



Village of

Vernon Hills
People Planning With Pride

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

Vernon Hills, Illinois

FOR FISCAL YEAR
ENDED APRIL 30,

2024



VILLAGE OF VERNON HILLS, ILLINOIS

Annual Comprehensive Financial Report

For the Year Ended April 30, 2024

Prepared by:

Department of Finance

Thomas J. Lyons, CPA
Director of Finance

VILLAGE OF VERNON HILLS, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Officials
April 30, 2024

VILLAGE PRESIDENT

ROGER L. BYRNE

BOARD OF TRUSTEES

THOM KOCH
DAVID OPPENHEIM, MD
NANCY FORSTER

MICHAEL MARQUARDT
CRAIG TAKAOKA
MICHAEL SCHENK

VILLAGE MANAGER / VILLAGE CLERK

KEVIN TIMONY

DIRECTOR OF PUBLIC WORKS /VILLAGE ENGINEER

CHRIS VENATTA

ASSISTANT VILLAGE MANAGER /DEPUTY VILLAGE CLERK

JON PETRILLO

CHIEF OF POLICE

PATRICK L. KREIS

DIRECTOR OF FINANCE /VILLAGE TREASURER

THOMAS J. LYONS

DIRECTOR OF COMMUNITY DEVELOPMENT

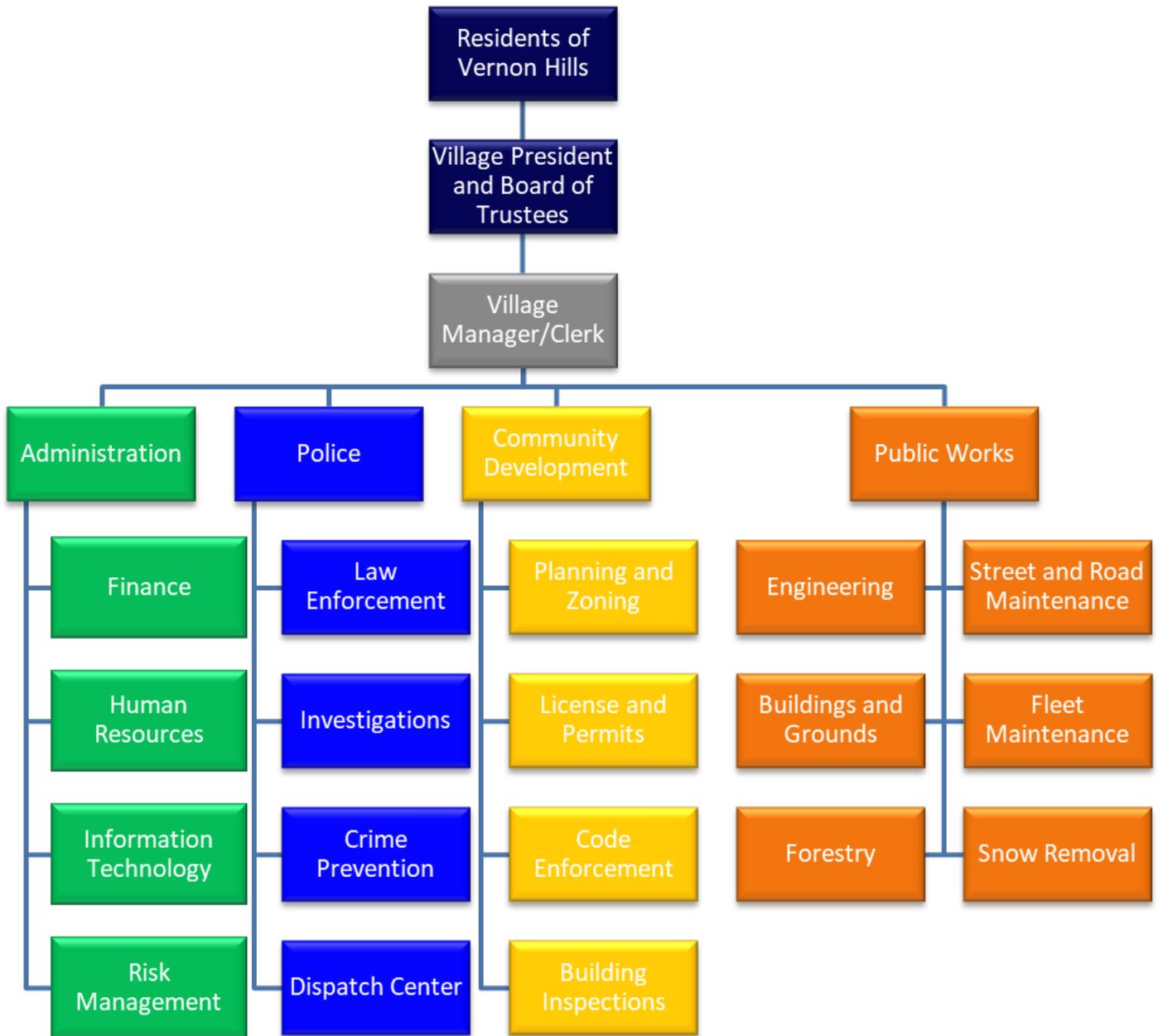
ANDREW JENNINGS

VILLAGE ATTORNEY

JAMES V. FEROLLO

VILLAGE OF VERNON HILLS, ILLINOIS

Organizational Chart
April 30, 2024



VILLAGE OF VERNON HILLS, ILLINOIS

Certificate of Achievement for
Excellence in Financial Reporting



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Village of Vernon Hills
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

April 30, 2023

Christopher P. Morill

Executive Director/CEO



October 2, 2024

The Honorable Village President Roger Byrne,
Members of the Vernon Hills Village Board, and
Residents of the Village of Vernon Hills

We are pleased to submit herewith the Annual Comprehensive Financial Report (ACFR) for the Village of Vernon Hills, Illinois (the Village) for the fiscal year ended April 30, 2024. This report provides a broad view of the Village's financial activities for the 2024 fiscal year and its financial position at April 30, 2024. Although addressed to the elected officials and residents of the Village, this report has a number of users. Foremost among these users are bondholders of the Village, financial institutions, credit rating agencies, educational institutions, and other government entities. Illinois statutes require that Illinois municipalities publish financial statements on an annual basis that are prepared in accordance with generally accepted accounting principles (GAAP) and are audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants. In producing an ACFR, the Village of Vernon Hills has chosen to provide financial information that is significantly greater than that which is required under state law.

Responsibility for both accuracy of the information presented in the ACFR as well as the completeness and fairness of the presentation, including all disclosures, rests with Village management. We believe that the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial affairs have been included.

Selden Fox, LTD (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended April 30, 2024. The independent auditors' report is presented as the first component of the financial section of this report.

Management of the Village has established a system of internal control that is designed to assure that the assets of the Village are safeguarded against loss, theft, or misuse. The system of internal control also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management.

This letter of transmittal should be read in conjunction with the Management's Discussion & Analysis (MD&A) to obtain the most complete assessment of the Village's current financial status and its future prospects. The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

Profile of the Village of Vernon Hills

The Village of Vernon Hills was incorporated on July 16, 1958, with 123 residents and a small subdivision of 125 houses. In 1973, the Village hired its first Village administrator and Chief of Police. By 1980, the Village's population had grown to almost 10,000 residents, and by 2000, it had surpassed 20,000 residents. As of the 2020 Census the Village's population was 26,850, which represents a 4.8 percent increase from the 2010 Census. The Village covers an area of approximately 7.94 square miles and is located in Lake County, Illinois approximately 31 miles northwest of the City of Chicago, Illinois and eight miles west of Lake Michigan.

The Village is a home-rule unit by virtue of its population. As a home-rule unit, the Village has no tax rate or debt limitations, nor is it required to sponsor a referendum to issue debt or increase property taxes. The Village operates under a trustee-village form of government. Policy making and legislative authority are vested in the Village Board, which consists of a Village President and six trustees elected to four-year overlapping terms. A Village Manager is hired by the Village Board to carry out the policies and ordinances of the Board and to oversee the day-to-day operations of the Village. The Village provides a full range of municipal services, including public safety, roadway maintenance, public improvements, economic development, planning and zoning, inspections, cultural and recreation, and general administrative services. Additional demographic information about the Village can be found in the statistical section which is located at the end of this report.

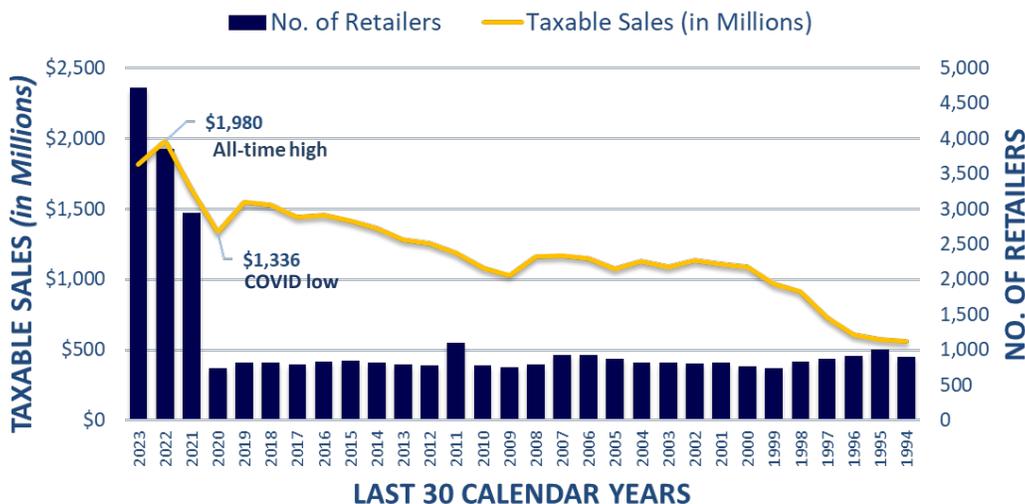
Annual Budget Process

The annual budget serves as the foundation for the Village’s financial planning and control. Annual budgets were adopted for all Village funds, except for the Police Pension Fund, a fiduciary fund. The budget is presented as a balanced budget, whereby anticipated expenditures and other outflows are less than or equal to anticipated revenues, other inflows, and unassigned fund balance. All operating departments of the Village submit budget requests to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function, department, division, and object, and includes information on the past two years, current year estimates, and requested budgets for the next fiscal year. In the spring of each year, the Village Manager submits to the Village Board a proposed budget. Two budget workshops and at least one public hearing are held regarding the proposed budget. The proposed budget must be made available for public inspection at least ten days prior to passage of the annual budget ordinance, which must be enacted by April 30. Additional information on the budgetary process can be found in Note 1 of the notes to the required supplementary information.

Local Economy

Major Revenue Driver

Retail sales in the Village drive the Village’s most significant revenues sources. As the Village does not levy a property tax on residents and businesses, these, taxable sales, are responsible for funding Village services to the greater community. The Village of Vernon Hills continues to be the retail hub of Lake County and is now the 20th highest taxable sales generating community in Illinois, down from the 16th in the previous year. Taxable sales in Vernon Hills finished calendar year 2023 at \$1.8 billion, down from record highs in the previous year. This decline was substantially isolated to the top five generating retail businesses in the Village with all other retailers remaining fairly flat, in aggregate. More than \$66,500 of taxable sales were generated per capita in the Village over the last calendar year. This makes Vernon Hills the highest taxable sales generating community per capita in Illinois with a population greater than 15,000. The chart below shows the last 30 calendar years of taxable sales growth in the Village (yellow line) and the number of retailers generating those sales (blue bars). The number of retailers represents the number of businesses collecting and remitting the sales taxes to the state for distributions to municipalities.



LAST 30 CALENDAR YEARS
Data Source: Illinois Department of Revenue

Depicted in the chart above, taxable sales jumped sharply from COVID lows to all-time high within a short period of time (2020 to 2022). As we moved forward through 2023 and continue through 2024 retail sales have declined in the Village and continue to decline through the time of this writing. The enactment of the “Leveling the Playing Field for Illinois Retail Act” (35 ILCS 185) effective January 1, 2021, has included state and local sales tax on internet transactions. The chart reflects a spike in the number of taxpayers beginning in 2021 which is due to this legislation.

Recent and Current Development

The Village has approximately 4.0 million square feet of retail space that consists of the following properties: Hawthorn Mall – 1.3 million sq. ft. (pre-redevelopment), Shoppes at Gregg’s Landing – 561,000 sq. ft., Melody Farm (Regency Center) – 270,000 sq. ft., Rivertree Court – 259,000 sq. ft., Townline Commons – 237,000 sq. ft., Hawthorn Hills Square S.C. 193,000 sq. ft., Marketplace at Vernon Hills – 191,000 sq. ft., and various freestanding retail (i.e. Super Target; Sam’s Club; Kohl’s) – 800,000 sq. ft. Significant recent and ongoing (re)development projects include:

Hawthorn Mall is reinvesting \$350 million for mixed-use development of residential, retail, and restaurant properties. The development will include over 80,000 sq. ft. of restaurant and retail space and luxury apartments. The luxury apartments, called The Domaine at Hawthorn Row, have been completed and include over 300 units. These units are currently being leased and are over 90 percent leased.

Southlake Industrial Center is a 65-acre modern industrial park promoting four buildings of industrial warehouse and office space totaling over one million sq. ft. The development was completed in the summer of 2023 and is over 75 percent occupied.

Everleigh – Vernon Hills is a recently completed luxury home community for 55+ active adults. The community has 174 apartments and 14 duplex cottages. This type of development is the first of its kind for the Village. Everleigh – Vernon Hills is currently leasing apartments.

Former American Hotel Register site is a 70 acre site where the existing office building has been demolished and redevelopment efforts are underway.

13-73 S. Milwaukee Ave. is an 8 acre site where planning for a future residential development is underway. Plans include building 307 units including 288 apartments and 19 rowhomes.

Vernon Hills continues to be a destination for food and beverage establishments with the recent openings of Perry’s Steak House, CAVA, and Tangled Roots Brewing Company in 2024 and a future location of Yard House scheduled to open in 2025. Other new retail and experimental venues include Planet Fitness, Lovesac, J. Crew Factory, Harbor Freight Tools which have opened during the year and Ace Pickleball planning to open later this year.

Over the years, the Village has used various forms of financing to support (re)development projects and to attract and maintain retail businesses. The forms of financing used include economic incentive agreements including sales tax notes, which provide for the sharing of sales tax revenue and tax increment financing (TIF). The Village’s continued ability to finance its future without levying a property tax or issuing significant debt contributes to the Village’s financial sustainability and attractiveness to businesses and residents.

Economic Outlook

As easing price pressures continue to help bring inflation closer to the Federal Reserve’s target of 2 percent and current commentary shows softer overall economic conditions, near term interest rate cuts seem imminent. The Federal Reserve is aimed at curbing inflation without triggering a recession. The 12-month inflation rate (CPI) as of August 2024 was 2.5 percent, down from 3.7 and 8.3 percent the prior two years. Cutting the federal funds rate, currently at 5.25 to 5.50 percent, has historically put downward pressure on short-term interest rates. This pressure reduces the near term earnings potential of the Village’s cash and short-term investment balances. The one-year, five-year, and ten-year U.S. Treasuries are currently down

at 4.11 percent, 3.46 percent, and 3.67 percent respectively compared to one year ago rates of 5.35 percent, 4.61 percent, and 4.66 percent respectively.

Over the past year, the U.S. labor market has experienced a gradual slowdown in job growth and increased challenges. The average monthly job gains have decreased to 142,000 in August 2024, down from the 12-month average of 202,000. While sectors like construction and healthcare have seen steady hiring, job growth in many industries has decelerated. According to the Bureau of Labor Statistics, the unemployment rate rose to 4.2 percent in August 2024 from 3.8 percent a year ago. The labor force participation rate has remained relatively stable at around 62.7 percent, indicating little improvement in bringing more people back into the workforce. Meanwhile, wage growth has slowed, with hourly earnings increasing modestly by 0.2 percent to 3.8 percent growth over the year.

Current geopolitical risks affecting U.S. cities include potential cyberattacks, economic disruptions, and supply chain vulnerabilities. As global tensions rise, especially between the U.S. and major powers like China and Russia, U.S. cities face increased risks from cyber threats targeting critical infrastructure such as power grids, water supply systems, and transportation networks. Cybersecurity remains a top concern for local governments, as ransomware attacks and other cyber incidents can disrupt essential services and cause significant economic and social harm. U.S. cities are vulnerable to the impacts of global economic disruptions stemming from geopolitical conflicts. For example, the ongoing conflict between Russia and Ukraine has led to increased energy prices, which affect municipal budgets and the cost of living for residents.

As all significant Village revenue sources are economically sensitive, reductions in local economic activity such as lower sales activity will negatively impact the Village's revenues. In contrast, with declining inflation, we anticipate Village expenditures to remain in check assuming no significant adjustments to ongoing operations or major capital spending occurs. The Village is in a phase of cautious fiscal management, with attention to both leveraging economic opportunities and managing risks associated with demographic trends, pension obligations, and the broader economic climate.

Pensions

The Village is a contributing employer in two pension plans: the Vernon Hills Police Pension Plan and the Illinois Municipal Retirement Fund (IMRF).

As of April 30, 2024, the Police Pension Plan carried an unfunded net pension liability of \$27.5 million, a decrease of \$1.3 million or 4.7 percent from the prior year. The funded ratio was 72.97 percent, up from 71.86 percent in the prior year. The plan is on track to be 100 percent funded by 2040. State statutes require the plan to be 90 percent funded by 2040.

IMRF is reported on a calendar year basis. As of December 31, 2023, the Village carried an IMRF unfunded net pension liability of \$1.9 million, a decrease of \$2.5 million from the prior year. The funded ratio was 95.48 percent, up from 89.11 percent in the prior year.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the Village of Vernon Hills for its Annual Comprehensive Financial Report for the Fiscal Year ended April 30, 2023. This was the twenty-first consecutive year that the Village has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for the certificate. The preparation of this Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the

Village staff and particularly the staff of the Finance Department. All of those who have contributed to the creation of this report have our sincere appreciation for the contributions made.

In closing, without the leadership and support of the governing body of the Village, preparation of this report would not have been possible.

Sincerely,



Kevin Timony
Village Manager



Thomas J. Lyons, CPA
Finance Director/Treasurer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

One Parkview Plaza, Suite 710 | Oakbrook Terrace, IL 60181 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Village of Vernon Hills, Illinois
Vernon Hills, Illinois

Report the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Vernon Hills, Illinois**, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois, as of April 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages MD&A 4-15), the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund (page 68), schedules of expenditures – budget and actual for the major special revenue funds (pages 69-70), the multiyear schedules of changes in the employer's net OPEB liability and related ratios (page 71), the multiyear schedules of employer contributions (pages 72-73), the multiyear schedules of changes in the employer's net pension liability and related ratios (pages 74-75), and the multiyear schedule of investment returns (page 76) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October x, 2024, on our consideration of the Village of Vernon Hills, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Vernon Hills, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Vernon Hills, Illinois' internal control over financial reporting and compliance.

Selden Fox, Ltd.

October 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

As management of the Village of Vernon Hills, Illinois (Village), we offer readers of the Village's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2024. The main purpose of the Management's Discussion and Analysis (MD&A) is to identify changes in the Village's financial position, identify material deviations from budget, and call out issues and concerns. We encourage readers to consider the information presented here in conjunction with information that we have furnished in our letter of transmittal at the beginning of this report and the Village's financial statements, which follows this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which include the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements. These components are described below:

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, using accounting methods like those used by private-sector companies. The statements provide both short-term and long-term information about the Village's financial position, which assists in assessing the Village's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means such statements follow methods that are like those used by most businesses. They consider all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The government-wide financial statements include two statements:

The *Statement of Net Position* presents information on all Village assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating, respectively. To assess the overall health of the Village, the reader should consider additional non-financial factors such as changes in the Village's sales tax base and the condition of the Village's infrastructure.

The *Statement of Activities* presents information on how the Village's net position changed during the fiscal year. All changes in net position are reported at the time the underlying event occurs without regard to the timing of the related cash flow. Thus, revenues and expenses may be reported in the statement for some items that will only result in cash flows in future periods, such as revenues for uncollected taxes, expenses for compensated absences earned not used, and expenses related to pension obligations. This statement also presents a comparison between direct expenses and program revenues for each function of the Village.

The government-wide financial statements distinguish between functions of the Village that are primarily supported by taxes and intergovernmental revenues (governmental activities) from those that are intended to recover all or a significant portion, of its costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, streets and roads, economic development, and culture and recreation. The business-type activities of the Village include the 9-hole golf course.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

The government-wide financial statements present information about the Village as a primary government. The government-wide financial statements can be found immediately following this Management's Discussion and Analysis.

Fund financial statements. A fund is a grouping of related accounts used to account for resources that have been segregated for specific activities or programs. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Village funds are categorized into one of the three following fund classifications: governmental funds, proprietary funds, or fiduciary funds.

Governmental funds. The *governmental funds* primarily account for the same functions that are reported as governmental activities in the government-wide financial statements. Most services the Village provides are reported in the governmental fund financial statements. The governmental funds financial statements focus on how cash and other financial assets may be readily converted into available resources to finance the Village's near-term needs of its various programs and activities. These statements also focus on account balances at the fiscal year-end that may be used for either current or future spending.

The focus of the governmental funds is more limited than the focus of the government-wide financial statements, and, so, the financial statements are most useful when comparing data and information for the governmental funds with similar data and information for governmental activities. This comparison allows the reader to fully understand the long-term impact of the Village's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The Village maintains seven governmental funds. Information for the three funds that qualify as major is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The three major governmental funds are as follows: the General Fund, The Vernon Hills Town Center Tax Increment Financing Fund (TIF), and the Milwaukee Avenue/Townline Road Tax Increment Financing Fund (Melody Farm). Data from the other governmental funds is combined into a single, aggregated presentation. The basic governmental fund financial statements can be found immediately following the government-wide statements.

Proprietary funds. These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds, like government-wide statements, use the accrual basis of accounting and provide both long- and short-term financial information. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The Village uses two proprietary funds, and they are presented in the proprietary fund financial statements – an enterprise fund that accounts for the activities of the Vernon Hills Golf Course and an internal service fund that accounts for capital equipment provided to departments on a cost reimbursement basis.

Fiduciary Funds. 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 accounting used for fiduciary funds is much like that used for proprietary funds. The Village is the fiduciary for its Police Pension Plan.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

Note to the Financial Statements. The notes to financial statements provide additional information needed for the reader to more fully understand the data and information presented in the government-wide financial statements and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and notes to the financial statements, the required supplementary information section presents certain historical information with respect to the funding of the Village's multi-employer defined benefit pension plan, known as the Illinois Municipal Retirement Fund (IMRF), and the Village's single-employer pension plan, known as the Village of Vernon Hills Police Pension Plan. These Plans are governed by the State of Illinois for the purpose of providing retirement benefits to qualified employees. This section includes information on Village contributions made to the IMRF and the Police Pension Fund; the net change in total pension liability and the change in the implicit total OPEB liability.

The budgetary comparison information schedules of revenues, expenditures, and changes in fund balance – budget and actual for the major funds are also presented in this section.

Supplemental Information. The supplemental information section is a more detailed presentation of information that is included in the financial statements for the general fund, special revenue funds, enterprise fund, internal service fund, and schedule of long-term debt requirements.

Statistical Section. The unaudited statistical section presents operational, economic, and historical data that provides the reader with a framework for assessing the Village's economic condition.

VILLAGE-WIDE STATEMENTS AND ANALYSIS

Net Position. The Village's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$100.0 million at April 30, 2024. Of this amount, \$76.7 million represents the Village's investment in capital assets (land, buildings, roads, etc.) less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows. An additional portion of the Village's net position, \$15.8 million, represents resources that are subject to external restrictions on how they may be used. Historical trends of the Village's net position can be found in the statistical section of this *Annual Comprehensive Financial Report*.

Governmental Activities net position increased \$13.6 million to a net position of \$99.7 million. The changes in net position included: an increased cash and investment position of \$10.9 million and significant reductions in the following liabilities: general obligation bonds and other long term liabilities - \$2.7 million as well as pension and other postemployment benefit (OPEB) obligations - \$4.3 million. As these items contributed toward the overall increase, the following notable items offset the increase: accrued items for the Lakeview Parkway expansion project and other payables - \$2.6 million.

