

October, 2009

President Maher and Board of Trustees:

We are pleased to present the 2010 Annual Operating Budget for your review and consideration. The preparation of the 2010 Budget was completed while keeping the following principles in the forefront.

- Meet the mission of the District to preserve life and property while valuing full accountability to each other and the people served; and
- Manage and control costs while striving to provide the highest level of quality service to District residents.

The District's goal of producing a balanced budget where estimated expenditures are less than or equal to estimated revenues is a challenge based on economic conditions and required, expected service levels. Under advisement from the Board of Trustees, we worked to balance the budget where revenue exceeded expenditures by approximately \$198,790. The Board of Trustees is considering abating a portion of the District's property tax levy in an estimated amount of \$1,306,000. It is possible to abate these property taxes and to maintain the level of service to residents by drawing down on the existing fund balances. This abatement will not adversely affect the delivery of our services.

The 2010 Operating Budget represents the superior efforts of District personnel in reviewing their operations and researching potential improvements. Programs which were not able to be included in the 2010 budget plan may be re-evaluated for 2011.

The Board of Trustees, once again this year, held several open, public meetings to review budget submissions and to discuss requests with Chief Officers and bureau supervisors. The involvement by the Board ensures that District goals are clear and provides another opportunity for communication of services and expectations.

We sincerely appreciate the efforts of District personnel and the Board of Trustees in preparing the 2010 Operating Budget. Based on these collaborative efforts, we recommend this 2010 Operating Budget for your review and consideration.

Respectfully Submitted,

Bryant Krizik
Fire Chief

Kerry Sullivan
Finance Director

The District is located in southwest Cook County, approximately 22 miles from Downtown Chicago and serves the Villages of Orland Park, Orland Hills, and unincorporated areas of Orland Township. The District covers approximately 33 square miles and has a population of approximately 75,000. The number of households within the District is approximately 25,000. The daytime population is higher due to the heavy retail concentration of Orland Park and Orland Hills. The area is easily accessible by O'Hare and Midway Airports, several interstate highways and Metra's commuter rail system.

The District has a diverse economic base. The 2008 tax year equalized assessed valuation (EAV) of the District was \$2,667,783,947, a 3.2% increase in real estate values from the District's 2007 EAV. In Tax Year 2008, the EAV increase is partially due to the termination of the Orland Park Place TIF. Approximately 66.1% of the District's EAV is related to residential development, 27.4% is related to commercial development, and 6.5% is related to industrial development.

Major employers within the District include Orland School District #135, the Village of Orland Park, Panduit Corporation, High School District #230, and Carson Pirie Scott. The District is the location for much retail development, including Orland Square Mall, Orland Park Place Mall, Orland Crossings, and Orland Towne Center, along with numerous other retail centers.

District Facilities

The District currently operates six fire stations, a vehicle maintenance facility, a regional training center, and an administration/dispatch center. The fire stations were strategically built to minimize response times based on projected populations. Construction of a training building is scheduled to be substantially complete in November 2009. Renovation of the administration/dispatch center is scheduled for 2010.

District Personnel

The mission of the District's staff is to preserve life and property while valuing full accountability to each other and the people we serve.

