



Village of

Vernon Hills
People Planning With Pride

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

Vernon Hills, Illinois

FOR FISCAL YEAR
ENDED APRIL 30,

2025



VILLAGE OF VERNON HILLS, ILLINOIS

Annual Comprehensive Financial Report

For the Year Ended April 30, 2025

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, 2025

VILLAGE PRESIDENT

ROGER L. BYRNE

BOARD OF TRUSTEES

THOM KOCH JR.
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

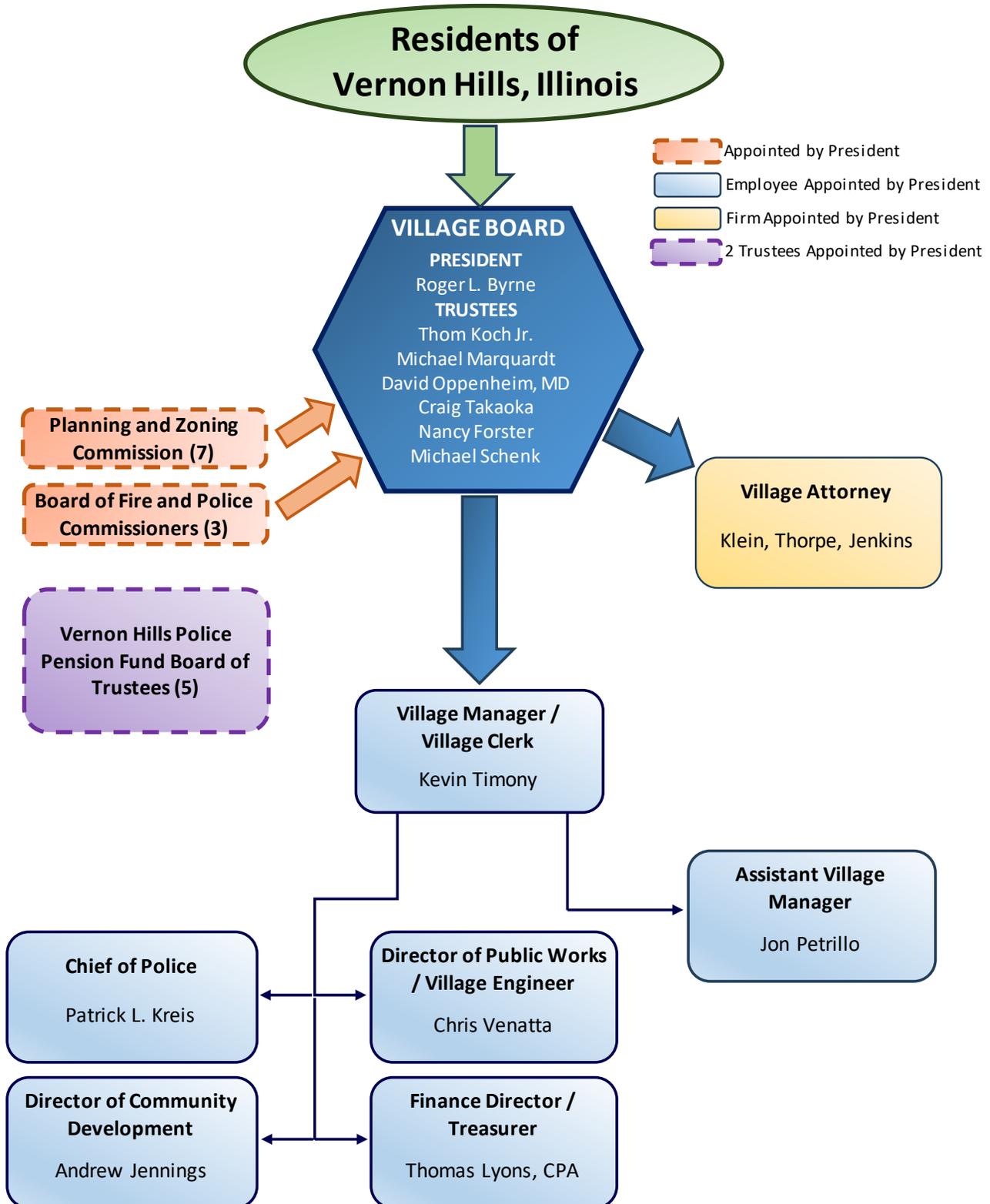
VILLAGE ATTORNEY

JAMES V. FEROLLO

VILLAGE OF VERNON HILLS, ILLINOIS

Organizational Chart
April 30, 2025

Version: February 2025



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, 2024

Christopher P. Morrill

Executive Director/CEO



October 16, 2025

The Honorable Village President Thom Koch, Jr.,
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, 2025. This report provides a broad view of the Village's financial activities for the 2025 fiscal year and its financial position at April 30, 2025. 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, 2025. 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.

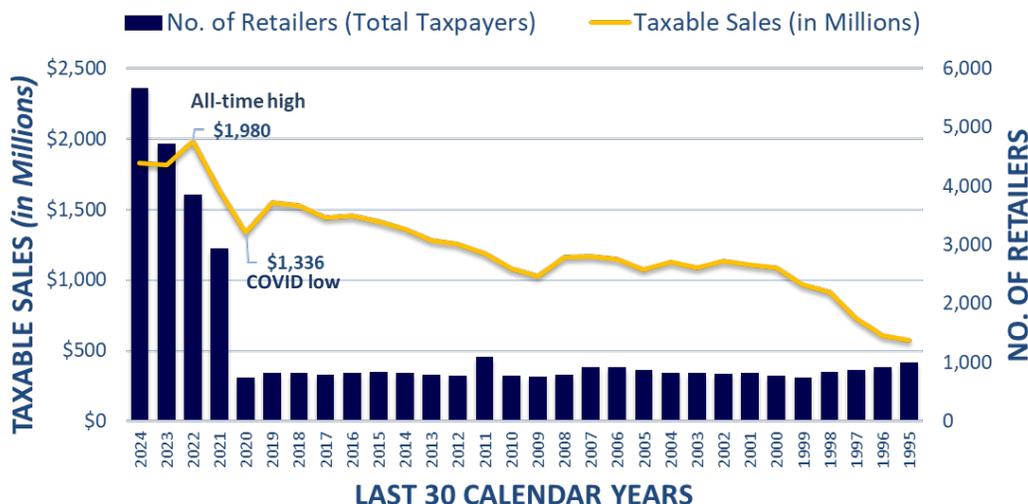
Annual Budget Process

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 19th highest taxable sales generating community in Illinois, up from the 20th in the previous year. Taxable sales in Vernon Hills finished calendar year 2024 at \$1.83 billion, up slightly from the previous year’s \$1.81 billion. More than \$68,118 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, a spike in the number of taxpayers beginning in 2021 is due to the enactment of the “Leveling the Playing Field for Illinois Retail Act” (35 ILCS 185) effective January 1, 2021. This legislation has required state and local sales tax be applied to internet retail sales transactions.

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 invested \$350 million for mixed-use development of residential, retail, and restaurant properties. Referred to as Phase I, the initial re-development of the site included 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 over 90 percent leased. We are excited to share Phase II development is in progress. Another row will bring 288 apartments, 37,000 square feet of additional retail, and two public plazas. This re-development is one of the most exciting projects in Lake County!

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

13-73 S. Milwaukee Ave. is an 8 acre site where planning for a future residential development is underway. Plans include building over 300 units made up of 290 apartments and 18 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 as well as Hacienda Real, and Yard House in 2025. Scheduled to open in 2026 include Raising Canes, and Guzman y Gomez. Retail, experiential, and entertainment venues that opened included Planet Fitness, Lovesac, J. Crew Factory, Harbor Freight Tools, and Ace Pickleball. We are excited to announce a new IMAX theater will be constructed at the AMC theater and a 100,000 square foot Farmer’s Best Market grocery store plans to open in the Marketplace shopping center.

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 inflation continues to ease from recent peaks, the Federal Reserve faces a delicate balancing act between sustaining restrictive policy and preventing a more pronounced economic slowdown. At the national level, inflation is expected to average between 2.3 % and 2.8 % over the coming year, with potential upside risk due to energy or import price volatility. In response, the Fed is widely expected to initiate gradual rate cuts, possibly bringing the federal funds rate toward the 4.0 % range by late 2025. While this easing will benefit borrowers, it is likely to compress returns on cash and short-duration portfolios—a challenge for local government investments.

From a yield perspective, analysts project that the 10-year U.S. Treasury rate may stabilize in a 3.8 % to 4.5 % band over the year, though the yield curve is expected to remain relatively flat. That suggests only modest rewards for extending portfolio duration, emphasizing the need for careful liquidity management and duration decisions.

On the real economy side, national forecasts indicate slower but sustained growth. Real GDP is expected to expand modestly in 2025, within a range of 1.5 to 2.5 percent, reflecting weaker consumer demand and more cautious business investment. The labor market, while resilient, has shown signs of cooling. Payroll growth has slowed from prior years, with average monthly job gains expected to fall near 130,000 in 2025,

compared to more robust gains earlier in the decade. The unemployment rate, which stood at 4.2 percent in mid-2024, is projected to rise only gradually, hovering around 4.3 to 4.5 percent by the end of the forecast horizon. Wage growth is also moderating, easing pressure on employer costs but limiting household income gains. Industries such as healthcare and construction continue to expand, while other sectors face slower hiring and tighter margins.

Despite this measured economic path, several risks remain prominent. Heightened geopolitical tensions could disrupt global trade or elevate energy costs, renewing inflationary pressures that would ripple into household budgets and municipal finances. Local governments also continue to face heightened cybersecurity risks, with threats targeting critical infrastructure and service delivery. In addition, federal and state fiscal challenges and shifting policy landscapes could influence intergovernmental revenues and grant programs. These external pressures highlight the importance of maintaining flexibility and resilience in municipal planning.

For the Village, these dynamics mean that revenue growth tied to local sales activity, utility consumption, and permit demand should be projected conservatively. Expenditure growth, however, may be more contained than in recent years as inflationary pressures abate, allowing baseline operating costs to stabilize so long as no major changes to operations or capital investment plans are introduced. In this climate, the Village's approach of cautious fiscal management remains essential. By continuing to focus on reserve adequacy, balanced investment strategies, and proactive risk monitoring, the Village can navigate slower national growth while remaining positioned to capture opportunities should economic activity strengthen beyond current forecasts.

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, 2025, the Police Pension Plan carried an unfunded net pension liability of \$22.7 million, a decrease of \$4.8 million or 17.2 percent from the prior year. The funded ratio was 75.58 percent, up from 71.97 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, 2024, the Village carried an IMRF unfunded net pension liability of \$1.8 million, unchanged from the prior year. The funded ratio was 95.83 percent, up slightly from 95.48 percent in the prior year.

Improved Financial Reporting

During the year, the Village early implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This standard introduces a revised format for the management's discussion and analysis (MD&A), governmental fund resource flow statements, and certain note disclosures, with the goal of improving transparency and comparability. In addition, the Village restructured certain reporting funds to align with these improvements and to provide financial statement users with clearer, more decision-useful information. These enhancements reflect the Village's ongoing commitment to high-quality financial reporting.

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, 2024. This was the 22nd 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.

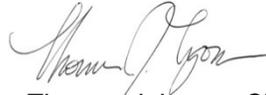
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for the certificate. The preparation 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

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, 2025, 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, 2025, 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. 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.

Change to or within the Financial Reporting Entity

As discussed in Note 14 to the financial statements, the Village changed its fund reporting structure, effective May 1, 2024, which resulted in adjustments to beginning net position and fund net position. The change to or within the financial reporting entity is accounted for in accordance with GASB 100 - *Accounting Changes and Error Corrections* -- an amendment of GASB Statement No. 62 and GASB 103 - *Financial Reporting Model Improvements*. Our opinion is not modified with respect to that matter.

Change in Accounting Principle

As described in Notes 1.L and 15. to the financial statements, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended April 30, 2025. The implementation of this guidance resulted in changes to accrual of compensated absence balances. Our opinion was not modified with respect to these matters.

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 generally accepted 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 generally accepted 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 4-13), the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund (page 77), the schedule of revenues, expenditures, and changes in fund balance - budget and actual Milwaukee Avenue/Townline Road Tax Increment Financing Fund (page 78), the multiyear schedules of changes in the employer's net OPEB liability and related ratios (page 79), the multiyear schedules of employer contributions (pages 80-81), the multiyear schedules of changes in the employer's net pension liability and related ratios (pages 82-83), and the multiyear schedule of investment returns (page 84) 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 is 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.

Selden Fox, Ltd.

October 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

The purpose of management's discussion and analysis (MD&A) is to help Village residents and other readers understand what the financial statements and notes in this financial report say about the Village's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Village's finances. Readers are encouraged to consider the information presented here in conjunction with information furnished in the letter of transmittal at the beginning of this report and the Village's financial statements, which follows this section.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village's financial report contains basic financial statements. Those financial statements present the Village's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the Village's governmental activities and business-type activities (together, the primary government). (See the diagram in Figure 1.)

- **Governmental activities** comprise the Village's most basic functions, such as streets and roads, public safety, general government, economic development, and culture and recreation. These activities are primarily financed by sales taxes generated from purchases made within the Village—by both residents and visitors—as well as state-shared revenues such as income taxes from the State of Illinois.
- **Business-type activities** are Village services primarily financed in part with charges to customers and subsidies from the governmental activities—a municipal golf course and a commuter parking lot. These activities are not significant to the Village's overall financial position or results when compared to governmental activities. Accordingly, while they are reported in the government-wide and proprietary fund financial statements, their financial impact is not material, and the MD&A focuses primarily on governmental activities.

The remaining basic financial statements present the Village's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Village reports on three groups of funds:

- **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

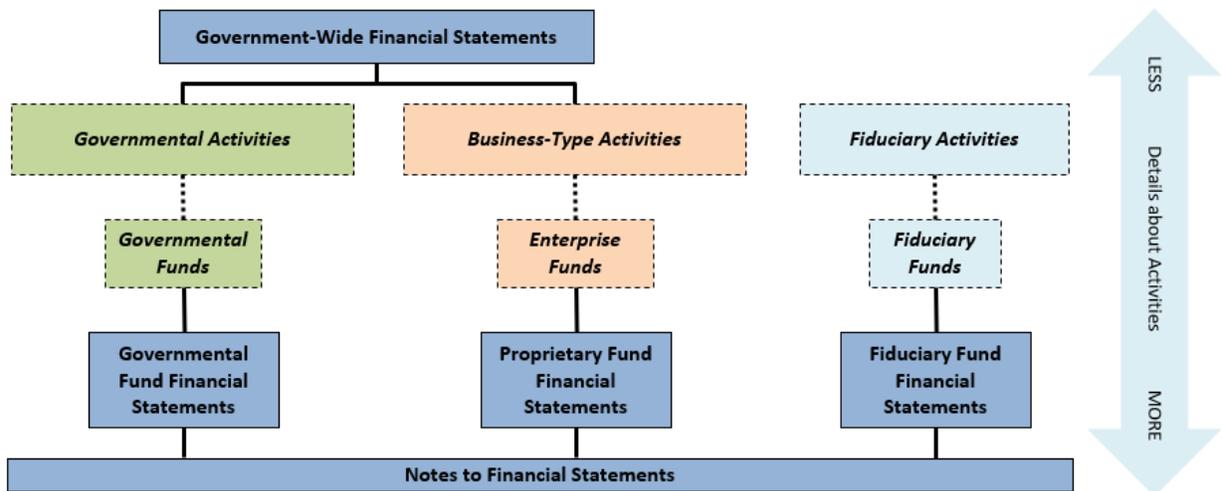
VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

a reconciliation to facilitate the comparison between governmental funds and governmental activities.

- **Proprietary 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, they are known as enterprise funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information. In the Village's case, these activities consist of a municipal golf course and a commuter parking lot. While these services are reported in the proprietary fund financial statements, they represent an immaterial portion of the Village's overall operations and financial position. Accordingly, their impact on the Village's financial results is limited, and the MD&A primarily emphasizes governmental activities.
- **Fiduciary funds** are used to report resources for which the Village acts as a trustee or custodian, including the Village's Police Pension Fund. The resources in those funds do not belong to the Village and cannot be used to provide services, which is why they are not included in the government-wide financial statements.

Figure 1. Contents of the Village's Basic Financial Statements



The next section of this financial report contains notes to financial statements, which delve deeper into the Village's finances as reported in the financial statements. The information in the notes is as important to understanding the Village's finances as the information in the financial statements. The Village uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

All of the Village's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- **Assets**—resources the Village controls, from short-term assets like cash to long-term assets like roads and buildings

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

- Liabilities—amounts the Village owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions
- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related
- Revenues and expenses—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a Village building.

More detail about the measurement focuses and bases of accounting can be found in the Notes to the Financial Statements, Note 1 - Summary of Significant Accounting Policies, beginning on page 26.

VILLAGE-WIDE FINANCIAL STATEMENTS AND ANALYSIS

Table 1
Statement of Net Position
(in millions)

As of April 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 94.1	\$ 84.0	\$ -	\$ (0.3)	\$ 94.1	\$ 83.7
Capital assets, net	81.6	83.1	1.8	1.5	83.3	84.6
Total Assets	175.7	167.1	1.8	1.2	177.5	168.3
Deferred outflows	8.0	12.0	-	-	8.0	12.0
Total Assets and Deferred Outflows	183.7	179.1	1.8	1.2	185.5	180.3
Current liabilities	9.0	9.6	0.1	0.1	9.1	9.7
Noncurrent liabilities	55.1	64.3	-	-	55.1	64.3
Total Liabilities	64.1	73.9	0.1	0.1	64.2	74.0
Deferred inflows	9.5	7.9	-	-	9.5	7.9
Total Liabilities and Deferred Inflows	73.6	81.8	0.1	0.1	73.7	81.9
Net Position						
Net investment in capital assets	75.5	75.2	1.8	1.5	77.3	76.7
Restricted	23.4	15.8	-	-	23.4	15.8
Unrestricted (Deficit)	11.2	6.3	(0.1)	(0.4)	11.1	5.9
Total Net Position	\$ 110.1	\$ 97.3*	\$ 1.7	\$ 1.1*	111.8	\$ 98.4

* Reported amounts restated due to items discussed in Note 14.

