

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

POLICE PENSION FUND

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2010

A Sikich LLP

Certified Public Accountants & Advisors

VILLAGE OF OLYMPIA FIELDS, ILLINOIS
POLICE PENSION FUND
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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Police Pension Fund
Village of Olympia Fields, Illinois

We have audited the basic financial statements of the Police Pension Fund, a blended component unit of the Village of Olympia Fields, Illinois as of April 30, 2010, and for the year then ended as listed in the accompanying table of contents. These basic financial statements are the responsibility of Police Pension Fund's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

As discussed in Note 1, these basic financial statements present only the Police Pension Fund and are not intended to present fairly the financial position and changes in financial position of the Village of Olympia Fields, Illinois, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of the Police Pension Fund of the Village of Olympia Fields, Illinois, as of April 30, 2010, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Police Pension Fund of the Village of Olympia Fields, Illinois, has not presented a Management's Discussion and Analysis as required supplementary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Police Pension Fund of the Village of Olympia Fields, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Schuch LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
September 16, 2010

BASIC FINANCIAL STATEMENTS

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

STATEMENT OF PLAN NET ASSETS
POLICE PENSION FUND

April 30, 2010
(With Comparative Actual)

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 289,374	\$ 376,412
Investments		
U.S. Treasury securities	709,265	349,028
U.S. Government agency securities	2,616,430	2,550,503
Municipal bonds	-	33,112
Corporate bonds	119,622	153,138
Mutual funds	1,546,696	1,044,244
Accrued interest	16,406	14,700
Property taxes receivable	12,367	9,635
Due from Village	26,775	64,747
Prepaid expenses	2,019	500
Total assets	5,338,954	4,596,019
LIABILITIES		
Accounts payable	8,151	9,243
Total liabilities	8,151	9,243
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 5,330,803	\$ 4,586,776

See accompanying notes to financial statements.

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

STATEMENT OF CHANGES IN PLAN NET ASSETS
POLICE PENSION FUND

For the Year Ended April 30, 2010
(With Comparative Actual)

	2010	2009
ADDITIONS		
Contributions		
Employer	\$ 427,600	\$ 392,890
Employee	145,084	135,553
Total contributions	<u>572,684</u>	<u>528,443</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	441,034	(624,493)
Interest earned	134,691	173,624
Less investment expense	<u>(17,503)</u>	<u>(20,713)</u>
Net investment income	<u>558,222</u>	<u>(471,582)</u>
Total additions	<u>1,130,906</u>	<u>56,861</u>
DEDUCTIONS		
Benefits and refunds	362,834	302,093
Administration	<u>24,045</u>	<u>17,107</u>
Total deductions	<u>386,879</u>	<u>319,200</u>
NET INCREASE (DECREASE)	744,027	(262,339)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
May 1	<u>4,586,776</u>	<u>4,849,115</u>
April 30	<u>\$ 5,330,803</u>	<u>\$ 4,586,776</u>

See accompanying notes to financial statements.

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

POLICE PENSION FUND

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Police Pension Fund of the Village of Olympia Fields, Illinois (the Plan), have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

a. Reporting Entity

The Plan is a blended component unit of the Village of Olympia Fields, Illinois (the Village) pursuant to GASB Statement No. 14.

b. Fund Accounting

The Plan uses funds to report on its net assets and the changes in its net assets. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified in this report into the fiduciary category.

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 government. When pension plan assets are held under the terms of a formal trust agreement, a pension trust fund is used.

c. Basis of Accounting

The pension trust fund is accounted for with a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of plan net assets. Pension trust fund operating statements present increases (e.g., additions) and decreases (e.g., deductions) in net total assets.

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions are recorded when earned and deductions are recorded at the time the liabilities are incurred.

VILLAGE OF OLYMPIA FIELDS, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Investments

Investments are stated at fair value at April 30, 2010. Securities traded on national exchanges are at the last reported sale price.

2. DEPOSITS AND INVESTMENTS

The deposits and investments of the Plan are held separately from those of the Village.

The Police Pension's investment policy authorizes the Police Pension Fund to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, interest bearing obligations of the U.S. Treasury and U.S. agencies, interest bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock and Illinois Funds. Illinois Funds was created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value.

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, legality, safety of principal, liquidity and rate of return.

Police Pension Fund Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 105% of the fair market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank of Chicago.

