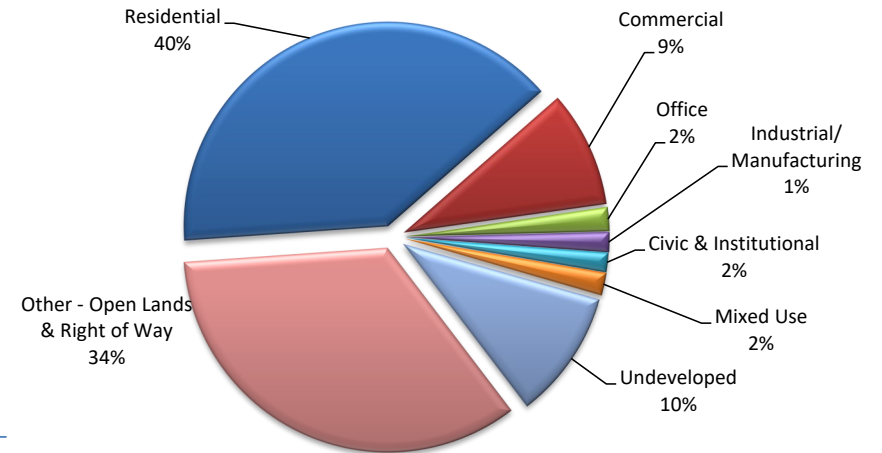
Miscellaneous – The miscellaneous category includes any revenues not accounted for in the categories above. This category tends to fluctuate as one-time revenue sources are received by the Village.

The Village's property tax rate continues to decline as the Village Equalized Assessed Valuation (EAV) rebounds from prior year declines.

Since 2012 the Village's overall property tax levy amount has remained flat at \$13.425 million. The Village's efforts to continuously enhance development within the Village contain costs and minimize taxes collected from its residents, along with the recovery of property values, is reflected in the Village property tax rate that continues to decline.

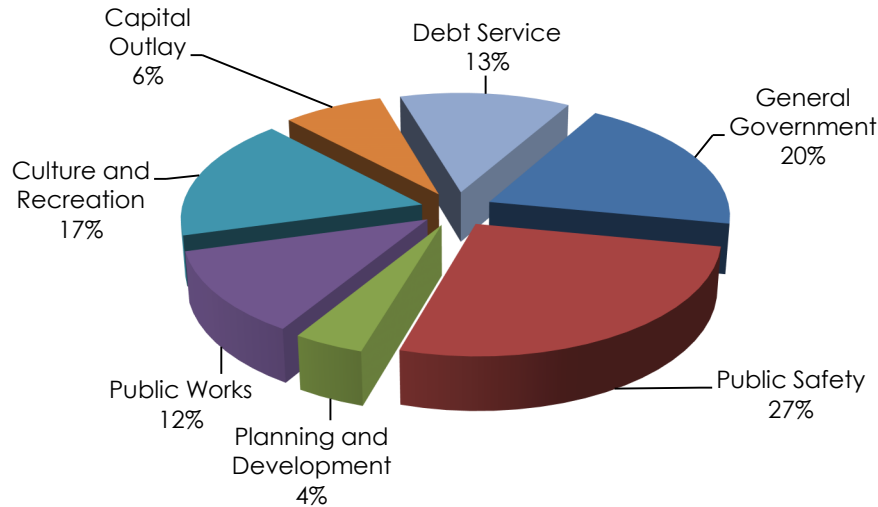


Land Use - Percentage of Total Acreage



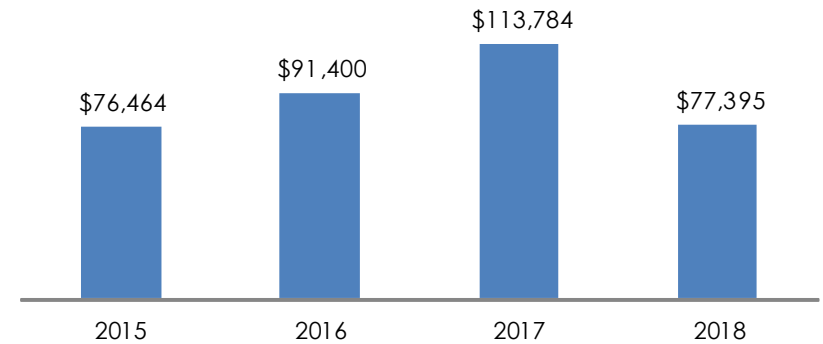
Top 10 Real Estate Taxpayers	2017 EAV
Simon Property Group	\$ 109,246,174
IRC	50,883,259
Metra Triangle LLC	13,267,806
Constance Oswald	12,397,928
Edwards Realty Co	12,057,066
B & G Realty	11,512,205
Cambridge Realty Capital	9,819,126
LEXHC Sys Orland Park	8,868,890
Lifetime Fitness 123	8,350,145
J.C. Penney Co. Inc.	8,324,550