Business-Type Activities net position was flat finishing the year with a net position of \$0.3 million. Capital spending increased Capital Assets, net accumulated depreciation. These capital assets were initially funded with Governmental Activities' cash increasing the internal balanced owed to governmental activities, neutralizing the net position effect.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

The following is a condensed comparative statement of net position for the Village for fiscal year 2024 and fiscal year 2023.

Table 1
Statement of Net Position
(in millions)

As of April 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 84.0	\$ 72.0	\$ (0.3)	\$ (0.1)	\$ 83.7	\$ 71.9
Capital assets, net	83.9	82.7*	0.7	0.4	84.5	83.1
Total Assets	167.9	154.7	0.4	0.3	168.3	155.0
Deferred outflows	12.0	16.7	-	-	12.0	16.7
Total Assets and Deferred Outflows	179.9	171.4	0.4	0.3	180.3	171.7
Current liabilities	9.6	7.0	0.1	-	9.7	7.0
Noncurrent liabilities	63.3	70.1*	-	-	63.3	70.1
Total Liabilities	72.9	77.1	0.1	-	73.0	77.1
Deferred inflows	7.3	8.2	-	-	7.3	8.2
Total Liabilities and Deferred Inflows	80.2	85.3	0.1	-	80.3	85.3
Net Position						
Net investment in capital assets	76.0	72.4	0.7	0.4	76.6	72.8
Restricted	15.8	12.7	-	-	15.8	12.7
Unrestricted (Deficit)	8.0	1.0	(0.4)	(0.1)	7.6	0.9
Total Net Position	\$ 99.7	\$ 86.1	\$ 0.3	\$ 0.3	100.0	\$ 86.4

* Reported amounts restated due to the implementation of GASB Statement No. 96. See Note 14.

Activities. Governmental activities are segregated by functional area for program revenues and expenses. General and Business-Type revenues are allocated among Charges for Services; Operating Grants and Contributions; Capital Grants and Contributions; Municipal Sales Taxes; Tax Increment; Other Taxes; and Other, as applicable. Expenses are allocated among General Government; Public Safety; Streets and Roads; Economic Development; Culture and Recreation; Interest and Fees on Long-Term Debt; and Golf, as applicable.

For the fiscal year ended April 30, 2024 government-wide revenues were \$50.6 million, a decrease of \$0.7 million or 1.4 percent from the prior year. Municipal Sales Tax is the largest category representing 37.6 percent of revenues, followed by Other Taxes at 28.3 percent, and Tax Increment at 11.9 percent.

Governmental Activities Municipal Sales Tax revenues decreased \$1.5 million from the previous year as retail activity slowed. Operating grants and contributions decreased \$3.3 million from the previous year. This was a result of the Village's \$3.6 million in ARPA funds being used in the prior year. Other Taxes remained flat year-over-year while Tax Increment revenues increase \$1.0 million from the prior year as property values in the Village's three TIF districts continue to increase. Other revenues increased \$2.8 million or 147.4 percent from the prior year. Investment Income, being the largest revenue included in Other, increased \$1.2 million of the total \$2.8 million increase.

Business-Type Activities Charges for Services remained flat year-over-year while trade-in value and sale of retired equipment generated \$0.1 million in Other revenue.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

The following is a condensed comparative changes in net position for the Village for fiscal years ended, April 30, 2024 and April 30, 2023.

Table 2
Changes in Net Position
(in millions)

For Fiscal Years Ended April 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for services	\$ 3.6	\$ 3.6	\$ 0.5	\$ 0.5	\$ 4.1	\$ 4.1
Operating grants and contributions	1.5	4.8	-	-	1.5	4.8
Capital grants and contributions	1.0	0.6	-	-	1.0	0.6
General Revenues						
Municipal sales taxes	17.8	19.3	-	-	17.8	19.3
Tax Increment	7.1	6.1	-	-	7.1	6.1
Other taxes	14.3	14.5	-	-	14.3	14.5
Other	4.7	1.9	0.1	-	4.8	1.9
Total Revenues	50.0	50.8	0.6	0.5	50.6	51.3
Expenses						
General government	11.1	11.6	-	-	11.1	11.6
Public safety	15.6	15.1	-	-	15.6	15.1
Streets and roads	8.2	10.8	-	-	8.2	10.8
Economic development	0.2	0.2	-	-	0.2	0.2
Culture and recreation	0.4	0.3	-	-	0.4	0.3
Interest and fees on long-term debt	0.9	0.9	-	-	0.9	0.9
Golf	-	-	0.6	0.5	0.6	0.5
Total Expenses	36.4	38.9	0.6	0.5	37.0	39.4
Change in net position	13.6	11.9	-	-	13.6	11.9
Net position, May 1	86.1	74.2	0.3	0.3	86.4	74.5
Net position, April 30	\$ 99.7	\$ 86.1	\$ 0.3	\$ 0.3	\$ 100.0	\$ 86.4

Total government-wide expenses decreased \$2.4 million or 6.1 percent, from \$39.4 million to \$37.0 million. The Village operates three primary functions, General Government; Public Safety; and Streets and Roads.

Governmental Activities expenses decreased \$2.5 million or 6.4 percent, from \$38.9 million to \$36.4 million.

General Government expenses decreased \$0.5 million or 4.3 percent from \$11.6 million. These expenses include costs associated with Administration, Community Development, Buildings and Grounds departments as well as property and liability insurance, postemployment benefits and general government debt service. In addition, the Village participates in revenue sharing agreements with CDW Direct, CDW Government, Hawthorn Mall, and Kimco Realty, these costs are included in General Government expenses. One notable change in this category is costs related to revenue sharing (economic incentives) declined \$1.1 million during the year.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

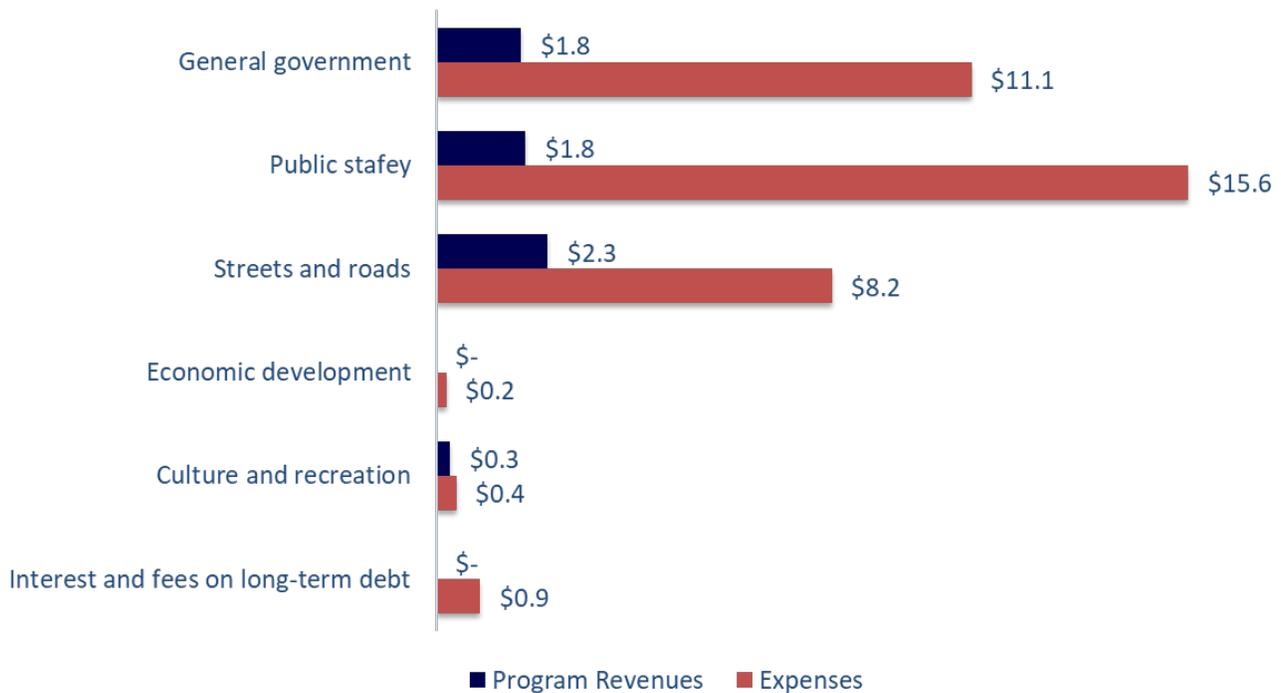
Public Safety expense increased \$0.5 million or 3.3 percent from \$15.1 million to \$15.6 million. Public Safety consists of the operations of the Village's Police Department and the Emergency Dispatch Center. The majority of this increase was due to an increase in salaries and wages of \$0.3 million from the prior year.

Streets and Roads expenses decreased \$2.6 million or 24.1 percent from the prior year primarily due to not incurring any expense in fiscal year 2024 for the annual resurfacing program as the Lakeview Parkway expansion project was done in lieu of the annual resurfacing program. The Lakeview Parkway expansion project was capitalized during the year and therefore is not included in the current year's expenses but will be expensed through depreciation over the useful life of the asset. In contrast, the annual resurfacing program is expensed, in full, each year. The average annual resurfacing costs is in excess of \$1.0 million. Street and Roads includes costs associated with the Public Works department.

Culture and Recreation expenses remained flat year-over-year. These expenses include costs associated with special events, such as, Vernon Hills Days, 4th of July parade and fireworks among others.

Interest and Fees on Long-Term Debt expense remained flat year-over-year.

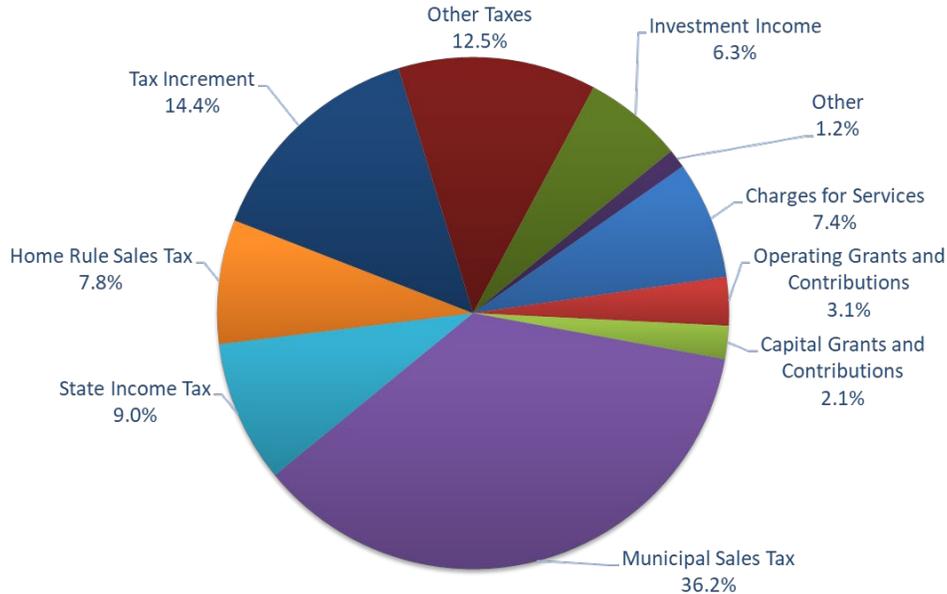
Expenses and Program Revenues by Function – Government Activities
For the Fiscal Year Ended April 30, 2024
(in millions)



VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

Revenues by Source – Government Activities For the Fiscal Year Ended April 30, 2024 (in millions)



Business-Type Activities expense increased \$0.1 million from \$0.5 million to \$0.6 million. These activities include the costs associated with the Village's 9-hole golf course. Costs related to course maintenance, bar and grill, and course administration make up the \$0.1 million increase from the prior year.

VILLAGE FUNDS ANALYSIS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At April 30, 2024, the Village's governmental funds reported combined ending fund balances of \$66.7 million, an increase of \$8.8 million in comparison with the prior year. Of this total amount, \$15.8 million was restricted in use by legislation, \$49.9 million was unassigned, and \$1.0 million was nonspendable.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$49.9 million with a total fund balance of \$51.1 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 163.3 percent of total General Fund expenditures, an increase from the prior fiscal year's percentage of 146.4 percent. Although General Fund revenues declined \$3.8 million during the fiscal year, they still

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

outpaced expenditures by \$6.0 million. After accounting for other financing uses, net other financing sources the General Fund's fund balance increased \$5.7 million during the year.

The Vernon Hills Town Center Tax Increment Financing (TIF) Fund ended the fiscal year with a fund balance of \$4.0 million, an increase of \$0.9 million or 30.2 percent over fiscal year 2023. The fund balance is restricted for economic development purposes. Total revenues increased \$0.2 over the prior year due to increased tax increment from increased property values within the TIF and from additional investment income earned. Total expenditures increased \$0.2 million as green space property owned by the Village was converted into a park. Aside from the park project, this development was substantially complete, minimal development expenditures were incurred and a majority of the remaining expenditures were to fund debt service payments.

The Milwaukee Avenue / Townline Road (Melody Farm) Tax Increment Financing (TIF) Fund ended the fiscal year with a fund balance of \$9.6 million, an increase of \$3.2 million or 51.1 percent over fiscal year 2023. The fund balance is restricted for economic development purposes. Total revenues increased \$0.5 over the prior year due to increased tax increment from increased property values within the TIF and from additional investment income earned. Total expenditures remained flat compared to the fiscal year 2023. Approximately, \$0.2 million was spent on economic development related costs and the remainder of the fund's total expenditure of \$1.6 during the year was used to fund debt service payments.

Changes in fund balance. The fund balance for the Village's governmental funds increased by \$8.8 million in fiscal year 2024. This increase was down \$4.3 million from fiscal year 2023 as revenues and other financing sources declined \$1.5 million and expenditures increased \$2.8 million in all governmental funds during the year. The revenue decline was due to slowing sales tax revenues as discussed earlier. The expenditure increase was due to the Lakeview Parkway expansion project. This project costed more than an average annual street resurfacing program and it was done in lieu of the annual resurfacing program.

Proprietary Funds. The Village's proprietary funds statements provide similar information as that found in the government-wide financial statements, but in more detail. Similar to the business-type activities, the Village reports one enterprise fund, the Golf Course Fund. In addition, the Village manages one internal service fund.

The net position of the Enterprise Fund was \$0.3 million at April 30, 2024, compared to \$0.3 million at April 30, 2023. The golf course requires subsidies from the Village's General Fund to fund its ongoing operations and capital spending. As of year-end, the golf course owed the General Fund advances of \$0.3 million. Operating revenues increased 18.2 percent to \$0.5 million and operating expense increased 26.7 percent to \$0.6 million, resulting in an operating loss of \$0.1 million for the year. This operating loss was offset by \$0.1 million of non-operating revenue from equipment sales and trade in value keeping the net position flat for the year.

The net position of the Internal Service Fund was \$3.3 million at April 30, 2024, which represented an increase of \$0.3 million from the prior year's net position of \$3.0 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

This report includes budget and actual comparison for the General Fund as the General Fund is the primary operating fund of the Village accounting for a majority of the Village's revenue receipts and disbursements related to government services.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

Table 3
General Fund Budget Highlights
*(in millions)***

	Final Budget	Actual	Variance Positive (Negative)	Percentage Variance
REVENUES				
Taxes	\$ 9.4	\$ 9.2	\$ (0.2)	-2.2%
Intergovernmental	23.9	22.4	(1.6)	-6.5%
Licenses, permits and fees	3.4	2.2	(1.2)	-36.5%
Charges for services	0.5	0.5	(0.0)	-1.6%
Fines and forfeitures	0.2	0.2	(0.0)	-11.5%
Investment income	1.0	2.1	1.1	105.2%
Miscellaneous	0.6	0.8	0.2	38.4%
Total Revenues	39.0	37.3	(1.7)	-4.5%
EXPENDITURES				
General government	12.2	10.5	1.7	-14.3%
Public safety	12.2	12.3	(0.2)	1.4%
Streets and roads	6.5	5.4	1.0	-16.0%
Culture and recreation	0.3	0.4	(0.1)	28.3%
Capital outlay	2.6	2.0	0.6	-22.4%
Debt service	0.6	0.6	(0.1)	8.7%
Total Expenditures	34.3	31.3	3.1	-8.9%
Excess of revenues over expenditures	4.7	6.0	1.3	28.0%
OTHER FINANCING SOURCES/(USES)	(0.7)	(0.3)	0.3	-49.4%
Net Change in Fund Balance	\$ 4.0	\$ 5.7	\$ 1.6	40.5%

**Variation in values may occur due to rounding

The Village's fiscal year 2024 General Fund expenditure budget of \$34.3 million and estimated revenues of \$39.0 million was adopted by the Village Board on April 18, 2023. General fund revenues were under budget by \$1.7 million or 4.5 percent. Notable budget variances are as follows:

Intergovernmental revenues were under budget by \$1.6 million or 6.5 percent. Municipal Sales Tax is the largest revenue source of the Village, and it came in under budget by \$2.0 million. This decline was offset by budget overages in Income Tax and Grant revenues of \$0.2 million each.

Licenses, Permits, and Fees revenues finished the year under budget by \$1.2 million or 36.5 percent largely due to major developments that were delayed to future years and some planned projects that were cancelled resulting in lower than expected permit revenue.

Investment Income was over budget by \$1.1 million or 105.2 percent. This was due to interest rates staying elevated relative to recent history. Actual interest rates were higher than anticipated at the time of budget preparation.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

General Government expenditures finished under budget by \$1.7 million or 14.3 percent. This was largely due to revenue sharing costs coming in under budget by \$1.1 million and lower than expected spend on personnel costs – under by \$0.1 million, legal services – under by \$0.1 million, and IT related costs – under by \$0.2 million.

Streets and Roads expenditures were under budget by \$1.0 million or 16.0 percent due to a few notable factors. Personnel costs were under budget by \$0.3 million due to position vacancies, snow removal contractual services were under by \$0.1 million due to less than average snow events, buildings and grounds maintenance costs were under budget by \$0.2 million, and fuel and other supplies were under budget by \$0.1 million.

Capital Outlay expenditures were under budget by \$0.6 million or 22.4 percent largely due to a \$0.4 million donation budgeted to go to the Park District for the construction of a splash park that did not take place in fiscal year 2024.

The accompanying required supplementary information includes a *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual*. The Village's budgetary basis of accounting is discussed in the *Notes to the Required Supplementary Information*.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Village's capital assets for its governmental and business-type activities as of April 30, 2024, amount to \$83.6 million, net of accumulated depreciation. These capital assets include land, land improvements, buildings and related improvements, equipment and vehicles and infrastructure.

The following table shows the Village's investment in capital assets for its Governmental Activities and Business-Type Activities for fiscal years ended, April 30, 2024 and April 30, 2023.

Table 4
Capital Assets, net of Depreciation and Amortization
*(in millions)***

As of April 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
- Tangible Capital Assets -						
Land	\$ 5.9	\$ 5.9	\$ 0.3	\$ 0.3	\$ 6.2	\$ 6.2
Construction in Progress	4.1	0.7	-	-	4.1	0.7
Land Improvements	4.2	4.7	-	-	4.2	4.7
Buildings and Improvements	13.6	14.0	-	-	13.6	14.0
Equipment and Vehicles	3.8	2.7	0.4	0.1	4.2	2.8
Infrastructure	52.0	54.5	-	-	52.0	54.5
- Intangible Capital Assets -						
Leased Assets	0.1	-	-	-	0.1	-
Subscription Assets	0.2	0.2	-	-	0.2	0.2
Total	83.9	82.7	0.7	0.4	84.6	83.1

**Variation in values may occur due to rounding

The Village's capital assets, net of accumulated depreciation, for its governmental and business-type activities increased \$1.4 million or 1.6 percent from the prior fiscal year. The increase in net capital assets was due to the following.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

Governmental Activities capital assets, net of accumulated depreciation increased \$1.1 million or 1.3 percent from the prior year.

- Depreciation expense reduced the net capital asset balance by \$4.0 million.
- Addition of an Integrated CCTV System at multiple Village facilities increased net capital asset balance by \$0.2 million.
- Completion of the police station booking room renovation increased net capital asset balance by \$0.2 million.
- Purchase of new Axon Taser 10 tasers increased net capital asset balance by \$0.2 million.
- Six police vehicles placed into service during the year increased the net capital asset balance by \$0.3 million.

Construction in progress added \$4.2 million to the net capital asset balance related to projects that were not yet complete and placed into service:

- \$0.7 million for a Boiler replacement at Police Communication Center, this item was placed into service during the year.
- Construction and engineering costs related to the Lakeview Parkway expansion project increased net capital asset balance by \$2.9 million.
- Lot 3 Park project within the Vernon Hills Town Center TIF increased net capital asset balance by \$0.2 million.
- \$0.4 million towards two 5-Yard Dump Trucks not yet completed and placed into service increased the net capital asset balance.

Business-Type Activities capital assets, net of accumulated depreciation increased \$0.3 million or 64 percent from the prior year.

- Purchase of 30 new golf carts placed in service during the year increased net capital asset balance by \$0.2 million.
- Purchase of a new Toro Reelmaster 3555 mower increased net capital asset balance by \$0.1 million.

Additional Information on capital assets can be found in Note 4 to the financial statements.

Debt Administration. At the end of the current fiscal year, the Village had \$24.9 million in bonds outstanding and financed purchases, a decrease of \$2.7 million or 9.9 percent from the previous year. The table below shows the Village's bonded debt and financed purchases:

Table 5
Outstanding Debt, Net
*(in millions)***

As of April 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 24.6	\$ 27.6	\$ -	\$ -	\$ 24.6	\$ 27.6
Installment Contracts	0.2	-	-	-	0.2	-
Total	\$ 24.8	\$ 27.6	\$ -	\$ -	\$ 24.8	\$ 27.6

**Variation in values may occur due to rounding

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2024

General Obligation Bonds. The Village's general obligation bonds have been rated AAA (the highest rating possible). As the Village does not levy a property tax, the Board of Trustees has historically passed ordinances abating the automatic property tax levy for the principal and interest payments on all of the Village's general obligation bonds. Four current general obligation bond issues have been issued for TIF purposes. The debt service on these TIF related bonds is paid with incremental property taxes received by the TIF funds. No new bonds were issued during the fiscal year.

Installment Contracts. The Village executed a new installment contract (a type of financed purchase) during the year for \$0.2 million. This contract financed the purchase of new Taser 10 tasers and is to be paid over the next five years.

More detailed information about the Village's debt and other long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND BUDGET OUTLOOK

The Village's elected and appointed officials considered many factors when setting the 2024 fiscal year budget, tax rates and fees to be charged for its governmental and business-type activities. Regional and national economies play a major role in the Village's finances and economic growth. The increasing mixed signals of economic strength and indications of an upcoming recession continues to create additional uncertainty when planning. Retail activity in the Village has slowed since its all-time peak in fiscal year 2023. In the fiscal year 2024, the unemployment rate in Vernon Hills was 3.7 percent, an increase from 3.5 percent in the prior year. This was a slight uptick in unemployment year-over-year, but the current unemployment rate is still well below the ten-year average of 4.3 percent. This indicates a continued strong job market moving into the next fiscal year. The interest rate market continues to be elevated over the ten-year average resulting in increased financing costs for any new debt issuances as well as higher yielding investments. There are no plans to issue new general obligation bonds in the upcoming fiscal year. Inflation has come down significantly since its peak at 7.0 percent in calendar year 2021 and planning for future price increases has become slightly less of a challenge.

The Village's 2025 General Fund Budget totaled \$36.5 million, excluding \$11.3 million of one-time capital funding transfers. The budget was adopted by the Board of Trustees on April 16, 2024. The 2025 General Fund Budget included a budgeted surplus of \$1.0 million before one-time capital funding transfers. The one-time capital funding transfers were budgeted as a plan to use accumulated fund balance in the General Fund. These transfers would fund scheduled future capital projects and equipment replacements critical to providing ongoing Village services. These one-time transfers have been excluded above totals as they are not part of the annual operations of the General Fund.