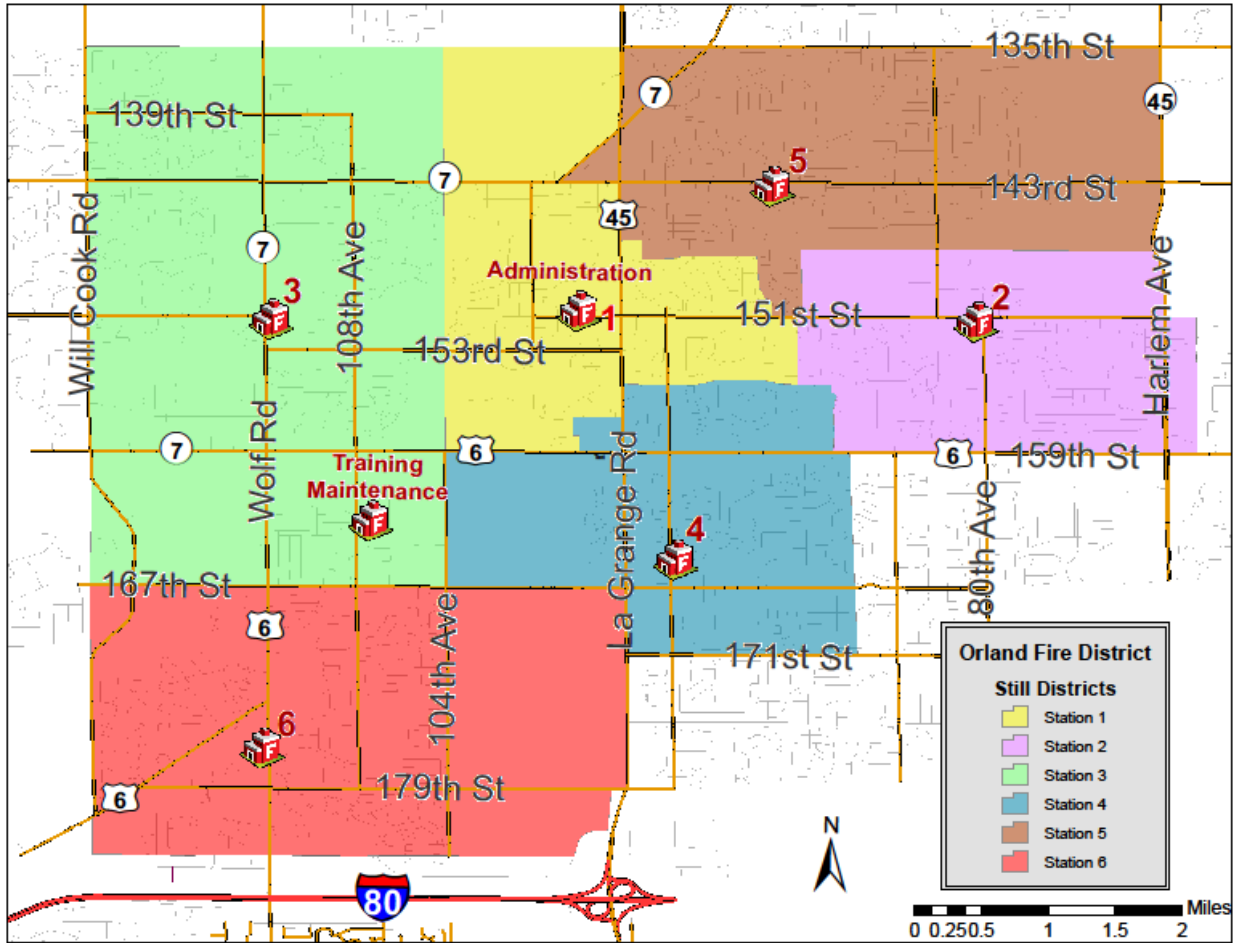
The District has an elected, five-member Board of Trustees. The Fire Chief, who is appointed by the Board of Trustees, is responsible for the daily operations and management of the District.

At a minimum, the District staffs four engine companies, two truck companies, and four ambulance crews daily. To accomplish this response capability, the District employs 115 sworn, full-time civil service personnel including seven Chief Officers, 33 Lieutenants, 31 Engineers, and 44 Firefighters. Of these sworn, civil service personnel, 107 are certified paramedics. These personnel provide a variety of services to the residents of the District including fire suppression, emergency medical services, and rescue services. In addition to these core services, the District has personnel who have been specially trained to respond to hazardous materials incidents, underwater rescue incidents, and tactical rescue incidents.

The District employs 24 full-time non-sworn employees who support the District's sworn personnel and residents in the areas of fire prevention, public education, telecommunications, administration and vehicle maintenance. In addition, part-time employees are utilized to augment support operations.

Orland Fire Protection District

A map of the District follows:



2010 Budget Process

The 2009 budget process is summarized below.