Table 1 shows that as of April 30, 2025, the Village's total net position—assets and deferred outflows minus liabilities and deferred inflows—stood at \$111.8 million, an increase of \$13.4 million or 13.6 percent compared with 2024. This increase is primarily due to a \$7.6 million increase in restricted and a \$5.2 million increase in unrestricted net position. \$77.3 million of this balance represents the Village's investment in capital assets such as land, buildings, and roads, net of related debt, which are used to provide services to residents and are not available for future spending. Another \$23.4 million of net position is restricted for specific purposes, while the remaining \$11.1 million is unrestricted and may be used to meet ongoing obligations. Most of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

Governmental Activities

Table 2 shows that revenues continued to exceed expenses in the current year, although expenses grew at a higher rate than revenues, resulting in an increase in net position. The total net position of the Village's governmental activities was over \$110.1 million, an increase of \$12.8 million or 13.2 percent from 2024. Various events contributed to this increase in net position; however, the four primary factors affecting the change in net position are as follows:

1. Growth in retail sales due to the strength in the local economy as well as a change in the law increased sales tax revenues
2. Growth of property values within the Village's TIF Districts increased tax increment revenue
3. Larger investable balances and continued elevated interest rates drove investment income higher
4. Increase in expenses for certain functions

Table 2
Changes in Net Position
(in millions)

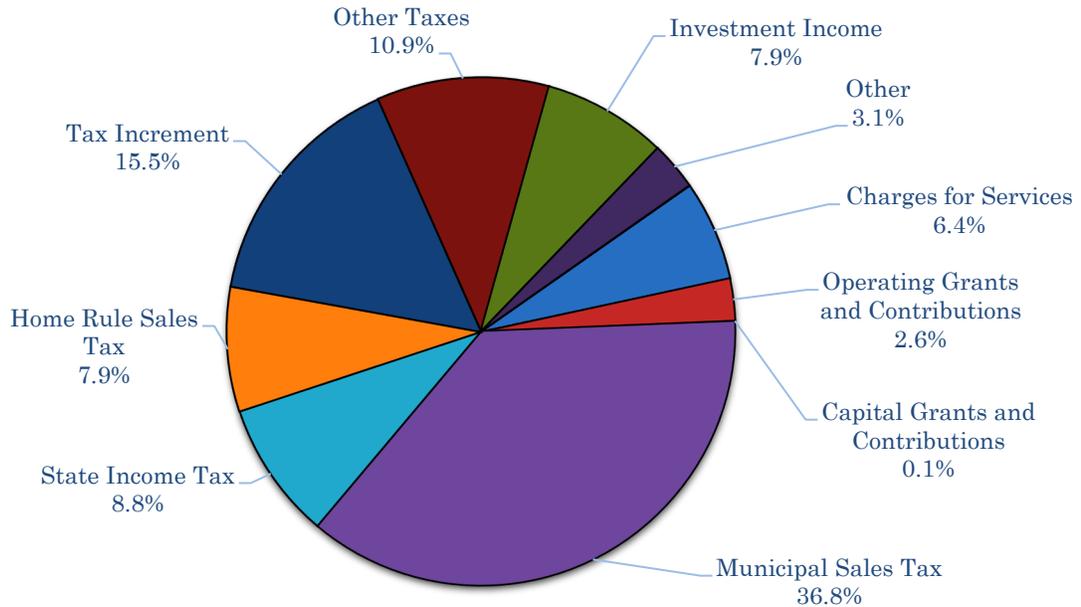
For Fiscal Years Ended April 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	\$ 3.4	\$ 3.6	\$ 0.6	\$ 0.5	\$ 4.0	\$ 4.1
Operating grants and contributions	1.4	1.5	-	-	1.4	1.5
Capital grants and contributions	-	1.0	0.3	-	0.3	1.0
General Revenues						
Municipal sales taxes	19.5	17.8	-	-	19.5	17.8
Tax Increment	8.2	7.1	-	-	8.2	7.1
Other taxes	14.7	14.3	-	-	14.7	14.3
Other	5.8	4.7	0.5	0.1	6.3	4.8
Total Revenues	53.0	50.0	1.4	0.6	54.4	50.6
Expenses						
General government	12.4	10.4	-	-	12.4	10.4
Streets and roads	8.3	8.2	-	-	8.3	8.2
Public safety	16.2	15.6	-	-	16.2	15.6
Economic development	1.0	0.9	-	-	1.0	0.9
Culture and recreation	1.5	0.4	-	-	1.5	0.4
Interest on long-term debt	0.8	0.9	-	-	0.8	0.9
Golf	-	-	0.6	0.6	0.6	0.6
Commuter Parking	-	-	0.2	-	0.2	-
Total Expenses	40.2	36.4	0.8	0.6	41.0	37.0
Change in net position	12.8	13.6	0.6	-	13.4	13.6
Net position, May 1	97.3	83.7	1.1	1.1	98.4	84.8
Net position, April 30	\$ 110.1	\$ 97.3	\$ 1.7	\$ 1.1	\$ 111.8	\$ 98.4

The beginning net position for fiscal year 2024 was restated to reflect the items discussed in Note 14 to the financial statements. The restatement affected only the beginning balance; the changes in net position for fiscal year 2024 are consistent with amounts previously reported.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

**Figure 2. Revenues by Source – Government Activities
For the Fiscal Year Ended April 30, 2025
(in millions)**



Increase in revenues due to economic growth and law change

Sales Taxes

Governmental activities revenues increased by \$3.0 million, or 6.0 percent, to \$53.0 million. Municipal sales taxes remain the Village's largest revenue source, growing by \$1.7 million during the year as a result of continued strength in local retail activity. Under state statute, the Village receives one percent of all retail sales generated within its boundaries.

In addition to economic growth, a legislative change effective January 1, 2025, also contributed to the increase. Public Act 103-983 shifted certain transactions previously subject to the statewide use tax to the Retailers' Occupation Tax (ROT). The ROT represents Illinois' sales tax and incorporates both state and local rates, applied at the point of delivery or possession (i.e., destination-based sourcing). This shift reduced the Village's allocation of use tax revenues, which declined by approximately 30 percent compared to 2024. However, the change also broadened the base of transactions subject to local sales taxes, resulting in higher sales tax receipts. Overall, the net effect of this statutory change was positive for the Village's revenues.

Other sales based local taxes increased \$0.5 million or 7.6 percent from 2024. These local taxes totaled \$6.6 million in the current year and include the home rule sales tax, food and beverage tax, hotel/motel tax, and the amusement tax.

Income Taxes

The Village's third largest revenue source, behind municipal sales taxes and tax increment revenue, is state income tax. Income taxes rose 6.2 percent to \$4.7 million over 2024. This increase was due to higher incomes statewide generating increase income tax collections for the state.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

The Village receives income tax revenues through the State of Illinois' Local Government Distributive Fund (LGDF). The Illinois Department of Revenue (IDOR) collects both individual and corporate income taxes at the state level, and a portion of these net collections is allocated by statute to the LGDF. For state fiscal years 2024–2025 (July 1 to June 30), municipalities received approximately 6.47 percent of the state's net individual and corporate income tax revenues, a rate that has varied over time from its original 10 percent share when the LGDF was established.

Once revenues are deposited into the LGDF, IDOR certifies and transfers the funds to the Illinois State Comptroller, who then distributes payments to municipalities and counties on a monthly basis. Distributions are made on a per-capita basis, using the most recent certified U.S. Census population counts. This structure ensures that larger municipalities with greater populations receive a proportionately larger distribution, while the per-capita amount remains consistent statewide.

Increase in revenue due to property value growth

Tax Increment – Tax Increment Financing (TIF) Districts

Tax increment revenues increased by \$1.1 million during the year, reflecting continued growth in property values within the Village's three Tax Increment Financing (TIF) districts. By statute, these revenues are restricted to eligible economic development activities within the respective districts and are not available to support general Village operations or provide unrestricted funding.

Although these revenues are generated from property taxes, they differ from traditional property tax collections. The Village does not impose a general property tax levy and abates all debt service levies. As a result, unlike most Illinois municipalities, the Village does not rely on general property tax revenues to fund operations. Instead, property tax revenues are realized solely through incremental growth within the TIF districts, where they are dedicated to redevelopment initiatives, infrastructure improvements, and other district-specific projects.

Increase in investment income

Investment income is included in other revenues reported in **Table 2**. Investment income increased \$1.1 million or 35.9 percent over 2024. This increase is primarily due to continued elevated interest rates and larger balances of cash and investments subject to the favorable interest rates.

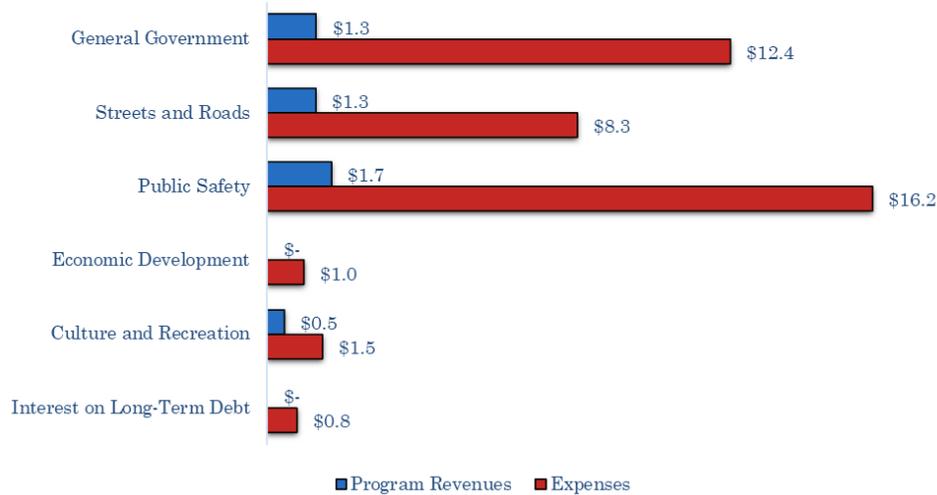
Growth in expenses

Table 2 shows expenses for governmental activities totaled \$40.2 million, an increase of \$3.8 million or 10.4 percent, from 2024. The increase was driven by several factors. General Government expenses grew by \$2.0 million, largely due to the \$0.6 million increase in revenue sharing (economic incentives), a one-time donation to the Vernon Hills Park District of \$0.4 million to help fund a new splash park and higher personnel costs in administration and community development. Public Safety expenses rose by \$0.6 million, reflecting higher salaries and wages. Culture and Recreation expenses increased significantly, from \$0.4 million in fiscal year 2024 to \$1.5 million in fiscal year 2025, most notably due to \$0.8 million of operating and capital subsidies provided to the Village's 9-hole golf course. All remaining functional expense categories remained flat year-over-year.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

**Figure 3. Expenses and Program Revenues by Function – Government Activities
For the Fiscal Year Ended April 30, 2025
(in millions)**



Governmental Funds

The Village reports three major funds individually in the governmental fund financial statements. Those funds are the General Fund, Milwaukee Avenue/Townline Road Tax Increment Fund (Melody Farm TIF), and the Capital Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the Village's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were significant changes to two of the three major funds. Those two major funds are shown in Table 3 and are discussed in more detail below.

**Table 3
Revenues, Expenditures, and Changes in Fund Balances
(in millions)**

For Fiscal Years Ended April 30	General Fund		Capital Fund	
	2025	2024 *	2025	2024 *
Total Revenues	\$ 39.2	\$ 36.7	\$ 0.6	\$ 0.5
Total Expenditures	31.1	29.5	3.9	1.7
Excess (deficiency) of revenues over expenditures	8.1	7.3	(3.3)	(1.2)
Other Financing Sources/(Uses)				
Transfers In	-	-	12.9	1.5
Transfers Out	(14.9)	(2.2)	-	-
Other Debt Activity (net)	-	0.3	-	-
Total Other Financing S/(U)	(14.9)	(1.9)	12.9	1.5
Change in Fund Balances	(6.8)	5.4	9.6	0.3
Fund Balances, May 1	48.2	42.8	2.7	2.4
Fund Balances, April 30	\$ 41.4	\$ 48.2	\$ 12.3	\$ 2.7

* Reported amounts adjusted, see Note 14.

**Variation in values may occur due to rounding

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

In **Table 3** the beginning fund balance for fiscal year 2024 was adjusted to reflect the items discussed in Note 14 to the financial statements.

General Fund

The General Fund balance decreased by 6.8 percent during the year. The decline was primarily attributable to a one-time transfer of \$11.3 million to the Capital Fund and the Vehicle and Equipment Replacement Fund. While this transfer reduced the General Fund's balance, it provided dedicated resources to support multiple years of planned capital improvements and fleet replacement needs. Offsetting this decrease, the General Fund reported an excess of revenues over expenditures of \$8.1 million. Revenue growth was led by stronger sales tax collections, while expenditure increases reflected higher economic incentive payments and a one-time donation to the Vernon Hills Park District, as discussed earlier.

Capital Fund

The Capital Fund balance increased by \$9.6 million, more than four and a half times the prior year's balance. This growth was primarily the result of the one-time transfer from the General Fund noted above. Revenues in the Capital Fund were relatively flat compared to 2024, while expenditures more than doubled year-over-year. Beginning in fiscal year 2025, the full cost of the annual road rehabilitation program was recorded in the Capital Fund, whereas in prior years those expenditures were largely reported in the Motor Fuel Tax Fund. After adjusting for this reporting change, total Capital Fund expenditures declined by approximately \$0.7 million, reflecting the substantial completion of the Lakeview Parkway expansion project in fiscal year 2024.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Overall, the carrying value of capital assets—original cost minus accumulated depreciation—decreased 1.4 percent from 2024. However, that relatively small change does not completely capture the substantial amount of capital investment activity that occurred in fiscal year 2025.

The Village's governmental activities had \$4.1 million in its beginning balance of construction in progress (CIP) with another \$1.0 million in capital projects started during the during 2025. Of those amounts, the Village put \$5.0 million into operation during the year and, therefore, reclassified that amount to the other capital asset classifications of infrastructure, equipment and vehicles, and land improvements. This resulted in an ending balance of construction in progress of \$0.1 million which accounts for the start of the multi-million dollar Seavey Ditch restoration project. \$3.5 million of the amount reclassified from CIP to infrastructure was related to the completion of the Lakeview Parkway expansion project.

As of fiscal year 2025, the carrying value of the capital assets related to Metra parking commuter lot operations were transferred from governmental activities to business-type activities. This move adjusted the fiscal year 2025 beginning balance of the governmental activities and business-type activities by \$0.8 million. The reclassification will allow commuter lot revenues and related operating costs to be reported in the business-type activities, providing a clearer view of their net contribution to Village operations.

Total outstanding debt decreased 12.1 percent to \$22.0 million in fiscal year 2025. General obligation bonds make up \$21.6 million of the total outstanding debt. As no new debt was issued, this reduction was due to the \$2.9 million of scheduled principal payments made during the year. Currently, debt service is paid for by TIF funds for TIF related debt and general revenues for all other debt. All debt service property tax levies have been abated to date.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

As of the end of fiscal year 2025, the Village's bonds continued to possess the highest available rating, AAA, from S&P Global rating service.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Village has identified three developments that will significantly affect future finances and have been incorporated into the fiscal year 2026 budget:

1. Elimination of the state-wide grocery tax
2. Consolidation of emergency dispatch operations to LakeComm
3. Amendment to Village budget

Elimination of the state-wide grocery tax

Effective January 1, 2026, Illinois eliminated the 1 percent state sales tax on groceries. Historically, these revenues represented a reliable, ongoing source of municipal funding provided directly from the State of Illinois. This tax applied to most food items intended for off-premises consumption with certain exceptions (alcoholic beverages, soft drinks, candy, and food prepared for immediate consumption). Staff estimate the Village would stand to lose approximately \$2.0 million per year in municipal sales tax from this elimination, the equivalent of 5% of General Fund revenues.

Absent corrective action, this revenue loss would have created significant budgetary pressure potentially requiring reductions in core Village services. To preserve fiscal stability and maintain service levels, the Village Board adopted Ordinance 2025-080 implementing a 1 percent local grocery tax effective January 1, 2026. This action ensures revenue continuity equivalent to prior years, with the local grocery tax fully offsetting the repealed state tax and resulting in no net increase in the overall tax burden to consumers.

Consolidation of emergency dispatch operations to LakeComm

Lake Consolidated Emergency Communications (LakeComm) was formed by a consortium of public agencies through an Intergovernmental Agreement (IGA). Its purpose is to establish a consolidated public safety answering point (PSAP) and emergency dispatch agency responsible for providing all administrative and operational duties necessary for emergency communication services. The Village Board formally adopted Resolution 2024-017 authorizing the IGA to join LakeComm in June 2024.

Currently, the Village operates a consolidated PSAP that is accounted for and reported in the Dispatch Center Fund (a nonmajor governmental fund). LakeComm is anticipated to go live in the fall of 2025. At that time, dispatch services will transition to LakeComm, the Village's Dispatch Center Fund will be closed, and Vernon Hills PSAP operations will cease. All ETSB surcharge revenues will shift from the Vernon Hills PSAP to LakeComm, and the Village will instead make contractual payments to LakeComm for dispatch services. While ETSB surcharge revenues will shift to LakeComm, the Village's contractual payments are expected to be lower than its current dispatch operating costs. This transition is expected to be fiscally sustainable while improving regional coordination and ensuring continuity of high-quality emergency response services.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2025

Amendment to the Village budget

The Village Board amended the fiscal year 2026 budget in October 2025 to authorize increased spending on design services for the police facility renovation project. After adoption of the original fiscal year 2026 budget, the Village Board directed staff to advance the renovation project, with design services expected to require approximately \$0.7 million in fiscal year 2026.

At the time the budget was prepared, \$150,000 had been allocated for preliminary concept and needs assessment work. As this preliminary work is no longer required, the allocation will be applied to design services. Accordingly, the budget amendment authorized an additional \$550,000 for this purpose. Funding for the increased spending is available within the Capital Fund, and no General Fund transfers are necessary. This amendment allows the facility renovation project to remain on schedule, advancing to design in fiscal year 2026 without requiring further General Fund support.