Expenditures by Function



Expenditure Trend

(in \$1,000's)



Expenditures in 2017 reflect significantly higher debt service costs than 2018 due to the liquidation of the Village’s interest in the Ninety 7 Fifty on the Park development as debt related to the development was paid off utilizing proceeds from the liquidation. The increase in expenditures from 2015 to 2016 was mainly attributable to an increase in capital spending related to the construction of a parking deck in the Main Street Triangle district.

Expenditures by Function	2018	2017
General Government	\$ 15,237,687	\$ 14,060,958
Public Safety	20,594,737	20,813,630
Planning and Development	3,246,322	3,586,150
Public Works	9,200,311	14,898,474
Culture and Recreation	13,281,902	12,759,002
Capital Outlay	5,858,739	6,875,255
Debt Service	9,974,910	40,790,531
Total Expenditures	\$ 77,394,608	\$ 113,784,000

2018 Budgeted Employees by Function

Function	Number of Full-Time Employees	Number of Part-Time Employees
Public Safety	130	65
Public Works	53	20
Planning and Development	23	6
Culture and Recreation	40	636
General Government	39	19
Total	285	746

General Government – Village administrative activities, including the functions of the Village Manager’s Office, Village Clerk, Public Information, Finance, Business Information Systems and Building Maintenance.

Public Safety – Expenditures related to police and emergency services functions.

Planning and Development – Planning, permits and licenses, inspections, engineering and economic development functions.

Public Works – Maintenance and repair of all Village infrastructure, including vehicles and equipment, streets, streetlights, traffic signals, and Pace bus service.

Culture and Recreation – Recreation programming, Centennial Pool, Sportsplex, Orland Park Health & Fitness Center, special recreation programming, special events and concerts.

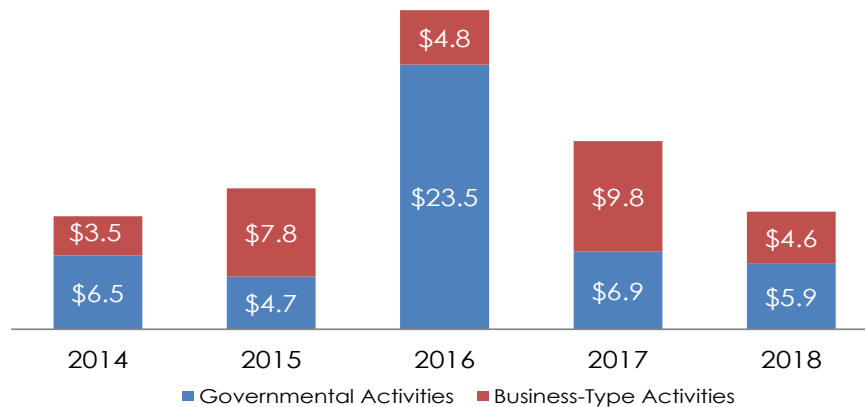
Capital Outlay – Capital expenditures related to Village infrastructure and equipment. See Capital Assets (page 11) for further information.



The Village continues to invest in its capital assets. Assets procured primarily with tax resources are classified as governmental, while capital assets associated with fee-based operations have a business-type classification.

Five Year Capital Investment

(in Millions)



Capital Assets by Category (in Millions)