District personnel prepare budget requests	June / July 2009
Initial budget review meetings are conducted with Department heads, Finance Director and Fire Chief	September 2009
Department heads present budget requests to Board of Trustees	October 2009
Board of Trustees review proposed budget	October 2009
Publication of notice of display of tentative 2010 Budget and Appropriation Ordinance and Notice of the Public Hearing on the 2010 Budget and Appropriation Ordinance	October 2009
Display of tentative 2010 Budget and Appropriation Ordinance	October 2009
Public hearing on 2010 Budget and Appropriation Ordinance	November 2009
Adoption of 2010 Budget and Appropriation Ordinance	November 2009
Adoption of a Finding regarding the estimated aggregate amount of taxes needed to be raised in the next year	November 2009
Execution of Certificate of Estimate of Revenue	November 2009
Publish Proposed Property Tax Levy Notice	December 2009
Publish 2010 Budget and Appropriation Ordinance	December 2009
Public hearing on proposed 2009 Tax Levy Ordinance	December 2009
File certified and sealed copy of 2010 Budget and Appropriation Ordinance and the Estimate of Revenue with the Cook County Clerk	December 2009

Revenue

Revenue for all funds for 2008 Actual, 2009 Budget and 2010 Budget is summarized below:

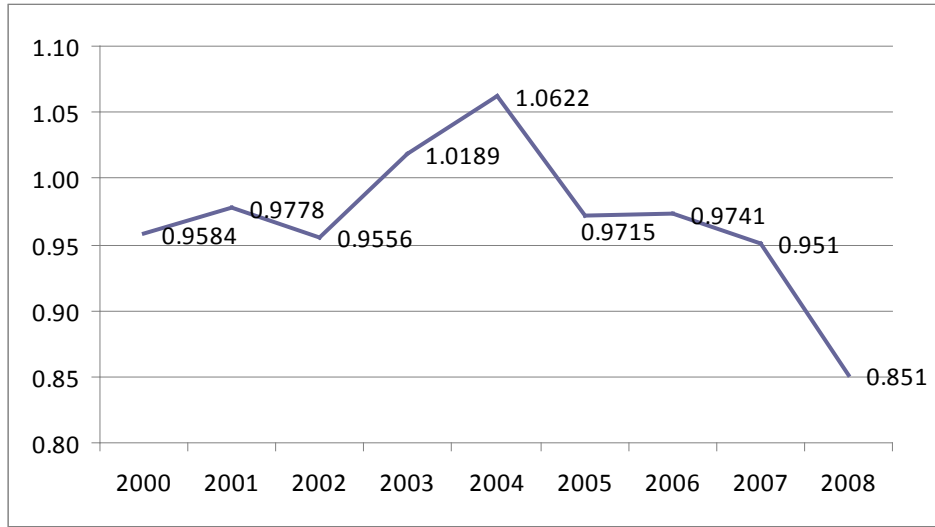
	2008 Actual	2009 Budget	2010 Budget
Property taxes	\$24,404,824	\$23,881,606	\$24,030,472
Other taxes	102,517	82,000	101,000
Ambulance fees	1,050,028	1,801,000	1,300,000
Dispatch services	354,704	501,610	448,000
Communication fees	153,783	199,897	365,340
Fire Prevention fees	100,991	135,500	13,003
Grant proceeds	74,845	60,000	575,200
Salary reimbursement	408,906	150,904	187,704
Insurance contributions	353,217	371,000	450,159
Interest	378,131	200,002	100,000
Other revenue	<u>26,781</u>	<u>23,800</u>	<u>31,196</u>
Total	<u>\$27,408,727</u>	<u>\$27,407,319</u>	<u>\$27,602,074</u>

Property taxes represent 87.1% of the 2010 budgeted revenue. The District is subject to the Property Tax Extension Limitation Law (PTELL), commonly known as property tax caps. In general, the annual growth permitted under PTELL is the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) during the calendar year preceding the levy year. Taxes can also be increased due to new construction within the District. The CPI for property taxes for the 2010 budget is 0.1% and assumed new growth is 1.0% based on historical data and projected economic conditions.