REQUESTS FOR INFORMATION

The *Annual Comprehensive Financial Report* is structured to provide a general overview of the Village's financial position for readers interested in the Village's finances. Questions and requests concerning data and information in any section of the *Annual Comprehensive Financial Report* may be addressed to the Village of Vernon Hills, Finance Department, 290 Evergreen Drive, Vernon Hills, Illinois 60061. A complete *Annual Comprehensive Financial Report* is also available on the Village's website at www.vernonhills.org.

BASIC FINANCIAL STATEMENTS

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position April 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 70,368,764	\$ 700	\$ 70,369,464
Receivables:			
Taxes	5,742,014	-	5,742,014
Accounts	406,956	20,010	426,966
Intergovernmental	1,195,889	-	1,195,889
Accrued interest	232,239	-	232,239
Other	34,410	-	34,410
Leases	4,708,494	-	4,708,494
Due from other governments	490,123	-	490,123
Internal balances	348,991	(348,991)	-
Inventory	-	26,398	26,398
Prepaid expenses	511,471	-	511,471
Capital assets:			
Nondepreciable assets	9,952,982	326,298	10,279,280
Depreciable and amortizable assets, net	73,937,493	329,729	74,267,222
Total assets	167,929,826	354,144	168,283,970
Deferred Outflows of Resources			
Unamortized loss on refunding	116,353	-	116,353
Asset retirement obligation	360,000	-	360,000
Pension related - IMRF	2,292,013	-	2,292,013
Pension related - Police Pension	6,106,241	-	6,106,241
OPEB related	3,138,807	-	3,138,807
Total deferred outflows of resources	12,013,414	-	12,013,414
Total assets and deferred outflows of resources	179,943,240	354,144	180,297,384
Liabilities			
Accounts payable	\$ 1,548,751	\$ 50,886	\$ 1,599,637
Accrued items	2,357,943	-	2,357,943
Accrued payroll	646,067	-	646,067
Accrued interest payable	89,164	-	89,164
Deposits payable	673,544	-	673,544
Other payables	3,984,434	954	3,985,388
Due to other governments	87,103	-	87,103
Unearned revenues	172,951	5,402	178,353
Noncurrent liabilities:			
Due within one year	4,798,768	-	4,798,768
Due in more than one year	58,530,490	-	58,530,490
Total liabilities	72,889,215	57,242	72,946,457
Deferred Inflows of Resources			
Unearned revenue - Grants	61,503	-	61,503
Unearned revenue - Leases	4,085,158	-	4,085,158
Pension related - IMRF	151,549	-	151,549
Pension related - Police Pension	1,415,998	-	1,415,998
OPEB related	1,611,316	-	1,611,316
Total deferred inflows of resources	7,325,524	-	7,325,524
Total assets and deferred outflows of resources	80,214,739	57,242	80,271,981
Net Position			
Net investment in capital assets	75,969,840	656,027	76,625,867
Restricted for:			
Public safety	376,373	-	376,373
Streets and roads	1,050,502	-	1,050,502
Economic development	14,322,743	-	14,322,743
Metra parking	12,084	-	12,084
Unrestricted (deficit)	7,996,959	(359,125)	7,637,834
Total Net Position	\$ 99,728,501	\$ 296,902	\$ 100,025,403

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Activities For the Year Ended April 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 11,136,683	\$ 1,755,238	\$ -	\$ -	\$ (9,381,445)	\$ -	\$ (9,381,445)
Public safety	15,552,494	1,616,148	226,536	-	(13,709,810)	-	(13,709,810)
Streets and roads	8,243,483	-	1,278,006	1,027,125	(5,938,352)	-	(5,938,352)
Economic development	181,677	-	-	-	(181,677)	-	(181,677)
Culture and recreation	379,992	277,382	-	-	(102,610)	-	(102,610)
Interest and fees	874,133	-	-	-	(874,133)	-	(874,133)
Total governmental activities	36,368,462	3,648,768	1,504,542	1,027,125	(30,188,027)	-	(30,188,027)
Business-type activities							
Golf	599,098	526,534	-	-	-	(72,564)	(72,564)
Total business-type activities	599,098	526,534	-	-	-	(72,564)	(72,564)
Total primary government	\$ 36,967,560	\$ 4,175,302	\$ 1,504,542	\$ 1,027,125	(30,188,027)	(72,564)	(30,260,591)
General revenues:							
Taxes:							
Utility					1,170,705	-	1,170,705
Home rule sales					3,844,695	-	3,844,695
Hotel/motel					273,514	-	273,514
911 surcharge					722,317	-	722,317
Road and bridge					227,984	-	227,984
Telecommunication					604,642	-	604,642
Tax increment					7,054,253	-	7,054,253
Use					1,055,366	-	1,055,366
Food and beverage					1,756,335	-	1,756,335
Other					227,890	-	227,890
Intergovernmental:							
Sales tax					17,754,401	-	17,754,401
State income tax					4,395,735	-	4,395,735
Payments in lieu of taxes					705,425	-	705,425
Franchise Fees					357,099	-	357,099
Investment income					3,079,876	280	3,080,156
Miscellaneous					580,829	79,400	660,229
Total general revenues					43,811,066	79,680	43,890,746
Changes in net position					13,623,039	7,116	13,630,155
Net position, May 1 - as restated (Note 14)					86,105,462	289,786	86,395,248
Net position, April 30					\$ 99,728,501	\$ 296,902	\$ 100,025,403

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS

Balance Sheet – Governmental Funds April 30, 2024

	General	Vernon Hills Town Center Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 50,165,171	\$ 4,111,296	\$ 9,567,201	\$ 4,187,585	\$ 68,031,253
Receivables					
Taxes	5,520,452	-	-	221,562	5,742,014
Accounts	365,783	-	-	41,173	406,956
Intergovernmental	-	-	-	1,195,889	1,195,889
Accrued Interest	232,239	-	-	-	232,239
Other	34,410	-	-	-	34,410
Leases	4,708,494	-	-	-	4,708,494
Due from other governments	490,123	-	-	-	490,123
Due from other funds	306,681	-	-	-	306,681
Prepaid items	481,055	-	-	30,416	511,471
Advances to other funds	42,310	-	-	-	42,310
Total assets	62,346,718	4,111,296	9,567,201	5,676,625	81,701,840
Liabilities					
Accounts payable	1,002,453	89,054	1,481	168,541	1,261,529
Accrued items	-	-	-	2,357,943	2,357,943
Accrued payroll	602,218	-	-	43,849	646,067
Deposits payable	673,544	-	-	-	673,544
Unearned revenue	172,951	-	-	-	172,951
Other payables	3,984,434	-	-	-	3,984,434
Due to other governments	87,103	-	-	-	87,103
Due to other funds	-	-	-	-	-
Total liabilities	6,522,703	89,054	1,481	2,570,333	9,183,571
Deferred Inflows					
Unavailable revenues	623,336	-	-	1,046,821	1,670,157
Unearned revenues - grants	61,503	-	-	-	61,503
Unearned revenues - leases	4,085,158	-	-	-	4,085,158
Total liabilities and deferred inflows	11,292,700	89,054	1,481	3,617,154	15,000,389
Fund Balances					
Nonspendable					
Advances	42,310	-	-	-	42,310
Prepaid items	481,055	-	-	30,416	511,471
Long-term receivable	490,123	-	-	-	490,123
Restricted					
Metra parking	12,084	-	-	-	12,084
Streets and roads	132,601	-	-	917,901	1,050,502
Economic development	-	4,022,242	9,565,720	734,781	14,322,743
Public safety	-	-	-	376,373	376,373
Unassigned	49,895,845	-	-	-	49,895,845
Total fund balance	51,054,018	4,022,242	9,565,720	2,059,471	66,701,451
Total liabilities and fund balances	\$ 62,346,718	\$ 4,111,296	\$ 9,567,201	\$ 5,676,625	\$ 81,701,840

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS
Reconciliation of Total Governmental Fund Balance
to the Statement of Net Position
April 30, 2024

Total fund balance - governmental funds (page 18)	\$ 66,701,451
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	83,890,475
Less amount reported in internal service funds below	(1,208,349)
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.	1,670,157
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
General obligation bonds payable	(24,520,000)
Premium on bonds payable	(104,486)
Compensated absences payable	(1,737,170)
Interest payable	(89,164)
Unamortized loss on refunding	116,353
Installment contracts payable	(136,332)
Operating lease contracts payable	(99,839)
Subscription contracts payable	(163,831)
Asset retirement obligation	(400,000)
Net pension liability - Illinois Municipal Retirement Fund	(1,887,194)
Net pension liability - Police Pension	(27,459,693)
Total OPEB liability	(6,820,713)
Certain deferred outflows (inflows) of resources not reported in the funds.	
Illinois Municipal Retirement Fund	2,140,464
Police Pension	4,690,243
OPEB	1,527,491
Asset retirement obligation	360,000
Net position of the Internal Service Fund is not reported in governmental funds.	<u>3,258,638</u>
Net position of governmental activities (page 16)	<u>\$ 99,728,501</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2024

	General	Vernon Hills Town Center Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	9,161,131	2,247,733	4,082,362	1,442,394	16,933,620
Payments in lieu of taxes	-	224,773	408,236	72,416	705,425
Intergovernmental	22,376,672	-	-	1,304,570	23,681,242
Licenses, permits, and fees	2,151,387	-	-	-	2,151,387
Charges for services	508,659	-	-	994,009	1,502,668
Fines and forfeitures	163,794	-	-	1,209	165,003
Investment income	2,070,557	246,434	495,388	155,656	2,968,035
Miscellaneous	821,434	-	-	52,870	874,304
Total revenues	37,253,634	2,718,940	4,985,986	4,023,124	48,981,684
Expenditures					
Current					
General government	10,483,530	-	-	-	10,483,530
Public safety	12,325,885	-	-	2,698,973	15,024,858
Streets and roads	5,425,781	-	-	-	5,425,781
Economic development	-	1,030	161,545	19,102	181,677
Culture and recreation	379,992	-	-	-	379,992
Capital outlay	2,008,673	205,033	-	2,924,554	5,138,260
Debt service					
Principal retirement	518,659	1,445,000	1,005,000	-	2,968,659
Interest and fiscal charges	130,628	134,468	586,138	-	851,234
Total expenditures	31,273,148	1,785,531	1,752,683	5,642,629	40,453,991
Excess (deficiency) of revenues over (under) expenditures	5,980,486	933,409	3,233,303	(1,619,505)	8,527,693
Other financing sources (uses)					
Transfers in	-	-	-	650,000	650,000
Transfers out	(650,000)	-	-	-	(650,000)
Lease financing	127,339	-	-	-	127,339
Installment contract financing	193,460	-	-	-	193,460
Total other financing sources (uses)	(329,201)	-	-	650,000	320,799
Net changes in fund balance	5,651,285	933,409	3,233,303	(969,505)	8,848,492
Fund balances, May 1	45,402,733	3,088,833	6,332,417	3,028,976	57,852,959
Fund balances, April 30	51,054,018	4,022,242	9,565,720	2,059,471	66,701,451

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Statement of Activities – Governmental Activities
April 30, 2024

Net changes in fund balances - total governmental funds (page 20)	\$ 8,848,492
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay - capitalized	4,352,502
Depreciation expense	(3,815,625)
Certain revenues will not be collected for several months after the Village's year-end, they are not considered available revenues and are deferred in governmental funds. These revenues include 911 surcharges and reimbursement grants.	
	897,976
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Debt issued:	
Lease contract financing	(127,339)
Installment contract financing	(193,460)
Principal repayments and retirements:	
Compensated absences payable	(69,605)
Principal repayment	3,053,287
Change in interest payable	12,156
Amortization of bond premium	26,950
Governmental funds report right-of-use assets as expenditures in the year a lease or subscription contract is executed, however, in the statement of activities the cost of those assets are allocated over the contract term and reported as amortization.	
Right-of-use assets - leases	127,339
Amortization expense	(58,693)
Amortization of the loss on refunding is reported as interest expense in the statement of activities whereas it is not reported in the governmental funds.	
	(62,005)
The net effect of the change in the deferred outflows (inflows) of resources not reported in the governmental funds.	
Illinois Municipal Retirement Fund	1,179,259
Police Pension Fund	(419,453)
OPEB	(419,378)
Asset retirement obligation	(8,000)
The change in net position of internal service funds is reported in governmental activities.	
	298,636
Change in net position of governmental activities (page 17)	\$ 13,623,039

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position – Proprietary Funds April 30, 2024

	Business-Type Activities Golf Course	Governmental Activities Internal Service
Assets		
Current assets		
Cash and cash equivalents	\$ 700	\$ 2,337,511
Accounts receivable	20,010	-
Inventory	26,398	-
Prepaid expenses	-	-
Total current assets	47,108	2,337,511
Noncurrent assets		
Capital assets		
Nondepreciable	326,298	359,042
Depreciable	2,423,888	2,537,878
Accumulated depreciation	(2,094,159)	(1,688,571)
Total noncurrent assets	656,027	1,208,349
Total assets	703,135	3,545,860
Liabilities		
Current liabilities		
Accounts payable	50,886	287,222
Unearned revenue	5,402	-
Other payable	954	-
Due to other funds	306,681	-
Total current liabilities	363,923	287,222
Noncurrent liabilities		
Advances from other funds	42,310	-
Total liabilities	406,233	287,222
Net Position		
Net investment in capital assets	656,027	1,208,349
Unrestricted	(359,125)	2,050,289
Total net position	\$ 296,902	\$ 3,258,638

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Revenues, Expenses and Changes in
Net Position – Proprietary Funds
For the Year Ended April 30, 2024

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
Operating revenues		
Charges for services	\$ 526,534	\$ 402,690
Operating expenses		
Operations	574,702	69,638
Depreciation	24,396	146,257
Total operating expenses	599,098	215,895
Operating gain/(loss)	(72,564)	186,795
Nonoperating revenue		
Gain on sale of equipment	79,400	-
Interest income	280	111,841
Total nonoperating revenue	79,680	111,841
Changes in net position	7,116	298,636
Net position, May 1	289,786	2,960,002
Net position, April 30	\$ 296,902	\$ 3,258,638

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Cash Flows – Proprietary Funds For the Year Ended April 30, 2024

	Business-Type Activities Golf Course	Governmental Activities Internal Service
Cash flows from operating activities		
Receipts from customers and users	\$ 530,509	\$ -
Receipts from internal service transactions	-	402,690
Payments to suppliers	(555,814)	337,753
Net cash from operating activities	(25,305)	740,443
Cash flows from capital and related financing activities		
Acquisition of capital assets	(292,166)	(704,850)
Proceeds from the sale of capital assets	79,400	-
Interfund transactions	206,443	-
Net cash from capital and related financing activities	(6,323)	(704,850)
Cash flows from investing activities		
Interest received	280	111,841
Net cash from investing activities	280	111,841
Net change in cash and cash equivalents	(31,348)	147,434
Balance, May 1	32,048	2,190,077
Balance, April 30	700	2,337,511
Reconciliation of operating gain/(loss) to net cash from operating activities		
Operating gain/(loss)	(72,564)	186,795
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	24,396	146,257
Changes in assets and liabilities:		
Accounts receivable	3,438	-
Inventory	(2,920)	-
Prepaid expenses	-	120,258
Accounts payable	21,787	287,133
Other payable	21	-
Unearned revenue	537	-
Net cash from operating activities	\$ (25,305)	\$ 740,443

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Fiduciary Net Position
Pension Trust Fund
April 30, 2024

Assets

Cash and cash equivalents	\$ 3,774,326
Investments	
Illinois Public Officer's Pension Investment Fund	63,737,100
Prepaid items	<u>5,775</u>
Total assets	<u>67,517,201</u>

Liabilities

Accounts payable	<u>5,538</u>
Total liabilities	<u>5,538</u>

Net Position

Net position restricted for pensions	<u>\$ 67,511,663</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended April 30, 2024

	Police Pension Trust Fund
Additions	
Contributions	
Employer	\$ 2,924,464
Participant	789,690
Total contributions	3,714,154
Investment income	
Net appreciation in fair value of investments	5,215,626
Interest and dividend income	555,779
Less investment expenses	(38,921)
Net investment income	5,732,484
Total additions	9,446,638
Deductions	
Administration	43,320
Benefits and refunds - benefits	3,877,178
Total deductions	3,920,498
Net decrease in net position	5,526,140
Net position restricted for pensions	
Net position, May 1	61,985,523
Net Position, April 30	\$ 67,511,663

The notes to the financial statements are an integral part of this statement.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Vernon Hills, Illinois (Village) is a municipal corporation governed by an elected mayor and six-member Board of Trustees. The Village's major operations include public safety, streets and road maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, golf services, as well as general administration services.

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

A. *Reporting Entity*

The Village's financial reporting entity comprises the following:

Primary Government: Village of Vernon Hills

In determining the financial reporting entity, the Village complies with the provisions of GASB Statements and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statements, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

The Village's sworn police officers participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining 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 contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for these Village employees. The PPERS is reported as a pension trust fund and does not issue a stand-alone financial report.

B. *Basic Financial Statements – Government-Wide Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, streets and roads, economic development and culture and recreation services are classified as governmental activities. The Village's golf services are classified as business-type activities.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (sales taxes, income taxes, unrestricted investment earnings among other similar revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, streets and roads, economic development, culture and recreation, or general government) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales taxes, income taxes, unrestricted investment earnings, and other similar revenues).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village can electively report any fund as a major fund.

If a fund is not electively added as major, the determination of a major fund is as follows:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

The following fund types are used by the Village:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports the following major governmental funds and fund types:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those accounted for in another fund. This is considered a major fund.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village has two major special revenue funds.

Vernon Hills Town Center Tax Increment Financing Fund – Used to account for the financing of improvements in the Village's Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from property taxes and payments in lieu of taxes from the Village's General Fund as the Village does not levy property taxes outside of the TIF funds. This fund is reported as a major fund due to public interest.

Milwaukee Avenue / Townline Road Tax Increment Financing Fund – Used to account for the financing of improvements in the Village's Milwaukee Avenue/Townline Road Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from property taxes and payments in lieu of taxes from the Village's General Fund as the Village does not levy property taxes outside of the TIF funds. This fund is reported as a major fund due to public interest.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary funds and fund types:

Enterprise Funds – Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Village has one enterprise fund.

Golf Course Fund – Used to account for the transactions of the Village's municipal golf course.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Internal Service Funds – Internal service funds are used to accumulate and allocate costs internally among the Village’s various functions. The Village has one internal service fund.

Equipment Replacement Fund – Used to account for the accumulation of funds to replace large equipment. Departments are charged for the use of the equipment.

3. Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trust or custodial capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The Village has one fiduciary fund type.

Pension Trust Funds – Used to account for assets held in a trustee capacity for pension benefit payments.

Police Pension Fund – Used to account for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

The Village’s Fiduciary Fund is presented in the Fiduciary Fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants and beneficiaries) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

D. *Measurement Focus*

Measurement focus is a term used to describe which transactions are recorded within the financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

E. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. When resources are received prior to legal claim or qualifying criteria being met, as with grant monies, they are reported as unearned revenue on the financial statements.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year-end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available. When revenues are earned but not available, they are reported as unavailable revenue on financial statements. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Revenues susceptible to accrual include franchise fees, utility taxes, licenses, interest revenue, and charges for service. Sales taxes and telecommunication taxes owed to the state at year end on behalf of the Village are also recognized as revenue. Fines (excluding fines collected by the Lake County Court) and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

F. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all the Village's funds. Instead, the funds maintain their uninvested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

Cash and cash equivalents as well as investments on the Statement of Net Position are considered to be cash on hand, demand deposits, or cash with fiscal agent. For the purpose of the proprietary funds Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, all highly liquid investments with an original maturity of three months or less.

Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are reported at fair value. Short-term investments with a maturity of less than one year when purchased are reported at cost or amortized cost, which approximates fair value. Fair value is

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

G. *Receivables*

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for governmental activities include sales and use taxes, and home rule sales taxes.

H. *Prepays and Inventories*

Prepays and inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays and inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables classified as due from other funds and due to other funds on the financial statements and are subject to elimination upon consolidation. Interfund balances that are not expected to be paid within a year are classified as advances to other funds and advances from other funds. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$50,000 or more, dependent on asset type, are reported at historical cost or estimated historical cost. Contributed capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value as of the date of the donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation on all depreciable assets is provided on the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	20 – 30 Years
Buildings and Improvements	45 Years
Equipment and Vehicles	5 – 30 Years
Infrastructure	10 – 50 Years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term debt obligation in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of the GASB Statement No. 16, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as "terminal leave" prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures at the time of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

N. *Government-Wide and Proprietary Fund Net Position*

Government-wide and proprietary fund net position is divided into three components:

1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consists of net position that is restricted by the Village’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted – all remaining net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Village Board. Board approval of an ordinance is required to establish, modify, or rescind a fund balance commitment. Committed amounts cannot be used for any other purpose unless the Village Board removes those constraints by taking the same type of action (ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. Assigned – Assigned fund balances are amounts that are constrained by the Village’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g., a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself.

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to represent negative fund balances in other funds.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

P. *Minimum Fund Balance Policy*

The Village has established minimum fund balance targets for certain funds. Village policy states that the General Fund hold no less than 67 percent of the annual recurring expenditures plus recurring transfers out excluding transfers to the Capital Fund. To further provide financial stability, it is the goal of the Village to maintain a fund balance in the Replacement Fund of approximately three years of planned vehicle and equipment expenditures. In times of financial hardship, this measure will help reduce the annual burden on the General Fund to fund equipment necessary for ongoing Village operations as transfers from the General Fund can be deferred up to three years before these funds may need to scale back on spending. There are currently no other funds with minimum fund balance requirements.

Q. *Property Tax Calendar and Revenues*

Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are levied and are payable in two installments early in June and early in September of the following calendar year. The Village has not levied a property tax for the current fiscal year and will not receive property tax revenue except for property taxes received through tax increment financing (TIF) funds.

R. *Defining Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. *Estimates*

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and investments are governed by the Village's investment policy and separate policies governing the Police Pension Fund as well as Illinois Compiled Statutes (ILCS).

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". The deposits and investments of the pension trust funds are held separately from those other funds.

Village

The Village's investment policy permits deposits/investments in interest-bearing savings accounts; certificates of deposit (CDs), other time-deposits at financial institutions or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; obligations of the U.S. Treasury and U.S. Agencies including government sponsored enterprise (GSE) obligations; obligations of states and local governments rated A, A2 or better; obligations of U.S. corporations rated A, A3 or better by two nationally recognized rating agencies maturing more than 270 days but less than three years from the date of purchase, and the purchase does not exceed more than 10% of the corporation's outstanding obligations; short-term obligations (commercial paper) of corporations organized in the U.S. with assets exceeding \$500,000,000, rated at A-1, P-1, F-1, D1 or better by two nationally recognized rating agencies maturing not later than 270 days from the date of purchase, and the purchase does not exceed more than 10 percent of the corporation's outstanding obligations; Illinois Metropolitan Investment Fund (IMET); money market mutual funds regulated by the Securities and Exchange Commission (SEC) and whose portfolios consist of dollar-denominated securities; and local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation including Illinois Funds.

Deposits

At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$4,296,386 and the bank balances totaled \$4,462,994.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires all deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits be secured by collateral held by an independent third party in the Village's name with a market value of 105 percent of balances required to be collateralized. As of April 30, 2024, the entire amount of the bank balance deposits were covered by collateral, federal depository, or equivalent insurance.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Interest rate risk will be mitigated primarily by following a *held to maturity* strategy. *Held to maturity* allows for investments to be purchased, coupons to be collected over the life of the investment, and principal returned at maturity.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy limits its exposure to credit risk by emphasizing safety of principal as the number one objective of the investment program and by allowing investments in obligations guaranteed by the United States government or by agencies of the United States that are implicitly guaranteed by the United States government. Furthermore, investments in negotiable certificates of deposits are insured up to \$250,000 per bank allowing for the return of principal and accumulated interest to the Village in the case of a bank failure.