BASIC FINANCIAL STATEMENTS

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position April 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Investments	\$ 79,290,256	\$ 40,264	\$ 79,330,520
Receivables:			
Local Taxes	1,625,037	-	1,625,037
Accounts	329,377	2,127	331,504
Deposit	-	19,628	19,628
Intergovernmental	6,151,800	-	6,151,800
Accrued Interest	204,575	-	204,575
License	516,670	-	516,670
Leases	3,995,838	-	3,995,838
Other	69,978	-	69,978
Due From Other Governments	1,336,120	-	1,336,120
Internal Balances	123,655	(123,655)	-
Inventory	-	27,034	27,034
Prepaid Expenses	494,459	1,963	496,422
Capital Assets:			
Nondepreciable Assets	5,716,975	556,849	6,273,824
Depreciable and Amortizable Assets, Net	<u>75,846,647</u>	<u>1,219,060</u>	<u>77,065,707</u>
Total Assets	<u>175,701,387</u>	<u>1,743,270</u>	<u>177,444,657</u>
Deferred Outflows of Resources			
Unamortized Loss on Refunding	54,348	-	54,348
Asset Retirement Obligation	352,000	-	352,000
Pension Related - IMRF	1,649,518	-	1,649,518
Pension Related - Police Pension	3,270,989	-	3,270,989
OPEB Related	<u>2,667,285</u>	<u>-</u>	<u>2,667,285</u>
Total Deferred Outflows of Resources	<u>7,994,140</u>	<u>-</u>	<u>7,994,140</u>
Total Assets and Deferred Outflows of Resources	<u>183,695,527</u>	<u>1,743,270</u>	<u>185,438,797</u>

- (continued) -

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position (Continued) April 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts Payable	\$ 1,257,808	\$ 42,270	\$ 1,300,078
Accrued Items	6,046,380	-	6,046,380
Accrued Payroll	701,336	907	702,243
Accrued Interest Payable	76,514	-	76,514
Deposits Payable	701,725	-	701,725
Other Payables	43,094	952	44,046
Due to Other Governments	23,931	-	23,931
Unearned Revenues	136,636	5,287	141,923
Noncurrent Liabilities:			
Due within One Year	5,212,094	-	5,212,094
Due in More Than One Year	49,893,168	-	49,893,168
Total liabilities	<u>64,092,686</u>	<u>49,416</u>	<u>64,142,102</u>
Deferred Inflows of Resources			
Unearned Revenue - Grants	77,440	-	77,440
Unearned Revenue - License	516,670	-	516,670
Unearned Revenue - Leases	3,995,838	-	3,995,838
Pension Related - IMRF	86,043	-	86,043
Pension Related - Police Pension	2,573,157	-	2,573,157
OPEB Related	2,211,624	-	2,211,624
Total Deferred Inflows of Resources	<u>9,460,772</u>	<u>-</u>	<u>9,460,772</u>
Total Liabilities and Deferred Inflows of Resources	<u>73,553,458</u>	<u>49,416</u>	<u>73,602,874</u>
Net Position			
Net Investment in Capital Assets	75,541,645	1,775,909	77,317,554
Restricted For:			
Public Safety	442,482	-	442,482
Streets and Roads	2,062,890	-	2,062,890
Economic Development	20,916,621	-	20,916,621
Unrestricted (Deficit)	11,178,431	(82,055)	11,096,376
Total Net Position	<u>\$ 110,142,069</u>	<u>\$ 1,693,854</u>	<u>\$ 111,835,923</u>

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, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 12,356,243	\$ 1,286,579	\$ -	\$ 31,332	\$ (11,038,332)	\$ -	\$ (11,038,332)
Streets and Roads	8,303,109	-	1,310,672	-	(6,992,437)	-	(6,992,437)
Public Safety	16,177,694	1,632,577	93,253	-	(14,451,864)	-	(14,451,864)
Economic Development	1,043,572	-	-	-	(1,043,572)	-	(1,043,572)
Culture and Recreation	1,512,455	466,081	-	-	(1,046,374)	-	(1,046,374)
Interest	809,106	-	-	-	(809,106)	-	(809,106)
Total Governmental Activities	40,202,179	3,385,237	1,403,925	31,332	(35,381,685)	-	(35,381,685)
Business-Type Activities							
Golf Course	636,786	548,199	-	343,000	-	254,413	254,413
Commuter Parking	186,531	38,419	-	-	-	(148,112)	(148,112)
Total Business-Type Activities	823,317	586,618	-	343,000	-	106,301	106,301
Total Primary Government	\$ 41,025,496	\$ 3,971,855	\$ 1,403,925	\$ 374,332	(35,381,685)	106,301	(35,275,384)
General Revenues and Other:							
Local Taxes:							
Home Rule Sales					4,206,551	-	4,206,551
Food and Beverage					1,828,117	-	1,828,117
Utility					1,218,864	-	1,218,864
Telecommunication					627,987	-	627,987
Hotel/Motel					307,714	-	307,714
Amusement					222,938	-	222,938
Intergovernmental:							
Sales Tax					19,506,083	-	19,506,083
State Income Tax					4,666,648	-	4,666,648
911 Surcharge					601,611	-	601,611
Road and Bridge Tax					240,313	-	240,313
Tax Increment					8,235,850	-	8,235,850
Use Tax					743,714	-	743,714
Replacement Tax					7,182	-	7,182
Payments in Lieu of Taxes					820,501	-	820,501
Franchise Fees					310,986	-	310,986
Operating Subsidies					-	487,000	487,000
Investment Income					4,185,598	411	4,186,009
Miscellaneous					497,367	-	497,367
Total General Revenues and Other					48,228,024	487,411	48,715,435
Changes in Net Position					12,846,339	593,712	13,440,051
Net Position, May 1 - As Restated and Adjusted (Note 14)					97,295,730	1,100,142	98,395,872
Net Position, April 30					\$ 110,142,069	\$ 1,693,854	\$ 111,835,923

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

VILLAGE OF VERNON HILLS, ILLINOIS

Balance Sheet – Governmental Funds April 30, 2025

	General	Milwaukee Avenue/ Townline Road Tax Increment	Capital	Nonmajor Governmental	Total Governmental
Assets					
Cash and Investments	\$ 39,407,044	\$ 13,331,449	\$ 12,407,497	\$ 14,144,266	\$ 79,290,256
Receivables					
Local Taxes	1,586,157	-	-	38,880	1,625,037
Accounts	288,756	-	-	40,621	329,377
Intergovernmental	5,236,804	-	10,000	904,996	6,151,800
Accrued Interest	172,091	-	27,081	5,403	204,575
Other	48,646	-	21,332	-	69,978
License	-	-	516,670	-	516,670
Leases	3,995,838	-	-	-	3,995,838
Due From Other Governments	1,336,120	-	-	-	1,336,120
Due From Other Funds	89,807	-	-	-	89,807
Prepaid Items	480,138	-	-	14,321	494,459
Advances to Other Funds	33,848	-	-	-	33,848
Total Assets	52,675,249	13,331,449	12,982,580	15,148,487	94,137,765
Liabilities					
Accounts Payable	920,360	7,268	124,618	205,562	1,257,808
Accrued Items	4,690,263	-	-	1,356,117	6,046,380
Accrued Payroll	654,159	-	-	47,177	701,336
Deposits Payable	701,725	-	-	-	701,725
Unearned Revenue	136,636	-	-	-	136,636
Other Payables	43,094	-	-	-	43,094
Due to Other Governments	23,931	-	-	-	23,931
Total Liabilities	7,170,168	7,268	124,618	1,608,856	8,910,910
Deferred Inflows					
Unavailable Revenues	-	-	-	70,328	70,328
Unearned Revenues - Grants	77,440	-	-	-	77,440
Unearned Revenues - License	-	-	516,670	-	516,670
Unearned Revenues - Leases	3,995,838	-	-	-	3,995,838
Total Liabilities and Deferred Inflows	11,243,446	7,268	641,288	1,679,184	13,571,186
Fund Balances					
Nonspendable					
Advances	33,848	-	-	-	33,848
Prepaid Items	480,138	-	-	14,321	494,459
Logn-Term Receivable	1,336,120	-	-	-	1,336,120
Restricted					
Streets and Roads	-	-	-	2,062,890	2,062,890
Public Safety	-	-	-	442,482	442,482
Economic Development	-	13,324,181	-	7,592,440	20,916,621
Committed					
General Government	-	-	175,000	245,655	420,655
Streets and Roads	-	-	180,000	1,349,374	1,529,374
Public Safety	-	-	93,104	1,762,141	1,855,245
Culture and Recreation	-	-	43,472	-	43,472
Capital Projects	-	-	11,849,716	-	11,849,716
Unassigned	39,581,697	-	-	-	39,581,697
Total Fund Balance	41,431,803	13,324,181	12,341,292	13,469,303	80,566,579
Total Liabilities and Fund Balances	\$ 52,675,249	\$ 13,331,449	\$ 12,982,580	\$ 15,148,487	\$ 94,137,765

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, 2025

Total Fund Balance - Governmental Funds (Page 17)	\$ 80,566,579
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.</p>	81,563,622
<p>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.</p>	70,328
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.</p>	
General Obligation Bonds Payable	(21,590,000)
Premium on Bonds Payable	(77,536)
Compensated Absences Payable	(2,975,605)
Interest Payable	(76,514)
Unamortized Loss on Refunding	54,348
Installment Contracts Payable	(106,519)
Operating Lease Contracts Payable	(76,326)
Subscription Contracts Payable	(118,444)
Asset Retirement Obligation	(400,000)
Net Pension Liability - Illinois Municipal Retirement Fund	(1,824,820)
Net Pension Liability - Police Pension	(22,728,533)
Total OPEB Liability	(5,207,479)
<p>Certain deferred outflows (inflows) of resources not reported in the funds.</p>	
Illinois Municipal Retirement Fund	1,563,475
Police Pension	697,832
OPEB	455,661
Asset Retirement Obligation	352,000
Net Position of Governmental Activities (Page 15)	\$ 110,142,069

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, 2025

	General	Milwaukee Avenue/ Townline Road Tax Increment	Capital	Nonmajor Governmental	Total Governmental
Revenues					
Local Taxes	8,412,171	4,421,925	-	4,411,796	17,245,892
Payments in Lieu of Taxes	-	442,193	-	378,308	820,501
Intergovernmental	25,016,880	-	271,645	2,290,905	27,579,430
Licenses, Permits, and Fees	1,608,420	-	-	-	1,608,420
Charges for Services	428,131	-	-	954,015	1,382,146
Fines and Forfeitures	198,361	-	-	21,189	219,550
Investment Income	2,643,977	626,724	292,275	622,622	4,185,598
Rental Income	352,119	-	106,666	-	458,785
Miscellaneous	524,689	-	-	-	524,689
Total Revenues	39,184,748	5,490,842	670,586	8,678,835	54,025,011
Expenditures					
Current					
General Government	11,163,209	-	878,702	75,712	12,117,623
Streets and Roads	4,042,587	-	2,185,337	947,810	7,175,734
Public Safety	13,043,320	-	108,626	2,705,441	15,857,387
Culture and Recreation	1,451,171	-	760,700	-	2,211,871
Economic Development	818,566	137,696	-	87,310	1,043,572
Debt Service					
Principal Retirement	485,200	1,035,000	-	1,485,000	3,005,200
Interest	123,080	559,685	-	103,936	786,701
Total Expenditures	31,127,133	1,732,381	3,933,365	5,405,209	42,198,088
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,057,615	3,758,461	(3,262,779)	3,273,626	11,826,923
Other Financing Sources (Uses)					
Transfers In	-	-	12,935,616	3,294,690	16,230,306
Transfers Out	(14,866,690)	-	-	(1,363,616)	(16,230,306)
Total Other Financing Sources (Uses)	(14,866,690)	-	12,935,616	1,931,074	-
Net Changes in Fund Balance	(6,809,075)	3,758,461	9,672,837	5,204,700	11,826,923
Fund Balances, May 1 - As Previously Reported	51,054,018	9,565,720	-	6,081,713	66,701,451
Adjustments (Note 14)	(2,813,140)	-	2,668,455	2,182,890	2,038,205
Fund Balances, May 1 - As Adjusted	48,240,878	9,565,720	2,668,455	8,264,603	68,739,656
Fund Balances, April 30	41,431,803	13,324,181	12,341,292	13,469,303	80,566,579

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
For the Year Ended April 30, 2025

Net Changes in Fund Balances - Total Governmental Funds (Page 19)	\$ 11,826,923
 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	2,624,805
Loss on disposal	(15,012)
Depreciation Expense	(4,145,490)
 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.	
	(976,493)
 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:	
Principal Replacements and Retirements:	
Compensated Absences Payable	(232,240)
Principal Repayment	3,028,713
Change in Interest Payable	12,650
Amortization of Bond Premium	26,950
 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	(514,615)
Police Pension Fund	738,749
OPEB	541,404
Asset Retirement Obligation	(8,000)
Change in Net Position of Governmental Activities (Page 16)	\$ 12,846,339

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, 2025

	Business-Type Activities
	Nonmajor Enterprise
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 40,264
Accounts Receivable	2,127
Deposit Receivable	19,628
Inventory	27,034
Prepaid Items	1,963
Total Current Assets	91,016
Noncurrent Assets	
Capital assets	
Nondepreciable	556,849
Depreciable	6,282,816
Accumulated Depreciation	(5,063,756)
Total Noncurrent Assets	1,775,909
Total Assets	1,866,925
Liabilities	
Current Liabilities	
Accounts Payable	42,270
Accrued Payroll	907
Unearned Revenue	5,287
Other Payable	952
Due to Other Funds	89,807
Total Current Liabilities	139,223
Noncurrent Liabilities	
Advances from Other Funds	33,848
Total Liabilities	173,071
Net Position	
Net Investment in Capital Assets	1,775,909
Unrestricted	(82,055)
Total Net Position	\$ 1,693,854

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, 2025

	Business-Type Activities
	Nonmajor Enterprise
Operating Revenues	
Course Fees	\$ 440,222
Merchandise Sales	16,342
Food and Beverage Sales	66,899
Parking Fees	38,419
Other Operating	24,736
Total Operating Revenues	586,618
Operating Expenses	
Personnel	33,931
Contractual Services	436,668
Commodities	5,160
Buildings and Grounds	154,014
Cost of Goods Sold	43,614
Depreciation	149,930
Total Operating Expenses	823,317
Operating Loss	(236,699)
Noncapital Subsidies	
General Fund Operating Subsidy	487,000
Total Noncapital Subsidies	487,000
Operating Loss and Noncapital Subsidies	250,301
Other Nonoperating Revenue	
Interest Income	411
General Fund Capital Subsidy	343,000
Total Other Nonoperating Revenue	343,411
Change in Net Position	593,712
Fund Balances, May 1 - As Adjusted (Note 14)	1,100,142
Fund Balances, April 30	\$ 1,693,854

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, 2025

	Business-Type Activities
	Nonmajor Enterprise
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 562,386
Payments to Suppliers and Employees	(688,351)
Other receipts	24,736
Net Cash from Operating Activities	(101,229)
Cash Flows from Noncapital Financing Activities	
General Fund Operating Subsidy	487,000
Net Cash from Noncapital Financing Activities	487,000
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(478,656)
General Fund Capital Subsidy	343,000
Interfund Transactions	(225,340)
Net Cash from Capital and Related Financing Activities	(360,996)
Cash Flows from Investing Activities	
Interest Received	411
Net Cash from Investing Activities	411
Net Change in Cash and Cash Equivalents	25,186
Balance, May 1	15,078
Balance, April 30	\$ 40,264
Reconciliation of Operating Gain/(Loss) to Net Cash from Operating Activities	
Operating Gain/(Loss)	\$ (236,699)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:	
Depreciation Expense	149,930
Changes in Assets and Liabilities:	
Accounts Receivable	619
Inventory	(636)
Prepaid Expenses	(1,963)
Accounts Payable	(13,274)
Accrued Payroll	907
Other Payable	2
Unearned Revenue	(115)
Net Cash from Operating Activities	\$ (101,229)

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, 2025

	Police Pension Trust Fund
Assets	
Cash and Cash Equivalents	\$ 716,976
Investments	
Illinois Public Officer's Pension Investment Fund	72,524,366
Prepaid Items	7,057
Total assets	73,248,399
Liabilities	
Accounts Payable	720
Total Liabilities	720
Net Position	
Net Position Restricted for Pensions	\$ 73,247,679

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, 2025

	Police Pension Trust Fund
Additions	
Contributions	
Employer	\$ 2,953,844
Participant	533,506
Total Contributions	3,487,350
Investment Income	
Net Appreciation in Fair Value of Investments	5,811,535
Interest and Dividend Income	517,913
Less Investment Expenses	(44,866)
Net Investment Income	6,284,582
Total Additions	9,771,932
Deductions	
Administration	41,894
Benefits and Refunds - Benefits	3,994,022
Total Deductions	4,035,916
Change in Net Position	5,736,016
Net Position Restricted for Pensions	
Net Position, May 1	67,511,663
Net Position, April 30	\$ 73,247,679

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, 2025

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 course operations, commuter parking lot operations, 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 course and Metra parking lot operations are classified as business-type activities.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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 maintaining a separate set of self-balancing accounts, which includes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures/expenses.

Funds are organized into three broad categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on reporting major funds within the governmental and business-type activities categories. All nonmajor funds within a category are aggregated and presented in a single column.

GASB Statement No. 34 established minimum criteria for determining major funds, based on a fund's significance relative to its category and to all governmental and enterprise funds combined. In addition, subsequent GASB guidance has clarified certain terminology and reporting requirements (e.g., GASB 63 for deferred inflows/outflows of resources and GASB 84 for fiduciary activities). The Village may also elect to report any fund as a major fund, even if it does not meet the minimum criteria, if management believes it is particularly important to financial statement users.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Determination of a Major Fund

If a fund is not reported as major by election, it must meet both of the following thresholds to be considered a major fund:

- The total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 (governmental or enterprise); and
- The same element (assets + deferred outflows, liabilities + deferred inflows, revenues, or expenditures/expenses) is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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 – 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 reports one major special revenue fund.

Milwaukee Avenue / Townline Road Tax Increment Financing Fund – Also known as Melody Farm TIF. Accounts 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 a general property tax for operations.

In the prior year, the *Vernon Hills Town Center Tax Increment Financing Fund* was reported as a major governmental fund. In the current year, the fund no longer meets the criteria for major fund reporting and is included with the nonmajor governmental funds. As a result, the beginning fund balance of nonmajor governmental funds as previously reported increased from \$2,059,471 to \$6,081,713. This change in presentation does not affect the total beginning fund balance of all governmental funds.

Capital Projects Funds – Capital Projects Funds are used to account for the financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities or infrastructure and replacement of vehicles and equipment (other than those financed by proprietary funds or tax increment financing funds). The Village reports one major capital projects fund.

Capital Fund – Accounts for all capital projects excluding projects reported in proprietary funds or TIF funds. These projects are classified within the following categories: Streets and Roads, Village Facilities, Open Spaces and Stormwater, and Other One-Time Projects. These projects are

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

substantially funded through transfers in from the General Fund and eligible projects are funded with transfers in from the Motor Fuel Tax Fund.

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

2. Proprietary Funds

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 used to account for operations in which fees are charged to external users for goods or services. They may also be financed, in whole or in part, by debt secured solely by a pledge of net revenues; however, the Village currently has no such debt. Both enterprise funds are subsidized by the General Fund. These activities are reported as business-type activities in the government-wide financial statements. The Village maintains two enterprise funds:

Golf Course Fund – Accounts for the operations and transactions of the Village’s municipal golf course.

Metra Parking Fund – Accounts for the operations and maintenance of the Village’s commuter parking facilities.

3. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others. Because these resources are not available to support Village programs, they are excluded from the government-wide financial statements. Fiduciary funds report net position and changes in net position using accounting principles similar to proprietary funds. The Village maintains one fiduciary fund type:

Pension Trust Funds – Used to account for assets held in trust for pension benefit payments.

Police Pension Fund – Accounts for the accumulation of resources to provide disability and retirement annuities to eligible employees.

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, liabilities, and 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,

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

liabilities, and 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.

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 reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized when they are 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 have been met and the resources are available. When revenues are earned but not available, they are reported as unavailable revenue.

Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and compensated absences, which are recognized when due and payable.

Revenues susceptible to accrual include but are not limited to home-rule sales tax, food and beverage tax, franchise fees, utility taxes, interest income, charges for services, and certain state-shared taxes such as sales and telecommunications taxes. Franchise fees are based on a percentage of gross revenues reported by utility providers and are accrued in the period earned and considered available. Fines (other than those collected and remitted through the Lake County Court system) and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

F. *Cash and Cash Equivalents and Investments*

The Village does not maintain separate bank accounts for each fund. Instead, funds share common checking accounts, with accounting records used to track each fund's share of the pooled balances.

For financial reporting purposes, amounts reported as Cash and Cash Equivalents on the Statement of Net Position and in the proprietary funds' Statement of Cash Flows include cash on hand, demand deposits, cash held by a fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments with a maturity greater than one year at the time of purchase, as well as all investments of the pension trust funds, are reported at fair value. Short-term investments purchased with a maturity of less than one year are reported at cost or amortized cost, which approximates fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on 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.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

J. *Capital Assets*

Capital assets include land, land improvements, buildings and improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, construction in progress, and intangible assets. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value on the date received. The cost of a capital asset includes all charges necessary to place the asset into its intended location and condition for use.