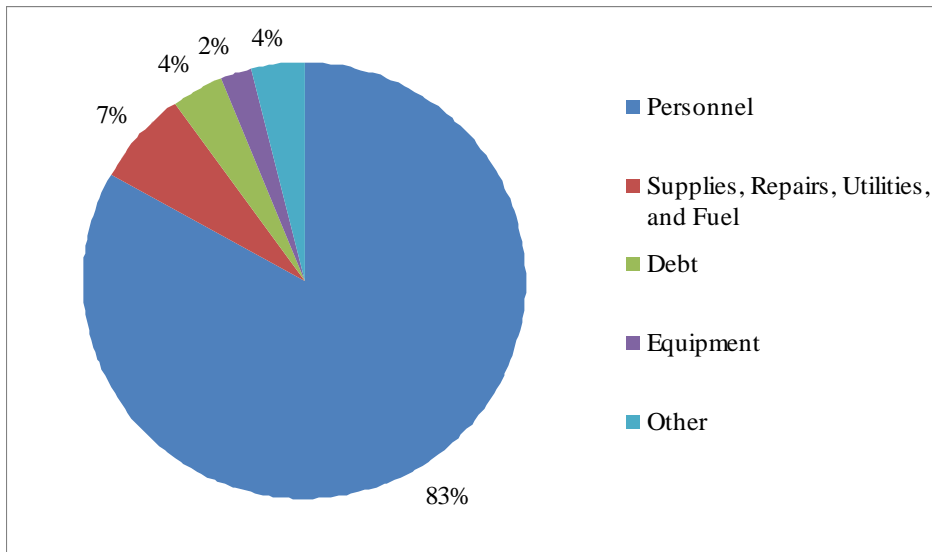
The District levies property taxes for the purposes of the following funds – Corporate, Tort Immunity, Bonds and Interest, Illinois Municipal Retirement Fund, Pension, Ambulance Service, Audit, Emergency Rescue, and Social Security. All the District’s funds except the Bond and Interest Fund and the portion of the Pension Fund levy associated with Public Act 93-0689 are subject to PTELL.

The levy for the District’s Bond and Interest Fund and a portion of the Pension Fund are assumed to be abated for Tax Year 2009. A transfer from the General Fund to the Debt Service Fund is budgeted to pay principal interest costs related to the Series 2007 Bonds.

Historical Property Tax Rates by tax year are summarized below.



Estimated 2010 budgeted property tax revenue, by fund, is summarized below.



Other taxes include personal property replacement taxes and foreign fire insurance. Replacement taxes are paid by businesses to replace revenue that was lost by local governments when they lost their power to impose personal property taxes on businesses in the 1970's. Foreign fire insurance payments are made by every out-of-state insurance corporation for insurance premiums paid within the District.

Ambulance fees represent 4.7% of the 2010 budgeted revenue. In July 2008, the District began billing the insurance companies of residents and increased ambulance fees for non-residents.

Dispatch and communication services revenue includes revenue from dispatch services, tower rental and alarm monitoring and represents approximately 3.0% of the 2010 budget revenue. The District restructured the dispatch service contracts resulting in improved recapture of costs in 2009. The City of Oak Forest recently decided to contract with the District for fire dispatch services and is anticipated to be in place by January 2010. The District is also exploring additional revenue from alarm monitoring services in 2009 and 2010.

Fire Prevention fees are charged for certain fire prevention services. In 2009, the Village of Orland Park assumed responsibility for their plan reviews which reduced fees collected, but also reduced expenditures related to plan reviews.

The District anticipates requesting grants for a number of projects and activities in 2010. Construction of additional training buildings and props at the training campus, enhancements to Kids' Safety Days, and purchases of safety-related items are examples of projects and activities for which grants will be requested.