As of April 30, 2024, the Village investments holdings were rated as follows:

Investments	Credit Rating	Rating Source
U.S. Treasury Obligations	n/a	n/a
U.S. Agency Obligations	AA+/Aaa	S&P/Moodys
State and Local Obligations	AA+/Aa1	S&P/Moodys
Certificates of Deposit (negotiable)	Unavailable	n/a
Illinois Funds Investment Pool	AAmmf	Fitch

Custodial Credit Risk – Investments

For an investment, this 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. To limit exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held, in the Village's name, by a third party acting as the fund's agent separate from where the investment was purchased.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. With the exception of the U.S. Treasury and U.S. Agency obligations, pooled investments and investments covered by federal depository insurance, no more than 5 percent of the Village's total investment portfolio will be invested in a single issuer. At year-end there were no investments in any one issuer, excluding exceptions, which represent 5 percent or more of the Village's total investments.

As of April 30, 2024, the Village had the following cash, investments, and maturities:

Investments	Fair Value	Investment Maturities (in Years)			
		Less Than One Year	1 - 5 Years	6 -10 Years	More Than 10 Years
U.S. Treasury Obligations	\$ 784,531	\$ 496,930	\$ 287,601	\$ -	\$ -
U.S. Agency Obligations	12,863,268	-	12,863,268	-	-
State and Local Obligations	256,979	-	256,979	-	-
Certificates of Deposit (negotiable)	17,567,937	1,706,894	15,861,043	-	-
Illinois Funds Investment Pool	34,596,987	34,596,987	-	-	-
Total Investments	66,069,702	\$36,800,811	\$29,268,891	\$ -	\$ -
Deposits	4,296,386				
Cash on Hand	3,376				
Total cash and investments per Statement of Net Position	<u>\$70,369,464</u>				

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC but operates as a qualified external investment pool in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The Illinois Treasurer's investment policies are governed by State statute. In addition, the Treasurer's Office has adopted its own investment practices that supplement the statutory requirement. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Fair Value Measurement

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of April 30, 2024:

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
U.S. Treasury Obligations	784,531	784,531	-	-
U.S. Agency Obligations	12,863,268	-	12,863,268	-
State and Local Obligations	256,979	-	256,979	-
Certificates of Deposit (negotiable)	17,567,937	-	17,567,937	-
Total Investments by Fair Value Level	31,472,715	784,531	30,688,184	-
<u>Investments Measured at the Net Asset Value (NAV)</u>				
Illinois Funds Investment Pool	34,596,987			
Total Investments Measured at Fair Value	<u>66,069,702</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Police Pension Fund

Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011, and up to fifty-five percent effective July 1, 2012.

The Illinois Police Officer Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report, which can be obtained from IPOPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org. The Police Pension Fund transferred all eligible assets to the Investment Fund through separate transfers on September 1, 2022, and November 1, 2022.

Deposits

The Police Pension Fund retains available cash and cash equivalents to provide liquidity to cover current expenditures of the fund. The excess available cash is required to be transferred to IPOPIF for the purpose of the long-term investment for the Fund. At year-end, the carrying amount of these cash and cash equivalents totaled \$3,774,326 and the bank balances totaled \$3,774,326.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Funds' investment policy does not address custodial credit risk for investments. At year-end, the entire amount of bank balance deposits was covered by collateral, federal depository, or equivalent insurance.

Investments

At year-end the Fund had \$63,737,100 invested in IPOPIF, which is measured at the Net Asset Value

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

(NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org.

IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021, and last revised April 12, 2024. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

Custodial Credit Risk – Investments

The Fund's investment policy does not address custodial credit risk for investments.

Investment Concentrations

At year-end, the Fund does not have any investments over 5 percent of net position restricted for benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in money market mutual funds, external investment pools, and other pooled investments).

Rate of Return

For the year ended April 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

NOTE 3 – LOAN AND LEASE RECEIVABLES

Loan Receivable

During the fiscal year ended April 30, 2013, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District) to arrange for the purchase of a YMCA athletic and recreational facility. The Village agreed to provide the required funding for the Park District's purchase of the property which included earnest money of \$100,000 for the contract payable with the Park District's tender of the purchase agreement as well as \$1,925,000 at closing. As such, a loan receivable due from the Park District to the Village was established and was to be paid in instalments of \$202,500 commencing December 31, 2016, and ending December 31, 2025. On March 3, 2013, the agreement was amended whereby the Park District impact fee payments received in 2014 and 2015 from the Oaks Development Project would be applied to the principal amount of the loan balance, and all or any portion of the Park District impact fees from other developments during the years of 2014 through 2020 may be applied to the loan balance, and that the commencement of the scheduled loan payments would begin in 2020. The loan receivable balance as of April 30, 2024, was \$420,151 and was reported on the statement of net position and the governmental funds balance sheet as due from other governments.

Principal maturities of this loan receivable for future periods are as follows:

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Fiscal Year Ending April 30	Principal
2025	\$ 84,031
2026	84,031
2027	84,031
2028	84,031
2029	84,027
	\$ 420,151

VHAC Turf Field Lease Receivable

During the fiscal year ended April 30, 2020, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District), SMP Development LLC (the Company), and the Vernon Hills Soccer Club (the Soccer Club) for the purchase and installation of turf fields at the Vernon Hills Athletic Complex (VHAC). The Village agreed to purchase the new turf fields for \$1,766,736 and lease the use of the fields to the abovementioned parties. As such, a lease receivable due from these parties was established and was to be paid in installments ranging from \$16,666 to \$90,000, commencing January 10, 2020, through February 1, 2030. The lease receivable balance as of April 30, 2024, was \$623,336 and was reported on the statement of net position as leases receivable and reported on the governmental funds balance sheet as leases receivable and unavailable revenue.

Principal maturities of this lease receivable for future periods are as follows:

Fiscal Year Ending April 30	Principal
2025	\$ 106,666
2026	106,666
2027	106,666
2028	106,666
2029	106,666
2030	90,006
	\$ 623,336

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Tower Lease Receivable

The Village owns four towers specifically built to accommodate wireless carrier communication equipment. As of April 30, 2024, the Village has six current lease agreements with wireless carriers. The Village is a lessor on the following tower leases at year end:

Lease	Term	Start Date	Annual Payments	Payment Increase	Interest Rate
Village Hall Tower #1	30 years	1/1/2009	\$36,114	4.00% per year	3.54%
Police Tower #1	30 years	6/1/2016	\$31,481	4.00% per year	2.32%
Public Works Tower #1	30 years	11/1/2009	\$34,761	4.00% per year	2.68%
Police Tower #2	30 years	10/27/2010	\$45,437	4.00% per year	3.69%
Police Tower #3	30 years	5/15/2015	\$32,846	4.00% per year	3.11%
Metra Lot Tower #1	30 years	2/1/2011	\$29,107	4.00% per year	4.38%

During the fiscal year, the Village recognized \$209,746 of lease revenue.

The future principal and interest payments under the lease agreements are as follows:

Fiscal Year Ending April 30	Principal	Interest	Total
2025	\$ 89,320	\$ 129,295	\$ 218,615
2026	101,623	126,218	227,841
2027	114,713	122,722	237,435
2028	128,632	118,781	247,413
2029	143,423	114,366	257,789
2030-2034	972,923	486,787	1,459,710
2035-2039	1,478,994	286,013	1,765,007
2040-2044	833,148	78,954	912,102
2045-2047	222,382	5,049	227,431
	<u>\$ 4,085,158</u>	<u>\$ 1,468,185</u>	<u>\$ 5,553,343</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 4 - CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended April 30, 2024, was as follows:

	Balance May 1, 2023 <i>(restated)</i>	Additions	Disposals	Balance April 30, 2024
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$ 5,859,632	\$ -	\$ -	\$ 5,859,632
Construction in Progress	675,735	4,168,535	750,920	4,093,350
Total Capital Assets not being depreciated	6,535,367	4,168,535	750,920	9,952,982
Tangible Capital Assets being depreciated:				
Land Improvements	15,398,949	-	-	15,398,949
Buildings and Improvements	25,778,627	198,224	-	25,976,851
Equipment and Vehicles	8,252,476	1,441,513	-	9,693,989
Infrastructure	121,028,444	-	-	121,028,444
Total Tangible Capital Assets being depreciated	170,458,496	1,639,737	-	172,098,233
Intangible Capital Assets being amortized:				
Leased assets	-	127,339	-	127,339
Subscription assets	261,630	-	-	261,630
Total Intangible Capital Assets being amortized	261,630	127,339	-	388,969
Less Accumulated Depreciation for:				
Land Improvements	10,682,484	537,281	-	11,219,765
Buildings and Improvements	11,758,789	600,778	-	12,359,567
Equipment and Vehicles	5,535,796	378,257	-	5,914,053
Infrastructure	66,517,181	2,445,566	-	68,962,747
Total Accumulated Depreciation	94,494,250	3,961,882	-	98,456,132
Less Accumulated Amortization for:				
Leased assets	-	6,367	-	6,367
Subscription assets	34,884	52,326	-	87,210
Total Accumulated Amortization	34,884	58,693	-	93,577
Capital Assets being depreciated and amortized, Net	76,190,992	(2,253,499)	-	73,937,493
Governmental Activities Capital Assets, Net	\$ 82,726,359	\$ 1,915,036	\$ 750,920	\$ 83,890,475

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government, as follows:

General Government	\$ 839,489
Public Safety	490,393
Streets and Roads	2,690,693
Total Depreciation and Amortization - Governmental Activities	\$ 4,020,575

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Business-Type Activities

Capital asset activity for the year ended April 30, 2024, was as follows:

	Balance May 1, 2023	Additions	Disposals	Balance April 30, 2024
Business-Type Activities				
Capital Assets not being depreciated:				
Land	\$ 302,282	\$ -	\$ -	\$ 302,282
Construction in Progress	-	24,016	-	24,016
Total Capital Assets not being depreciated	<u>302,282</u>	<u>24,016</u>	<u>-</u>	<u>326,298</u>
Capital Assets being depreciated:				
Land Improvements	745,882	-	-	745,882
Buildings and Improvements	1,019,002	-	-	1,019,002
Equipment and Vehicles	514,452	268,149	123,597	659,004
Total Capital Assets being depreciated	<u>2,279,336</u>	<u>268,149</u>	<u>123,597</u>	<u>2,423,888</u>
Less Accumulated Depreciation for:				
Land Improvements	745,882	-	-	745,882
Buildings and Improvements	1,019,002	-	-	1,019,002
Equipment and Vehicles	428,476	24,396	123,597	329,275
Total Accumulated Depreciation	<u>2,193,360</u>	<u>24,396</u>	<u>123,597</u>	<u>2,094,159</u>
Capital Assets being depreciated, Net	<u>85,976</u>	<u>243,753</u>	<u>-</u>	<u>329,729</u>
Business-Type Activities Capital Assets, Net	<u>\$ 388,258</u>	<u>\$ 267,769</u>	<u>\$ -</u>	<u>\$ 656,027</u>

Depreciation expense was charged to functions/programs of the business-type activities of the primary government, as follows:

Golf	<u>\$ 24,396</u>
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VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2024, was as follows:

	Balance May 1, 2023	Additions	Retirements	Balance April 30, 2024	Amounts Due Within One Year
Governmental Activities	<i>(restated)</i>				
General Obligation Bonds	\$27,445,000	\$ -	\$ 2,925,000	\$24,520,000	\$ 2,930,000
Unamortized Bond Premium	131,436	-	26,950	104,486	26,950
Other Long-Term Liabilities					
Compensated Absences	1,667,565	1,436,646	1,367,041	1,737,170	1,737,170
Installment Contracts	-	193,460	57,128	136,332	35,748
Operating Lease	-	127,339	27,500	99,839	23,513
Subscription Contracts	207,490*	-	43,659	163,831	45,387
Asset Retirement Obligations	400,000	-	-	400,000	-
Net Pension Liability - IMRF	4,408,515	3,412,403	5,933,724	1,887,194	-
Net Pension Liability - Police Pension	28,801,656	8,104,672	9,446,635	27,459,693	-
OPEB Liability	6,989,570	428,468	597,325	6,820,713	-
Total Other Long-Term Liabilities	<u>42,474,796</u>	<u>13,702,988</u>	<u>17,473,012</u>	<u>38,704,772</u>	<u>1,841,818</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$70,051,232</u>	<u>\$13,702,988</u>	<u>\$20,424,962</u>	<u>\$63,329,258</u>	<u>\$ 4,798,768</u>

* Reported amount restated due to the implementation of GASB Statement No. 96. See Note 14.

For governmental activities, compensated absences, contract obligations, net pension liabilities and the OPEB liability are generally liquidated by the General Fund.

Asset Retirement Obligations

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells is 50 years. The Village had \$400,000 in asset retirement obligations and \$360,000 in deferred outflows as of April 30, 2024.

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. "The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts." To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, general government activities, and for refunding past general obligation bond issuances. General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

	Fund Debt Retired by / Purpose	Balance May 1, 2023	Additions	Retirements	Balance April 30, 2024	Amounts Due Within One Year
\$7,850,000 General Obligation Bonds, Serices 2012A due in annual installments of \$300,000 to \$1,000,000 with interest from 2.00% to 2.25%. The last payment is due December 30, 2026.	Vernon Hills Town Center TIF / TIF Eligible Redevelopment Project Infrastructure and Land Cost	\$ 3,700,000	\$ -	\$ 800,000	\$ 2,900,000	\$ 900,000
\$1,625,000 General Obligation Refunding Bonds, Serices 2012B due in annual installments of \$15,000 to \$155,000 with interest from 2.00% to 2.40%. The last payment is due March 30, 2026.	General / Purchase American Family Insurance building for Police Station Expansion	450,000	-	145,000	305,000	150,000
\$5,630,000 General Obligation Bonds, Serices 2014 due in annual installments of \$195,000 to \$820,000 with interest from 2.00% to 3.50%. The last payment is due March 30, 2034.	General (Police) / Rehab and Furnish New Building	2,240,000	-	180,000	2,060,000	180,000
	General (Com. Center) / Rehab and Furnish New Building	400,000	-	-	400,000	-
	Vernon Hills Town Center TIF / TIF Eligible Infrastructure Improvements	380,000	-	190,000	190,000	190,000

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

	Fund Debt Retired by	Balance May 1, 2023	Additions	Retirements	Balance April 30, 2024	Amounts Due Within One Year
\$2,005,000 General Obligation Bonds, Serices 2015A due in annual installments of \$80,000 to \$150,000 with interest from 2.00% to 3.25%. The last payment is due March 30, 2034.	General / Starcom Radio Purchase and Park District Donation	1,080,000	-	150,000	930,000	80,000
\$5,255,000 General Obligation Refunding Bonds, Serices 2015B due in annual installments of \$440,000 to \$575,000 with interest from 2.00% to 2.50%. The last payment is due December 30, 2026.	Vernon Hills Town Center TIF / TIF Eligible Redevelopment Costs	\$ 1,900,000	\$ -	\$ 455,000	\$ 1,445,000	\$ 395,000
\$20,190,000 General Obligation Bonds, Serices 2017 due in annual installments of \$945,000 to \$1,530,000 with interest from 2.00% to 3.90%. The last payment is due March 30, 2037.	Milwaukee Avenue Townline Road TIF / Developer Incentives for TIF Eligible Costs	17,295,000	-	1,005,000	16,290,000	1,035,000
		<u>\$27,445,000</u>	<u>\$ -</u>	<u>\$ 2,925,000</u>	<u>\$24,520,000</u>	<u>\$ 2,930,000</u>

As of April 30, 2024, the annual debt service requirements to service all general obligation bonds attributable to governmental activities are as follows:

Year Ending April 30	Principal	Interest	Total
2025	2,930,000	770,200	3,700,200
2026	3,200,000	700,303	3,900,303
2027	3,100,000	619,093	3,719,093
2028	1,410,000	537,230	1,947,230
2029	1,450,000	493,805	1,943,805
2030-2034	8,005,000	1,724,283	9,729,283
2035-2037	4,425,000	349,440	4,774,440
Total	<u>\$ 24,520,000</u>	<u>\$ 5,194,354</u>	<u>\$ 29,714,354</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Sales Tax Revenue Note

Pursuant to the Redevelopment Agreement dated July 6, 2021, on December 17, 2021, the Village issued a 20-year \$4,000,000 Taxable Sales Tax Revenue Note bearing interest at 6.00 percent to incentivize the developers of a redevelopment project in the Village. This note will be used to reimburse the developers for eligible costs and other redevelopment costs. Annual note payments will be made each February 1st subsequent to the issuance and funded by the Village's pledged revenues. This Note, together with the interest thereon, is a limited obligation of the Village; the pledged revenues include 40 percent of the Village's state sales tax revenues and 40 percent of the home rule sales tax revenues from retailers located within the redevelopment area, less the Village's 10 percent TIF contribution and any prior sales tax deficiencies as described in the redevelopment agreement. The Village will use the remaining sales tax pledged funds to satisfy principal and interest payment obligations coming due until all such obligations have been paid in full or the Note maturity date is reached. This Note will be a "cash flow" note. There will be no amortization schedule issued for this Note and no limit on the Village's right to prepay. As of April 30, 2024, the outstanding Sales Tax Revenue Note balance was \$3,868,638.

Long-Term Contracts

The Village issues various types of long-term contracts for equipment and systems used in operations. Current active long-term contracts include an installment contract and a lease contract. In addition, for the fiscal year ended April 30, 2024, the Village implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. With the implementation, the Village was required to record beginning balances for a subscription liability and a subscription asset as of May 1, 2023, see Note 14. The subscription asset is then amortized annually over the life of the contract term. Further information about the Village's long-term contracts are as follows:

Long-Term Contracts	Start Date	Contract Term	Payment Frequency	Payment Amount	Total Contract Payments	Asset Value at Inception	Implied Interest Rate
<i>- Installment Contract -</i>							
Axon - Taser 10 Package	4/1/2024	5 Years	Annually	Various	208,929	193,460	4.353%
<i>- Operating Lease -</i>							
Flock - Falcon Cameras and OS	2/1/2024	5 Years	Annually	\$ 27,500	137,500	127,339	3.993%
<i>- Subscription Contracts -</i>							
Axon - Fleet 3 Camera System	9/1/2022	6 Years	Annually	\$ 23,089	140,801	128,266	3.958%
Axon - BWC and Taser System	1/1/2023	5 Years	Annually	\$ 28,783	143,913	133,364	3.958%

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

As of April 30, 2024, the annual contract payment requirements for each contract type attributable to governmental activities are as follows:

Year Ending April 30	Installment Contracts			Operating Lease			Subscription Contracts		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 29,813	\$ 5,935	\$ 35,748	\$ 23,513	\$ 3,987	\$ 27,500	\$ 45,387	\$ 6,484	\$ 51,871
2026	32,541	4,637	37,178	24,453	3,047	27,500	47,183	4,688	51,871
2027	35,444	3,220	38,664	25,429	2,071	27,500	49,051	2,821	51,872
2028	38,534	1,677	40,211	26,444	1,056	27,500	22,210	879	23,089
Total	<u>\$ 136,332</u>	<u>\$ 15,469</u>	<u>\$ 151,801</u>	<u>\$ 99,839</u>	<u>\$ 10,161</u>	<u>\$ 110,000</u>	<u>\$ 163,831</u>	<u>\$ 14,872</u>	<u>\$ 178,703</u>

Installment contracts are financed purchases of Village owned equipment, therefore, the related asset is capitalized and expensed through depreciation over the useful life of the equipment. These assets are reported with other Village capital assets, see Note 4. Unlike the equipment purchased through installment contracts, the equipment or intangible assets related to lease and subscription contracts are not owned by the Village and are therefore reported as right-of-use assets. The accumulated amortization and the carrying value for the Village's right-of-use assets as of April 30, 2024 are as follows:

<u>Right-of-use Assets</u>	<u>Asset Value at Inception</u>	<u>Accumulated Amortization</u>	<u>Carrying Value</u>
Operating Lease Asssets	127,339	6,367	120,972
Subscription Assets	261,630	87,210	174,420

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 6 – REVENUE SHARING / SALES TAX REBATE AGREEMENTS

The Village rebates sales taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebated arrangements are specified within written agreements with the businesses concerned. The Village has specifically disclosed those agreements that generated greater than \$100,000 in sales tax rebates during the year, below.

The Village has an agreement with a retailer to rebate up to 56.30 percent (depending on certain sales benchmarks) of its share of sales taxes to reimburse the retailer for the cost of extraordinary site and redevelopment costs having an initial size of approximately 28.825 acres of land to be used as its corporate headquarters and direct marketing sales operation center. The agreement requires the Village to rebate pledged sales taxes to the retailer annually, after certain benchmarks are achieved, for a term of 15 years. The total rebates incurred during the year ended April 30, 2024, was \$4,977,842. A liability of \$3,788,684 has been recorded as of April 30, 2024, and is included in other payables.

The Village has an agreement with a developer to rebate 40 percent of its share of specific sales taxes less the Village's 10 percent TIF contribution required by statute. This rebate is to reimburse the developer for the cost to expand and renovate a site having an initial size of approximately 65,000 square feet to be used as retail sales space. Pursuant to this agreement the Village will issue up to three separate sales tax notes bearing interest and paid with the Village's sales tax revenue as described above. Each sales tax note will be issued based on the developer meeting various project milestones. The agreement requires the Village to rebate to the developer the designated sales taxes annually until either the principal and interest of the sales tax notes have been paid or for a term of up to the earlier of 20 years or December 31, 2043. The first of the three sales tax notes have been issued, see *Sales Tax Revenue Note* under Note 5 Long-Term Liabilities for further details. The total rebate incurred during the year ended April 30, 2024, was \$113,442. A liability of \$98,490 has been recorded as of April 30, 2024, and is included in other payables.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Long-Term Advances

As of April 30, 2024, the Village had the following long-term advances between funds:

<u>Advance From</u>	<u>Advance To</u>	<u>Balance</u>
General	Golf Course	\$ 42,310

The long-term advance to the Golf Course Fund from the General Fund was for a well loan. Repayment is not expected within one year.

Interfund Balances

As of April 30, 2024, the Village had the following interfund balances:

<u>Due To</u>	<u>Due From</u>	<u>Balance</u>
General	Golf Course	\$ 306,681

The advances were made to meet short-term cash needs and are expected to be repaid within the next year.

Interfund Transfers

As of April 30, 2024, the Village had the following interfund transfer:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental	General	650,000
	Total	<u>\$ 650,000</u>

The purpose of the interfund transfer is as follows:

\$650,000 transferred from the General Fund to the Dispatch Fund to cover ongoing operational costs and a one-time capital expenditure for a replacement boiler. This amount will not be repaid.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 8 – NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital assets was comprised of the following as of April 30, 2024:

Governmental Activities

Capital Assets - Net Accumulated Depreciation	\$ 83,890,475
Plus Unamortized Loss on Refunding	116,353
Less Capital Related Debt:	
Lease Liability	(99,839)
Subscription Liability	(163,831)
Financed Purchases	(136,332)
General Obligation Bonds, Series 2012A	(2,900,000)
General Obligation Bonds, Series 2012B	(305,000)
General Obligation Bonds, Series 2014	(2,650,000)
General Obligation Bonds, Series 2015A	(232,500)
General Obligation Bonds, Series 2015B	(1,445,000)
Unamortized Bond Premium	<u>(104,486)</u>
Net Investment in Capital Assets	<u>\$ 75,969,840</u>

Business-Type Activities

Capital Assets - Net Accumulated Depreciation	<u>\$ 656,027</u>
Net Investment in Capital Assets	<u>\$ 656,027</u>

Current outstanding bonds that did not fund the purchase of capital items include:

General Obligation Bonds, Series 2017	The purpose of this issuance was to fund developer incentives providing for reimbursement of TIF eligible expenses.
General Obligation Bonds, Series 2015A	75 percent of the bonds issued were for the purpose of a \$1.5 million donation to the Vernon Hills Park District for land acquisition for future park development.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan are held in trust on behalf of the employees who oversee directing their own investments. Accordingly, the assets are not reported in these financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 10 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Village has purchased insurance through the Illinois Counties Risk Management Trust (ICRMT) for general liability, workers' compensation, and other risks. Premiums have been displayed as expenditures in appropriate funds. Additionally, to limit exposure to employee health risks, the Village has purchased third party indemnity insurance. For insured programs, there were no significant changes in insurance coverage from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

NOTE 11 - CONTINGENCIES

Litigation

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

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows or resources, and pension expense recorded in the government-wide financial statements for each pension plan for the year ended April 30, 2024, is as follows:

	IMRF	Police Pension	Total
Net Pension Liabilities	\$ 1,887,194	\$ 27,459,693	\$ 29,346,887
Deferred Outflows of Resources	2,292,013	6,106,241	8,398,254
Deferred Inflows of Resources	151,549	1,415,998	1,567,547
Pension Expense/(Income)	(720,484)	3,343,917	2,623,433

Illinois Municipal Retirement Fund (IMRF)

Plan Description

The Village's defined benefit agent multiple-employer 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Annual Comprehensive Financial Report that

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. The final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. The final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	71
Inactive Plan Members entitled to but not yet receiving benefits	60
Active Plan Members	60
Total	<u>191</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for the calendar years 2023 and 2024 were 8.77 percent and 7.89 percent, respectively. For the fiscal year ended April 30, 2024, the Village contributed \$479,730 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2023, and a measurement date as of December 31, 2023, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	41,773,600
IMRF Fiduciary Net Position		39,886,406
Village's Net Pension (Asset)/Liability		1,887,194
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		95.48%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability as of December 31, 2023:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation according to an experience study from years 2020 to 2022.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021 were used.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

scale MP-2021.

- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2023:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	34.5%	5.00%
International Equity	18.0%	6.35%
Fixed Income	24.5%	4.75%
Real Estate	10.5%	6.30%
Alternative Investments	11.5%	6.05-8.65%
Cash Equivalents	1.0%	3.80%
Total	100.0%	

Single Discount Rate

A Single Discount Rate of 7.25 percent was used to measure the total pension liability as of December 31, 2023. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25 percent; the municipal bond rate is 3.77 percent; and resulting single discount rate is 7.25 percent.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Changes in the Net Pension (Asset)/Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset)/Liability (A) - (B)
Balances at December 31, 2022	\$ 40,495,289	\$ 36,086,774	\$ 4,408,515
Changes for the year:			
Service Cost	526,887	-	526,887
Interest on the Total Pension Liability	2,885,516	-	2,885,516
Changes of Benefits Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(198,959)	-	(198,959)
Changes of Assumptions	(18,096)	-	(18,096)
Contributions - Employer	-	500,683	(500,683)
Contributions - Employees	-	256,907	(256,907)
Net Investment Income	-	3,893,560	(3,893,560)
Benefit Payments, including Refunds of Employee Contributions	(1,917,037)	(1,917,037)	-
Other (Net Transfer)	-	1,065,519	(1,065,519)
Net Changes	1,278,311	3,799,632	(2,521,321)
Balances at December 31, 2023	\$ 41,773,600	\$ 39,886,406	\$ 1,887,194

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a single discount rate of 7.25 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability/(Asset)	\$ 6,549,018	\$ 1,887,194	\$ (1,734,943)

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2024, the Village recognized pension income of \$720,484. At April 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to the IMRF pension from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 184,163	\$ 138,914	\$ 45,249
Changes of assumptions	-	12,635	(12,635)
Net difference between projected and actual earnings on pension plan investments	1,949,278	-	1,949,278
Total Deferred Amounts to be recognized in pension expense in future periods	2,133,441	151,549	1,981,892
<i>Pension Contributions made subsequent to the Measurement Date</i>			
	158,572	-	158,572
Total Deferred Amounts Related to Pensions	\$ 2,292,013	\$ 151,549	\$ 2,140,464

Village contributions subsequent to the measurement date of \$158,572, will be recognized as a reduction of the net pension liability in the year ended April 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30	
2025	\$ 332,476
2026	601,246
2027	1,304,034
2028	(256,134)
Total	\$ 1,981,622

Police Pension Plan

Plan Description

Police sworn personnel of the Village are covered by the Police Pension Fund of the Village (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a pension trust fund. The Plan does not issue a stand-alone financial report. The Plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's President, one member is elected by pension beneficiaries, and two members are elected by active police employees.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

The Illinois Department of Insurance is the oversight agency of the Plan.

Plan Membership

At May 1, 2023, the date of the latest actuarial valuation, Plan participation consisted of:

Inactive Plan Members or Beneficiaries currently receiving benefits	42
Inactive Plan Members entitled to but not yet receiving benefits	6
Active Plan Members	<u>43</u>
Total	<u>91</u>

Benefits Provided

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

Covered employees hired before January 1, 2011 (Tier 1) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to $\frac{1}{2}$ 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 annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit 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 be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2) attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent 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 by the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary of each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91 percent 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 and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90 percent of the past service cost for the Plan. For the year ended April 30, 2024, the Village's contribution was 59.23 percent of covered payroll.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Net Pension Liability

The components of the net pension liability of the Plan as of April 30, 2024, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	94,971,354
Police Pension Fiduciary Net Position		67,511,661
Village's Net Pension Liability		27,459,693
Fiduciary Net Position as a Percentage of the Total Pension Liability		71.09%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2023 (measurement date) using the following actuarial methods and assumptions:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was 5-Year Smoothed Fair Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 3.75% to 8.60%.
- The **Investment Rate of Return** was assumed to be 6.00%.
- The **Mortality Rate** for active members follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active member deaths are assumed to be in the Line of Duty.
- For non-disabled retirees, mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.
- For **Disabled Retirees**, mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.
- For spouse mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.
- The **long-term expected rate of return** is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes. The table below illustrates the best estimate of Long-Term Expected Rates of Return developed for each of the major asset classes,

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

adjusted for expected inflation, as disclosed in the Horizon Actuarial Services Survey of Capital Market Assumptions 2021 Edition, dated August 2021. The rates provided in the table below are based on a geometric average and the target asset allocations are representative expectations as disclosed in the Illinois Police Officers' Pension Investment Fund Actuarial Experience Study, dated March 4, 2022, for plan funding purposes:

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return	Target Allocation
US Large	6.65%	2.50%	4.15%	23.00%
US Small	7.04%	2.50%	4.54%	5.00%
International Development	7.14%	2.50%	4.64%	18.00%
International Development Small	2.25%	2.50%	-0.25%	5.00%
Emerging Markets	7.81%	2.50%	5.31%	7.00%
Private Equity (Direct)	9.65%	2.50%	7.15%	7.00%
Bank Loans	4.98%	2.50%	2.48%	3.00%
High Yield Corp. Credit	4.98%	2.50%	2.48%	3.00%
Emerging Market Debt	5.32%	2.50%	2.82%	3.00%
US TIPS	6.87%	2.50%	4.37%	5.00%
REITs	2.38%	2.50%	-0.12%	3.00%
Real Estate/Infrastructure	6.50%	2.50%	4.00%	8.00%
Cash	2.23%	2.50%	-0.27%	1.00%
Short-Term Govt/Credit	3.23%	2.50%	0.73%	3.00%
US Treasury	1.90%	2.50%	-0.60%	3.00%
Core Plus Fixed Income	3.23%	2.50%	0.73%	3.00%

Single Discount Rate

The discount rate used to measure the total pension liability was 6.00%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. Cash flow projections were used to determine the extent to which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset)/Liability (A) - (B)
Balances at April 30, 2023	\$ 90,787,179	\$ 61,985,523	\$ 28,801,656
Changes for the year:			
Service Cost	1,383,212	-	1,383,212
Interest on the Total Pension Liability	5,407,243	-	5,407,243
Changes of Benefits Terms	1,270,897	-	1,270,897
Differences Between Expected and Actual Experience of the Total Pension Liability	-	-	-
Contributions - Employer	-	2,924,464	(2,924,464)
Contributions - Employees	-	512,265	(512,265)
Contributions - Other	-	277,425	(277,425)
Net Investment Income	-	5,732,481	(5,732,481)
Benefit Payments, including Refunds of Employee Contributions	(3,877,177)	(3,877,177)	-
Administrative Expense	-	(43,320)	43,320
Net Changes	4,184,175	5,526,138	(1,341,963)
Balances at April 30, 2024	\$ 94,971,354	\$ 67,511,661	\$ 27,459,693

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a single discount rate of 6.00 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Lower 5.00%	Current Discount Rate 6.00%	1% Higher 7.00%
Net Pension Liability	\$ 42,629,810	\$ 27,459,693	\$ 15,312,208

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2024, the Village recognized pension expense to the Police Pension Plan of \$3,343,917. At April 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 4,092,084	\$ 1,281,969	\$ 2,810,115
Changes of assumptions	728,548	134,029	594,519
Net difference between projected and actual earnings on pension plan investments	<u>1,285,609</u>	<u>-</u>	<u>1,285,609</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u><u>\$ 6,106,241</u></u>	<u><u>\$ 1,415,998</u></u>	<u><u>\$ 4,690,243</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30	
2025	\$ 482,828
2026	2,687,218
2027	826,449
2028	283,081
2029	357,884
Thereafter	<u>52,783</u>
Total	<u><u>\$ 4,690,243</u></u>

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer benefit plan. The benefits, benefit levels, employee contributions, and any employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. Illinois Compiled Statutes (ILCS) grant authority to establish and amend the benefit terms and financing requirements to the Village Board. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental activities.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Benefits Provided

The Village provides OPEB to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100 percent of the cost of basic health insurance for the employee and their dependents until they become Medicare eligible.

All health care benefits are provided through the Village's third-party indemnity health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in Village sponsored health care plans may be continued at a separate premium upon eligibility for federally sponsored health care benefits.

Membership

Membership in the plan consisted of the following at April 30, 2024:

Active Employees	93
Inactive Plan Members entitled to but not yet receiving benefits	-
Inactive Employees currently receiving benefits	<u>26</u>
Total	<u>119</u>

Contributions

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan. All retirees contribute 100 percent of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay-as-you-go) which results in an implicit subsidy to the Village.

Total OPEB Liability

The Village's total OPEB liability of \$6,820,713 was measured as of April 30, 2024, and was determined by a valuation under GASB Statement No.75 dated May 1, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of April 30, 2023, using the following actuarial assumptions updated as of April 30, 2024, applied to all periods included in the measurement, unless otherwise specified:

- **Salary Increases** were expected to be 4.00%.
- The **Discount Rate** was 4.42% (previously 4.14%).
- The **Investment Rate of Return** was not applicable.
- The **Health Care Trend Rate** for the plan is 6.36% and decreases by 0.14% every year to an ultimate rate of 4.5%. The mortality rates had the same basis as the respective pension plans.
- **Election at Retirement** assumed 50% of active employees will elect medical coverage at retirement.
- **Coverage Status** of active employees was assumed to continue into retirement in their current

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

medical plan. Actual information is used for retirees.

- **Marital Status** assumed 50% of active employees electing retiree coverage are assumed to be married and elect spousal coverage with males three years older than females. Actual spousal data was used for retirees.

Discount Rate

The discount rate used to measure the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. The Village does not have a trust dedicated exclusively to the payment of OPEB benefits, so the discount rate equals the municipal bond rate of 4.42 percent determined using the S&P Municipal Bond 20-Year High-Grade Rate Index at April 30, 2024, as the underlying index.

Changes in Total OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at April 30, 2023	\$ 6,989,570	\$ -	\$ 6,989,570
Changes for the year:			
Service Cost	147,350	-	147,350
Interest on the Total OPEB Liability	281,118	-	281,118
Differences Between Expected and Actual Experience of the Total OPEB Liability	-	-	-
Changes in Assumptions	(198,765)	-	(198,765)
Contributions - Employer	-	398,560	(398,560)
Benefit Payments, including Refunds of Employee Contributions	(398,560)	(398,560)	-
Other (Net Transfer)	-	-	-
Net Changes	<u>(168,857)</u>	<u>-</u>	<u>(168,857)</u>
Balances at April 30, 2024	<u>\$ 6,820,713</u>	<u>\$ -</u>	<u>\$ 6,820,713</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the Village, calculated using a discount rate of 4.42 percent, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Lower 3.42%	Current Discount Rate 4.42%	1% Higher 5.42%
Total OPEB Liability	\$ 7,581,061	\$ 6,820,713	\$ 6,186,162

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Total OPEB liability of the Village, as well as what the Village's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or lower than current rate:

	1% Lower Varies	Current Discount Rate Varies	1% Higher Varies
Total OPEB Liability	\$ 6,121,910	\$ 6,820,713	\$ 7,661,627

OPEB Expense, Deferred Inflows of Resources, Related to OPEB

For the year ended April 30, 2024, the Village recognized OPEB expense of \$817,935. At April 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 1,729,962	\$ 480,687	\$ 1,249,275
Changes of assumptions	1,408,845	1,130,629	278,216
Total Deferred Amounts to be recognized in OPEB expense in future periods	\$ 3,138,807	\$ 1,611,316	\$ 1,527,491

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending April 30				
2025	\$	389,468		
2026		329,267		
2027		179,084		
2028		138,148		
2029		232,789		
Thereafter		258,735		
Total	\$	1,527,491		

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2024

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

During the year, the Village implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). With the implementation, the Village was required to record beginning balances for a subscription liability of \$207,490 and a subscription asset of \$226,745 as of May 1, 2023, effectively restating the Village's governmental activities beginning net position.

	Governmental Activities
Net Position, May 1, as previously reported	\$ 86,086,207
Record May 1 subscription asset	226,745
Record May 1 subscription liability	(207,490)
Net Position Adjustment	19,255
Net Position, May 1, as restated	<u>\$ 86,105,462</u>

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) recently issued the following statements. Management has not yet completed its assessment of these statements and a determination as to their impact on the overall financial statement presentation has not been made.

GASB Statement No. 99, *Omnibus 2022*, improves the comparability in the application of accounting and financial reporting requirements and the consistency of authoritative literature by clarifying items within recently released accounting standards. Portions of this standard were effective upon issuance and for the fiscal year ended April 30, 2024, while other portions become effective for the fiscal year ending April 30, 2025.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency of application in practice. Statement No. 100 is effective for the fiscal year ending April 30, 2025.

GASB Statement No. 101, *Compensated Absences*, improves financial reporting by establishing a unified recognition and measurement model for compensated absences that more appropriately reflects when a government incurs and obligation which can be applied to any type of compensated absence, eliminating potential comparability issues between governments that offer different types of leave. Statement No. 101 is effective for the fiscal year ending April 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Statement No. 102 is effective for the fiscal year ending April 30, 2026.

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Statement No. 103 is effective for the fiscal year ending April 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 9,366,710	\$ 9,366,710	\$ 9,161,131	\$ (205,579)
Intergovernmental	23,938,573	23,938,573	22,376,672	(1,561,900)
Licenses, permits and fees	3,386,672	3,386,672	2,151,387	(1,235,285)
Charges for services	517,014	517,014	508,659	(8,355)
Fines and forfeitures	185,100	185,100	163,794	(21,306)
Investment income	1,009,250	1,009,250	2,070,557	1,061,307
Miscellaneous	593,666	593,666	821,434	227,768
Total revenues	<u>38,996,984</u>	<u>38,996,984</u>	<u>37,253,634</u>	<u>(1,743,350)</u>
Expenditures				
Current				
General government	12,227,600	12,227,600	10,483,530	1,744,070
Public safety	12,187,273	12,187,273	12,325,885	(138,612)
Streets and roads	6,456,559	6,456,559	5,425,781	1,030,778
Culture and recreation	696,160	696,160	379,992	316,168
Capital outlay	2,588,522	2,588,522	2,008,673	579,849
Debt service				
Principal retirement	475,000	475,000	518,659	(43,659)
Interest and fiscal charges	122,203	122,203	130,628	(8,425)
Total expenditures	<u>34,753,317</u>	<u>34,753,317</u>	<u>31,273,148</u>	<u>3,480,169</u>
Excess of revenues over expenditures	4,243,666	4,243,666	5,980,486	1,736,819
Other financing sources (uses)				
Transfers out	(650,000)	(650,000)	(650,000)	-
Lease financing	-	-	127,339	127,339
Installment contract financing	-	-	193,460	193,460
Total other financing sources (uses)	<u>(650,000)</u>	<u>(650,000)</u>	<u>(329,201)</u>	<u>320,799</u>
Net changes in fund balance	<u>\$ 3,593,666</u>	<u>\$ 3,593,666</u>	5,651,285	<u>\$ 2,057,618</u>
Fund balance, May 1			<u>45,402,733</u>	
Fund balance, April 30			<u>\$51,054,018</u>	

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Schedule of Expenditures – Budget and Actual
 Vernon Hills Town Center Tax Increment Fund
 For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Economic development				
Contractual services:				
Economic development	\$ 1,975	\$ 1,975	\$ 1,030	\$ 945
Total contractual services	<u>1,975</u>	<u>1,975</u>	<u>1,030</u>	<u>945</u>
Capital Outlay:				
Park Improvements	300,000	300,000	205,033	94,967
Debt service				
Principal retirement	1,445,000	1,445,000	1,445,000	-
Interest and fiscal charges	134,150	134,150	134,468	(318)
Total debt service	<u>1,579,150</u>	<u>1,579,150</u>	<u>1,579,468</u>	<u>(318)</u>
Total expenditures	<u>\$ 1,881,125</u>	<u>\$ 1,881,125</u>	<u>\$ 1,785,531</u>	<u>\$ 95,594</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Schedule of Expenditures – Budget and Actual
 Milwaukee Avenue/Townline Road Tax Increment Fund
 For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Economic development				
Contractual services				
Economic development	\$ 12,200	\$ 12,200	\$ 45,130	\$ (32,930)
Subscriptions and dues	115,025	115,025	116,415	(1,390)
Total contractual services	<u>127,225</u>	<u>127,225</u>	<u>161,545</u>	<u>(34,320)</u>
Debt service				
Principal retirement	1,005,000	1,005,000	1,005,000	-
Interest and fiscal charges	586,063	586,063	586,138	(75)
Total debt service	<u>1,591,063</u>	<u>1,591,063</u>	<u>1,591,138</u>	<u>(75)</u>
Total expenditures	<u>\$ 1,718,288</u>	<u>\$ 1,718,288</u>	<u>\$ 1,752,683</u>	<u>\$ (34,395)</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Other Post-Employment Benefit Plan
Required Supplementary Information – Multiyear Schedule of
Changes in the Employer’s Net OPEB Liability and Related Ratios

Fiscal Year Ended April 30	2024	2023	2022	2021	2020	2019
Total OPEB liability:						
Service cost	\$ 147,350	\$ 148,818	\$ 138,415	\$ 111,845	\$ 97,123	\$ 89,251
Interest	281,118	169,697	103,687	149,873	158,449	124,734
Differences between expected and actual experience	-	2,312,283	-	(633,192)	-	1,391,894
Changes in assumptions	(198,765)	263,974	(1,367,709)	989,756	270,623	89,244
Other changes	-	-	-	-	2,024	-
Benefit payments	(398,560)	(337,894)	(215,360)	(206,649)	(204,618)	(185,792)
Net change in total OPEB liability	(168,857)	2,556,878	(1,340,967)	411,633	323,601	1,509,331
Total OPEB liability, May 1	6,989,570	4,432,692	5,773,659	5,362,026	5,038,425	3,529,094
Total OPEB liability, April 30	\$ 6,820,713	\$ 6,989,570	\$ 4,432,692	\$ 5,773,659	\$ 5,362,026	\$ 5,038,425
Plan fiduciary net position:						
Contributions - employer	\$ 398,560	\$ 337,894	\$ 215,360	\$ 206,649	\$ 204,618	\$ 185,792
Benefit payments, including refunds of member contributions	(398,560)	(337,894)	(215,360)	(206,649)	(204,618)	(185,792)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position, May 1	-	-	-	-	-	-
Plan fiduciary net position, April 30	\$ -					
Employer's net OPEB liability	\$ 6,820,713	\$ 6,989,570	\$ 4,432,692	\$ 5,773,659	\$ 5,362,026	\$ 5,038,425
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 9,982,018	\$ 9,598,211	\$ 9,298,704	\$ 8,941,805	\$ 8,513,951	\$ 8,306,294
Employer's net OPEB liability as a percentage of covered-employee payroll	68.33%	72.82%	47.67%	64.57%	62.98%	60.66%

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Changes in assumptions relate to changes in the discount rate used.

Ultimately, this schedule should present information for ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Illinois Municipal Retirement Fund
Required Supplementary Information – Multiyear Schedule of
Employer Contributions – Last Nine Fiscal Years

Fiscal Year Ended April 30	2024 ¹	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 479,730	\$ 563,626	\$ 633,564	\$ 704,630	\$ 631,922	\$ 616,580	\$ 791,560	\$ 703,870	\$ 665,535
Contributions in relation to actuarially determined contribution	479,730	563,626	633,564	704,630	631,922	616,580	791,560	703,870	665,535
Contribution excess (deficiency)	\$ -								
Covered payroll	\$ 5,743,392	\$ 5,921,247	\$ 5,555,001	\$ 5,536,421	\$ 5,371,844	\$ 5,262,019	\$ 5,809,592	\$ 5,510,521	\$ 5,325,915
Contributions as a percentage of covered payroll	8.35%	9.52%	11.41%	12.73%	11.76%	11.72%	13.63%	12.77%	12.50%

Note to Required Supplementary Information:

- Actuarial Cost Method - Aggregate Entry Age Normal
- Amortization Method - Level % of Pay (Closed)
- Remaining Amortization Period - 20 Years
- Asset Valuation Method - 5-Year Smoothed Market; 20% Corridor
- Wage Growth - 2.75%
- Price Inflation - 2.25%
- Salary Increases - 2.75% to 13.75% Including Inflation
- Investment Rate of Return - 7.25%
- Retirement Age - Experienced-based table of rates that are specific to the type of eligibility condition.
Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
- Mortality - For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-medium income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) table, and future mortality improvements projected using scale MP-2020.

Notes - There were no benefit changes during the year.

¹ Based on Valuation Assumptions used in the December 31, 2021 actuarial valuation.