An asset is capitalized when it is placed in service, has a useful life of more than one year, and meets or exceeds the capitalization threshold for its asset class. Under the Village's Capital Asset Policy adopted March 31, 2025, capitalization thresholds for governmental activities generally range from \$25,000 for vehicles and equipment to \$250,000 for infrastructure, with a threshold of \$100,000 for buildings, land improvements, and intangible assets. The capitalization threshold for business-type activities is \$10,000. Items that do not meet the capitalization threshold are expensed in the year of acquisition, unless they are part of a larger capital project that meets the threshold in aggregate.

Construction in progress includes costs incurred for capital projects that are not yet completed or placed in service. Upon completion, such costs are reclassified to the appropriate capital asset category.

Expenditures for normal maintenance and repairs that do not add value or materially extend an asset's useful life are expensed as incurred. Consistent with the Village's Capital Asset Policy, certain recurring infrastructure activities such as road resurfacing, crack sealing, and sidewalk or curb patching are considered maintenance and are expensed, even though they may extend the service life of the asset. Additions and improvements that significantly increase the value or functionality of an asset are capitalized.

Capital assets are depreciated (or amortized for intangible assets) using the straight-line method over their estimated useful lives. Land, inexhaustible land improvements, and construction in progress are not depreciated.

Estimated useful lives by major asset class are as follows:

Land Improvements	10 – 30 Years
Buildings and Improvements	10 - 40 Years
Equipment and Vehicles	5 – 20 Years
Infrastructure	10 – 50 Years
Intangible Assets	Based on contract or useful life

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 apply to a future period and so will not be recognized as an inflow of resource until that time.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

L. *Compensated Absences*

The Village accrues accumulated unpaid vacation, holiday leave, and other compensated absences when earned (or estimated to be earned) by employees. In accordance with GASB Statement No. 101, *Compensated Absences*, recognition of compensated absences includes (1) leave that has not yet been used, (2) leave that is more likely than not to be used for time off or otherwise paid in cash or other form, and (3) leave that has been earned but not taken as of fiscal year-end.

- *Government-wide financial statements* – The liability for compensated absences is reported in full. The portion of the liability expected to be settled within the subsequent 12 months, whether through leave usage or cash payment, is reported as a current liability, with the remainder reported as noncurrent.
- *Governmental fund financial statements* – Because these statements are presented on the modified accrual basis of accounting, only the portion of compensated absences that is “due and payable” at year-end (such as payouts to employees who have terminated or retired) is reported as a fund liability. The remaining balance is recognized only in the government-wide financial statements.

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.

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.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

N. *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.

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

O. *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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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.

P. *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.

Q. *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 funds are charges to customers for sales and services. Operating expenses for enterprise funds 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.

In accordance with GASB Statement No. 103, *Financial Reporting Model Improvements – Proprietary Funds*, subsidies are reported separately after the calculation of operating income (loss):

- *Noncapital subsidies* (e.g., operating support from the General Fund) are presented as a distinct line item after operating income (loss).
- *Capital subsidies*, restricted for the acquisition or construction of capital assets, are reported as capital contributions.

This presentation enhances the distinction between revenues earned through operations and resources provided to support or supplement those operations.

R. *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, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and investments are governed by the Village's investment policy and a separate policy 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 \$4,821,607 and the bank balances totaled \$4,648,419.

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, 2025, 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, 2025

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, 2025, the Village investments holdings were rated as follows:

<u>Investments</u>	<u>Credit Rating</u>	<u>Rating Source</u>
U.S. Treasury Obligations	n/a	n/a
U.S. Agency Obligations	AA+/Aaa	S&P/Moodys
State and Local Obligations	AA- to AAA/Aa2 to Aaa	S&P/Moodys
Certificates of Deposit (negotiable)	Unavailable	n/a
Illinois Funds Investment Pool	AAAmf	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

The Village's investment policy limits exposure to any single issuer as follows: 5% for municipal bonds, commercial paper, and corporate obligations; 20% for any one U.S. agency issuer; and no limit for U.S. Treasury obligations, local government investment pools, and money market mutual funds. Concentration of credit risk is the potential for loss attributed to the magnitude of the Village's investment in a single issuer.

Accounting principles generally accepted in the United States require disclosure when investments in any one issuer represent 5% or more of total investments, excluding certain investments such as U.S. Treasury obligations, mutual funds, and external investment pools.

As of April 30, 2025, the Village's investments in the following U.S. agency issuers exceeded 5% of total investments:

Issuer	Fair Value	% of Total Investments
Federal National Mortgage Association (FNMA)	\$ 6,547,855	9%
Federal Home Loan Mortgage Corporation (FHLMC)	4,510,891	6%

FNMA and FHLMC are government-sponsored enterprises but are not explicitly guaranteed by the U.S. government; therefore, these investments are subject to concentration of credit risk disclosure.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

As of April 30, 2025, the Village had the following cash, investments, and maturities:

Investments	Fair Value	Investment Maturities (in Years)			
		Less Than	1 - 5	6 - 10	More Than
U.S. Treasury Obligations	\$ 1,807,017	\$ -	\$ 1,807,017	\$ -	\$ -
U.S. Agency Obligations	14,340,876	1,532,851	12,808,025	-	-
State and Local Obligations	1,822,500	-	1,822,500	-	-
Certificates of Deposit (negotiable)	18,055,668	3,207,363	14,848,305	-	-
Illinois Funds Investment Pool	38,479,680	38,479,680	-	-	-
Total Investments	74,505,741	\$ 43,219,894	\$ 31,285,847	\$ -	\$ -
Deposits	4,821,607				
Cash on Hand	3,172				
Total cash and investments per Statement of Net Position	<u>\$79,330,520</u>				

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, 2025:

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 1,807,017	\$ 1,807,017	\$ -	\$ -
U.S. Agency Obligations	14,340,876	-	14,340,876	-
State and Local Obligations	1,822,500	-	1,822,500	-
Certificates of Deposit (negotiable)	18,055,668	-	18,055,668	-
Total Investments by Fair Value Level	36,026,061	\$ 1,807,017	\$ 34,219,044	\$ -
<u>Investments Measured at the Net Asset Value (NAV)</u>				
Illinois Funds Investment Pool	38,479,680			
Total Investments Measured at Fair Value	<u>\$ 74,505,741</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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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 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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

cash equivalents totaled \$716,976 and the bank balances totaled \$716,976.

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 \$72,524,366 invested in IPOPIF, which is measured at the Net Asset Value (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 March 14, 2025, and is reviewed annually by the Board of Trustees. 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, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

NOTE 3 – LOAN AND OTHER RECEIVABLES

Park District 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, 2025, was \$336,120 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:

Fiscal Year Ending April 30	Principal
2026	\$ 84,031
2027	84,031
2028	84,031
2029	84,027
	<u>\$ 336,120</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

LakeComm Loan Receivable

During the fiscal year ended April 30, 2025, the Village entered into an intergovernmental agreement with Lake Consolidated Emergency Communications (“LakeComm”), Lake County, and the Village of Gurnee to provide funding for LakeComm’s transition and startup costs in establishing a consolidated public safety answering point (PSAP) and emergency dispatch agency. Under the agreement, the Village committed to act as a lender to LakeComm, along with Lake County and the Village of Gurnee, to provide loan proceeds in the aggregate not to exceed \$5,000,000.

The Village of Vernon Hills’ portion of the loan commitment is \$1,000,000. Loans are non-interest bearing and are structured to be repaid in annual installments over eight years, beginning in fiscal year 2027 and concluding in fiscal year 2034, in accordance with the repayment schedule below. LakeComm has the right to prepay all or part of the outstanding balance at any time without penalty.

The loan receivable balance as of April 30, 2025, was \$1,000,000 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:

Fiscal Year Ending April 30	Principal
2026	\$ -
2027	125,000
2028	125,000
2029	125,000
2029	125,000
2029	125,000
2029	125,000
2029	125,000
2029	125,000
2030	125,000
	<u>\$ 1,000,000</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

VHAC Turf Field License Receivable

During the fiscal year ended April 30, 2020, the Village entered into a non-exclusive license agreement for use of turf fields at the Vernon Hills Athletic Complex (VHAC) with the Vernon Hills Park District (the "Park District"), SMP Development LLC (the "Company"), and the Vernon Hills Soccer Club (the "Soccer Club"). The agreement has a ten-year term ending February 1, 2030, with annual payments beginning January 10, 2020, ranging from \$16,666 to \$90,000.

At inception, the Village recorded \$1,050,000 as a receivable and a deferred inflow classified as unavailable revenue in the governmental funds. The full amount was recognized as revenue in the government-wide statements.

In fiscal year 2025, management determined that the arrangement represents a license, and that the related consideration should be reported as unearned revenue and recognized over the term of the agreement. As a result, governmental fund deferred inflows were reclassified from unavailable to unearned, and the beginning net position of governmental activities at May 1, 2024 was decreased by \$623,336, with a corresponding increase to unearned revenue, to correct the prior-period recognition. This restatement is included as a correction of error in Note 14.

The license receivable balance as of April 30, 2025 was \$516,670 and is reported in the government-wide and governmental fund financial statements as a license receivable and deferred inflow of resources. Revenue is recognized in the government-wide financial statements as the field is used. Revenue is recognized in the governmental fund financial statements as the field is used and payments become available in accordance with the modified accrual basis of accounting.

Recognition of this license receivable for future periods is as follows:

Fiscal Year Ending <u>April 30</u>	<u>Principal</u>
2026	\$ 106,666
2027	106,666
2028	106,666
2029	106,666
2030	<u>90,006</u>
	<u>\$ 516,670</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Tower Lease Receivable

The Village owns four towers specifically built to accommodate wireless carrier communication equipment. As of April 30, 2025, 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	\$37,799	4.00% per year	3.54%
Police Tower #1	30 years	6/1/2016	\$32,740	4.00% per year	2.32%
Public Works Tower #1	30 years	11/1/2009	\$36,391	4.00% per year	2.68%
Police Tower #2	30 years	10/27/2010	\$47,255	4.00% per year	3.69%
Police Tower #3	30 years	5/15/2015	\$34,159	4.00% per year	3.11%
Metra Lot Tower #1	30 years	2/1/2011	\$30,271	4.00% per year	4.38%

During the fiscal year, the Village recognized \$218,615 of lease revenue.

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

Fiscal Year Ending April 30	Principal	Interest	Total
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	159,135	109,444	268,579
2031-2035	1,067,050	453,449	1,520,499
2036-2040	1,493,391	236,772	1,730,163
2041-2045	708,109	56,054	764,163
2046-2047	79,762	1,084	80,846
	<u>\$ 3,995,838</u>	<u>\$ 1,338,890</u>	<u>\$ 5,334,728</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

NOTE 4 - CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended April 30, 2025, was as follows:

	Balance May 1, 2024 <i>(As Reported Prior Year)</i>	Transfer to Business- Type Activities <i>(Note 14)</i>	Balance May 1, 2024 <i>(As Adjusted)</i>	Additions	Disposals	Balance April 30, 2025
Governmental Activities						
Capital Assets not being depreciated:						
Land	\$ 5,859,632	\$ (254,567)	\$ 5,605,065	\$ -	\$ -	\$ 5,605,065
Construction in Progress	4,093,350	-	4,093,350	1,042,553	5,023,993	111,910
Total Capital Assets not being depreciated	<u>9,952,982</u>	<u>(254,567)</u>	<u>9,698,415</u>	<u>1,042,553</u>	<u>5,023,993</u>	<u>5,716,975</u>
Tangible Capital Assets being depreciated:						
Land Improvements	15,398,949	(2,531,723)	12,867,226	1,028,627	-	13,895,853
Buildings and Improvements	25,976,851	(1,114,240)	24,862,611	-	-	24,862,611
Equipment and Vehicles	9,693,989	-	9,693,989	2,036,518	887,730	10,842,777
Infrastructure	121,028,444	-	121,028,444	3,541,100	-	124,569,544
Total Tangible Capital Assets being depreciated	<u>172,098,233</u>	<u>(3,645,963)</u>	<u>168,452,270</u>	<u>6,606,245</u>	<u>887,730</u>	<u>174,170,785</u>
Intangible Capital Assets being amortized:						
Leased assets	127,339	-	127,339	-	-	127,339
Subscription assets	261,630	-	261,630	-	-	261,630
Total Intangible Capital Assets being amortized	<u>388,969</u>	<u>-</u>	<u>388,969</u>	<u>-</u>	<u>-</u>	<u>388,969</u>
Less Accumulated Depreciation for:						
Land Improvements	11,219,765	(2,460,467)	8,759,298	481,531	-	9,240,829
Buildings and Improvements	12,359,567	(648,907)	11,710,660	730,112	-	12,440,772
Equipment and Vehicles	5,914,053	-	5,914,053	512,266	872,718	5,553,601
Infrastructure	68,962,747	-	68,962,747	2,343,787	-	71,306,534
Total Accumulated Depreciation	<u>98,456,132</u>	<u>(3,109,374)</u>	<u>95,346,758</u>	<u>4,067,696</u>	<u>872,718</u>	<u>98,541,736</u>
Less Accumulated Amortization for:						
Leased assets	6,367	-	6,367	25,468	-	31,835
Subscription assets	87,210	-	87,210	52,326	-	139,536
Total Accumulated Amortization	<u>93,577</u>	<u>-</u>	<u>93,577</u>	<u>77,794</u>	<u>-</u>	<u>171,371</u>
Capital Assets being depreciated and amortized, Net	<u>73,937,493</u>	<u>(536,589)</u>	<u>73,400,904</u>	<u>2,460,755</u>	<u>15,012</u>	<u>75,846,647</u>
Governmental Activities Capital Assets, Net	<u>\$83,890,475</u>	<u>\$ (791,156)</u>	<u>\$83,099,319</u>	<u>\$ 3,503,308</u>	<u>\$ 5,039,005</u>	<u>\$81,563,622</u>

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

General Government	\$ 833,181
Streets and Roads	2,654,019
Public Safety	650,315
Culture and Recreation	<u>7,975</u>
Total Depreciation and Amortization - Governmental Activities	<u>\$ 4,145,490</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Business-Type Activities

Capital asset activity for the year ended April 30, 2025, was as follows:

Business-Type Activities	Balance May 1, 2024 <i>(As Reported Prior Year)</i>	Transfer from Governmental Activities <i>(Note 14)</i>	Balance May 1, 2024 <i>(As Adjusted)</i>	Additions	Disposals	Balance April 30, 2025
Capital Assets not being depreciated:						
Land	\$ 225,000	\$ 254,567	\$ 479,567	\$ -	\$ -	\$ 479,567
Land Improvements (Inexhaustable)	77,282	-	77,282	-	-	77,282
Construction in Progress	24,016	-	24,016	340,288	364,304	-
Total Capital Assets not being depreciated	<u>326,298</u>	<u>254,567</u>	<u>580,865</u>	<u>340,288</u>	<u>364,304</u>	<u>556,849</u>
Capital Assets being depreciated:						
Land Improvements	745,882	2,531,723	3,277,605	399,511	-	3,677,116
Buildings and Improvements	1,019,002	1,114,240	2,133,242	19,268	-	2,152,510
Equipment and Vehicles	659,004	-	659,004	83,893	289,707	453,190
Total Capital Assets being depreciated	<u>2,423,888</u>	<u>3,645,963</u>	<u>6,069,851</u>	<u>502,672</u>	<u>289,707</u>	<u>6,282,816</u>
Less Accumulated Depreciation for:						
Land Improvements	745,882	2,460,467	3,206,349	79,320	-	3,285,669
Buildings and Improvements	1,019,002	648,907	1,667,909	33,934	-	1,701,843
Equipment and Vehicles	329,275	-	329,275	36,676	289,707	76,244
Total Accumulated Depreciation	<u>2,094,159</u>	<u>3,109,374</u>	<u>5,203,533</u>	<u>149,930</u>	<u>289,707</u>	<u>5,063,756</u>
Capital Assets being depreciated, Net	<u>329,729</u>	<u>536,589</u>	<u>866,318</u>	<u>352,742</u>	<u>-</u>	<u>1,219,060</u>
Business-Type Activities Capital Assets, Net	<u>\$ 656,027</u>	<u>\$ 791,156</u>	<u>\$ 1,447,183</u>	<u>\$ 693,030</u>	<u>\$ 364,304</u>	<u>\$ 1,775,909</u>

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

Golf Course	44,901
Commuter Parking	<u>105,029</u>
Total Depreciation - Business-Type Activities	<u><u>\$ 149,930</u></u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2025, was as follows:

	Balance May 1, 2024 <i>(As Restated)</i>	Additions	Retirements	Balance April 30, 2025	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	\$24,520,000	\$ -	\$ 2,930,000	\$21,590,000	\$ 3,200,000
Unamortized Bond Premium	104,486	-	26,950	77,536	26,950
Other Long-Term Liabilities					
Compensated Absences	2,743,365 *	1,983,776	1,751,536	2,975,605	1,572,766
Installment Contracts	136,332	-	29,813	106,519	32,541
Operating Lease	99,839	-	23,513	76,326	24,453
Subscription Contracts	163,831	-	45,387	118,444	47,183
Asset Retirement Obligations	400,000	-	-	400,000	-
Net Pension Liability - IMRF	1,887,194	4,530,744	4,593,118	1,824,820	-
Net Pension Liability - Police Pension	27,459,693	7,083,935	11,815,095	22,728,533	-
Total OPEB Liability	6,820,713	695,006	2,308,240	5,207,479	308,201
Total Other Long-Term Liabilities	39,710,967	14,293,461	20,566,702	33,437,726	1,985,144
Total Governmental Activities Long-Term Obligations	<u>\$64,335,453</u>	<u>\$14,293,461</u>	<u>\$23,523,652</u>	<u>\$55,105,262</u>	<u>\$ 5,212,094</u>

* See Note 15 for details related to the implementation of GASB Statement No. 101 and the resulting restatement of the beginning compensated absences liability balance.

For governmental activities, contract obligations, net pension liabilities, and the Total 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 44 years. The Village had \$400,000 in asset retirement obligations and \$352,000 in deferred outflows as of April 30, 2025.

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, 2025

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, 2024	Additions	Retirements	Balance April 30, 2025	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	\$ 2,900,000	\$ -	\$ 900,000	\$ 2,000,000	\$ 1,000,000
\$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	305,000	-	150,000	155,000	155,000
\$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	2,060,000	-	180,000	1,880,000	185,000
	General (Com. Center) / Rehab and Furnish New Building	400,000	-	-	400,000	195,000
	Vernon Hills Town Center TIF / TIF Eligible Infrastructure Improvements	190,000	-	190,000	-	-

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

	Fund Debt Retired by	Balance May 1, 2024	Additions	Retirements	Balance April 30, 2025	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	930,000	-	80,000	850,000	85,000
\$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	\$ 1,445,000	\$ -	\$ 395,000	\$ 1,050,000	\$ 520,000
\$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	16,290,000	-	1,035,000	15,255,000	1,060,000
		<u>\$24,520,000</u>	<u>\$ -</u>	<u>\$ 2,930,000</u>	<u>\$21,590,000</u>	<u>\$ 3,200,000</u>

As of April 30, 2025, 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
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	1,500,000	447,985	1,947,985
2031-2035	7,925,000	1,448,873	9,373,873
2036-2037	3,005,000	176,865	3,181,865
Total	<u>\$ 21,590,000</u>	<u>\$ 4,424,154</u>	<u>\$ 26,014,154</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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, 2025, the outstanding Sales Tax Revenue Note balance was \$4,060,043.