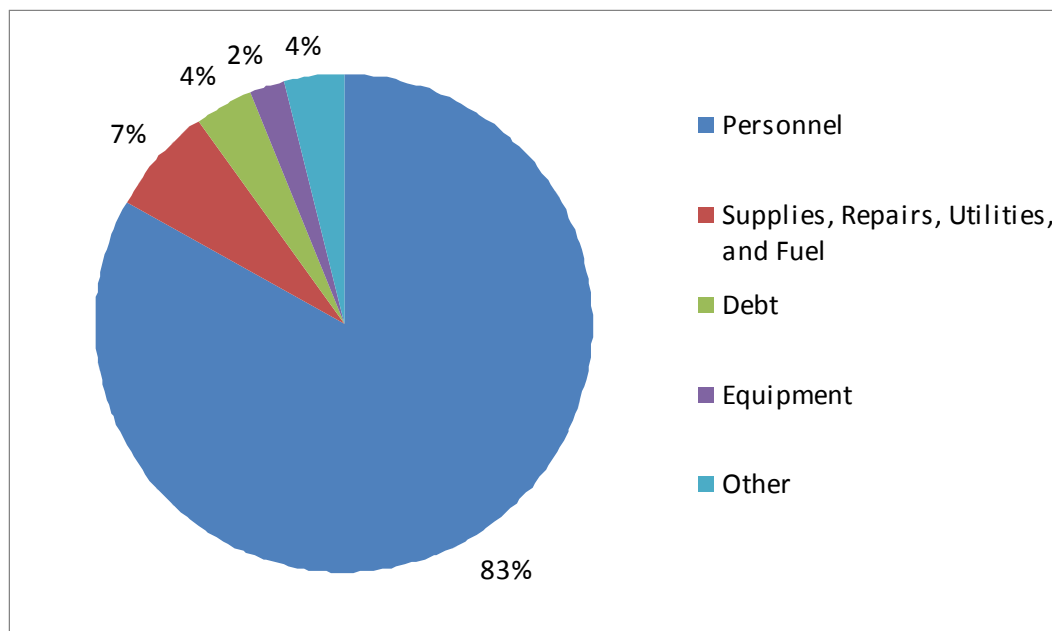
Other revenue includes salary reimbursement from workers' compensation insurance, employee and retiree contributions toward health insurance, interest earnings and other miscellaneous sources of revenue.

Expenditures

Expenditures for all funds for 2008 Actual, 2009 Budget and 2010 Budget are summarized as follows.

	2008 Actual	2009 Budget	2010 Budget
Wages	\$12,699,512	\$13,978,137	\$14,734,019
Clothing	116,994	145,313	161,100
Benefits	4,662,227	5,414,175	4,285,546
Pension Funding	2,660,497	2,695,098	3,331,538
Conferences	79,851	228,309	234,180
Supplies	466,664	743,676	642,532
Repairs and Maintenance	811,012	625,181	1,175,140
Utilities and Fuel	328,246	367,000	324,996
Professional Services	242,572	495,950	325,000
Insurance	1,091,137	1,219,376	1,302,000
Bad Debt	150,699	150,000	150,000
Software	37,757	110,075	99,900
Testing	13,645	41,000	20,500
Debt	981,726	1,056,305	1,024,975
Equipment	1,403,858	879,540	649,000
Bond Projects	1,053,105	6,700,000	800,000
Other	<u>234,628</u>	<u>189,880</u>	<u>256,413</u>
Total	<u>\$27,034,130</u>	<u>\$35,039,015</u>	<u>\$29,516,839</u>
Total excluding Bond Projects	<u>\$25,981,025</u>	<u>\$28,339,015</u>	<u>\$28,716,839</u>

Estimated 2010 expenditures by major category are summarized as follows.



Personnel expenditures, including compensation, clothing, health and life insurance, payroll taxes, education and seminars, pension contributions, and workers compensation premiums represent 83.2% of the District's 2010 budgeted expenditures. The 2010 budget includes an increase in full-time sworn employees to improve operations and to reduce overtime costs. Wages are assumed to increase commensurate with the District's Labor Agreements.

Benefit expenditures include health and life insurance, payroll taxes, IMRF contributions, and funding of the Retiree Health Trust Fund. Health and life insurance costs are assumed to increase 11% beginning January 1, 2010. In 2008, the Board of Trustees created a trust fund to pay obligated future costs for retiree health insurance. The 2010 assumed funding requirement was determined by the District's actuary and a credit has been taken for the initial payment to the Trust which was not included in the actuarial analysis.