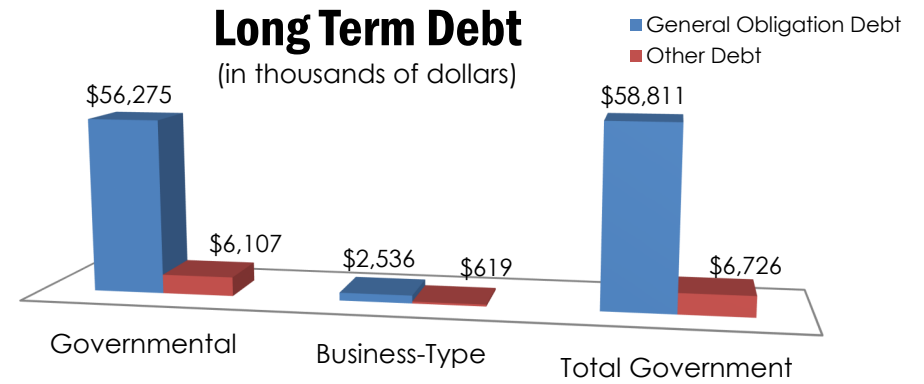
	Governmental Activities	Business-Type Activities	Village Total
Land	\$ 154.0	\$ 33.7	\$ 187.7
Buildings and Land Improvements	94.6	10.1	104.6
Centennial Pool	11.3	0.0	11.3
Machinery, Vehicles, and Equipment	17.2	3.6	20.8
Infrastructure	167.7	202.2	369.9
Construction in Progress	3.0	1.6	4.6
Less: Accumulated Depreciation	(170.4)	(88.6)	(259.1)
Total	\$ 277.3	\$ 162.5	\$ 439.8

Capital outlay in 2018 funded the construction and rehabilitation of multiple street, water main and storm water infrastructure projects throughout the Village. In the past 5 years, the Village has invested approximately \$78 million in capital improvements. Below are some of the highlights:

- ◇ Road reconstruction and resurfacing in multiple subdivisions throughout the Village, such as Fernway, Park View Estates and Fairway.
- ◇ New streets, including 156th Street and extensions of Ravinia Avenue and Jefferson Street north of 143rd Street.
- ◇ Roundabout construction at 151st Street and West Avenue and 147th Street & Ravinia Avenue
- ◇ Property acquisition, parking deck and surface parking lot construction at 143rd and LaGrange Road in the Main Street Triangle area.
- ◇ Village Parking Lot Reconstruction
- ◇ Playground renovations at various parks throughout the Village.
- ◇ Complete reconstruction of baseball/softball fields at the John Humphrey Complete, field improvements, including dugout shade structures at Centennial Park, and a warning track fence at Schussler Park.
- ◇ Water Main Replacements in the Maycliff and Fairway subdivisions, in conjunction with the LaGrange Road and 159th Street widening projects and Ravinia Avenue.
- ◇ Stormwater Improvements in the following locations: Fernway, Parkview Estates, Creekside, Catalina, Grasslands, Maycliff, Kristo Lane, LaReina Re'al, Binford Drive, Villa West and Fairway.
- ◇ Culvert Replacement at 86th & Cedar Street and Orlan Brook Drive.

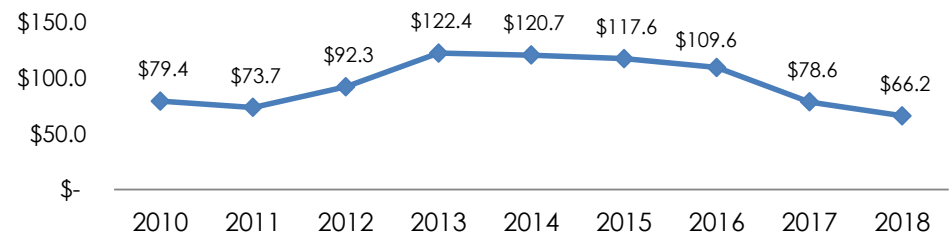
The Village’s policy for issuance of long-term debt confines borrowing to significant capital improvements only if current revenue sources are not available. At the end of fiscal year 2018, the Village had total debt outstanding of \$66.2 million, a decrease of approximately \$12.4 million, or 15.8% less than fiscal year 2017. In July 2017, the Village accepted a take-out offer from Flaherty and Collins for the 9750 on the Park development, which allowed the Village to pay off the developer loan in full, and reduced the Village’s long term debt outstanding by approximately \$30 million.

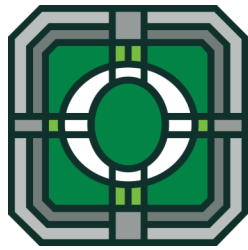
As a home rule municipality, there are no limits imposed by the State of Illinois on long-term borrowing. However, the Village’s debt to EAV ratio, at 2.64%, is well below the 8.625% limit on non-home rule municipalities.



The Village of Orland Park continues to receive high ratings from the two major bond ratings agencies. In 2017, Standard and Poor’s affirmed the Village’s AA+ rating, noting that the rating reflects the Village’s very strong economy, management and financial policies, budgetary flexibility, and liquidity. Moody’s also reaffirmed its Aa1 rating for the Village, due to the Village’s large and affluent tax base and healthy financial profile.

Village Debt - Principal Outstanding





ORLAND PARK

Prepared by:

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Finance Department
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