Ultimately, this schedule should present information for ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Police Pension Fund
Required Supplementary Information –
Multiyear Schedule of Employer Contributions

Fiscal Year Ended April 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,794,298	\$ 2,930,166	\$ 3,035,886	\$ 2,621,944	\$ 2,058,450	\$ 1,950,286	\$ 2,059,961	\$ 1,775,629	\$ 1,541,713	\$ 1,431,746
Contributions in relation to actuarially determined contribution	2,924,464	2,800,000	3,036,000	2,622,000	2,060,100	1,950,286	2,059,961	1,775,629	1,541,722	1,433,326
Contribution deficiency (excess)	\$ (130,166)	\$ 130,166	\$ (114)	\$ (56)	\$ (1,650)	\$ -	\$ -	\$ -	\$ (9)	\$ (1,580)
Covered payroll	\$ 4,937,341	\$ 4,817,295	\$ 4,869,323	\$ 4,778,580	\$ 4,628,165	\$ 4,543,805	\$ 4,193,131	\$ 4,304,378	\$ 4,240,142	\$ 4,113,314
Contributions as a percentage of covered payroll	59.23%	58.12%	62.35%	54.87%	44.51%	42.92%	49.13%	41.25%	36.36%	34.85%

The information presented was determined as part of the actuarial valuations as of May 1 of the fiscal year. Additional information as of the latest actuarial valuation is as follows: The actuarial cost method was entry age normal; the amortization method was level percentage of pay, closed, and the amortization period was 17 years; the asset valuation method was five-year smoothed fair value; and the significant actuarial assumptions were an investment rate of return of 6.00% annually, projected salary increase assumption of 3.75% to 8.60% compounded annually, and postretirement benefit increases of 3% annually.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Illinois Municipal Retirement Fund
Required Supplementary Information - Multiyear Schedule of Changes in the
Employer's Net Pension Liability and Related Ratios

Calendar Year Ending December 31	Last Nine Calendar Years								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ 526,887	\$ 524,014	\$ 485,601	\$ 538,225	\$ 520,710	\$ 569,758	\$ 588,523	\$ 604,101	\$ 569,084
Interest	2,885,516	2,764,927	2,591,336	2,475,602	2,397,073	2,257,572	2,204,482	2,118,040	1,977,263
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(198,959)	122,770	820,898	320,947	(556,622)	319,139	(177,925)	(641,937)	165,305
Changes in assumptions	(18,096)	-	-	(300,477)	-	969,337	(892,374)	(113,887)	74,515
Benefit payments, including refunds of member contrib.	(1,917,037)	(1,582,674)	(1,462,706)	(1,360,591)	(1,212,917)	(1,045,423)	(965,487)	(873,281)	(823,589)
Net change in total pension liability	1,278,311	1,829,037	2,435,129	1,673,706	1,148,244	3,070,383	757,219	1,093,036	1,962,578
Total pension liability, May 1	40,495,289	38,666,252	36,231,123	34,557,417	33,409,173	30,338,790	29,581,571	28,488,535	26,525,957
Total pension liability, April 30	\$ 41,773,600	\$ 40,495,289	\$ 38,666,252	\$ 36,231,123	\$ 34,557,417	\$ 33,409,173	\$ 30,338,790	\$ 29,581,571	\$ 28,488,535
Plan fiduciary net position:									
Contributions - employer	\$ 500,683	\$ 604,396	\$ 673,159	\$ 714,826	\$ 556,470	\$ 766,830	\$ 720,713	\$ 689,922	\$ 638,252
Contributions - member	256,907	263,755	248,267	237,850	234,249	282,587	253,971	261,885	247,974
Net investment income	3,893,560	(4,905,242)	5,987,299	4,398,057	4,913,615	(1,254,327)	4,127,952	1,578,014	115,926
Benefit payments, including refunds of member contrib.	(1,917,037)	(1,582,674)	(1,462,706)	(1,360,591)	(1,212,917)	(1,045,423)	(965,487)	(873,281)	(823,589)
Other (Net Transfer)	1,065,519	(13,060)	15,398	354,129	(63,531)	537,745	(482,203)	62,779	(508,180)
Net changes in plan fiduciary net position	3,799,632	(5,632,825)	5,461,417	4,344,271	4,427,886	(712,588)	3,654,946	1,719,319	(329,617)
Plan fiduciary net position, May 1	36,086,774	41,719,599	36,258,182	31,913,911	27,486,025	28,198,613	24,543,667	22,824,348	23,153,965
Plan fiduciary net position, April 30	\$ 39,886,406	\$ 36,086,774	\$ 41,719,599	\$ 36,258,182	\$ 31,913,911	\$ 27,486,025	\$ 28,198,613	\$ 24,543,667	\$ 22,824,348
Employer's net pension liability	\$ 1,887,194	\$ 4,408,515	\$ (3,053,347)	\$ (27,059)	\$ 2,643,506	\$ 5,923,148	\$ 2,140,177	\$ 5,037,904	\$ 5,664,187
Plan fiduciary net position as a percentage of the total pension	95.48%	89.11%	107.90%	100.07%	92.35%	82.27%	92.95%	82.97%	80.12%
Covered payroll	\$ 5,709,044	\$ 5,677,779	\$ 5,517,060	\$ 5,285,566	\$ 5,205,520	\$ 5,572,599	\$ 5,643,789	\$ 5,428,185	\$ 5,546,865
Employer's net pension liability as a percentage of covered payroll	33.06%	77.65%	-55.34%	-0.51%	50.78%	106.29%	37.92%	92.81%	102.12%

Ultimately, this schedule should present information for ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Police Pension Fund
Required Supplementary Information – Multiyear Schedule of
Charges in the Employer’s Net Pension Liability and Related Ratios

Fiscal Year Ended April 30	Last Ten Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 1,383,212	\$ 1,438,281	\$ 1,500,825	\$ 1,536,424	\$ 1,517,345	\$ 1,126,772	\$ 1,324,117	\$ 1,307,135	\$ 1,279,519	\$ 1,225,860
Interest	5,407,243	5,162,416	4,802,689	4,771,777	4,329,159	4,080,911	3,919,894	3,878,427	3,440,787	3,075,506
Changes in benefit terms	-	(53,349)	-	-	329,593	-	-	-	-	-
Differences between expected and actual experience	1,270,897	3,058,685	(2,585,670)	1,226,105	535,132	(445,779)	1,623,968	(380,977)	(99,578)	47,689
Changes in assumptions	-	-	-	-	2,147,787	1,844,891	(1,938,349)	(2,118,471)	4,445,251	3,339,164
Benefit payments, including refunds of member contrib.	(3,877,177)	(3,654,628)	(3,313,020)	(2,825,674)	(2,578,692)	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
Net changes in total pension liability	4,184,175	5,951,405	404,824	4,708,632	6,280,324	4,246,823	2,797,578	828,157	7,379,995	6,173,803
Total pension liability, May 1	90,787,179	84,835,774	84,430,950	79,722,318	73,441,994	69,195,171	66,397,593	65,569,436	58,189,441	52,015,638
Total pension liability, April 30	\$ 94,971,354	\$ 90,787,179	\$ 84,835,774	\$ 84,430,950	\$ 79,722,318	\$ 73,441,994	\$ 69,195,171	\$ 66,397,593	\$ 65,569,436	\$ 58,189,441
Plan fiduciary net position:										
Contributions - employer	\$ 2,924,464	\$ 2,800,000	\$ 3,036,000	\$ 2,622,000	\$ 2,060,100	\$ 1,950,286	\$ 2,059,961	\$ 1,775,629	\$ 1,541,722	\$ 1,433,326
Contributions - member	512,265	477,759	459,801	467,509	462,849	442,371	444,283	440,410	424,846	424,420
Contributions - other	277,425	118,660	129,663	46,070	-	-	-	-	-	-
Net investment income	5,732,481	116,742	(3,816,741)	14,888,438	273,085	3,300,676	3,135,098	3,783,704	(439,143)	2,597,567
Benefit payments, including refunds of member contrib.	(3,877,177)	(3,654,628)	(3,313,020)	(2,825,674)	(2,578,692)	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
Administrative expense	(43,320)	(48,419)	(56,623)	(70,473)	(46,044)	(49,506)	(60,770)	(63,372)	(78,032)	(73,458)
Net changes in plan fiduciary net position	5,526,138	(189,886)	(3,560,920)	15,127,870	171,298	3,283,855	3,446,520	4,078,414	(236,591)	2,867,439
Plan fiduciary net position, May 1	61,985,523	62,175,409	65,736,329	50,608,459	50,437,161	47,153,306	43,706,786	39,628,372	39,864,963	36,997,524
Plan fiduciary net position, April 30	\$ 67,511,661	\$ 61,985,523	\$ 62,175,409	\$ 65,736,329	\$ 50,608,459	\$ 50,437,161	\$ 47,153,306	\$ 43,706,786	\$ 39,628,372	\$ 39,864,963
Employer's net pension liability	\$ 27,459,693	\$ 28,801,656	\$ 22,660,365	\$ 18,694,621	\$ 29,113,859	\$ 23,004,833	\$ 22,041,865	\$ 22,690,807	\$ 25,941,064	\$ 18,324,478
Plan fiduciary net position as a percentage of the total pension	71.09%	68.28%	73.29%	77.86%	63.48%	68.68%	68.15%	65.83%	60.44%	68.51%
Covered payroll	\$ 4,937,341	\$ 4,817,295	\$ 4,869,323	\$ 4,778,580	\$ 4,628,165	\$ 4,543,805	\$ 4,193,131	\$ 4,304,378	\$ 4,240,142	\$ 4,113,314
Employer's net pension liability as a percentage of covered payroll	556.16%	597.88%	465.37%	391.22%	629.06%	506.29%	525.67%	527.16%	611.80%	445.49%

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Police Pension Fund
Multiyear Schedule of Investment Returns
Last Ten Fiscal Years

Annual money-weighted rate of return, net of investment expense:

Fiscal year ended April 30, 2024	9.30%
Fiscal year ended April 30, 2023	0.20%
Fiscal year ended April 30, 2022	-5.88%
Fiscal year ended April 30, 2021	1.00%
Fiscal year ended April 30, 2020	0.47%
Fiscal year ended April 30, 2019	6.90%
Fiscal year ended April 30, 2018	7.00%
Fiscal year ended April 30, 2017	9.25%
Fiscal year ended April 30, 2016	-1.07%
Fiscal year ended April 30, 2015	6.90%

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Required Supplementary Information April 30, 2024

NOTE 1 – BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets are adopted for all Village funds, except for funds specifically identified otherwise. There were no budgets adopted for the Police Pension Fund, a fiduciary fund.

All operating departments of the Village submit budget requests to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function, department, division, and object, and includes information on the past two years, current year estimates, and requested budgets for the next fiscal year. The proposed budget is provided to the Board of Trustees for review. Staff present the proposed budget over two public meetings and a public hearing is held prior to formal adoption by the board. The tentative budget may be modified at any time throughout this process. The Board of Trustees then approves the annual budget ordinance adopting the annual budget. The Manager is authorized to transfer budgeted amounts between objects, departments, or divisions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. The legal level of budgetary control is at the fund level; therefore, expenditures may not legally exceed budgeted appropriations at this level.

The annual budget ordinance was approved, and the annual budget adopted by the governing body on April 18, 2023, and there were no amendments for fiscal year 2024.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2024, the following funds exceeded budget. The Milwaukee Avenue/Townline Road TIF Fund expenditures were over budget by \$34,395 due to additional legal services related to property assessment appeals. The Golf Course Fund expenses were over budget by \$48,014 due to higher than expected outsourced personnel, repair and maintenance, and depreciation costs. The State Seizure Fund expenditures were over budget by \$1,666 as unplanned revenues received during the year was spent.

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Balance Sheet by Subfund
General Fund
April 30, 2024

	General	Summer Celebration	Metra Parking	DUI	Drug Forfeiture	Capital	Development	Eliminations	Total
Assets									
Cash and investments	\$ 47,281,779	\$ -	\$ 14,378	\$ 131,572	\$ 9,776	\$ 2,594,396	\$ 133,270	\$ -	\$ 50,165,171
Receivables									
Taxes	5,520,452	-	-	-	-	-	-	-	5,520,452
Accounts	363,419	-	2,364	-	-	-	-	-	365,783
Accrued interest	232,239	-	-	-	-	-	-	-	232,239
Other	34,410	-	-	-	-	-	-	-	34,410
Leases	4,085,158	-	-	-	-	623,336	-	-	4,708,494
Due from other governments	490,123	-	-	-	-	-	-	-	490,123
Due from other funds	245,332	-	-	-	-	227,764	-	(166,415)	306,681
Prepaid items	400,680	80,375	-	-	-	-	-	-	481,055
Advances to other funds	42,310	-	-	-	-	-	-	-	42,310
Total assets	58,695,902	80,375	16,742	131,572	9,776	3,445,496	133,270	(166,415)	62,346,718
Liabilities									
Accounts payable	797,173	750	4,658	-	-	153,705	46,167	-	1,002,453
Accrued payroll	602,218	-	-	-	-	-	-	-	602,218
Deposits payable	673,544	-	-	-	-	-	-	-	673,544
Unearned revenue	148,804	15,400	-	-	8,747	-	-	-	172,951
Other payables	3,984,434	-	-	-	-	-	-	-	3,984,434
Due to other governments	-	-	-	-	-	-	87,103	-	87,103
Due to other funds	-	166,415	-	-	-	-	-	(166,415)	-
Total liabilities	6,206,173	182,565	4,658	-	8,747	153,705	133,270	(166,415)	6,522,703
Deferred Inflows									
Unavailable revenues	-	-	-	-	-	623,336	-	-	623,336
Unearned revenue - grants	61,503	-	-	-	-	-	-	-	61,503
Unearned revenue - leases	4,085,158	-	-	-	-	-	-	-	4,085,158
Total liabilities and deferred inflows of resources	10,352,834	182,565	4,658	-	8,747	777,041	133,270	(166,415)	11,292,700
Fund Balances									
Nonspendable									
Advances	42,310	-	-	-	-	-	-	-	42,310
Prepaid items	400,680	80,375	-	-	-	-	-	-	481,055
Long-term receivable	490,123	-	-	-	-	-	-	-	490,123
Restricted									
Metra parking	-	-	12,084	-	-	-	-	-	12,084
Public safety	-	-	-	131,572	1,029	-	-	-	132,601
Unassigned	47,409,955	(182,565)	-	-	-	2,668,455	-	-	49,895,845
Total fund balances	48,343,068	(102,190)	12,084	131,572	1,029	2,668,455	-	-	51,054,018
Total liabilities, deferred inflows and fund balances	\$ 58,695,902	\$ 80,375	\$ 16,742	\$ 131,572	\$ 9,776	\$ 3,445,496	\$ 133,270	\$ (166,415)	\$ 62,346,718

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances by Subfund
General Fund
For the Year Ended April 30, 2024

	Vernon Hills		Metra	Drug			Development	Eliminations	Total
	General	Days	Parking	DUI	Forfeiture	Capital			
Revenues									
Taxes	\$ 8,933,147	\$ -	\$ -	\$ -	\$ -	\$ 227,984	\$ -	\$ -	\$ 9,161,131
Intergovernmental	22,376,672	-	-	-	-	-	-	-	22,376,672
Licenses, permits, and fees	2,116,480	-	34,907	-	-	-	-	-	2,151,387
Charges for services	508,659	-	-	-	-	-	-	-	508,659
Fines and forfeitures	151,739	-	-	12,055	-	-	-	-	163,794
Investment income	1,946,943	25	2,260	5,722	29	115,578	-	-	2,070,557
Miscellaneous	523,912	190,856	-	-	-	106,666	-	-	821,434
Total revenues	36,557,552	190,881	37,167	17,777	29	450,228	-	-	37,253,634
Expenditures									
Current:									
General government	10,483,530	-	-	-	-	-	-	-	10,483,530
Public safety	12,302,654	-	-	23,231	-	-	-	-	12,325,885
Streets and roads	5,358,321	-	67,460	-	-	-	-	-	5,425,781
Culture and recreation	72,848	307,144	-	-	-	-	-	-	379,992
Capital outlay	320,799	-	-	-	-	1,687,874	-	-	2,008,673
Debt service									
Principal retirement	518,659	-	-	-	-	-	-	-	518,659
Interest and fiscal charges	130,628	-	-	-	-	-	-	-	130,628
Total expenditures	29,187,439	307,144	67,460	23,231	-	1,687,874	-	-	31,273,148
Excess (deficiency) of revenues over expenditures	7,370,113	(116,263)	(30,293)	(5,454)	29	(1,237,646)	-	-	5,980,486
Other financing sources (uses)									
Transfers in	-	-	-	-	-	1,500,000	-	(1,500,000)	-
Transfers out	(2,150,000)	-	-	-	-	-	-	1,500,000	(650,000)
Lease financing	127,339	-	-	-	-	-	-	-	127,339
Installment contract financing	193,460	-	-	-	-	-	-	-	193,460
Total other financing sources (uses)	(1,829,201)	-	-	-	-	1,500,000	-	-	(329,201)
Net changes in fund balance	5,540,912	(116,263)	(30,293)	(5,454)	29	262,354	-	-	5,651,285
Fund balances, May 1	42,802,156	14,073	42,377	137,026	1,000	2,406,101	-	-	45,402,733
Fund balances, April 30	\$ 48,343,068	\$ (102,190)	\$ 12,084	\$ 131,572	\$ 1,029	\$ 2,668,455	\$ -	\$ -	\$ 51,054,018

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended April 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Taxes				
Utility taxes	\$ 1,204,000	\$ 1,204,000	\$ 1,170,705	\$ (33,295)
Telecommunication tax	523,000	523,000	604,642	81,642
Home rule sales tax	4,350,000	4,350,000	3,844,695	(505,305)
Other taxes	1,302,710	1,302,710	1,283,256	(19,454)
Hotel/motel tax	267,000	267,000	273,514	6,514
Road and bridge tax	220,000	220,000	227,984	7,984
Food and beverage tax	1,500,000	1,500,000	1,756,335	256,335
Total taxes	<u>9,366,710</u>	<u>9,366,710</u>	<u>9,161,131</u>	<u>(205,579)</u>
Intergovernmental				
Sales tax	19,750,000	19,750,000	17,754,401	(1,995,599)
State income tax	4,184,573	4,184,573	4,395,735	211,163
Grants	4,000	4,000	226,536	222,536
Total intergovernmental	<u>23,938,573</u>	<u>23,938,573</u>	<u>22,376,672</u>	<u>(1,561,900)</u>
Licenses, permits, and fees	3,386,672	3,386,672	2,151,387	(1,235,285)
Charges for services	517,014	517,014	508,659	(8,355)
Fines and forfeitures	185,100	185,100	163,794	(21,306)
Investment income	1,009,250	1,009,250	2,070,557	1,061,307
Miscellaneous	593,666	593,666	821,434	227,768
Total revenues	<u>38,996,984</u>	<u>38,996,984</u>	<u>37,253,634</u>	<u>(1,743,350)</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures – Budget and Actual
General Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
General government				
Administration				
Personal services	\$ 1,117,228	\$ 1,117,228	\$ 1,116,688	\$ 540
Contractual services	2,113,465	2,113,465	1,988,758	124,707
Commodities	75,150	75,150	49,603	25,547
Equipment	195,565	195,565	80,906	114,659
Total administration	<u>3,501,408</u>	<u>3,501,408</u>	<u>3,235,955</u>	<u>265,453</u>
Judiciary				
Contractual services	435,000	435,000	334,387	100,613
Total judiciary	<u>435,000</u>	<u>435,000</u>	<u>334,387</u>	<u>100,613</u>
President/trustee				
Personal services	54,902	54,902	54,902	-
Contractual services	27,090	27,090	6,123	20,967
Commodities	2,650	2,650	280	2,370
Total president/trustee	<u>84,642</u>	<u>84,642</u>	<u>61,305</u>	<u>23,337</u>
Community development				
Personal services	853,176	853,176	775,592	77,584
Contractual services	116,675	116,675	74,313	42,362
Commodities	7,100	7,100	6,027	1,073
Equipment	8,781	8,781	6,949	1,832
Total community development	<u>985,732</u>	<u>985,732</u>	<u>862,881</u>	<u>122,851</u>
Committees				
Contractual services	25,150	25,150	24,448	702
Total committees	<u>25,150</u>	<u>25,150</u>	<u>24,448</u>	<u>702</u>
Resident direct benefit:				
Contractual services	51,000	51,000	39,500	11,500
Total resident direct benefit	<u>51,000</u>	<u>51,000</u>	<u>39,500</u>	<u>11,500</u>
General purpose				
Personnel services	91,000	91,000	72,569	18,431
Contractual services	7,053,668	7,053,668	5,852,485	1,201,183
Total general purpose	<u>7,144,668</u>	<u>7,144,668</u>	<u>5,925,054</u>	<u>1,219,614</u>
Total general government	<u>12,227,600</u>	<u>12,227,600</u>	<u>10,483,530</u>	<u>1,744,070</u>

(Continued)

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures – Budget and Actual
General Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)				
Public safety				
Police department				
Personal services	11,282,944	11,282,944	11,339,357	(56,413)
Contractual services	443,629	443,629	562,109	(118,480)
Commodities	257,400	257,400	236,948	20,452
Equipment	185,100	185,100	165,622	19,478
Total police department	<u>12,169,073</u>	<u>12,169,073</u>	<u>12,304,036</u>	<u>(134,963)</u>
Fire and police commission				
Contractual services	18,000	18,000	21,849	(3,849)
Commodities	200	200	-	200
Total fire and police commission	<u>18,200</u>	<u>18,200</u>	<u>21,849</u>	<u>(3,649)</u>
Total public safety	<u>12,187,273</u>	<u>12,187,273</u>	<u>12,325,885</u>	<u>(138,612)</u>
Streets and roads				
Public works				
Personal services	3,246,521	3,246,521	2,940,373	306,148
Contractual services	1,746,192	1,746,192	1,287,213	458,979
Commodities	1,089,227	1,089,227	846,743	242,484
Equipment	284,059	284,059	283,992	67
Total public works	<u>6,365,999</u>	<u>6,365,999</u>	<u>5,358,321</u>	<u>1,007,678</u>
Metra parking				
Contractual services	80,460	80,460	62,463	17,997
Commodities	10,100	10,100	4,997	5,103
Total Metra parking	<u>90,560</u>	<u>90,560</u>	<u>67,460</u>	<u>23,100</u>
Total streets and roads	<u>6,456,559</u>	<u>6,456,559</u>	<u>5,425,781</u>	<u>1,030,778</u>
Culture and recreation				
Events				
Contractual services	74,555	74,555	61,403	13,152
Commodities	13,745	13,745	11,445	2,300
Total events	<u>88,300</u>	<u>88,300</u>	<u>72,848</u>	<u>15,452</u>
Park District Donations				
Contractual services	400,000	400,000	-	400,000
Total Park District Donations	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Vernon Hills Days				
Contractual services	176,460	176,460	283,096	(106,636)
Commodities	31,400	31,400	24,048	7,352
Total Vernon Hills Days	<u>207,860</u>	<u>207,860</u>	<u>307,144</u>	<u>(99,284)</u>
Total culture and recreation	<u>696,160</u>	<u>696,160</u>	<u>379,992</u>	<u>316,168</u>

(Continued)

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Schedule of Expenditures – Budget and Actual
 General Fund
 For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)				
Capital outlay				
Community infrastructure dev.				
Street construction	899,002	899,002	947,972	(48,970)
Fixed equipment	696,520	696,520	757,799	(61,279)
Remodel	310,000	310,000	223,299	86,701
Construction	683,000	683,000	79,603	603,397
Total capital outlay	<u>2,588,522</u>	<u>2,588,522</u>	<u>2,008,673</u>	<u>579,849</u>
Debt service				
Principal retirement	475,000	475,000	518,659	(43,659)
Interest and fiscal charges	122,203	122,203	130,628	(8,425)
Total debt service	<u>597,203</u>	<u>597,203</u>	<u>649,287</u>	<u>(52,084)</u>
Total expenditures	<u>\$34,753,317</u>	<u>\$34,753,317</u>	<u>\$31,273,148</u>	<u>\$ 3,480,169</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2024

	Special Revenue				Total
	Motor Fuel Tax	Dispatch Center	State Seizure	Hawthorn Mall TIF	
Assets					
Cash and investments	\$ 3,080,516	\$ 362,970	\$ 8,157	\$ 735,942	\$ 4,187,585
Receivables:					
Taxes	-	221,562	-	-	221,562
Accounts	-	41,173	-	-	41,173
Intergovernmental	1,195,889	-	-	-	1,195,889
Prepaid items	-	30,416	-	-	30,416
Total assets	4,276,405	656,121	8,157	735,942	5,676,625
Liabilities					
Accounts payable	-	167,380	-	1,161	168,541
Accrued items	2,357,943	-	-	-	2,357,943
Accrued payroll	-	43,849	-	-	43,849
Total liabilities	2,357,943	211,229	-	1,161	2,570,333
Deferred Inflows					
Unavailable revenues	1,000,561	46,260	-	-	1,046,821
Total liabilities and deferred inflows	3,358,504	257,489	-	1,161	3,617,154
Fund Balances (Deficit)					
Nonspendable					
Prepaid items	-	30,416	-	-	30,416
Restricted					
Streets and roads	917,901	-	-	-	917,901
Economic development	-	-	-	734,781	734,781
Public safety	-	368,216	8,157	-	376,373
Total fund balances	917,901	398,632	8,157	734,781	2,059,471
Total liabilities and fund balances	\$ 4,276,405	\$ 656,121	\$ 8,157	\$ 735,942	\$ 5,676,625

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended April 30, 2024

	Special Revenue				Total
	Motor Fuel Tax	Dispatch Center	State Seizure	Hawthorn Mall TIF	
Revenues					
Taxes	\$ -	\$ 718,236	\$ -	\$ 724,158	\$ 1,442,394
Payments in lieu of taxes	-	-	-	72,416	72,416
Intergovernmental - taxes	1,278,006	-	-	-	1,278,006
Intergovernmental - grants	26,564	-	-	-	26,564
Charges for services	-	994,009	-	-	994,009
Fines and forfeitures	-	-	1,209	-	1,209
Investment income	142,438	2,880	24	10,314	155,656
Miscellaneous	-	52,870	-	-	52,870
Total revenues	1,447,008	1,767,995	1,233	806,888	4,023,124
Expenditures					
Current					
Public safety	-	2,697,307	1,666	-	2,698,973
Economic development	-	-	-	19,102	19,102
Capital outlay	2,924,554	-	-	-	2,924,554
Total expenditures	2,924,554	2,697,307	1,666	19,102	5,642,629
Excess (deficiency) of revenues over (under) expenditures	(1,477,546)	(929,312)	(433)	787,786	(1,619,505)
Other financing sources - transfer in	-	650,000	-	-	650,000
Net changes in fund balances	(1,477,546)	(279,312)	(433)	787,786	(969,505)
Fund balances (deficit), May 1	2,395,447	677,944	8,590	(53,005)	3,028,976
Fund balances, April 30	\$ 917,901	\$ 398,632	\$ 8,157	\$ 734,781	\$ 2,059,471