Pension contributions for members of the Orland Firefighter Pension Fund are based on an actuarial analysis prepared at the direction of the Pension Fund's Board of Trustees.

Supplies include expendable items as well as small equipment. Expendable supplies include non-exchangeable patient care supplies, public education supplies, station supplies, vehicle maintenance parts, and office supplies. Small equipment purchases include replacement, non-exchangeable patient care supplies, replacement cots, emergency medical equipment, replacement specialty team equipment, computer equipment, opticom equipment, and safety equipment.

Repairs and maintenance expenditures include repairs and maintenance of the District's facilities and equipment. In addition to normal maintenance, facility projects included in the budget are remodeling of the kitchens, bathrooms, and exercise rooms at several stations, replacement of aging HVAC units, landscaping improvements and driveway repairs. Structural improvements to

the training campus are included in budgeted expenditures, but are dependent on grant procurement.

Professional services expenditures include the payment of services such as legal services, audit work, and direct mail publications.

Insurance expenditures include general property and liability insurance as well as workers' compensation insurance.

Bad debt expense recognizes uncollectible ambulance service fees for non-residents.

Debt expenditures are related to interest and principal payments on the Series 2007 Bonds and the 2009 loan for a portion of the costs of the three new engines. The District received an Aa2 rating from Moody's Investors Service for the Series 2007 Bond issue.

Equipment includes capital equipment and apparatus. An ambulance is anticipated to be purchased in 2010. In addition, improvements to EMS equipment and SCBA equipment are planned.

Other expenditures include utilities, fuel, software, testing, and other miscellaneous costs of the District.

In addition to the expenditures above, the construction of the training facility is expected to be substantially complete in November 2009. Renovation of the administration/dispatch center is currently in the planning stage for an estimated construction start in 2010.

The proposed 2010 Budget and Appropriation Ordinance follows.

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

SECRETARY'S CERTIFICATE

I, **Salvatore Cacciato**, the duly qualified and acting Secretary of the Board of Trustees of the Orland Fire Protection District, Cook County, Illinois, do hereby certify that the attached hereto is a true and correct copy of an Ordinance entitled:

ORDINANCE NO. 2009-19

BUDGET ORDINANCE AND ANNUAL APPROPRIATIONS OF ORLAND FIRE PROTECTION DISTRICT, COOK COUNTY, ILLINOIS FOR FISCAL YEAR BEGINNING JANUARY 1, 2010 AND ENDING DECEMBER 31, 2010

which said Ordinance was adopted by the Board of Trustees at a meeting held on the 24th day of November 2009.

I do further certify that a quorum of said Board of Trustees was present at said meeting, and that the Board complied with all requirements of the Illinois Open Meetings Act as well as any local ordinance requirements for the holding of meetings.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of November, 2009.

Salvatore R. Cacciato
Secretary, Board of Trustees
Orland Fire Protection District

ORDINANCE NUMBER 2009-19

**BUDGET ORDINANCE AND ANNUAL
APPROPRIATIONS OF ORLAND FIRE PROTECTION DISTRICT,
COOK COUNTY, ILLINOIS, FOR FISCAL YEAR
BEGINNING JANUARY 1, 2010 AND ENDING DECEMBER 31, 2010**

WHEREAS, the Board of Trustees of the Orland Fire Protection District, Cook County, Illinois, caused to be prepared in tentative form a budget for public inspection, and

WHEREAS, a public hearing on the Budget and Appropriation Ordinance was held on November 24, 2009, and notice of the hearing was given at least thirty days prior thereto as required by law, and all other legal requirements have been met.

NOW, THEREFORE, Be it Ordained by the Board of Trustees of the Orland Fire Protection District as follows:

Section 1: The fiscal year of this Fire Protection District is hereby fixed to begin January 1, 2010 and end December 31, 2010.

Section 2: The following describes the estimated fund balances at the beginning of the fiscal year, an estimate of revenue expected to be received during the fiscal year, estimate of the expenditures contemplated for the fiscal year, estimated appropriations, and an estimate of fund balances at the end of the fiscal year.