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, a lease contract, and a subscription-based Information Technology Arrangement (SBITA). 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, 2025

As of April 30, 2025, 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
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>\$ 106,519</u>	<u>\$ 9,534</u>	<u>\$ 116,053</u>	<u>\$ 76,326</u>	<u>\$ 6,174</u>	<u>\$ 82,500</u>	<u>\$ 118,444</u>	<u>\$ 8,388</u>	<u>\$ 126,832</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, 2025 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	31,835	95,504
Subscription Assets	261,630	139,536	122,094

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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 ending January 1, 2030. The total rebate incurred during the year ended April 30, 2025, was \$5,677,912. A liability of \$4,567,600 has been recorded as of April 30, 2025, and is included in accrued items.

NOTE 7 – INTERFUND ADVANCES, BALANCES, TRANSFERS, AND SUBSIDIES

The Village reports several types of activity between funds, which are presented separately in the financial statements and described below:

Interfund Advances

Amounts provided from one fund to another that are expected to be repaid over a period exceeding one year. These advances are reported as receivables in the lending fund and as liabilities in the borrowing fund until repayment is made.

As of April 30, 2025, the Village had the following long-term advances between funds:

Advance From	Advance To	Balance
General	Nonmajor Enterprise	\$ 33,848

The long-term advance to the Golf Course Fund (nonmajor enterprise) from the General Fund was to fund the installation of an irrigation well. An annual payment of \$8,462 will be made to the General Fund until this advance has been paid back.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Interfund Balances

Short-term amounts owed between funds at year-end, generally resulting from timing differences in the normal course of operations. These balances are expected to be repaid within the next fiscal year.

As of April 30, 2025, the Village had the following interfund balances:

Due To	Due From	Balance
General	Nonmajor Enterprise	\$ 89,807

Advance was made to meet short-term cash needs of the Golf Course Fund (nonmajor enterprise).

Interfund Transfers

Legally authorized, nonreciprocal movements of resources between funds that are not expected to be repaid. Transfers are typically used to move resources to the fund where they will be expended, in accordance with budgetary or legal requirements. Interfund transfers are reported in the financial statements as “other financing sources” in governmental funds and as “transfers” in proprietary funds.

The following schedule summarizes interfund transfers for the fiscal year ended April 30, 2025. Amounts agree to those reported in the basic financial statements.

Major Fund/Fund Group	Transfer In	Transfer Out
General	-	14,866,690
Capital	12,935,616	-
Nonmajor Governmental	3,294,690	1,363,616
Total	16,230,306	16,230,306

Interfund transfers and the related purpose are as follows:

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General	700,000

Transfer from the General Fund to the Dispatch Center Fund (Nonmajor Government) to provide funding to meet the Dispatch Center's operating need.

Transfer In	Transfer Out	Amount
Capital	General	1,800,000

Transfer from the General Fund to the Capital Fund to provide funding to meet the year's capital project funding needs.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Transfer In	Transfer Out	Amount
Capital	General	600,000

Transfer from the General Fund (Buildings and Grounds department) to the Capital Fund for major facility repair and replacements.

Transfer In	Transfer Out	Amount
Capital	General	9,237,000

One-time transfer from General Fund to Capital Fund to commit approximately three years worth of funding for planned capital projects.

Transfer In	Transfer Out	Amount
Capital	Nonmajor Governmental	1,298,616

Transfer from the Motor Fuel Tax Fund (Nonmajor Governmental) of Rebuild Illinois funds to the Capital Fund to provide funding for IDOT preapproved streets and roads project.

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General	2,112,000

One-time transfer from General Fund to the Vehicle and Equipment Replacement Fund (Nonmajor Governmental) to commit approximately three years worth of funding for planned vehicle and equipment purchases.

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General	417,690

Transfer from General Fund (Operating Departments) to the Vehicle and Equipment Replacement Fund (Nonmajor Governmental) to provide funding for the operating department specific vehicle and equipment purchases.

Transfer In	Transfer Out	Amount
Nonmajor Governmental	Nonmajor Governmental	65,000

Transfer from Restricted Police Fund (Nonmajor Governmental) to the Vehicle and Equipment Replacement Fund (Nonmajor Governmental) to provide funding for a police patrol vehicle.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Interfund Subsidies

Nonreciprocal flows of resources from one fund to another to support the ongoing operations or capital activities of the receiving fund without expectation of repayment. In accordance with GASB Statement No. 103, subsidies are reported separately from transfers and are classified as either operating or capital subsidies based on the nature of the support provided in the enterprise funds and as expenditures in the General Fund. The following schedule summarizes interfund subsidies for the fiscal year ended April 30, 2025. Amounts agree to those reported in the basic financial statements.

Major Fund/Fund Group	Operating Subsidies In	Operating Subsidies Out	Capital Subsidies In	Capital Subsidies Out
General	-	487,000	-	343,000
Nonmajor Enterprise	487,000	-	343,000	-
Total	487,000	487,000	343,000	343,000

Interfund subsidies and the related purpose are as follows:

Subsidy To	Subsidy From	Amount
Nonmajor Enterprise	General	343,000

General Fund subsidy to the Golf Course Fund (Nonmajor Enterprise) to provide capital funding for a new practice green.

Subsidy To	Subsidy From	Amount
Nonmajor Enterprise	General	417,000

General Fund subsidy to the Golf Course Fund (Nonmajor Enterprise) to provide funding for current operations and past operating losses.

Subsidy To	Subsidy From	Amount
Nonmajor Enterprise	General	70,000

General Fund subsidy to the Metra Parking Fund (Nonmajor Enterprise) to provide funding for current operations.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

NOTE 8 – NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital assets was comprised of the following as of April 30, 2025:

Governmental Activities

Capital Assets - Net Accumulated Depreciation	\$ 81,563,622
Plus Unamortized Loss on Refunding	54,348
Less Capital Related Debt:	
Lease Liability	(76,326)
Subscription Liability	(118,444)
Installment Contracts	(106,519)
General Obligation Bonds, Series 2012A	(2,000,000)
General Obligation Bonds, Series 2012B	(155,000)
General Obligation Bonds, Series 2014	(2,280,000)
General Obligation Bonds, Series 2015A	(212,500)
General Obligation Bonds, Series 2015B	(1,050,000)
Unamortized Bond Premium	<u>(77,536)</u>
Net Investment in Capital Assets	<u>\$ 75,541,645</u>

Business-Type Activities

Capital Assets - Net Accumulated Depreciation	<u>\$ 1,775,909</u>
Net Investment in Capital Assets	<u>\$ 1,775,909</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, 2025

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 of resources, and pension expense recorded in the government-wide financial statements for each pension plan for the year ended April 30, 2025, is as follows:

	IMRF	Police Pension	Total
Net Pension Liabilities	\$ 1,824,820	\$ 22,728,533	\$ 24,553,353
Deferred Outflows of Resources	1,649,518	3,270,989	4,920,507
Deferred Inflows of Resources	86,043	2,573,157	2,659,200
Pension Expense	997,760	2,215,095	3,212,855

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 includes financial statements, detailed information about the pension plan's fiduciary net position, and

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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, 2024, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	76
Inactive Plan Members entitled to but not yet receiving benefits	60
Active Plan Members	<u>61</u>
Total	<u><u>197</u></u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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 2024 and 2025 were 7.89 percent and 7.38 percent, respectively. For the fiscal year ended April 30, 2025, the Village contributed \$473,551 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, 2024, and a measurement date as of December 31, 2024, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	43,801,369
IMRF Fiduciary Net Position		41,976,549
Village's Net Pension Liability		1,824,820
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		95.83%

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, 2024:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Price 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, 2025

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, 2024:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	4.35%
International Equity	18.0%	5.40%
Fixed Income	24.5%	5.20%
Real Estate	10.5%	6.40%
Alternative Investments	12.5%	4.85 - 6.25%
Cash Equivalents	1.0%	3.60%
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, 2024. 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 4.08 percent; and resulting single discount rate is 7.25 percent.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 41,773,600	\$ 39,886,406	\$ 1,887,194
Changes for the year:			
Service Cost	504,703	-	504,703
Interest on the Total Pension Liability	2,964,268	-	2,964,268
Changes of Benefits Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	837,781	-	837,781
Changes of Assumptions	-	-	-
Contributions - Employer	-	479,326	(479,326)
Contributions - Employees	-	266,298	(266,298)
Net Investment Income	-	3,847,494	(3,847,494)
Benefit Payments, including Refunds of Employee Contributions	(2,278,983)	(2,278,983)	-
Other (Net Transfer)	-	(223,992)	223,992
Net Changes	2,027,769	2,090,143	(62,374)
Balances at December 31, 2024	\$ 43,801,369	\$ 41,976,549	\$ 1,824,820

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)	\$ 6,654,602	\$ 1,824,820	\$ (2,050,447)

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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

For the year ended April 30, 2025, the Village recognized pension expense of \$997,760. At April 30, 2025, 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	\$ 585,192	\$ 78,869	\$ 506,323
Changes of assumptions	-	7,174	(7,174)
Net difference between projected and actual earnings on pension plan investments	901,935	-	901,935
Total Deferred Amounts to be recognized in pension expense in future periods	1,487,127	86,043	1,401,084
<i>Pension Contributions made subsequent to the Measurement Date</i>			
	162,391	-	162,391
Total Deferred Amounts Related to Pensions	\$ 1,649,518	\$ 86,043	\$ 1,563,475

Village contributions subsequent to the measurement date of \$162,391 will be recognized as a reduction of the net pension liability in the year ended April 30, 2026. 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	
2026	\$ 667,655
2027	1,370,443
2028	(433,128)
2029	(203,886)
Total	\$ 1,401,084

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Plan Membership

At May 1, 2024, 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	8
Active Plan Members	<u>45</u>
Total	<u><u>95</u></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, 2025, the Village's contribution was 54.87 percent of covered payroll.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Net Pension Liability

The components of the net pension liability of the Plan as of April 30, 2025, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	95,976,211
Police Pension Fiduciary Net Position		73,247,678
Village's Net Pension Liability		22,728,533
Fiduciary Net Position as a Percentage of the Total Pension Liability		76.32%

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, 2025 (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 2.50%.
- **Salary Increases** were expected to be 4.00% to 8.85%.
- 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. Improved to 2021 using MP-2021 Improvement Rates. 25% 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 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved fully generationally using MP-2021 Improvement Rates.
- For **Disabled Retirees**, mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.
- Spouse mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors improved to 2021 using MP-2021 Improvement Rates. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. These rates are then improved generationally using MP-2021 Improvement Rates.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

- 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 in the investment policy. The target allocations shown below are representative expectations as disclosed in the Illinois Police Officers' Pension Investment Fund Investment Policy Statement, dated April 12, 2024, for plan funding purposes. The table below illustrates the best estimate of Long-Term Expected Rates of Return developed for each of the major asset classes, adjusted for expected inflation, as disclosed in the Horizon Actuarial Services Survey of Capital Market Assumptions 2024 Edition, dated August 2024. The rates provided in the table below are based on a geometric average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return	Target Allocation
US Large	5.70%	2.50%	3.20%	23.00%
US Small	6.60%	2.50%	4.10%	5.00%
International Development	6.70%	2.50%	4.20%	19.00%
International Development Small	7.60%	2.50%	5.10%	5.00%
Emerging Markets	7.00%	2.50%	4.50%	6.00%
Private Equity	8.00%	2.50%	5.50%	7.00%
High Yield Corp. Credit	6.80%	2.50%	4.30%	3.00%
Emerging Market Debt	7.05%	2.50%	4.55%	3.00%
Bank Loans	7.30%	2.50%	4.80%	3.00%
Private Credit	8.20%	2.50%	5.70%	5.00%
Real Estate	6.90%	2.50%	4.40%	5.00%
Infrastructure	8.10%	2.50%	5.60%	3.00%
Cash	3.90%	2.50%	1.40%	1.00%
Short-Term Govt/Credit	4.30%	2.50%	1.80%	3.00%
US Treasury	4.10%	2.50%	1.60%	3.00%
US TIPS	4.10%	2.50%	1.60%	3.00%
Core Fixed Income	4.90%	2.50%	2.40%	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, 2025

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset)/Liability (A) - (B)
Balances at May 1, 2024	\$ 94,971,354	\$ 67,511,661	\$ 27,459,693
Changes for the year:			
Service Cost	1,469,559	-	1,469,559
Interest on the Total Pension Liability	5,572,482	-	5,572,482
Changes of Benefits Terms	-	-	-
Change in Assumptions	(1,915,831)	-	(1,915,831)
Differences Between Expected and Actual Experience of the Total Pension Liability	(127,331)	-	(127,331)
Contributions - Employer	-	2,953,844	(2,953,844)
Contributions - Employees	-	533,506	(533,506)
Contributions - Other	-	-	-
Net Investment Income	-	6,284,583	(6,284,583)
Benefit Payments, including Refunds of Employee Contributions	(3,994,022)	(3,994,022)	-
Administrative Expense	-	(41,894)	41,894
Net Changes	1,004,857	5,736,017	(4,731,160)
Balances at April 30, 2025	\$ 95,976,211	\$ 73,247,678	\$ 22,728,533

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	\$ 37,470,619	\$ 22,728,533	\$ 10,839,054

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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

For the year ended April 30, 2025, the Village recognized pension expense to the Police Pension Plan of \$2,215,095. At April 30, 2025, 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	\$ 2,853,930	\$ 953,927	\$ 1,900,003
Changes of assumptions	417,059	1,602,786	(1,185,727)
Net difference between projected and actual earnings on pension plan investments	-	16,444	(16,444)
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 3,270,989</u>	<u>\$ 2,573,157</u>	<u>\$ 697,832</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	
2026	\$ 1,903,299
2027	42,530
2028	(500,838)
2029	(426,035)
2030	(281,068)
Thereafter	(40,056)
Total	<u>\$ 697,832</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, 2025

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, 2025:

Active Employees	98
Inactive Plan Members entitled to but not yet receiving benefits	-
Inactive Employees currently receiving benefits	<u>18</u>
Total	<u>116</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 \$5,207,479 was measured as of April 30, 2025, and was determined by a valuation under GASB Statement No.75 dated May 1, 2024.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of April 30, 2025, 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 4.64% (previously 4.42%).
- The **Investment Rate of Return** was not applicable.
- The **Health Care Trend Rate** for the plan is 7.50% and decreases 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, 2025

medical plan. Actual information is used for retirees.

- **Marital Status** assumed 50% of active Police employees and 60% of active IMRF employees electing retiree coverage are assumed to be married and elect spousal coverage with males three years older than females. Actual spouse 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 4.64 percent determined using the S&P Municipal Bond 20-Year High-Grade Rate Index at April 30, 2025, 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 May 1, 2024	\$ 6,820,713	\$ -	\$ 6,820,713
Changes for the year:			
Service Cost	155,231	-	155,231
Interest on the Total OPEB Liability	295,410	-	295,410
Changes of Benefit Terms	(1,011,214)	-	(1,011,214)
Differences Between Expected and Actual Experience of the Total OPEB Liability	(1,022,583)	-	(1,022,583)
Changes in Assumptions	244,365	-	244,365
Contributions - Employer	-	274,443	(274,443)
Benefit Payments, including Refunds of Employee Contributions	(274,443)	(274,443)	-
Other (Net Transfer)	-	-	-
Net Changes	(1,613,234)	-	(1,613,234)
Balances at April 30, 2025	\$ 5,207,479	\$ -	\$ 5,207,479

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 4.64 percent, as well as what the Village's Total 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 3.64%	Current Discount Rate 4.64%	1% Higher 5.64%
Total OPEB Liability	\$ 5,658,098	\$ 5,207,479	\$ 4,806,646

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

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 6.50%	Current Discount Rate 7.50%	1% Higher 8.50%
Total OPEB Liability	\$ 4,746,840	\$ 5,207,479	\$ 5,739,268

OPEB Expense, Deferred Inflows of Resources, Related to OPEB

For the year ended April 30, 2025, the Village recognized OPEB income of \$266,960. At April 30, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Deferred Amounts Related to Pensions			
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 1,438,802	\$ 1,184,206	\$ 254,596
Changes of assumptions	1,228,483	1,027,418	201,065
Total Deferred Amounts to be recognized in OPEB expense in future periods	<u>\$ 2,667,285</u>	<u>\$ 2,211,624</u>	<u>\$ 455,661</u>

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

<u>Year Ending April 30</u>			
2026	\$	233,413	
2027		83,230	
2028		42,294	
2029		136,934	
2030		184,266	
Thereafter		(224,476)	
Total	\$	<u>455,661</u>	

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

NOTE 14 – CHANGE IN FUND STRUCTURE AND ADJUSTMENT OF BEGINNING BALANCES

As part of an ongoing effort to improve transparency, accountability, and alignment with operational activities, the Village of Vernon Hills adopted Ordinance 2025-056 in April 2025. This ordinance authorized a comprehensive restructuring of the Village's fund reporting structure, effective May 1, 2024. The changes were implemented to streamline fund classifications, consolidate related activities, and retire inactive or redundant funds and are reflected in the financial statements and schedules beginning with fiscal year 2025.

In conjunction with this restructuring, the Village adopted the following GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements* during the fiscal year ended April 30, 2025. The Village early adopted this statement. This statement improves the clarity of information presented in a number of areas including the MD&A, the presentation of proprietary fund statements, and the budgetary comparison information. It also enhances comparability of information across governments.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, effective May 1, 2024. This statement enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Accounting changes covered may include changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describe the transactions or other events that constitute those changes. This statement did not have a material effect on the financial statements but may have an impact on disclosures and presentation in the future.

The funds affected were impacted as follows:

General Fund

In prior years, the Village presented the General Fund and its related subfunds in a combining schedule within the Other Supplementary Information (OSI) section of the Annual Comprehensive Financial Report. This schedule reflected the Village's internal accounting structure, in which the General Fund was segmented into various subfunds for operational or management purposes.

It is important to note that, consistent with GAAP, the General Fund reported in the basic financial statements has always consolidated all related subfunds into a single General Fund presentation. The combining schedule in the OSI was supplementary and did not impact the fund-level reporting required by GAAP.

As part of this fund structure reclassification, this subfund-level combining presentation has been eliminated. Subfunds that meet the criteria for separate reporting are now presented as individual funds. Subfunds used solely for internal accounting purposes and not meeting external reporting criteria have been dissolved and their balances consolidated within the General Fund.