VILLAGE OF OLYMPIA FIELDS, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2010:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 709,265	\$ -	\$ 300,411	\$ 112,653	\$ 296,201
FHLMC	1,208,513	204,126	202,996	506,358	295,033
FNMA	1,000,527	-	506,808	243,022	250,697
FHLB	219,737	47,140	-	172,597	-
GNMA	187,653	-	-	-	187,653
Negotiable certificates of deposit	60,151	-	60,151	-	-
Municipal bonds	119,622	-	119,622	-	-
Money market mutual funds	151,899	151,899	-	-	-
TOTAL	\$ 3,657,367	\$ 403,165	\$ 1,189,988	\$ 1,034,630	\$ 1,029,584

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to remain sufficiently liquid to meet all cash flow demands while providing a reasonable rate of return based on the current market cycle.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing U.S Treasury obligations and other obligations which are rated AA or better by a national rating agency. The U.S. agency obligations and money market mutual funds are rated AAA and the municipal bonds are rated AA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third party and evidenced by safekeeping receipts.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. At April 30, 2010, the Police Pension Fund had greater than 5% of its overall portfolio invested in U.S. agency obligations and U.S. Treasury obligations which is in accordance with the Police Pension Fund's investment policy.

VILLAGE OF OLYMPIA FIELDS, ILLINOIS
 POLICE PENSION FUND
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. POLICE PENSION FUND

a. Plan Description

Police sworn personnel are covered by the Plan, which is a defined benefit single-employer pension plan. Although this plan is considered a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois Compiled Statutes (40 ILCS 5/3) and may be amended only by the Illinois legislature.

At April 30, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	9
Employees	
Vested	12
Nonvested	<u>9</u>
TOTAL	<u><u>30</u></u>

The following is a summary of the Plan as provided for in ILCS:

The Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of 55, by 3% of the original pension and 3% annually thereafter. If the retiree is not yet 55, no increase is made until reaching age 55, at which time the increase is one-twelfth (1/12) of 3% for each full month that the retiree has been receiving a pension.

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2010

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2004	\$ 3,254,945	\$ 7,358,787	44.23%	\$ 4,103,842	\$ 966,242	424.72%
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	3,901,021	8,794,921	44.36%	4,893,900	1,080,283	453.02%
2007	4,360,552	9,339,863	46.69%	4,979,311	1,154,044	431.47%
2008	4,849,115	10,047,294	48.26%	5,198,179	1,227,309	423.54%
2009	4,586,776	11,382,640	40.30%	6,795,864	1,351,908	502.69%
2010	5,330,803	13,618,217	39.14%	8,287,414	1,633,653	507.29%

NOTE: An actuarial valuation was not performed for the year ended April 30, 2005.

(See independent auditor's report.)

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2010

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2005	\$ 266,264	\$ 329,832	80.73%
2006	296,164	329,832	89.79%
2007	329,832	502,661	65.62%
2008	482,828	525,901	91.81%
2009	392,890	563,275	69.75%
2010	427,600	688,189	62.13%

Notes to the Required Supplementary Information

This information is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 7% annually, a projected salary increases assumption of 5.5% compounded annually, and postretirement benefit increases of 3% compounded annually.

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

VILLAGE OF OLYMPIA FIELDS, ILLINOIS

SCHEDULE OF CASH AND INVESTMENTS
POLICE PENSION FUND

April 30, 2010
(With Comparative Actual)

	2010	2009
CASH AND CASH EQUIVALENTS		
Petty cash	\$ 100	\$ 100
Harris Bank	1,438	-
Certificates of deposit	60,151	-
Money market		
Great Bank Trust	128,841	233,644
Other	98,844	142,668
	<u>289,374</u>	<u>376,412</u>
INVESTMENTS		
U.S. Treasury securities	709,265	349,028
U.S. agency securities		
FHLMC	1,208,513	1,303,234
FNMA	1,000,527	971,276
FHLB	219,737	238,884
GNMA	187,653	37,109
Municipal bonds	-	33,112
Corporate bonds	119,622	153,138
Mutual funds		
Allianz	-	37,686
Heartland	-	38,048
Janus Mid Cap	-	156,391
Mainstay	-	150,612
Riversource	-	71,691
Principal High	-	100,509
Vanguard	-	489,307
Barclays	16,292	-
Claymore	32,867	-
Ishares	866,308	-
SPDR	486,989	-
Market Vectors	79,597	-
Power Shares	64,643	-
	<u>4,992,013</u>	<u>4,130,025</u>

(See independent auditor's report.)