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Motor Fuel Tax
 For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental - taxes	\$ 1,188,857	\$ 1,188,857	\$ 1,278,006	\$ 89,149
Intergovernmental - grants	995,623	995,623	26,564	(969,059)
Investment income	20,000	20,000	142,438	122,438
Total revenues	<u>2,204,480</u>	<u>2,204,480</u>	<u>1,447,008</u>	<u>(757,472)</u>
Expenditures				
Capital outlay	<u>3,023,375</u>	<u>3,023,375</u>	<u>2,924,554</u>	<u>98,821</u>
Total expenditures	<u>3,023,375</u>	<u>3,023,375</u>	<u>2,924,554</u>	<u>98,821</u>
Changes in fund balance	<u>\$ (818,895)</u>	<u>\$ (818,895)</u>	(1,477,546)	<u>\$ (658,651)</u>
Fund balance, May 1			<u>2,395,447</u>	
Fund balance, April 30			<u>\$ 917,901</u>	

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Dispatch Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
911 surcharge	\$ 527,900	\$ 527,900	\$ 718,236	\$ 190,336
Charges for services	1,000,100	1,000,100	994,009	(6,091)
Interest	-	-	2,880	2,880
Miscellaneous	-	-	52,870	52,870
Total revenues	<u>1,528,000</u>	<u>1,528,000</u>	<u>1,767,995</u>	<u>239,995</u>
Expenditures				
Public safety				
Personal services	1,682,830	1,682,830	1,647,431	35,399
Contractual services	701,732	701,732	632,727	69,005
Commodities	9,000	9,000	6,330	2,670
Equipment	85,600	85,600	22,899	62,701
Capital Outlay	387,920	387,920	387,920	-
Total expenditures	<u>2,867,082</u>	<u>2,867,082</u>	<u>2,697,307</u>	<u>169,775</u>
Excess (deficiency) of revenues over (under) expenditures	(1,339,082)	(1,339,082)	(929,312)	409,770
Other financing sources				
Transfer in	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Changes in fund balance	<u>\$ (689,082)</u>	<u>\$ (689,082)</u>	<u>\$ (279,312)</u>	<u>\$ 409,770</u>
Fund balance, May 1			<u>677,944</u>	
Fund balance, April 30			<u>\$ 398,632</u>	

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 State Seizure Fund
 For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 1,209	\$ 1,209
Interest	-	-	24	24
Total Revenue	-	-	1,233	1,233
Expenditures				
Expenditures - public safety	-	-	1,666	(1,666)
Changes in fund balance	\$ -	\$ -	\$ (433)	\$ (433)
Fund balances, May 1			8,590	
Fund balances, April 30			\$ 8,157	

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Hawthorn Mall Tax Increment Financing Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 47,276	\$ 47,276	\$ 724,158	\$ 676,882
Payments in lieu of taxes	4,728	4,728	72,416	67,688
Interest income	-	-	10,314	10,314
Total revenues	<u>52,004</u>	<u>52,004</u>	<u>806,888</u>	<u>754,884</u>
Expenditures				
Economic development				
Contractual services	102,000	102,000	19,102	82,898
Total expenditures	<u>102,000</u>	<u>102,000</u>	<u>19,102</u>	<u>82,898</u>
Changes in fund balance	<u>\$ (49,996)</u>	<u>\$ (49,996)</u>	787,786	<u>\$ 837,782</u>
Fund balance (deficit), May 1			<u>(53,005)</u>	
Fund balance, April 30			<u>\$ 734,781</u>	

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual
Golf Course Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues				
Charges for services	\$ 486,272	\$ 486,272	\$ 526,534	\$ 40,262
Total operating revenues	<u>486,272</u>	<u>486,272</u>	<u>526,534</u>	<u>40,262</u>
Operating expenses				
Operations	533,084	533,084	574,702	(41,618)
Total operating expenses	<u>533,084</u>	<u>533,084</u>	<u>574,702</u>	<u>(41,618)</u>
Operating loss before depreciation	(46,812)	(46,812)	(48,168)	(1,356)
Depreciation	18,000	18,000	24,396	(6,396)
Operating loss	(64,812)	(64,812)	(72,564)	(7,752)
Non-operating revenues				
Gain on sale of equipment	-	-	79,400	79,400
Interest income	7	7	280	273
Total Non-operating revenues	<u>7</u>	<u>7</u>	<u>79,680</u>	<u>79,673</u>
Changes in net position	<u>\$ (64,805)</u>	<u>\$ (64,805)</u>	7,116	<u>\$ 71,921</u>
Net position, May 1			<u>289,786</u>	
Net position, April 30			<u>\$ 296,902</u>	

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual
Equipment Replacement Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenue				
Vehicle and equip. contributions	\$ 402,690	\$ 402,690	\$ 402,690	\$ -
Total operating revenues	<u>402,690</u>	<u>402,690</u>	<u>402,690</u>	<u>-</u>
Operating expenses				
Operations	<u>1,316,000</u>	<u>1,316,000</u>	<u>69,638</u>	<u>1,246,362</u>
Total operating expenses	<u>1,316,000</u>	<u>1,316,000</u>	<u>69,638</u>	<u>1,246,362</u>
Operating income (loss) before depreciation	(913,310)	(913,310)	333,052	1,246,362
Depreciation	<u>87,000</u>	<u>87,000</u>	<u>146,257</u>	<u>(59,257)</u>
Operating loss	(1,000,310)	(1,000,310)	186,795	1,187,105
Non-operating revenues				
Interest	<u>-</u>	<u>-</u>	<u>111,841</u>	<u>111,841</u>
Changes in net position	<u>\$ (1,000,310)</u>	<u>\$ (1,000,310)</u>	298,636	<u>\$ 1,298,946</u>
Net position, May 1			<u>2,960,002</u>	
Net position, April 30			<u>\$ 3,258,638</u>	

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2012A
April 30, 2024

Date of Issue	February 28, 2012
Date of Maturity	December 30, 2026
Authorized Issue	\$7,850,000
Interest Rate	2.00% to 2.25%
Interest Date	June 30 and December 30
Principal Maturity Date	December 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				June 30	Amount	Dec. 30	Amount
2025	\$ 900,000	\$ 63,000	\$ 963,000	2024	\$ 31,500	2024	\$ 31,500
2026	1,000,000	45,000	1,045,000	2025	22,500	2025	22,500
2027	1,000,000	22,500	1,022,500	2026	11,250	2026	11,250
	<u>\$ 2,900,000</u>	<u>\$ 130,500</u>	<u>\$ 3,030,500</u>		<u>\$ 65,250</u>		<u>\$ 65,250</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2012B
April 30, 2024

Date of Issue	February 28, 2012
Date of Maturity	March 30, 2026
Authorized Issue	\$1,625,000
Interest Rate	2.00% to 2.40%
Interest Date	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2025	\$ 150,000	\$ 7,320	\$ 157,320	2024	\$ 3,660	2025	\$ 3,660
2026	155,000	3,720	158,720	2025	1,860	2026	1,860
	<u>\$ 305,000</u>	<u>\$ 11,040</u>	<u>\$ 316,040</u>		<u>\$ 5,520</u>		<u>\$ 5,520</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2014 – Police Station
April 30, 2024

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2034
Authorized Issue	\$3,520,000
Interest Rate	2.00% to 3.50%
Interest Date	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2025	\$ 180,000	\$ 61,920	\$ 241,920	2024	\$ 30,960	2025	\$ 30,960
2026	185,000	57,510	242,510	2025	28,755	2026	28,755
2027	190,000	52,700	242,700	2026	26,350	2027	26,350
2028	195,000	47,475	242,475	2027	23,738	2028	23,738
2029	200,000	41,625	241,625	2028	20,813	2029	20,813
2030	210,000	35,625	245,625	2029	17,813	2030	17,813
2031	215,000	29,325	244,325	2030	14,663	2031	14,663
2032	220,000	22,875	242,875	2031	11,438	2032	11,438
2033	230,000	16,275	246,275	2032	8,138	2033	8,138
2034	235,000	8,225	243,225	2033	4,113	2034	4,113
	<u>\$ 2,060,000</u>	<u>\$ 373,555</u>	<u>\$ 2,433,555</u>		<u>\$ 186,781</u>		<u>\$ 186,781</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2014 - Communication Center
April 30, 2024

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2027
Authorized Issue	\$1,115,000
Interest Rate	2.00% to 2.75%
Interest Date	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2025	\$ -	\$ 10,707	\$ 10,707	2024	\$ 5,354	2025	\$ 5,354
2026	195,000	10,707	205,707	2025	5,354	2026	5,354
2027	205,000	5,638	210,638	2026	2,819	2027	2,819
	<u>\$ 400,000</u>	<u>\$ 27,052</u>	<u>\$ 427,052</u>		<u>\$ 13,527</u>		<u>\$ 13,527</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements - General Obligation Bonds, Series 2014
 Vernon Hills Town Center Tax Increment Fund
 April 30, 2024

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2025
Authorized Issue	\$995,000
Interest Rate	2.00% to 2.45%
Interest Date	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2025	\$ 190,000	\$ 4,655	\$ 194,655	2024	\$ 2,328	2025	\$ 2,328
	\$ 190,000	\$ 4,655	\$ 194,655		\$ 2,328		\$ 2,328

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2015A
April 30, 2024

Date of Issue	December 30, 2015
Date of Maturity	March 30, 2034
Authorized Issue	\$2,005,000
Interest Rate	2.00% to 3.25%
Interest Date	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2025	\$ 80,000	\$ 28,425	\$ 108,425	2024	\$ 14,213	2025	\$ 14,213
2026	85,000	26,025	111,025	2025	13,013	2026	13,013
2027	85,000	23,475	108,475	2026	11,738	2027	11,738
2028	90,000	20,925	110,925	2027	10,463	2028	10,463
2029	90,000	18,225	108,225	2028	9,113	2029	9,113
2030	95,000	15,525	110,525	2029	7,763	2030	7,763
2031	95,000	12,675	107,675	2030	6,338	2031	6,338
2032	100,000	9,825	109,825	2031	4,913	2032	4,913
2033	105,000	6,825	111,825	2032	3,413	2033	3,413
2034	105,000	3,412	108,412	2033	1,706	2034	1,706
	<u>\$ 930,000</u>	<u>\$ 165,337</u>	<u>\$ 1,095,337</u>		<u>\$ 82,673</u>		<u>\$ 82,673</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2015B
 April 30, 2024

Date of Issue	November 5, 2015
Date of Maturity	December 30, 2026
Authorized Issue	\$5,255,000
Interest Rate	2.00% to 2.50%
Interest Date	June 30 and December 30
Principal Maturity Date	December 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				June 30	Amount	Dec. 30	Amount
2025	\$ 395,000	\$ 34,488	\$ 429,488	2024	\$ 17,244	2024	\$ 17,244
2026	520,000	25,600	545,600	2025	12,800	2025	12,800
2027	530,000	13,250	543,250	2026	6,625	2026	6,625
	<u>\$ 1,445,000</u>	<u>\$ 73,338</u>	<u>\$ 1,518,338</u>		<u>\$ 36,669</u>		<u>\$ 36,669</u>

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2017
April 30, 2024

Date of Issue	June 1, 2017
Date of Maturity	March 30, 2037
Authorized Issue	\$20,190,000
Interest Rate	2.00% to 3.90%
Interest Date	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				June 30	Amount	Dec. 30	Amount
2025	\$ 1,035,000	\$ 559,686	\$ 1,594,686	2024	\$ 279,843	2024	\$ 279,843
2026	1,060,000	531,740	1,591,740	2025	265,870	2025	265,870
2027	1,090,000	501,530	1,591,530	2026	250,765	2026	250,765
2028	1,125,000	468,830	1,593,830	2027	234,415	2027	234,415
2029	1,160,000	433,959	1,593,959	2028	216,978	2028	216,978
2030	1,195,000	396,836	1,591,836	2029	198,418	2029	198,418
2031	1,235,000	357,400	1,592,400	2030	178,700	2030	178,700
2032	1,275,000	315,410	1,590,410	2031	157,705	2031	157,705
2033	1,320,000	270,784	1,590,784	2032	135,392	2032	135,392
2034	1,370,000	223,264	1,593,264	2033	111,632	2033	111,632
2035	1,420,000	172,574	1,592,574	2034	86,287	2034	86,287
2036	1,475,000	117,194	1,592,194	2035	58,597	2035	58,597
2037	1,530,000	59,670	1,589,670	2036	29,835	2036	29,835
	<u>\$ 16,290,000</u>	<u>\$ 4,408,877</u>	<u>\$ 20,698,877</u>		<u>\$ 2,204,437</u>		<u>\$ 2,204,437</u>

See independent auditor's report.

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF VERNON HILLS, ILLINOIS
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities										
Net investment in capital assets	\$ 76,074,450	\$ 72,396,535	\$ 73,397,308	\$ 74,675,375	\$ 75,273,762	\$ 74,727,114	\$ 75,753,586	\$ 77,689,771	\$ 79,574,960	\$ 82,205,307
Restricted	15,761,702	12,686,033	9,762,579	7,470,592	6,648,264	7,085,698	8,840,827	2,495,260	1,989,778	6,391,658
Unrestricted	7,892,349	1,003,639	(8,948,347)	(18,579,525)	(24,346,352)	(23,355,194)	(18,494,359)	3,774,935	3,722,990	22,222,353
Total governmental activities net position	\$ 99,728,501	\$ 86,086,207	\$ 74,211,540	\$ 63,566,442	\$ 57,575,674	\$ 58,457,618	\$ 66,100,054	\$ 83,959,966	\$ 85,287,728	\$ 110,819,318
Business-Type Activities										
Net investment in capital assets	\$ 656,027	\$ 388,258	\$ 393,315	\$ 410,732	\$ 339,361	\$ 379,326	\$ 443,291	\$ 518,131	\$ 457,015	\$ 521,711
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(359,125)	(98,472)	(76,284)	(16,756)	(718,038)	(540,128)	(439,127)	(369,729)	(251,977)	(227,142)
Total Business-Type Activities Net Position	\$ 296,902	\$ 289,786	\$ 317,031	\$ 393,976	\$ (378,677)	\$ (160,802)	\$ 4,164	\$ 148,402	\$ 205,038	\$ 294,569
Primary government										
Net investment in capital assets	\$ 76,730,477	\$ 72,784,793	\$ 73,790,623	\$ 75,086,107	\$ 75,613,123	\$ 75,106,440	\$ 76,196,877	\$ 78,207,902	\$ 80,031,975	\$ 82,727,018
Restricted	15,761,702	12,686,033	9,762,579	7,470,592	6,648,264	7,085,698	8,840,827	2,495,260	1,989,778	6,391,658
Unrestricted	7,533,224	905,167	(9,024,631)	(18,596,281)	(25,064,390)	(23,895,322)	(18,933,486)	3,405,206	3,471,013	21,995,211
Total Primary Government Net Position	\$ 100,025,403	\$ 86,375,993	\$ 74,528,571	\$ 63,960,418	\$ 57,196,997	\$ 58,296,816	\$ 66,104,218	\$ 84,108,368	\$ 85,492,766	\$ 111,113,887

Data Source

Audited financial statements

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities										
General government	\$ 11,136,683	\$ 11,594,733	\$ 10,886,946	\$ 9,976,962	\$ 10,573,818	\$ 11,671,187	\$ 10,465,391	\$ 10,031,695	\$ 10,785,366	\$ 5,105,742
Public safety	15,552,494	15,046,833	12,134,889	10,996,673	14,555,920	13,829,273	15,152,449	13,557,140	11,866,591	11,202,863
Streets and roads	8,243,483	10,738,065	9,401,918	8,912,071	9,001,587	7,794,339	8,202,028	8,000,396	8,673,207	8,427,086
Economic development	181,677	239,822	212,612	99,016	1,663,589	4,000,769	14,389,807	-	1,488	-
Culture and recreation	379,992	324,787	67,270	31,532	292,421	268,706	261,213	250,870	287,664	258,590
Interest and fees	874,133	927,881	984,558	1,058,565	1,078,062	1,180,996	1,500,369	615,693	677,677	852,718
Total governmental activities expenses	<u>36,368,462</u>	<u>38,872,121</u>	<u>33,688,193</u>	<u>31,074,819</u>	<u>37,165,397</u>	<u>38,745,270</u>	<u>49,971,257</u>	<u>32,455,794</u>	<u>32,291,993</u>	<u>25,846,999</u>
Business-type activities										
Golf course	<u>599,098</u>	<u>472,761</u>	<u>519,965</u>	<u>483,922</u>	<u>468,730</u>	<u>507,997</u>	<u>526,194</u>	<u>508,552</u>	<u>530,174</u>	<u>518,417</u>
Total primary government expenses	<u>\$ 36,967,560</u>	<u>\$ 39,344,882</u>	<u>\$ 34,208,158</u>	<u>\$ 31,558,741</u>	<u>\$ 37,634,127</u>	<u>\$ 39,253,267</u>	<u>\$ 50,497,451</u>	<u>\$ 32,964,346</u>	<u>\$ 32,822,167</u>	<u>\$ 26,365,416</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 1,755,238	\$ 2,134,562	\$ 3,735,625	\$ 3,025,548	\$ 2,438,566	\$ 2,326,947	\$ 3,292,044	\$ 2,841,747	\$ 1,856,949	\$ 2,326,412
Public safety	1,616,148	1,356,565	1,306,988	1,148,232	1,243,380	1,512,387	1,459,367	1,632,547	1,258,030	1,288,454
Culture and recreation	277,382	152,701	-	-	78,507	98,124	138,968	139,418	124,238	300,789
Operating grants and contributions	1,504,542	4,787,744	1,052,213	969,194	937,891	666,373	670,447	668,032	672,244	847,934
Capital grants and contributions	1,027,125	598,938	626,996	1,948,924	38,783	194,124	3,474	4,131	159,065	28,902
Total governmental activities program revenues	<u>6,180,435</u>	<u>9,030,510</u>	<u>6,721,822</u>	<u>7,091,898</u>	<u>4,737,127</u>	<u>4,797,955</u>	<u>5,564,300</u>	<u>5,285,875</u>	<u>4,070,526</u>	<u>4,792,491</u>
Business-type activities										
Charges for services										
Golf course	<u>526,534</u>	<u>445,471</u>	<u>443,012</u>	<u>505,210</u>	<u>248,649</u>	<u>342,163</u>	<u>376,044</u>	<u>408,651</u>	<u>440,539</u>	<u>449,077</u>
Total primary government program revenues	<u>\$ 6,706,969</u>	<u>\$ 9,475,981</u>	<u>\$ 7,164,834</u>	<u>\$ 7,597,108</u>	<u>\$ 4,985,776</u>	<u>\$ 5,140,118</u>	<u>\$ 5,940,344</u>	<u>\$ 5,694,526</u>	<u>\$ 4,511,065</u>	<u>\$ 5,241,568</u>
Net (Expenses) Revenue										
Governmental activities	\$ (30,188,027)	\$ (29,841,611)	\$ (26,966,371)	\$ (23,982,921)	\$ (32,428,270)	\$ (33,947,315)	\$ (44,406,957)	\$ (27,169,919)	\$ (28,221,467)	\$ (21,054,508)
Business-type activities	(72,564)	(27,290)	(76,953)	21,288	(220,081)	(165,834)	(150,150)	(99,901)	(89,635)	(69,340)
Total primary government net (expenses) revenues	<u>\$ (30,260,591)</u>	<u>\$ (29,868,901)</u>	<u>\$ (27,043,324)</u>	<u>\$ (23,961,633)</u>	<u>\$ (32,648,351)</u>	<u>\$ (34,113,149)</u>	<u>\$ (44,557,107)</u>	<u>\$ (27,269,820)</u>	<u>\$ (28,311,102)</u>	<u>\$ (21,123,848)</u>

(Continued)

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<i>(Continued)</i>										
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Home rule sales	\$ 3,844,695	\$ 4,220,471	\$ 3,909,365	\$ 3,008,154	\$ 3,288,904	\$ 3,476,618	\$ 3,373,171	\$ 3,304,832	\$ 3,197,930	\$ 727,413
Food and beverage ^(a)	1,756,335	1,713,567	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Utility	1,170,705	1,211,295	1,242,729	1,213,494	1,279,489	1,331,718	1,305,235	1,363,286	1,334,151	1,345,000
Use ^(a)	1,055,366	1,109,710	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Telecommunication	604,642	571,333	577,639	625,548	734,250	775,922	898,686	1,016,451	1,190,196	1,117,728
Hotel/motel	273,514	256,387	190,558	72,700	329,380	382,495	371,175	382,900	380,093	369,509
911 surcharge	722,317	530,469	726,173	531,591	548,262	540,117	398,726	372,116	309,960	325,797
Road and bridge	227,984	221,732	211,814	217,396	217,285	212,953	219,958	216,312	212,406	201,923
Tax increment	7,054,253	6,078,328	5,742,147	4,812,319	2,677,872	2,155,111	1,301,846	1,216,865	1,221,604	1,174,513
Other	227,890	243,785	2,689,494	2,216,635	2,436,428	1,926,599	918,219	918,874	871,620	581,481
Intergovernmental										
Sales tax	17,754,401	19,344,132	17,776,659	13,955,122	14,861,729	15,443,815	14,933,056	14,435,680	14,006,145	11,426,650
State income tax	4,395,735	4,338,379	3,721,465	2,878,887	2,721,856	2,438,196	2,277,294	2,373,802	2,676,354	2,530,028
Payments in lieu of taxes	705,425	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franchise fees	357,099	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income	3,079,876	1,718,770	10,163	87,056	880,832	711,434	344,004	105,285	115,636	295,485
Miscellaneous	580,829	157,920	813,263	1,004,787	1,570,039	197,249	205,675	135,754	41,088	55,764
Transfers	-	-	-	(650,000)	-	-	-	-	-	-
Total governmental activities	43,811,066	41,716,278	37,611,469	29,973,689	31,546,326	29,592,227	26,547,045	25,842,157	25,557,183	20,151,291
Business-type activities:										
Investment income	280	45	8	217	2,206	868	5,912	1,265	104	13
Miscellaneous	79,400	-	-	-	-	-	-	42,000	-	-
Transfers	-	-	-	650,000	-	-	-	-	-	-
Capital contribution	-	-	-	101,148	-	-	-	-	-	-
Total business-type activities	79,680	45	8	751,365	2,206	868	5,912	43,265	104	13
Total primary government	\$ 43,890,746	\$ 41,716,323	\$ 37,611,477	\$ 30,725,054	\$ 31,548,532	\$ 29,593,095	\$ 26,552,957	\$ 25,885,422	\$ 25,557,287	\$ 20,151,304
Change in Net Position										
Governmental activities	\$ 13,623,039	\$ 11,874,667	\$ 10,645,098	\$ 5,990,768	\$ (881,944)	\$ (4,355,088)	\$ (17,859,912)	\$ (1,327,762)	\$ (2,664,284)	\$ (903,217)
Business-type activities	7,116	(27,245)	(76,945)	772,653	(217,875)	(164,966)	(144,238)	(56,636)	(89,531)	(69,327)
Total primary government change in net position	\$ 13,630,155	\$ 11,847,422	\$ 10,568,153	\$ 6,763,421	\$ (1,099,819)	\$ (4,520,054)	\$ (18,004,150)	\$ (1,384,398)	\$ (2,753,815)	\$ (972,544)