This change enhances the clarity and transparency of the financial statements by aligning the supplementary presentation with the actual reporting structure. The following reconciliation provides a summary of beginning fund balance adjustments resulting from this restructuring.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

	Amount
Previously reported beginning fund balance	\$ 51,054,018
Reclassification to Capital Fund	(2,668,455)
Reclassification to Metra Parking Fund	(12,084)
Reclassification to Restricted Police Fund	(132,601)
Adjusted beginning fund balance	<u>\$ 48,240,878</u>

Capital Fund – Capital Projects Fund

A capital projects fund, the Capital Fund, was established to account for specific infrastructure improvements, major facility repair and rehabilitations, open spaces and stormwater projects, and other significant one-time capital initiatives. These activities were previously reported within a subfund of the General Fund. This change had no effect on the total fund balances or net position of the Village. The reconciliation of the adjusted beginning balance is as follows:

	Amount
Previously reported beginning fund balance	\$ -
Reclassification from General Fund - Capital Subfund	2,668,455
Adjusted beginning fund balance	<u>\$ 2,668,455</u>

Metra Parking Fund – Enterprise Fund

An enterprise fund, Metra Parking Fund, was established to account for commuter parking activity, and was previously reported as a subfund within the General Fund. This fund is now reported as a proprietary (enterprise) fund and is included within business-type activities in the government-wide financial statements. The reconciliation of the adjusted beginning balance is as follows:

	Amount
Previously reported beginning net position	\$ -
Reclassification from General Fund - Metra Parking Subfund	12,084
Reclass. of Capital Assets, net Accum. Depreciation from Governmental Activities	791,156
Adjusted beginning net position	<u>\$ 803,240</u>

Vehicle and Equipment Replacement Fund (VERF) – Capital Projects Fund

The Replacement Fund was renamed as Vehicle and Equipment Replacement Fund (VERF) and reclassified from an internal service fund to a capital projects fund to more accurately reflect the nature and purpose of the activity. The fund is no longer operated on a cost-reimbursement basis but instead receives periodic contributions from General Fund departments based on estimated future replacement costs of vehicles and equipment. This change improves transparency by clearly identifying the source and purpose of departmental contributions, simplifies accounting and reporting under the modified accrual basis, and supports long-term capital planning by allowing the Village to accumulate fund balance over multiple years. This structure helps to ensure that resources will be available to fund planned capital outlays, even in years when contributions may be reduced or suspended. The reconciliation of the adjusted beginning balance is as follows:

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

	Amount
Previously reported beginning net position (Internal Service Fund)	\$ 3,258,638
Less Capital Assets, net Accumulated Depreciation	<u>(1,208,349)</u>
Adjusted beginning fund balance	<u>\$ 2,050,289</u>

Restricted Police Fund – Special Revenue Fund

A special revenue fund, Restricted Police Fund, was established to consolidate various restricted revenue sources used for law enforcement purposes. This new fund combines activity previously reported in the General Fund as subfunds, including the DUI Fund and Drug Forfeiture Fund, as well as the State Forfeiture Fund, which was previously reported as its own special revenue fund. The reconciliation of the adjusted beginning balance is as follows:

	Amount
Previously reported beginning fund balance	\$ -
Reclassification from General Fund - DUI Subfund	131,572
Reclassification from General Fund - Drug Forfeiture Subfund	1,029
Reclassification from State Seizure Fund	<u>8,157</u>
Adjusted beginning fund balance	<u>\$ 140,758</u>

Dissolved Funds

The following General Fund subfunds were dissolved as part of the restructuring, with remaining balances or deficits, if any, reclassified to the General Fund. The reconciliation of the adjusted beginning balance/(deficit) is as follows:

Vernon Hills Days Fund – General Fund Subfund

	Amount
Previously reported beginning fund deficit	\$ (102,190)
Reclassification to General Fund	<u>102,190</u>
Adjusted beginning fund balance	<u>\$ -</u>

Development Fund – General Fund Subfund (No previously reported balance)

In addition, the following special revenue fund, State Seizure Fund, was dissolved with remaining balances reclassified into the Restricted Police Fund . The reconciliation of the adjusted beginning balance/(deficit) is as follows:

State Seizure Fund – Special Revenue Fund

	Amount
Previously reported beginning fund balance	\$ 8,157
Reclassification to Restricted Police Fund	<u>(8,157)</u>
Adjusted beginning fund balance	<u>\$ -</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

Impact on Government-Wide Financial Statements

These changes in fund classification and presentation resulted in adjustments to beginning fund balances and also affected the presentation of governmental and business-type activities in the government-wide financial statements. The changes affected the government-wide net positions as follows:

	Governmental Activities	Business-Type Activities
Beginning Fund Balance/Net Position, as Previously Reported	66,701,451	296,902
Metra Parking General Fund subfund conversion to Enterprise Fund	(12,084)	12,084
Internal Service Fund Unrestricted Net Position to Governmental Fund	2,050,289	
Metra Parking Capital Assets, net Accumulated Depreciation to Enterprise Fund		791,156
Adjusted Beginning Fund Balance/Net Position	68,739,656	1,100,142
Add Prior Year General Fixed Asset Account Group Balance	83,890,475	
Metra Parking Capital Assets, net Accumulated Depreciation to Business-Type	(791,156)	
Add Prior Year Long-Term Obligations and Deferred Items:		
Long-Term Obligations	(63,329,258)	
Deferred Outflows	11,897,061	
Deferred Inflows	(3,178,863)	
Unamortized Loss on Refunding	116,353	
Accrued Interest	(89,164)	
Add Prior Year Unavailable Revenue	1,670,157	
Turf License Prior-Period Correction of Error Restatement (Note 3)	(623,336)	
GASB Statement No 101 Implementation Restatement (Note 15)	(1,006,195)	
Adjusted and Restated Beginning Net Position - Government-Wide	97,295,730	1,100,142

NOTE 15 – IMPLEMENTATION OF GASB STATEMENT NO. 101 – COMPENSATED ABSENCES

In fiscal year 2025, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard establishes new recognition and measurement criteria for compensated absence liabilities, such as vacation and sick leave, and replaces the guidance previously provided in GASB Statement No. 16.

As a result of implementing GASB 101, the Village reassessed its compensated absences liability and determined that a restatement was necessary to conform to the new criteria. This resulted in an increase of \$1,006,195 to the beginning balance of compensated absences liability as shown below:

Impact on Compensated Absences Liability	Amount
Beginning balance as previously reported	\$ 1,737,170
GASB 101 implementation restatement	1,006,195
Restated beginning balance	<u>\$ 2,743,365</u>

Accordingly, the beginning net position as of May 1, 2024, decreased by \$1,006,195 to reflect the cumulative effect of applying the new standard retroactively. The restatement affected only long-term liabilities related to compensated absences and had no impact on current year revenues or expenditures.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2025

NOTE 16 – SUBSEQUENT EVENTS

License Agreement Amendment

On July 8, 2025, the Village executed a First Amendment to the License Agreement with 3STEP Sports LLC (assignee of SMP Development LLC), the Vernon Hills Park District, and the Vernon Hills Soccer Club. The amendment revised the payment structure associated with the turf license arrangement, increasing the total future payment obligation and adjusting the timing of annual payments beginning in fiscal year 2026. These revised terms will be reflected in the Village's financial statements for the fiscal year ending April 30, 2026.

The amended future payments due to the Village under the revised agreement are as follows:

Fiscal Year Ending April 30	Principal
2026	\$ 172,766
2027	183,266
2028	193,766
2029	204,266
2030	205,100
	<u>\$ 959,164</u>

NOTE 17 – 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. 102, *Certain Risk Disclosures*, effective for the fiscal year ending April 30, 2026, this Statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires separate disclosure of certain capital asset types (e.g., right-to-use assets under GASB 87, subscription assets under GASB 96, capital assets held for sale) by major asset class, including cost and accumulated depreciation/amortization—and for capital assets held for sale, requires disclosure of pledged debt obligations. Effective for fiscal year ending April 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF VERNON HILLS, ILLINOIS REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended April 30, 2025

OVERVIEW OF REQUIRED SUPPLEMENTARY INFORMATION

The following schedules constitute the Required Supplementary Information (RSI) section of the Village's Annual Comprehensive Financial Report (ACFR) and are presented in accordance with generally accepted accounting principles (GAAP), except where noted.

The RSI section includes budgetary comparison schedules and pension and other postemployment benefit (OPEB) schedules, which provide essential context to the basic financial statements. These schedules are required to supplement—not replace—the basic financial statements and should be read in conjunction with them.

The adopted budget for fiscal year 2025 classified certain payments from the General Fund to the Golf Course Fund and Metra Parking Fund as “transfers out” in the Other Financing Uses section. In accordance with GASB Statement No. 103, these payments are reported in the financial statements as interfund subsidies — expenditures in the General Fund and revenues in the receiving enterprise funds — rather than as interfund transfers. The Budgetary Comparison Schedules present the amounts consistent with the adopted budget; the reconciliation to GAAP reflects the reclassification of these amounts from transfers to subsidies.

The budget also classifies certain departmental contributions within the General Fund to the Vehicle and Equipment Replacement Fund (VERF) and the Capital Fund as departmental expenditures. For GAAP presentation, these amounts are reported as other financing uses — transfers out — and are excluded from General Fund expenditure totals.

Included in this section:

- **General Fund Budgetary Comparison Schedule**, presented at the summary level by department in accordance with the Village's legally adopted budget. Although the legal level of budgetary control is at the fund level, departmental presentation provides additional insight into budget compliance and supports internal accountability.
- **Milwaukee Avenue/Townline Road Tax Increment Financing Fund Budgetary Comparison Schedule** (Major Special Revenue Fund)
- **Pension and OPEB-related schedules**

Additional notes related to the Required Supplementary Information are included at the end of this section.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund (Budgetary Basis)
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Original vs Final Positive (Negative)	Variance Final vs Actual Positive (Negative)
Revenues					
Local Taxes	\$ 7,994,262	\$ 7,994,262	\$ 8,412,171	\$ -	\$ 417,909
Intergovernmental	24,160,669	24,160,669	25,016,880	-	856,211
Licenses, Permits, and Fees	2,798,350	2,798,350	1,608,420	-	(1,189,930)
Charges for Services	435,950	435,950	428,131	-	(7,819)
Fines and Forfeitures	192,000	192,000	198,361	-	6,361
Investment Income	1,250,000	1,250,000	2,643,977	-	1,393,977
Rental Income	312,200	312,200	352,119	-	39,919
Miscellaneous	380,300	380,300	524,689	-	144,389
Total Revenues	<u>37,523,731</u>	<u>37,523,731</u>	<u>39,184,748</u>	<u>-</u>	<u>1,661,017</u>
Expenditures					
Department					
Administration	1,943,994	1,943,994	1,871,894	-	72,100
Public Works	4,748,263	4,748,263	4,124,829	-	623,434
Police	13,284,110	13,284,110	13,089,925	-	194,185
Community Development	1,062,992	1,062,992	960,002	-	102,990
Fleet Maintenance	666,344	666,344	657,210	-	9,134
Buidlings and Grounds	1,747,552	1,747,552	1,530,034	-	217,518
President and Board	137,812	137,812	124,600	-	13,212
Events	437,495	437,495	485,301	-	(47,806)
General Purpose	9,098,694	9,098,694	8,471,028	-	627,666
Total Expenditures	<u>33,127,256</u>	<u>33,127,256</u>	<u>31,314,823</u>	<u>-</u>	<u>1,812,433</u>
Excess of Revenues over Expenditures	4,396,475	4,396,475	7,869,925	-	3,473,450
Other Financing (Uses)					
Transfers Out	<u>(14,779,000)</u>	<u>(14,779,000)</u>	<u>(14,679,000)</u>	<u>-</u>	<u>100,000</u>
Net Changes in Fund Balance	<u>\$ (10,382,525)</u>	<u>\$ (10,382,525)</u>	<u>(6,809,075)</u>	<u>\$ -</u>	<u>\$ 3,573,450</u>
Fund Balance, May 1 - As Adjusted			<u>48,240,878</u>		
Fund Balance, April 30			<u>\$ 41,431,803</u>		
<i>Budgetary basis to GAAP basis reconciliation:</i>					
Total Expenditures - Budgetary Basis			31,314,823		
Less: Department Transfers Out / Capital Contributions			(1,017,690)		
Add: Interfund Subsidies (Golf Course & Metra Parking Fund)			830,000		
Total Expenditures - GAAP Basis			<u>\$ 31,127,133</u>		
Total Other Financing Uses - Budgetary Basis			(14,679,000)		
Add: Department Transfers Out / Capital Contributions			(1,017,690)		
Less: Interfund Subsidies (Golf Course & Metra Parking Fund)			830,000		
Total Other Financing Uses - GAAP Basis			<u>\$ (14,866,690)</u>		

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Milwaukee Avenue/Townline Road Tax Increment Financing Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Original vs Final Positive (Negative)	Variance Final vs Actual Positive (Negative)
Revenues					
Intergovernmental - Taxes	\$ 4,321,455	\$ 4,321,455	\$ 4,421,925	\$ -	\$ 100,470
Payment In Lieu of Taxes	432,146	432,146	442,193	-	10,047
Interest	300,000	300,000	626,724	-	326,724
Total Revenues	<u>5,053,601</u>	<u>5,053,601</u>	<u>5,490,842</u>	<u>-</u>	<u>437,241</u>
Expenditures					
Economic Development					
Contractual Services	32,075	32,075	37,164	-	(5,089)
Other	103,548	103,548	100,532	-	3,016
Debt Service					
Principal Retirement	1,035,000	1,035,000	1,035,000	-	-
Interest	560,935	560,935	559,685	-	1,250
Total Expenditures	<u>1,731,558</u>	<u>1,731,558</u>	<u>1,732,381</u>	<u>-</u>	<u>(823)</u>
Changes in Fund Balance	<u>\$ 3,322,043</u>	<u>\$ 3,322,043</u>	<u>\$ 3,758,461</u>	<u>\$ -</u>	<u>\$ 436,418</u>
Fund Balance, May 1			<u>9,565,720</u>		
Fund Balance, April 30			<u>\$ 13,324,181</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	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability:							
Service cost	\$ 155,231	\$ 147,350	\$ 148,818	\$ 138,415	\$ 111,845	\$ 97,123	\$ 89,251
Interest	295,410	281,118	169,697	103,687	149,873	158,449	124,734
Differences between expected and actual experience	(1,022,583)	-	2,312,283	-	(633,192)	-	1,391,894
Changes of Benefit Terms	(1,011,214)	-	-	-	-	-	-
Changes in assumptions	244,365	(198,765)	263,974	(1,367,709)	989,756	270,623	89,244
Other changes	-	-	-	-	-	2,024	-
Benefit payments	(274,443)	(398,560)	(337,894)	(215,360)	(206,649)	(204,618)	(185,792)
Net change in total OPEB liability	(1,613,234)	(168,857)	2,556,878	(1,340,967)	411,633	323,601	1,509,331
Total OPEB liability, May 1	6,820,713	6,989,570	4,432,692	5,773,659	5,362,026	5,038,425	3,529,094
Total OPEB liability, April 30	\$ 5,207,479	\$ 6,820,713	\$ 6,989,570	\$ 4,432,692	\$ 5,773,659	\$ 5,362,026	\$ 5,038,425
Plan fiduciary net position:							
Contributions - employer	\$ 274,443	\$ 398,560	\$ 337,894	\$ 215,360	\$ 206,649	\$ 204,618	\$ 185,792
Benefit payments, including refunds of member contributions	(274,443)	(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	\$ 5,207,479	\$ 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%	0.00%
Covered employee payroll	\$10,960,054	\$ 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	47.51%	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 Ten Fiscal Years

Fiscal Year Ended April 30	2025 ¹	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 473,551	\$ 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	473,551	479,730	563,626	633,564	704,630	631,922	616,580	791,560	703,870	665,535
Contribution excess (deficiency)	\$ -									
Covered payroll	\$ 6,273,678	\$ 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	7.55%	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 Percentage of Payroll, Closed
- Remaining Amortization Period - 19-Year Closed Period
- 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, 2022 actuarial valuation. There is a two year lag between valuation and rate setting.

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,953,844	\$ 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
Contributions in relation to actuarially determined contribution	2,953,844	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
Contribution deficiency (excess)	\$ -	\$ (130,166)	\$ 130,166	\$ (114)	\$ (56)	\$ (1,650)	\$ -	\$ -	\$ -	\$ (9)
Covered payroll	\$ 5,383,513	\$ 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
Contributions as a percentage of covered payroll	54.87%	59.23%	58.12%	62.35%	54.87%	44.51%	42.92%	49.13%	41.25%	36.36%

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 16 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 postemployment 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 Ten Calendar Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 504,703	\$ 526,887	\$ 524,014	\$ 485,601	\$ 538,225	\$ 520,710	\$ 569,758	\$ 588,523	\$ 604,101	\$ 569,084
Interest	2,964,268	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	837,781	(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.	(2,278,983)	(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	2,027,769	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	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	26,525,957
Total pension liability, April 30	\$ 43,801,369	\$ 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	\$ 479,326	\$ 500,683	\$ 604,396	\$ 673,159	\$ 714,826	\$ 556,470	\$ 766,830	\$ 720,713	\$ 689,922	\$ 638,252
Contributions - member	266,298	256,907	263,755	248,267	237,850	234,249	282,587	253,971	261,885	247,974
Net investment income	3,847,494	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.	(2,278,983)	(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)	(223,992)	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	2,090,143	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	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	23,153,965
Plan fiduciary net position, April 30	\$ 41,976,549	\$ 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	\$ 1,824,820	\$ 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 liability	95.83%	95.48%	89.11%	107.90%	100.07%	92.35%	82.27%	92.95%	82.97%	80.12%
Covered payroll	\$ 6,075,100	\$ 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	30.04%	33.06%	77.65%	-55.34%	-0.51%	50.78%	106.29%	37.92%	92.81%	102.12%

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 1,469,559	\$ 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
Interest	5,572,482	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
Changes in benefit terms	-	-	(53,349)	-	-	329,593	-	-	-	-
Differences between expected and actual experience	(127,331)	1,270,897	3,058,685	(2,585,670)	1,226,105	535,132	(445,779)	1,623,968	(380,977)	(99,578)
Changes in assumptions	(1,915,831)	-	-	-	-	2,147,787	1,844,891	(1,938,349)	(2,118,471)	4,445,251
Benefit payments, including refunds of member contrib.	(3,994,022)	(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)
Net changes in total pension liability	1,004,857	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
Total pension liability, May 1	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
Total pension liability, April 30	\$ 95,976,211	\$ 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
Plan fiduciary net position:										
Contributions - employer	\$ 2,953,844	\$ 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
Contributions - member	533,506	512,265	477,759	459,801	467,509	462,849	442,371	444,283	440,410	424,846
Contributions - other	-	277,425	118,660	129,663	46,070	-	-	-	-	-
Net investment income	6,284,583	5,732,481	116,742	(3,816,741)	14,888,438	273,085	3,300,676	3,135,098	3,783,704	(439,143)
Benefit payments, including refunds of member contrib.	(3,994,022)	(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)
Administrative expense	(41,894)	(43,320)	(48,419)	(56,623)	(70,473)	(46,044)	(49,506)	(60,770)	(63,372)	(78,032)
Net changes in plan fiduciary net position	5,736,017	5,526,138	(189,886)	(3,560,920)	15,127,870	171,298	3,283,855	3,446,520	4,078,414	(236,591)
Plan fiduciary net position, May 1	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
Plan fiduciary net position, April 30	\$ 73,247,678	\$ 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
Employer's net pension liability	\$ 22,728,533	\$ 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
Plan fiduciary net position as a percentage of the total pension liability	76.32%	71.09%	68.28%	73.29%	77.86%	63.48%	68.68%	68.15%	65.83%	60.44%
Covered payroll	\$ 5,383,513	\$ 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
Employer's net pension liability as a percentage of covered payroll	422.19%	556.16%	597.88%	465.37%	391.22%	629.06%	506.29%	525.67%	527.16%	611.80%

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, 2025	9.39%
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	29.19%
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%

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Required Supplementary Information April 30, 2025

NOTE 1 – BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for General Fund expenditures as described in the Departmental Presentation section of this note. Annual budgets are adopted for all Village funds, except for funds specifically identified otherwise. No budget was adopted for the Police Pension Fund, a fiduciary fund.