Corporate Fund

Estimated Fund Balance, Beginning of Year \$ 6,571,595

Estimated Revenue:

Salary Reimbursement	\$ 100,609
Insurance Contributions	245,864
Fire Prevention	13,003
Public Education	8,085
Communications Services	357,464
Vehicle Maintenance	2,128
Foreign Fire Insurance	47,000
Training	499,751
Property Taxes	14,143,283
Replacement Taxes	54,000
Interest	43,439
Other	<u>15,269</u>
Total	15,529,895

Subtotal

22,101,490

Estimated Expenditures:

Appropriation

Sworn Personnel Wages	\$ 6,532,232	7,512,067
Clothing	94,374	108,530
Benefits	1,651,998	1,899,798
Retiree Health Trust	315,944	363,336
Small Tools	30,000	34,500
Hose	5,400	6,210
Arson	13,200	15,180
Fire Prevention	315,389	362,697
Public Education	116,575	134,061
Computers	169,115	194,482
Maps	9,074	10,435
Dispatch	290,546	334,128
Communications	64,819	74,542
Opticom	37,600	43,240
Alarm Monitoring	96,423	110,886
Buildings and Grounds	276,616	318,108
Vehicle Maintenance	230,391	264,950
2% Fund	47,000	54,050
Training	972,256	1,118,094
Pension	3,331,538	3,831,268
Debt payments	109,000	125,350
Administration	484,936	557,676
Public Information	41,000	47,150
Testing	20,500	23,575
Honor Guard	13,300	15,295
Seasonal Assistance	<u>38,400</u>	44,160
Total	15,307,626	

Transfer to Debt Service Fund

915,975

Transfer to Capital Fund

225,000

Estimated Fund Balance, End of Year

\$ 5,652,889

Audit Fund

Estimated Fund Balance, Beginning of Year			\$ 8,725
Estimated Revenue:			
Property Taxes	\$ 20,000		
Total	20,000		
Subtotal			28,725
Estimated Expenditures:		<u>Appropriation</u>	
Administration	\$ 20,000	21,250	
Total	20,000		
Estimated Fund Balance, End of Year			<u>\$ 8,725</u>

Tort Fund

Estimated Fund Balance, Beginning of Year			\$ 1,564,425
Estimated Revenue:			
Salary Reimbursement	\$ 9,010		
Property Taxes	1,682,133		
Safety Grant	70,000		
Interest	<u>12,821</u>		
Total	1,773,964		3,338,389
Subtotal			
Estimated Expenditures:		<u>Appropriation</u>	
Sworn Personnel	\$ 584,976	672,722	
SCBA	297,200	341,780	
Juvenile Firesetters	8,000	9,200	
Fitness	31,180	35,857	
Safety	35,000	40,250	
Insurance	<u>1,302,000</u>	1,497,300	
Total	2,258,356		
Estimated Fund Balance, End of Year			<u>\$ 1,080,033</u>

Debt Service Fund

Estimated Fund Balance, Beginning of Year		\$	811,486
Estimated Revenue:			
Property Taxes	\$	-	
Interest		<u>11,012</u>	
Total		11,012	
Subtotal			822,498
Estimated Expenditures:		<u>Appropriations</u>	
Debt payments	\$	<u>915,975</u>	1,053,371
Total		915,975	
Transfer from Corporate Fund			915,975
Estimated Fund Balance, End of Year		\$	<u>822,498</u>

IMRF Fund

Estimated Fund Balance, Beginning of Year		\$	41,539
Estimated Revenue:			
Property Taxes	\$	<u>207,000</u>	
Total		207,000	
Subtotal			248,539
Estimated Expenditures:		<u>Appropriations</u>	
Administration	\$	<u>200,800</u>	230,920
Total		200,800	
Estimated Fund Balance, End of Year		\$	<u>47,739</u>