Data Source

Audited financial statements

^(a) Use and Food and Beverage taxes were included in Other revenue prior to the fiscal year ended April 30, 2023.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$ 1,013,488	\$ 964,329	\$ 836,813	\$ 878,256	\$ 1,771,573	\$ 1,676,713	\$ 1,289,082	\$ 1,306,316	\$ 1,484,993	\$ 458,220
Restricted	144,685	180,403	195,077	301,111	373,030	331,751	285,836	223,569	156,265	94,738
Committed	-	-	-	-	-	-	-	-	-	14,075
Unassigned	49,895,845	44,250,001	34,126,096	28,282,887	25,866,681	25,962,612	26,204,170	25,666,376	23,928,382	23,282,038
Total general fund	\$ 51,054,018	\$ 45,394,733	\$ 35,157,986	\$ 29,462,254	\$ 28,011,284	\$ 27,971,076	\$ 27,779,088	\$ 27,196,261	\$ 25,569,640	\$ 23,849,071
All Other Governmental Funds										
Nonspendable	\$ 30,416	\$ 39,001	\$ 399	\$ 726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	15,617,017	12,464,230	9,567,502	7,169,481	6,275,234	6,753,947	8,554,991	2,271,691	1,898,464	6,296,920
Unassigned	-	(53,005)	(10,920)	-	-	-	-	-	(153,789)	-
Total all other governmental funds	15,647,433	12,450,226	9,556,981	7,170,207	6,275,234	6,753,947	8,554,991	2,271,691	1,744,675	6,296,920
Total governmental funds	\$ 66,701,451	\$ 57,844,959	\$ 44,714,967	\$ 36,632,461	\$ 34,286,518	\$ 34,725,023	\$ 36,334,079	\$ 29,467,952	\$ 27,314,315	\$ 30,145,991

Data Source

Audited financial statements

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	\$ 16,933,620	\$ 16,114,898	\$ 15,289,919	\$ 12,697,837	\$ 11,511,870	\$ 10,801,533	\$ 11,064,312	\$ 11,165,438	\$ 11,394,315	\$ 7,931,917
Payments in lieu of taxes	705,425	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Intergovernmental	23,681,242	29,064,194	23,116,956	19,752,127	18,560,259	18,742,508	15,606,977	15,107,842	14,837,454	12,303,486
Licenses, permits, and fees	2,151,387	1,638,836	2,642,583	2,059,703	1,350,676	1,213,770	2,106,354	1,650,784	978,799	1,332,717
Charges for services	1,502,668	1,479,694	2,239,153	1,940,975	2,169,168	2,453,114	2,473,417	2,650,717	1,953,031	2,212,165
Fines and forfeitures	165,003	194,785	160,878	173,104	240,610	270,574	299,051	305,422	307,387	370,773
Investment income	2,968,035	1,718,193	10,162	87,057	880,832	711,434	344,004	105,285	115,636	295,485
Miscellaneous	874,304	607,935	627,589	727,540	520,038	197,249	217,230	142,544	41,088	55,764
Total revenues	48,981,684	50,818,535	44,087,240	37,438,343	35,233,453	34,390,182	32,111,345	31,128,032	29,627,710	24,502,307
Expenditures										
General government	10,483,530	10,731,177	10,472,057	9,284,377	9,687,597	9,647,854	9,073,246	8,862,203	8,214,056	3,842,991
Public safety	15,024,858	13,830,263	13,790,696	12,883,073	12,569,810	11,978,282	12,150,938	11,634,011	11,050,969	10,932,262
Streets and roads	5,425,781	5,587,241	5,116,200	4,993,737	4,952,499	4,551,301	4,742,456	4,409,098	4,560,218	5,883,011
Economic development	181,677	239,822	212,612	99,016	1,663,589	4,000,769	14,389,807	-	1,488	-
Culture and recreation	379,992	324,787	67,270	31,532	292,421	268,706	261,213	250,870	287,664	258,590
Capital outlay	5,138,260	3,203,662	2,595,060	3,337,173	3,739,407	1,677,466	1,944,919	1,828,930	7,170,422	1,108,942
Debt service										
Principal	2,968,659	2,860,000	2,790,000	2,700,000	1,715,000	2,745,000	1,470,000	1,415,000	645,000	1,720,000
Interest and fiscal charges	851,234	903,591	960,839	1,014,840	1,049,139	1,129,860	1,402,639	574,283	768,087	808,478
Total expenditures	40,453,991	37,680,543	36,004,734	34,343,748	35,669,462	35,999,238	45,435,218	28,974,395	32,697,904	24,554,274
Excess (deficiency) of revenues over (under) expenditures	8,527,693	13,137,992	8,082,506	3,094,595	(436,009)	(1,609,056)	(13,323,873)	2,153,637	(3,070,194)	(51,967)
Other financing sources (uses)										
Transfers in	650,000	607,833	619,971	3,803,426	1,537,787	2,356,670	2,259,650	1,592,396	1,515,383	1,804,752
Transfers (out)	(650,000)	(607,833)	(619,971)	(4,554,574)	(1,537,787)	(2,356,670)	(2,259,650)	(1,592,396)	(1,515,383)	(1,804,752)
Contract financing	320,799	-	-	-	-	-	-	-	-	-
Proceeds from bonds	-	-	-	-	-	-	20,190,000	-	7,260,000	5,630,000
Premium on debt issuance	-	-	-	-	-	-	-	-	187,651	-
Payment to escrow agent	-	-	-	-	-	-	-	-	(5,301,500)	(2,142,479)
Total other financing sources (uses)	320,799	-	-	(751,148)	-	-	20,190,000	-	2,146,151	3,487,521
Net changes in fund balances	\$ 8,848,492	\$ 13,137,992	\$ 8,082,506	\$ 2,343,447	\$ (436,009)	\$ (1,609,056)	\$ 6,866,127	\$ 2,153,637	\$ (924,043)	\$ 3,435,554
Debt service as a percentage of noncapital expenditures	10.58%	10.21%	10.66%	11.33%	8.32%	10.84%	6.40%	4.92%	10.63%	14.49%

Data Source

Audited financial statements

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Taxable Sales by Category Last Ten Calendar Years

Calendar Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Category^(a)										
General merchandise	\$ 137,789	\$ 137,205	\$ 132,164	\$ 110,910	\$ 140,349	\$ 159,538	\$ 167,288	\$ 185,173	\$ 240,218	\$ 248,838
Food	209,127	213,230	177,460	165,510	151,913	124,155	108,752	113,058	78,873	90,126
Drinking and eating places	123,200	118,962	103,295	84,066	114,671	100,453	100,207	105,284	102,926	96,057
Apparel	64,330	68,920	62,303	38,653	67,996	67,434	68,177	74,305	73,630	74,288
Furniture, H.H., and radio	132,723	128,711	142,216	125,576	413,518	700,564	649,251	641,001	626,968	561,089
Lumber, building hardware	93,709	100,823	95,263	88,773	75,979	68,559	50,049	48,839	49,342	48,696
Automobile and filling stations	34,324	39,899	33,768	27,462	35,030	35,682	32,588	31,657	33,359	36,024
Drugs and miscellaneous retail	174,888	168,155	155,909	87,144	104,800	101,702	102,403	107,399	104,319	114,189
Agriculture and all others	838,622	997,323	725,469	602,260	436,002	162,302	152,070	137,450	95,806	83,123
Manufacturers	4,939	6,550	8,426	5,648	7,813	8,154	10,110	11,728	10,001	11,147
Total taxable sales	\$ 1,813,651	\$ 1,979,778	\$ 1,636,273	\$ 1,336,002	\$ 1,548,071	\$ 1,528,543	\$ 1,440,895	\$ 1,455,894	\$ 1,415,442	\$ 1,363,577
Village direct sales tax rate ^(b)	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Notes

Taxable sales information is not available on a fiscal year basis.

(a) The taxable sales categories are determined by the State of Illinois.

(b) The Village's direct sales tax rate is applicable to general merchandise and is not applicable to qualified food and drugs.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Direct Sales Tax Rates										
Village of Vernon Hills Home Rule ^(a)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
State of Illinois Municipal Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total direct sales tax rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Overlapping Sales Tax Rates										
State of Illinois excluding 1% Municipal Tax	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Regional Transportation Authority (RTA)	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Total overlapping sales tax rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total Direct and Overlapping Sales Tax Rates	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%

Data Source

Illinois Department of Revenue
Village records

Notes

Reported sales tax rates are applicable to general merchandise.

(a) The Village implemented a home rule sales tax of 0.25% effective January 1, 2015.

N/A Not applicable

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Assessed Value and Actual Value of Taxable Property
Last Ten Levy Years
(in Thousands)

<u>Tax Levy Year</u>	<u>Residential Property</u>	<u>Farm Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Total Taxable Assessed Value</u>	<u>Railroad Property</u>	<u>Total Assessed Value</u>	<u>Estimated Actual Value of Property</u>	<u>Total Direct Tax Rate</u>
2014	\$ 708,727	\$ 57	\$ 324,566	\$ 590	\$ 1,033,941	\$ 149	\$ 1,034,090	\$ 3,102,270	\$ -
2015	746,990	58	331,137	598	1,078,783	180	1,078,963	3,236,889	-
2016	800,235	63	352,783	631	1,153,712	199	1,153,911	3,461,732	-
2017	836,188	67	361,915	665	1,198,836	164	1,199,001	3,597,002	-
2018	852,359	558	374,093	687	1,227,697	173	1,227,870	3,683,609	-
2019	893,278	226	400,328	695	1,294,526	174	1,294,700	3,884,101	-
2020	882,668	225	393,035	692	1,276,621	172	1,276,793	3,830,379	-
2021	884,005	187	388,019	704	1,272,916	172	1,273,088	3,819,263	-
2022	907,561	191	406,883	720	1,315,356	158	1,315,514	3,946,541	-
2023	964,000	192	422,515	749	1,387,455	159	1,387,614	4,162,843	-

Data Source

Office of the Lake County Clerk

Notes

Assessed property values are not available on a fiscal year basis.

Total assessed value is 1/3rd of estimated actual value

The Village has not levied property taxes in the last ten fiscal years.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Direct and Overlapping Property Tax Rates
Last Ten Levy Years
(rate per \$100 of assessed value)

Tax Levy Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Overlapping Property Tax Rates										
Central Lake County Joint Action Water Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.045	\$ 0.046	\$ 0.054	\$ 0.056
Hawthorn School District No. 73	3.976	4.017	3.916	3.851	3.740	3.847	3.825	3.871	4.033	4.118
Community High School District No. 128	2.782	2.750	2.674	2.603	2.513	2.502	2.494	2.532	2.732	2.687
College of Lake County No. 532	0.294	0.296	0.293	0.290	0.282	0.282	0.281	0.285	0.299	0.306
Libertyville Township	0.131	0.129	0.129	0.127	0.123	0.122	0.122	0.124	0.131	0.134
Lake County	0.586	0.589	0.598	0.598	0.597	0.612	0.622	0.632	0.663	0.683
Lake County Forest Preserve	0.168	0.173	0.179	0.182	0.180	-	0.187	0.193	0.208	0.210
Vernon Hills Park District	0.463	0.460	0.446	0.434	0.420	0.411	0.416	0.419	0.458	0.455
Cook Memorial Public Library District	0.286	0.288	0.291	0.286	0.283	0.284	0.284	0.289	0.304	0.312
Countryside Fire Protection District	0.657	0.633	0.610	0.596	0.566	0.564	0.560	0.570	0.598	0.613
Total overlapping property tax rate	9.343	9.335	9.136	8.967	8.704	8.624	8.836	8.961	9.480	9.574
Village Direct Property Tax Rate										
Village of Vernon Hills	-	-	-	-	-	-	-	-	-	-
Total direct and overlapping property tax rate	\$ 9.343	\$ 9.335	\$ 9.136	\$ 8.967	\$ 8.704	\$ 8.624	\$ 8.836	\$ 8.961	\$ 9.480	\$ 9.574

Data Source

Office of the Lake County Clerk

Notes

Overlapping property tax rates are not available on a fiscal year basis.

The predominant rate or the cumulative tax rate at which the largest number of properties within the Village are taxed is reported.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2024			2015		
	Taxable Assessed	Rank	Percent of Total Village Taxable Assessed	Taxable Assessed	Rank	Percent of Total Village Taxable Assessed
	Value		Value	Value		Value
Hawthorn LP	\$ 27,685,069	1	2.00%	\$ 20,234,248	1	1.96%
Passco Melody Farm DST Trust	27,663,900	2	1.99%			-
Mesirow Financial Revf III Reit LLC	26,497,350	3	1.91%			-
Melody Farm LLC	19,893,071	4	1.43%			-
USEF Oak at Vernon Hills LLC	17,794,768	5	1.28%			-
USEF Centennial FA Hawthorn Owner I	15,865,408	6	1.14%			
Van Missingen & Co.	10,548,641	7	0.76%	13,667,190	2	1.32%
Inland Rivertree Court, LLC	8,456,981	8	0.61%	12,278,632	3	1.19%
CDW Computer Centers, Inc.	8,356,838	9	0.60%	7,876,323	6	0.76%
Hawthorn Hills Square 1687, LLC	8,236,096	10	0.59%	6,778,298	8	0.66%
PWA Continental Executive Park, LP	-		-	7,104,130	7	0.69%
Museum Gardens II LLC	-		-	11,865,730	4	1.15%
Leahy Vernon Hills Development	-		-	8,911,611	5	0.86%
Walmart Stores, Inc.	-		-	5,217,223	9	0.50%
Corporate Woods Associates, LLC	-		-	5,197,623	10	0.50%
Total	\$ 170,998,122		12.31%	\$ 99,131,008		9.59%

Data Source

Office of the Lake County Clerk

Notes

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	General Activities				Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
	General Obligation Bonds	Alternate Revenue Bonds	TIF Revenue Bonds/Notes	Unamortized Premium			
2015	\$ 14,960,000	\$ 1,115,000	\$ 6,715,000	\$ 156,025	\$ 22,946,025	2.09%	\$ 886
2016	21,835,000	1,115,000	-	325,752	23,275,752	2.06%	885
2017	20,420,000	1,115,000	-	297,666	21,832,666	1.88%	829
2018	39,140,000	1,115,000	-	269,581	40,524,581	3.27%	1,544
2019	37,510,000	-	-	239,236	37,749,236	3.00%	1,417
2020	35,795,000	-	-	212,286	36,007,286	2.82%	1,371
2021	33,095,000	-	-	185,336	33,280,336	2.51%	1,239
2022	30,305,000	-	-	158,387	30,463,387	2.30%	1,137
2023	27,445,000	-	-	131,436	27,576,436	1.75%	1,031
2024	24,520,000	-	-	104,486	24,624,486	1.56%	921

Data Source

Audited financial statements

Notes

Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

^(a) See Demographic and Economics schedule for personal income and population data.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Activities			Total	Percentage ^(a) of Total Taxable Sales	Per ^(b) Capita
	General Obligation Bonds	Unamortized Premium	Less Amounts Restricted for Debt Service			
2015	\$ 16,075,000	\$ 156,025	\$ -	\$ 16,231,025	1.19%	\$ 626
2016	22,950,000	325,752	-	23,275,752	1.64%	885
2017	21,535,000	297,666	-	21,832,666	1.50%	829
2018	40,255,000	269,581	-	40,524,581	2.81%	1,544
2019	37,510,000	239,236	-	37,749,236	2.47%	1,420
2020	35,795,000	212,286	-	36,007,286	2.33%	1,371
2021	33,095,000	185,336	-	33,280,336	2.49%	1,239
2022	30,305,000	158,387	-	30,463,387	1.86%	1,137
2023	27,445,000	131,436	-	27,576,436	1.75%	1,031
2024	24,520,000	104,486	-	24,624,486	1.36%	921

Data Source

Village records

Notes

Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

Taxable sales information is not available on a fiscal year basis.

(a) Total taxable sales data is based on the calendar year ending during the reported fiscal year.

See Taxable Sales by Category schedule for taxable sales data.

(b) See Demographics and Economic Statistics schedule for population data.

VILLAGE OF VERNON HILLS, ILLINOIS

Direct and Overlapping Governmental Activities Debt April 30, 2024

Governmental Unit	Gross Debt	Applicable to the Village	
		Percent ^(a)	Amount
Direct Governmental Activities Debt			
Village	\$ 24,624,486	100.00 %	\$ 24,624,486
Overlapping Debt			
Lake County	150,355,876	4.55	6,841,192
Lake County Forest Preserve District	180,649,707	4.55	8,219,562
College of Lake County No. 532	80,061,194	4.77	3,818,919
Hawthorn School District No. 73	81,260,362	66.88	54,346,930
Diamond Lake School District No. 76	12,586,995	24.69	3,107,729
Lincolnshire-Prairie View School District No. 103	12,485,708	21.78	2,719,387
Mundelein High School District No. 120	63,166,118	0.91	574,812
Stevenson High School District No. 125	46,156,885	9.47	4,371,057
Countryside Fire Protection District	1,460,100	62.24	908,766
Vernon Hills Park District	12,283,433	94.77	11,641,009
Total overlapping debt	<u>\$ 640,466,378</u>		<u>\$ 96,549,363</u>
Total direct and overlapping debt	<u>\$ 665,090,864</u>		<u>\$ 121,173,849</u>

Data Source

Office of the Lake County Clerk

Notes

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Vernon Hills. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

^(a) Determined by ratio of assessed valuation of property in the Village subject to taxation by the Governmental Unit to the total assessed value of property of the Governmental Unit.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Legal Debt Margin Information April 30, 2024

The Village is a home rule municipality

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 50,000 an aggregate of one per cent:... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts."

To date the General Assembly has set no limits for home rule municipalities.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Median Age	School Enrollment (K-12)	Unemployment Rate
2015	25,911	1,100,103	42,457	N/A	5,086	6.00%
2016	26,314	1,127,450	42,846	N/A	5,107	4.40%
2017	26,328	1,162,671	44,161	38.1	4,919	4.30%
2018	26,253	1,239,299	47,206	38.4	4,759	3.30%
2019	26,641	1,257,615	47,206	39.2	4,825	3.40%
2020	26,259	1,274,638	48,541	39.1	5,156	3.50%
2021	26,850	1,327,867	49,455	39.1	5,684	7.30%
2022	26,786	1,326,978	49,540	40.2	5,653	3.20%
2023	26,723	1,429,253	53,484	40.5	5,615	3.50%
2024	26,750	1,574,906	58,875	40.6	5,273	3.70%

Data Source

Population, median age, personal income, school enrollment and unemployment rate information for last ten fiscal years obtained from U.S. Census Bureau - 2020 Decennial Census and the 2013-2022 American Community Surveys

Notes

N/A Not available

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Employers Current Year and Nine Years Ago

Employer	2024			2015		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
CDW, LLC	1,800	1	6.73%	350	5	1.35%
Hawthorn School District 73	600	2	2.24%			
Mitsubishi Electric Automation, Inc.	425	3	1.59%	400	3	1.54%
Walmart, Inc.	398	4	1.49%			
Rust-Oleum Corp.	350	5	1.31%			
Antylia Scientific (FKA Cole-Palmer)	300	6	1.12%	300	7	1.16%
Target	300	6	1.12%			
ZF Services, N.A. LLC	250	8	0.93%	285	9	1.10%
Mercer	250	8	0.93%	340	6	1.31%
Wurth Baer Supply Company	250	8	0.93%			
Westfield Shoppingtown Hawthorn				2,500	1	9.65%
Zebra Technologoes Corp.				900	2	3.48%
CareFusion, Inc.				300	7	1.16%
American Hotel Register				400	3	1.54%
Richard Wolf Medical Instruments Corp				200	10	0.77%
Total	4,923		18.40%	5,975		23.06%

Data Sources

Lake County Partners

2023 Illinois Manufacturer's Directory and Illinois Services Directory

Hawthorn School District 73

Village ACFR for the fiscal year ended April 30, 2015

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Full-Time Equivalent Employees by Function Last Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
General government										
Administration	6.03	6.00	5.00	5.30	5.00	4.00	3.58	3.50	3.54	3.54
Community development	5.94	6.80	6.80	6.91	7.80	7.82	8.04	7.57	7.57	7.54
Fleet ^(b)	3.00	-	-	-	-	-	-	-	-	-
Human resources ^(a)	-	-	-	-	-	1.85	4.37	4.09	4.09	4.08
Total general government	14.97	12.80	11.80	12.21	12.80	13.67	15.99	15.16	15.20	15.16
Streets and Roads										
Public Works	18.27	20.60	20.60	24.09	22.74	25.01	24.20	24.60	23.85	25.47
Public Safety										
Police	53.92	70.00	72.25	74.42	69.09	71.54	72.61	73.20	72.28	70.63
Dispatch ^(c)	14.35	-	-	-	-	-	-	-	-	-
Total public safety	68.27	70.00	72.25	74.42	69.09	71.54	72.61	73.20	72.28	70.63
Total	101.51	103.40	104.65	110.72	104.63	110.22	112.80	112.96	111.33	111.26

Data Source

Village records

Notes

A full-time employee is schedule to work 2,080 hours per year (including paid leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

The Village's 9-hole golf course uses outsourced staff and has no direct employees.

(a) Human Resources and Finance were combined into Administration beginning in fiscal year 2020.

(b) Fleet was reported separately from Public Works beginning in fiscal year 2024.

(c) Dispatch was reported separately from Police beginning in fiscal year 2024.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Operating Indicators by Function/Program Last Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
General Government										
Community Development										
Number of building permits issued	1,290	1,415	1,389	2,162	1,274	2,409	1,275	1,470	1,525	1,798
Number of building inspections	3,403	4,095	4,509	4,092	2,988	6,745	3,585	3,744	3,312	5,105
Forestry										
Number of parkway trees planted ^(a)	110	132	109	65	96	108	108	392	876	1,235
Number of parkway trees trimmed ^(a)	1,600	1,200	859	918	1,038	927	927	669	1,009	1,165
Fleet Services										
Number of cars/SUVs/vans maintained ^(a)	34	35	37	33	41	34	36	36	35	35
Number of light trucks maintained ^(a)	20	18	17	17	18	19	20	19	18	18
Number of heavy trucks maintained ^(a)	10	11	11	11	10	10	10	11	10	10
Number of loaders/backhoes maintained ^(a)	6	6	6	6	6	5	5	5	5	5
Number of small tractors maintained ^(a)	4	4	4	4	3	2	2	2	1	1
Number of sweepers maintained ^(a)	-	-	-	-	-	1	1	1	1	1
Number of buses maintained ^(a)	-	-	-	-	1	1	1	1	1	1
Public Safety										
Police										
Part I crime ^(a)	454	429	328	331	470	384	528	473	574	544
Part II crime ^(a)	641	675	431	625	622	606	576	633	603	628
Calls for service ^(a)	27,169	28,280	27,287	26,704	30,458	30,736	29,693	26,349	23,684	23,358
State tickets issued ^(a)	1,859	1,292	1,145	1,090	2,339	2,309	2,876	2,602	2,273	3,271
Compliance tickets issued ^{(a)(b)}	-	-	-	-	-	787	992	903	587	1,102
Parking tickets issues ^{(a)(b)}	-	-	-	-	-	2,309	2,509	2,286	2,419	3,407
Administration adjudication citations issued ^{(a)(b)}	1,303	770	663	1,080	2,364	2,309	2,509	2,286	2,419	3,407
Streets and Roads <i>(in Thousands)</i>										
Sidewalk/bike trails program costs	\$ 137	\$ 75	\$ 79	\$ 78	\$ 73	\$ 74	\$ 49	\$ 73	\$ 93	\$ 56
Annual resurfacing program costs	-	1,093	1,075	1,075	988	1,020	360	677	1,266	1,149
Major reconstruction/expansion costs	2,959	-	-	-	-	-	-	-	-	-

Data Source

Village records

Notes

^(a) Statistics are for the calendar year ending during that fiscal year

^(b) Beginning with fiscal year 2020, the Village implemented an Administrative Adjudication process for issuing local citations. This eliminated reporting broken out by compliance tickets and parking tickets.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
General Government										
Village Hall	1	1	1	1	1	1	1	1	1	1
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Communications/training center	1	1	1	1	1	1	1	1	1	1
Patrol units	28	27	27	26	31	28	30	27	27	29
Streets and Roads										
Streets (lane miles)	165	165	160	160	164	142	142	142	142	142
Sidewalks (miles)	109	109	109	108	108	108	108	108	108	108
Streetlights	2,152	2,152	2,286	2,286	2,305	2,258	2,258	2,258	2,258	2,258
Traffic lights (Village owned)	5	5	5	5	5	5	5	5	5	5
Culture and Recreation										
Athletic complex	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Community center	-	-	-	-	-	1	1	1	1	1

Data Source

Village records

See independent auditor's report.