All operating departments submit budget requests to the Village Manager for inclusion in the proposed budget, which is prepared by fund, function, department, division, and object. The proposed budget is provided to the Board of Trustees for review and presented by staff in public meetings, followed by a public hearing. 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 prior to the start of the fiscal year. 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 16, 2024.

Budget Amendment:

The original budget was amended once during the year. The amendment did not affect the General Fund or any major special revenue funds presented in these RSI schedules. Accordingly, the original and final budget amounts presented in these scheduled are identical.

The amendment increased appropriations in the Vehicle and Equipment Replacement Fund by \$405,000 to account for three Public Works vehicles that were ordered in the prior fiscal year but not completed and fully paid for by year-end. As a result, a final payment of \$405,000 became due in the fiscal year ended April 30, 2025, but was not included in the original budget. The budget amendment ordinance was adopted by the Board of Trustees on December 17, 2024.

Departmental Presentation:

Although the legal level of budgetary control is at the fund level, the Village maintains departmental budgets for internal management purposes. The departmental totals presented in the RSI and OSI for the General Fund are based on the budgetary basis of accounting and include certain payments budgeted as transfers out, such as capital contributions to the Vehicle and Equipment Replacement Fund and the Capital Projects Fund. Subsidies to other funds have been budgeted as transfers out of the General Fund. For GAAP reporting, transfers out are classified as other financing uses (transfers) and are excluded from departmental expenditure totals while subsidies to other funds should be included in the expenditure totals. *See the Overview of Required Supplementary Information for a detailed explanation of these reclassifications.*

A reconciliation from budgetary basis to GAAP basis is included after each applicable Budget and Actual schedule to bridge the differences in presentation.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Required Supplementary Information April 30, 2025

NOTE 2 – BUDGETARY VARIANCES

For purposes of RSI disclosures, the Village considers a variance significant if actual revenues or expenditures differ from the final budget by 5 percent or more of the fund's total budgeted revenues or expenditures. Variances meeting this threshold are explained below. In addition, explanations are provided for any fund in which actual expenditures exceeded appropriations at the legal level of budgetary control.

For the year ended April 30, 2025, there were no differences between original and final budget amounts and no significant differences between final budget amounts and actual results for the Village's legally adopted budgets reported in these RSI schedules.

However, actual expenditures in the Milwaukee Avenue/Townline Road TIF Fund exceeded final budgeted amounts by \$823 in contractual services, due primarily to unplanned legal fees related to property tax assessment appeals.

Actual expenditures did not exceed appropriations in the General Fund at the legal level of budgetary control.

NOTE 3 – ADJUSTMENT OF BEGINNING FUND BALANCES

Certain beginning fund balances presented in the budgetary comparison schedules have been adjusted to reflect fund structure changes effective May 1, 2024. These changes include the reclassification of a fund from the governmental fund type to an enterprise fund type and the consolidation of certain special revenue funds into newly created reporting funds.

As a result, beginning balances for individual funds, and total governmental fund balances, may differ from those reported in the prior year's financial statements. These changes were made to improve alignment with the Village's financial reporting framework and fund purposes.

Additional information on these adjustments is provided in Note 14 of the Notes to Financial Statements.

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF VERNON HILLS, ILLINOIS OTHER SUPPLEMENTAL INFORMATION

For the Year Ended April 30, 2025

OVERVIEW OF OTHER SUPPLEMENTAL INFORMATION

The following schedules present budgetary comparison information for Village funds not included in the Required Supplementary Information (RSI) section. These include nonmajor governmental funds, the Capital Fund (a major capital projects fund), and nonmajor enterprise funds. All funds presented here have legally adopted annual budgets, and these schedules provide comparisons of actual financial results to those adopted budgets to enhance transparency and fiscal accountability.

This section begins with two detailed General Fund schedules that expand upon the summary-level budgetary comparisons found in the RSI section:

- Schedule of Revenues – Budget and Actual – General Fund
- Schedule of Expenditures and Transfers Out – Budget and Actual – General Fund

The Schedule of Revenues is presented on a GAAP basis, consistent with the Village's financial statement reporting. The Schedule of Expenditures and Transfers Out is presented on the budgetary basis as legally adopted by the Village.

In accordance with internal reporting and budget practices, Transfers Out — including capital contributions for vehicle and equipment replacement and facility maintenance — are included within department totals on the expenditures schedule. Beginning in fiscal year 2025, certain payments to enterprise funds (e.g., the Golf Course Fund and Metra Parking Fund) that are budgeted and presented here as Transfers Out are reported under GAAP as interfund subsidies — expenditures in the General Fund and revenues in the receiving funds — rather than as transfers. A reconciliation to GAAP basis is provided at the conclusion of this schedule to bridge the budgetary presentation to the financial statements.

Note on Adjusted Beginning Balances

Beginning fund balances or net positions for certain funds included in this section have been adjusted to reflect structural changes effective May 1, 2024. Additional explanation of these adjustments is provided in Note 14 to the Financial Statements.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local Taxes				
Home Rule Sales Tax	\$ 4,000,000	\$ 4,000,000	\$ 4,206,551	\$ 206,551
Food and Beverage Tax	1,718,000	1,718,000	1,828,117	110,117
Electric Utility Tax	1,200,967	1,200,967	1,218,864	17,897
Telecommunications Tax	572,037	572,037	627,987	55,950
Hotel/Motel Tax	291,828	291,828	307,714	15,886
Amusement Tax	211,430	211,430	222,938	11,508
Total Taxes	<u>7,994,262</u>	<u>7,994,262</u>	<u>8,412,171</u>	<u>417,909</u>
Intergovernmental				
Sales Tax	18,300,000	18,300,000	19,506,083	1,206,083
Income Tax	4,591,350	4,591,350	4,666,648	75,298
Grants	87,400	87,400	93,253	5,853
Other Intergovernmental	1,181,919	1,181,919	750,896	(431,023)
Total Intergovernmental	<u>24,160,669</u>	<u>24,160,669</u>	<u>25,016,880</u>	<u>856,211</u>
Licenses, Permits, and Fees				
Charges for Services	2,798,350	2,798,350	1,608,420	(1,189,930)
Fines and Forfeitures	435,950	435,950	428,131	(7,819)
Investment Income	192,000	192,000	198,361	6,361
Rental Income	1,250,000	1,250,000	2,643,977	1,393,977
Miscellaneous	312,200	312,200	352,119	39,919
Total Revenues	<u>37,523,731</u>	<u>37,523,731</u>	<u>39,184,748</u>	<u>1,661,017</u>

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures and Transfers Out – Budget and Actual
General Fund (Budgetary Basis)
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Department				
Administration				
Expenditures				
Personnel	\$ 1,200,255	\$ 1,200,255	\$ 1,188,020	\$ 12,235
Contractual Services	693,789	693,789	655,761	38,028
Commodities	34,950	34,950	13,113	21,837
Transfers Out				
Capital Contributions	15,000	15,000	15,000	-
Total Administration	<u>1,943,994</u>	<u>1,943,994</u>	<u>1,871,894</u>	<u>72,100</u>
Public Works				
Expenditures				
Personnel	\$ 2,909,789	\$ 2,909,789	\$ 2,684,995	\$ 224,794
Contractual Services	890,443	890,443	654,264	236,179
Commodities	666,322	666,322	503,861	162,461
Transfers Out				
Capital Contributions	281,709	281,709	281,709	-
Total Public Works	<u>4,748,263</u>	<u>4,748,263</u>	<u>4,124,829</u>	<u>623,434</u>
Police				
Expenditures				
Personnel	\$ 12,095,899	\$ 12,095,899	\$ 12,032,721	\$ 63,178
Contractual Services	861,661	861,661	664,653	197,008
Commodities	210,550	210,550	188,932	21,618
Debt Service				
Principal Retirement	-	-	75,200	(75,200)
Interest	-	-	12,419	(12,419)
Transfers Out				
Capital Contributions	116,000	116,000	116,000	-
Total Police	<u>13,284,110</u>	<u>13,284,110</u>	<u>13,089,925</u>	<u>194,185</u>
Community Development				
Expenditures				
Personnel	\$ 940,755	\$ 940,755	\$ 871,199	\$ 69,556
Contractual Services	98,956	98,956	72,130	26,826
Commodities	18,300	18,300	11,692	6,608
Transfers Out				
Capital Contributions	4,981	4,981	4,981	-
Total Community Development	<u>1,062,992</u>	<u>1,062,992</u>	<u>960,002</u>	<u>102,990</u>

- (continued) -

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures and Transfers Out – Budget and Actual
General Fund (Budgetary Basis)
For the Year Ended April 30, 2025

- (continued) -	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Department				
Fleet Management				
Expenditures				
Personnel	\$ 485,354	\$ 485,354	\$ 482,717	\$ 2,637
Contractual Services	165,990	165,990	157,291	8,699
Commodities	15,000	15,000	17,202	(2,202)
Total Fleet Management				
Expenditures	<u>666,344</u>	<u>666,344</u>	<u>657,210</u>	<u>9,134</u>
Buildings and Grounds				
Expenditures				
Contractual Services	\$ 852,052	\$ 852,052	\$ 722,034	\$ 130,018
Commodities	295,500	295,500	208,000	87,500
Transfers Out				
Capital Contributions	600,000	600,000	600,000	-
Total Buildings and Grounds				
Expenditures and Transfers Out	<u>1,747,552</u>	<u>1,747,552</u>	<u>1,530,034</u>	<u>217,518</u>
President and Board				
Expenditures				
Personnel	\$ 59,862	\$ 59,862	\$ 54,947	\$ 4,915
Contractual Services	67,000	67,000	61,000	6,000
Commodities	10,950	10,950	8,653	2,297
Total President and Board				
Expenditures	<u>137,812</u>	<u>137,812</u>	<u>124,600</u>	<u>13,212</u>
Events				
Expenditures				
Vernon Hills Days	343,800	343,800	396,166	(52,366)
Heier Veterans Fishing Derby	6,000	6,000	5,314	686
4th of July Events	55,900	55,900	54,260	1,640
Pageant Events	5,195	5,195	4,080	1,115
Arborthheater Events	9,600	9,600	7,499	2,101
Little Bear Ribfest Donation	10,000	10,000	11,000	(1,000)
National Night Out	7,000	7,000	6,982	18
Total Events Expenditures	<u>437,495</u>	<u>437,495</u>	<u>485,301</u>	<u>(47,806)</u>
- (continued) -				

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures and Transfers Out – Budget and Actual
General Fund (Budgetary Basis)
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
- (continued) -				
Expenditures				
Department				
General Purpose				
Expenditures				
Personnel	\$ 126,150	\$ 126,150	\$ 102,859	\$ 23,291
Contractual Services	8,453,057	8,453,057	7,847,508	605,549
Debt Service				
Principal Retirement	410,000	410,000	410,000	-
Interest	109,487	109,487	110,661	(1,174)
Total General Purpose				
Expenditures	9,098,694	9,098,694	8,471,028	627,666
Total Expenditures	\$ 33,127,256	\$ 33,127,256	\$ 31,314,823	\$ 1,812,433
Other Financing Uses				
Transfer to Golf Course Fund	760,000	760,000	760,000	-
Transfer to Metra Parking Fund	70,000	70,000	70,000	-
Transfer to Dispatch Center Fund	800,000	800,000	700,000	100,000
Transfer to Capital Fund	1,800,000	1,800,000	1,800,000	-
Capital Funding Transfer	9,237,000	9,237,000	9,237,000	-
VERF Funding Transfer	2,112,000	2,112,000	2,112,000	-
Total Other Financing Uses	\$ 14,779,000	\$ 14,779,000	\$ 14,679,000	\$ 100,000
<i>Budgetary basis to GAAP basis reconciliation:</i>				
Total Expenditures - Budgetary Basis			31,314,823	
Less: Department Transfers Out / Capital Contributions			(1,017,690)	
Add: Interfund Subsidies (Golf Course & Metra Parking Fund)			830,000	
Total Expenditures - GAAP Basis			\$ 31,127,133	
Total Other Financing Uses - Budgetary Basis			14,679,000	
Add: Department Transfers Out / Capital Contributions			1,017,690	
Less: Interfund Subsidies (Golf Course & Metra Parking Fund)			(830,000)	
Total Other Financing Uses - GAAP Basis			\$ 14,866,690	

VILLAGE OF VERNON HILLS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
Combining Financial Statements and Budgetary Comparison Schedules
For the Year Ended April 30, 2025

OVERVIEW OF NONMAJOR GOVERNMENTAL FUNDS

The following pages present combining financial statements and budgetary comparison schedules for the Village's nonmajor governmental funds in accordance with generally accepted accounting principles (GAAP). These funds are presented by fund type and individual fund to provide additional detail that supplements the basic financial statements.

The preceding General Fund budgetary comparison schedules are presented by department, consistent with the Village's legally adopted budget and internal reporting structure. In contrast, the Combining Financial Statements for Nonmajor Governmental Funds are presented by function, as these funds are purpose-specific and not organized by department.

Statements and Schedules:

- Combining Balance Sheet – Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

Special Revenue Funds

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Motor Fuel Tax Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Dispatch Center Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Vernon Hills Town Center TIF Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hawthorn Mall TIF Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Restricted Police Fund

Capital Projects Fund

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Vehicle and Equipment Replacement Fund

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2025

	Special Revenue					Capital Projects	Total
	Vernon Hills					Vehicle and	
	Motor Fuel Tax	Dispatch Center	Town Center TIF	Hawthorn Mall TIF	Restricted Police	Equipment Replacement	
Assets							
Cash and Investments	\$ 2,655,680	\$ 260,648	\$ 5,047,626	\$ 2,548,784	\$ 98,940	\$ 3,532,588	\$ 14,144,266
Receivables:							
Local Taxes	-	38,880	-	-	-	-	38,880
Accounts	-	40,621	-	-	-	-	40,621
Intergovernmental	714,462	190,534	-	-	-	-	904,996
Accrued Interest	-	-	-	-	-	5,403	5,403
Prepaid Items	-	14,321	-	-	-	-	14,321
Total Assets	3,370,142	545,004	5,047,626	2,548,784	98,940	3,537,991	15,148,487
Liabilities							
Accounts Payable	-	89,964	803	3,167	-	111,628	205,562
Accrued Items	1,286,924	-	-	-	-	69,193	1,356,117
Accrued Payroll	-	47,177	-	-	-	-	47,177
Total Liabilities	1,286,924	137,141	803	3,167	-	180,821	1,608,856
Deferred Inflows							
Unavailable Revenues	20,328	50,000	-	-	-	-	70,328
Total Liabilities and Deferred Inflows	1,307,252	187,141	803	3,167	-	180,821	1,679,184
Fund Balances							
Nonspendable							
Prepaid Items	-	14,321	-	-	-	-	14,321
Restricted							
Streets and Roads	2,062,890	-	-	-	-	-	2,062,890
Public Safety	-	343,542	-	-	98,940	-	442,482
Economic Development	-	-	5,046,823	2,545,617	-	-	7,592,440
Committed							
General Government	-	-	-	-	-	245,655	245,655
Streets and Roads	-	-	-	-	-	1,349,374	1,349,374
Public Safety	-	-	-	-	-	1,762,141	1,762,141
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	2,062,890	357,863	5,046,823	2,545,617	98,940	3,357,170	13,469,303
Total Liabilities and Fund Balances	\$ 3,370,142	\$ 545,004	\$ 5,047,626	\$ 2,548,784	\$ 98,940	\$ 3,537,991	\$ 15,148,487

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended April 30, 2025

	Special Revenue					Capital Projects	Total
	Vernon Hills					Vehicle and Equipment	
	Motor Fuel Tax	Dispatch Center	Town Center TIF	Hawthorn Mall TIF	Restricted Police	Replacement	
Revenues							
Local Taxes	\$ -	\$ 597,871	\$ 2,174,878	\$ 1,639,047	\$ -	\$ -	\$ 4,411,796
Payments in Lieu of Taxes	-	-	217,488	160,820	-	-	378,308
Intergovernmental - Taxes	1,310,672	-	-	-	-	-	1,310,672
Intergovernmental - Grants	980,233	-	-	-	-	-	980,233
Charges for Services	-	954,015	-	-	-	-	954,015
Fines and Forfeitures	-	-	-	-	21,189	-	21,189
Investment Income	152,700	178	251,081	68,349	4,198	146,116	622,622
Total revenues	2,443,605	1,552,064	2,643,447	1,868,216	25,387	146,116	8,678,835
Expenditures							
Current							
General Government	-	-	-	-	-	75,712	75,712
Streets and Roads	-	-	-	-	-	947,810	947,810
Public Safety	-	2,292,833	-	-	2,205	410,403	2,705,441
Economic Development	-	-	29,930	57,380	-	-	87,310
Debt Service							
Principal Retirement	-	-	1,485,000	-	-	-	1,485,000
Interest	-	-	103,936	-	-	-	103,936
Total Expenditures	-	2,292,833	1,618,866	57,380	2,205	1,433,925	5,405,209
Excess (deficiency) of Revenues over (under) Expenditures	2,443,605	(740,769)	1,024,581	1,810,836	23,182	(1,287,809)	3,273,626
Other Financing Sources (Uses)							
Transfer In	-	700,000	-	-	-	2,594,690	3,294,690
Transfer Out	(1,298,616)	-	-	-	(65,000)	-	(1,363,616)
Total Other Financing Sources (Uses)	(1,298,616)	700,000	-	-	(65,000)	2,594,690	1,931,074
Net Changes in Fund Balances	1,144,989	(40,769)	1,024,581	1,810,836	(41,818)	1,306,881	5,204,700
Fund Balances, May 1 - As Adjusted (Note 14)	917,901	398,632	4,022,242	734,781	140,758	2,050,289	8,264,603
Fund Balances, April 30	\$ 2,062,890	\$ 357,863	\$ 5,046,823	\$ 2,545,617	\$ 98,940	\$ 3,357,170	\$ 13,469,303