Capital Reserve Fund

Estimated Fund Balance, Beginning of Year		\$ 1,738,387
Transfers from Other Funds		950,000
Estimated Revenue:		
Sale of Fixed Assets	10,000	
Interest	<u>2,540</u>	
Total	12,540	
Subtotal		2,700,927
Estimated Expenditures:		<u>Appropriations</u>
Construction and renovation	800,000	920,000
Vehicles	<u>\$ 210,000</u>	241,500
Total	1,010,000	
Estimated Fund Balance, End of Year		<u>\$ 1,690,927</u>

Ambulance Service Fund

Estimated Fund Balance, Beginning of Year		\$ 2,900,813
Estimated Revenue:		
Salary Reimbursement	\$ 69,263	
Insurance Contributions	155,349	
EMS	1,300,000	
Communications Services	368,061	
Vehicle Maintenance	2,914	
Property Taxes	6,529,532	
Interest	<u>26,573</u>	
Total	8,451,692	
Subtotal		11,352,505
Estimated Expenditures:		
		<u>Appropriations</u>
Sworn Personnel Wages	\$ 4,497,003	5,171,553
Clothing	59,630	68,574
Health Insurance	1,043,814	1,200,386
Retiree Health Funding	199,629	229,573
EMS	416,913	479,450
Computers	231,590	266,328
Maps	12,426	14,289
Dispatch	397,878	457,560
Communications	220,807	253,928
Buildings and Grounds	138,308	159,054
Vehicle Maintenance	315,499	362,824
Administration	<u>694,428</u>	798,592
Total	8,227,925	
Transfers to Capital Fund		225,000
Estimated Fund Balance, End of Year		<u>\$2,899,580</u>

Social Security Fund

Estimated Fund Balance, Beginning of Year			\$ 25,643
Estimated Revenue:			
Property Taxes	\$ 291,000		
Total	291,000		
Subtotal			316,643
Estimated Expenditures:		<u>Appropriations</u>	
FICA & Medicare	\$ 289,696	333,150	
Total	289,696		
Estimated Fund Balance, End of Year			<u>\$ 26,947</u>

Emergency Rescue Fund

Estimated Fund Balance, Beginning of Year		\$ 1,069,681
Estimated Revenue:		
Salary Reimbursement	\$ 8,822	
Insurance Contributions	19,787	
Spiller Pays Reimbursement	3,000	
Tactical Rescue Reimbursement	15,200	
Communications	96,264	
Vehicle Maintenance	762	
Property Taxes	1,157,524	
Interest	3,615	
Total	1,304,974	
Subtotal		2,374,655
Estimated Expenditures:		
		<u>Appropriations</u>
Sworn Personnel Wages	572,789	658,707
Clothing	7,595	8,734
Benefits	132,952	152,895
Retiree health funding	25,427	29,241
Hazardous Materials	15,600	17,940
Underwater Rescue	25,637	29,482
Tactical Rescue	35,750	41,112
Atmospheric Monitoring	5,450	6,267
Computers	60,571	69,657
Maps	3,249	3,736
Dispatch	104,062	119,671
Communications	57,752	66,415
Buildings and Grounds	46,103	53,018
Vehicle Maintenance	82,517	94,895
Administration	111,007	127,658
Total	1,286,461	
Transfer to Capital Reserve		500,000
Estimated Fund Balance, End of Year		<u>\$ 588,194</u>

The budget includes the abatement of property taxes for the Bond & Interest levy as well as a portion of the Pension Fund levy.

Section 3: The Board's attorney is authorized to file a certified copy of this Ordinance with the Cook County Clerk.

Section 4: The Secretary is hereby authorized to file the budget and appropriations ordinance pursuant to law.

Section 5: This Ordinance shall be in full force and effect from and after its passage, approval and publication as provided by law.

Adopted this 24th day of November, 2009, by the following roll call vote:

AYES: Trustees Michalek, Cacciato, Hickey, McGill

NAYS: None

ABSENT: Trustee Maher

Martin E. McGill
President, Board of Trustees (Pro-tem)
Orland Fire Protection District

ATTEST:

Salvatore R. Cacciato
Secretary, Board of Trustees
Orland Fire Protection District