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Motor Fuel Tax Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental - Taxes	\$ 1,230,661	\$ 1,230,661	\$ 1,310,672	\$ 80,011
Intergovernmental - Grants	-	-	980,233	980,233
Investment Income	25,000	25,000	152,700	127,700
Total Revenues	<u>1,255,661</u>	<u>1,255,661</u>	<u>2,443,605</u>	<u>1,187,944</u>
Expenditures				
Contractual Services	<u>25,000</u>	<u>25,000</u>	-	<u>25,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	1,230,661	1,230,661	2,443,605	1,212,944
Other Financing Uses				
Transfer Out	<u>1,529,000</u>	<u>1,529,000</u>	<u>1,298,616</u>	<u>230,384</u>
Changes in Fund Balance	<u>\$ (298,339)</u>	<u>\$ (298,339)</u>	<u>\$ 1,144,989</u>	<u>\$ 1,443,328</u>
Fund Balance, May 1			<u>917,901</u>	
Fund Balance, April 30			<u><u>\$ 2,062,890</u></u>	

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Dispatch Center Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 528,000	\$ 528,000	\$ 597,871	\$ 69,871
Charges for Services	1,028,800	1,028,800	954,015	(74,785)
Interest	-	-	178	178
Total Revenues	<u>1,556,800</u>	<u>1,556,800</u>	<u>1,552,064</u>	<u>(4,736)</u>
Expenditures				
Personnel	1,832,450	1,832,450	1,759,013	73,437
Contractual Services	544,332	544,332	471,201	73,131
Commodities	7,700	7,700	2,747	4,953
Buildings and Grounds	76,740	76,740	59,872	16,868
Capital Outlay	21,881	21,881	-	21,881
Total Expenditures	<u>2,483,103</u>	<u>2,483,103</u>	<u>2,292,833</u>	<u>190,270</u>
Excess (deficiency) of Revenues over (under) Expenditures	(926,303)	(926,303)	(740,769)	185,534
Other Financing Sources				
Transfer In	<u>800,000</u>	<u>800,000</u>	<u>700,000</u>	<u>(100,000)</u>
Changes in Fund Balance	<u>\$ (126,303)</u>	<u>\$ (126,303)</u>	<u>\$ (40,769)</u>	<u>\$ 85,534</u>
Fund Balance, May 1			<u>398,632</u>	
Fund Balance, April 30			<u>\$ 357,863</u>	

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Vernon Hills Town Center Tax Increment Financing Fund
For the Year Ended April 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Intergovernmental - Taxes	\$ 2,373,400	\$ 2,373,400	\$ 2,174,878	\$ (198,522)
Payment In Lieu of Taxes	237,340	237,340	217,488	(19,852)
Interest	150,000	150,000	251,081	101,081
Total Revenues	<u>2,760,740</u>	<u>2,760,740</u>	<u>2,643,447</u>	<u>(117,293)</u>
Expenditures				
Contractual Services	52,625	52,625	16,272	36,353
Capital Outlay	50,000	50,000	13,658	36,342
Debt Service				
Principal Retirement	1,485,000	1,485,000	1,485,000	-
Interest	105,029	105,029	103,936	1,093
Total Expenditures	<u>1,692,654</u>	<u>1,692,654</u>	<u>1,618,866</u>	<u>73,788</u>
Changes in Fund Balance	<u>\$ 1,068,086</u>	<u>\$ 1,068,086</u>	<u>\$ 1,024,581</u>	<u>\$ (43,505)</u>
Fund Balance, May 1			<u>4,022,242</u>	
Fund Balance, April 30			<u><u>\$ 5,046,823</u></u>	

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, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental - Taxes	\$ 1,659,565	\$ 1,659,565	\$ 1,639,047	\$ (20,518)
Payment In Lieu of Taxes	165,957	165,957	160,820	(5,137)
Interest	75,000	75,000	68,349	(6,651)
Total Revenues	<u>1,900,522</u>	<u>1,900,522</u>	<u>1,868,216</u>	<u>(32,306)</u>
Expenditures				
Contractual Services	2,161,625	2,161,625	5,253	2,156,372
Other	120,234	120,234	52,127	68,107
Total Expenditures	<u>2,281,859</u>	<u>2,281,859</u>	<u>57,380</u>	<u>2,224,479</u>
Changes in Fund Balance	<u>\$ (381,337)</u>	<u>\$ (381,337)</u>	1,810,836	<u>\$ 2,192,173</u>
Fund Balance, May 1			<u>734,781</u>	
Fund Balance, April 30			<u>\$ 2,545,617</u>	

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Restricted Police Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	\$ 11,000	\$ 11,000	\$ 21,189	\$ 10,189
Interest	-	-	4,198	4,198
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>25,387</u>	<u>14,387</u>
Expenditures				
Contractual Services	<u>65,000</u>	<u>65,000</u>	<u>2,205</u>	<u>62,795</u>
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>2,205</u>	<u>62,795</u>
Excess (deficiency) of Revenues over (under) Expenditures	(54,000)	(54,000)	23,182	77,182
Other Financing (Use)				
Transfer Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Changes in Fund Balance	<u>\$ (119,000)</u>	<u>\$ (119,000)</u>	<u>(41,818)</u>	<u>\$ 77,182</u>
Fund Balance, May 1 - As Adjusted			<u>140,758</u>	
Fund Balance, April 30			<u>\$ 98,940</u>	

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Vehicle and Equipment Replacement Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Investment Income	50,000	50,000	146,116	96,116
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>146,116</u>	<u>96,116</u>
Expenditures				
Fleet Replacement	678,000	1,083,000	1,120,340	(37,340)
Equipment Replacement	483,800	483,800	313,585	170,215
Contingency	75,000	75,000	-	75,000
Total Expenditures	<u>1,236,800</u>	<u>1,641,800</u>	<u>1,433,925</u>	<u>207,875</u>
Excess (deficiency) of Revenues over (under) Expenditures	(1,186,800)	(1,591,800)	(1,287,809)	303,991
Other Financing Source				
Transfer In	2,616,571	2,616,571	2,594,690	(21,881)
Changes in Fund Balance	<u>\$ 1,429,771</u>	<u>\$ 1,024,771</u>	1,306,881	<u>\$ 282,110</u>
Fund Balance, May 1 - As Adjusted			<u>2,050,289</u>	
Fund Balance, April 30			<u>\$ 3,357,170</u>	

VILLAGE OF VERNON HILLS, ILLINOIS
MAJOR CAPITAL PROJECTS FUND – CAPITAL FUND
Budgetary Comparison Schedule
For the Year Ended April 30, 2025

OVERVIEW OF MAJOR CAPITAL PROJECTS FUND – CAPITAL FUND

The following schedule presents budgetary comparison information for the Village's Capital Fund, which is classified as a major capital projects fund under GAAP. Although excluded from the RSI section, the Capital Fund is governed by a legally adopted budget, and this schedule reflects actual activity versus the adopted amounts.

Schedule:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Fund

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Capital Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental - Taxes	\$ 241,098	\$ 241,098	\$ 240,313	\$ (785)
Intergovernmental - Grants	-	-	31,332	31,332
Rental Income	106,666	106,666	106,666	-
Investment Income	50,000	50,000	292,275	242,275
Total Revenues	<u>397,764</u>	<u>397,764</u>	<u>670,586</u>	<u>272,822</u>
Expenditures				
Streets and Roads	2,619,000	2,619,000	2,079,484	539,516
Village Facilities	1,450,000	1,450,000	1,058,446	391,554
Open Space and Stormwater	770,000	770,000	335,510	434,490
Other One-Time Projects	460,500	460,500	459,925	575
Contingency	100,000	100,000	-	100,000
Total Expenditures	<u>5,399,500</u>	<u>5,399,500</u>	<u>3,933,365</u>	<u>1,466,135</u>
Excess (deficiency) of Revenues over (under) Expenditures	(5,001,736)	(5,001,736)	(3,262,779)	1,738,957
Other Financing Source				
Transfer In	<u>13,166,000</u>	<u>13,166,000</u>	<u>12,935,616</u>	<u>(230,384)</u>
Changes in Fund Balance	<u>\$ 8,164,264</u>	<u>\$ 8,164,264</u>	9,672,837	<u>\$ 1,508,573</u>
Fund Balance, May 1 - As Adjusted			<u>2,668,455</u>	
Fund balance, April 30			<u>\$ 12,341,292</u>	

VILLAGE OF VERNON HILLS, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
Combining Statements and Budgetary Comparison Schedules
For the Year Ended April 30, 2025

OVERVIEW OF NONMAJOR ENTERPRISE FUNDS

The following pages present combining financial statements and budgetary comparison schedules for the Village's nonmajor enterprise funds, which are proprietary in nature and primarily supported by user charges. These funds have legally adopted budgets, and the schedules presented compare actual operating results with budgeted expectations.

The Village budgets General Fund support to these enterprise funds as a single line item under "Nonoperating Revenues." For purposes of financial reporting under generally accepted accounting principles (GAAP), such subsidies are separated into operating subsidies (reported as noncapital subsidies) and capital subsidies (reported as capital contributions) in the enterprise fund statements. This classification difference does not affect the total change in net position reported for the funds.

Statements and Schedules:

- Combining Statement of Net Position – Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Golf Course Fund
- Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Metra Parking Fund

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Statement of Net Position
Nonmajor Enterprise Funds
For the Year Ended April 30, 2025

	Golf Course	Metra Parking	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 700	\$ 39,564	\$ 40,264
Accounts Receivable	-	2,127	2,127
Deposit Receivable	19,628	-	19,628
Inventory	27,034	-	27,034
Prepaid Items	869	1,094	1,963
Total Current Assets	<u>48,231</u>	<u>42,785</u>	<u>91,016</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	302,282	254,567	556,849
Depreciable	2,636,853	3,645,963	6,282,816
Accumulated Depreciation	<u>(1,849,353)</u>	<u>(3,214,403)</u>	<u>(5,063,756)</u>
Total Noncurrent Assets	<u>1,089,782</u>	<u>686,127</u>	<u>1,775,909</u>
Total Assets	<u>1,138,013</u>	<u>728,912</u>	<u>1,866,925</u>
Liabilities			
Current Liabilities			
Accounts Payable	38,785	3,485	42,270
Accrued Payroll	746	161	907
Unearned Revenue	5,287	-	5,287
Other Payable	952	-	952
Due to Other Funds	<u>89,807</u>	<u>-</u>	<u>89,807</u>
Total Current Liabilities	<u>135,577</u>	<u>3,646</u>	<u>139,223</u>
Noncurrent Liabilities			
Advances from Other Funds	<u>33,848</u>	<u>-</u>	<u>33,848</u>
Total Liabilities	<u>169,425</u>	<u>3,646</u>	<u>173,071</u>
Net Position			
Net Investment in Capital Assets	1,089,782	686,127	1,775,909
Unrestricted	<u>(121,194)</u>	<u>39,139</u>	<u>(82,055)</u>
Total Net Position	<u>\$ 968,588</u>	<u>\$ 725,266</u>	<u>\$ 1,693,854</u>

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended April 30, 2025

	Golf Course	Metra Parking	Total
Operating Revenues			
Course Fees	\$ 440,222	\$ -	\$ 440,222
Merchandise Sales	16,342	-	16,342
Food and Beverage Sales	66,899	-	66,899
Parking Fees	-	38,419	38,419
Other Operating	24,736	-	24,736
Total Operating Revenues	<u>548,199</u>	<u>38,419</u>	<u>586,618</u>
Operating Expenses			
Personnel	27,943	5,988	33,931
Contractual Services	429,901	6,767	436,668
Commodities	5,160	-	5,160
Buildings and Grounds	85,267	68,747	154,014
Cost of Goods Sold	43,614	-	43,614
Depreciation	44,901	105,029	149,930
Total Operating Expenses	<u>636,786</u>	<u>186,531</u>	<u>823,317</u>
Operating Loss	(88,587)	(148,112)	(236,699)
Noncapital Subsidies			
General Fund Operating Subsidy	417,000	70,000	487,000
Total Noncapital Subsidies	<u>417,000</u>	<u>70,000</u>	<u>487,000</u>
Operating Income/(Loss) and Noncapital Subsidies	328,413	(78,112)	250,301
Other Nonoperating Revenue			
Interest Income	273	138	411
General Fund Capital Subsidy	343,000	-	343,000
Total Other Nonoperating Revenue	<u>343,273</u>	<u>138</u>	<u>343,411</u>
Change in Net Position	671,686	(77,974)	593,712
Net Position, May 1 - As Adjusted (Note 14)	296,902	803,240	1,100,142
Net Position, April 30	<u>\$ 968,588</u>	<u>\$ 725,266</u>	<u>\$ 1,693,854</u>

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended April 30, 2025

	Golf Course	Metra Parking	Total
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 523,730	\$ 38,656	\$ 562,386
Payments to Suppliers and Employees	(604,743)	(83,608)	(688,351)
Other receipts	24,736	-	24,736
Net Cash from Operating Activities	<u>(56,277)</u>	<u>(44,952)</u>	<u>(101,229)</u>
Cash Flows from Noncapital Financing Activities			
General Fund Operating Subsidy	417,000	70,000	487,000
Net Cash from Noncapital Financing Activities	<u>417,000</u>	<u>70,000</u>	<u>487,000</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(478,656)	-	(478,656)
General Fund Capital Subsidy	343,000	-	343,000
Interfund Transactions	(225,340)	-	(225,340)
Net Cash from Capital and Related Financing Activities	<u>(360,996)</u>	<u>-</u>	<u>(360,996)</u>
Cash Flows from Investing Activities			
Interest Received	273	138	411
Net Cash from Investing Activities	<u>273</u>	<u>138</u>	<u>411</u>
Net Change in Cash and Cash Equivalents	-	25,186	25,186
Balance, May 1	700	14,378	15,078
Balance, April 30	<u>\$ 700</u>	<u>\$ 39,564</u>	<u>\$ 40,264</u>
Reconciliation of Operating Gain/(Loss) to Net Cash from Operating Activities			
Operating Gain/(Loss)	\$ (88,587)	\$ (148,112)	\$ (236,699)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:			
Depreciation Expense	44,901	105,029	149,930
Changes in Assets and Liabilities:			
Accounts Receivable	382	237	619
Inventory	(636)	-	(636)
Prepaid expenses	(869)	(1,094)	(1,963)
Accounts payable	(12,101)	(1,173)	(13,274)
Accrued Payroll	746	161	907
Other payable	2	-	2
Unearned revenue	(115)	-	(115)
Net Cash from Operating Activities	<u>\$ (56,277)</u>	<u>\$ (44,952)</u>	<u>\$ (101,229)</u>

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Golf Course Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Course Fees	447,744	447,744	440,222	(7,522)
Merchandise Sales	18,050	18,050	16,342	(1,708)
Food and Beverage Sales	89,291	89,291	66,899	(22,392)
Other Operating	11,050	11,050	24,736	13,686
Total Operating Revenues	<u>566,135</u>	<u>566,135</u>	<u>548,199</u>	<u>(17,936)</u>
Operating Expenses				
Personnel	28,741	28,741	27,943	798
Contractual Services	430,130	430,130	429,901	229
Commodities	12,150	12,150	5,160	6,990
Buildings and Grounds	87,470	87,470	85,267	2,203
Cost of Goods Sold	39,161	39,161	43,614	(4,453)
Depreciation	47,715	47,715	44,901	2,814
Total Operating Expenses	<u>645,367</u>	<u>645,367</u>	<u>636,786</u>	<u>8,581</u>
Operating Loss	(79,232)	(79,232)	(88,587)	(9,355)
Nonoperating Revenues				
Interest Income	-	-	273	273
General Fund Subsidy	760,000	760,000	760,000	-
Other Nonoperating	-	-	-	-
Total Nonoperating Revenues	<u>760,000</u>	<u>760,000</u>	<u>760,273</u>	<u>273</u>
Changes in Net Position	<u>\$ 680,768</u>	<u>\$ 680,768</u>	671,686	<u>\$ (9,082)</u>
Net Position, May 1			<u>296,902</u>	
Net Position, April 30			<u>\$ 968,588</u>	

Note on Budgetary Basis and Classification Differences

The Village's budget for the Golf Course Fund classifies all General Fund support as "Nonoperating Revenues." For GAAP presentation, as required by the Governmental Accounting Standards Board, such subsidies are separated into noncapital subsidies (operating support) and capital contributions (restricted for capital purposes). This classification difference does not affect the total change in net position reported for the fund.

Reconciliation of General Fund Subsidy Classification

Description	Budget	Reclass to Noncapital Subsidies	Reclass to Capital Contributions	Actual (GAAP)
General Fund Subsidy	760,000	417,000	343,000	760,000

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Metra Parking Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Parking Fees	36,200	36,200	38,419	2,219
Operating Expenses				
Personnel	5,883	5,883	5,988	(105)
Contractual Services	17,400	17,400	6,767	10,633
Buildings and Grounds	81,250	81,250	68,747	12,503
Depreciation	96,018	96,018	105,029	(9,011)
Total Operating Expenses	200,551	200,551	186,531	14,020
Operating Loss	(164,351)	(164,351)	(148,112)	16,239
Nonoperating Revenues				
Interest Income	2,000	2,000	138	(1,862)
General Fund Subsidy	70,000	70,000	70,000	-
Total Nonoperating Revenues	72,000	72,000	70,138	(1,862)
Changes in Net Position	\$ (92,351)	\$ (92,351)	(77,974)	\$ 14,377
Net Position, May 1 - As Adjusted (Note 14)			803,240	
Net Position, April 30			\$ 725,266	

Note on Budgetary Basis and Classification Differences

The Village's budget for the Metra Parking Fund classifies all General Fund support as "Nonoperating Revenues." For GAAP presentation, as required by the Governmental Accounting Standards Board, such subsidies are separated into noncapital subsidies (operating support) and capital contributions (restricted for capital purposes). This classification difference does not affect the total change in net position reported for the fund.

Reconciliation of General Fund Subsidy Classification

Description	Budget	Reclass to Noncapital Subsidies	Reclass to Capital Contributions	Actual (GAAP)
General Fund Subsidy	70,000	70,000	-	70,000

VILLAGE OF VERNON HILLS, ILLINOIS
LONG-TERM DEBT SCHEDULES

For the Year Ended April 30, 2025

OVERVIEW OF LONG-TERM DEBT SCHEDULES (GENERAL OBLIGATION BONDS)

The following schedules present detailed information on the Village's currently active general obligation (GO) bonds. These schedules are included in the Other Supplementary Information (OSI) section to provide transparency and support long-term financial planning.

Each schedule details the principal and interest payment requirements for active bond issues, organized by fiscal year and bond series. The schedules reflect the Village's legally obligated debt service for issues that remain outstanding as of April 30, 2025.

Long-term debt service is incorporated into the Village's annual budget and multi-year financial plans, though debt service obligations are not subject to separate budget adoption at the bond-issue level. For additional disclosures related to long-term obligations, see Note 5 – Long-Term Liabilities in the Notes to the Financial Statements.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Schedules
 General Obligation Bonds, Series 2012A
 April 30, 2025

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
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>\$ 2,000,000</u>	<u>\$ 67,500</u>	<u>\$ 2,067,500</u>		<u>\$ 33,750</u>		<u>\$ 33,750</u>

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Schedules
 General Obligation Bonds, Series 2012B
 April 30, 2025

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
2026	\$ 155,000	\$ 3,720	\$ 158,720	2025	\$ 1,860	2026	\$ 1,860

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Schedules
General Obligation Bonds, Series 2014 – Police Station
April 30, 2025

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
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>\$ 1,880,000</u>	<u>\$ 311,635</u>	<u>\$ 2,191,635</u>		<u>\$ 155,821</u>		<u>\$ 155,821</u>

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Schedules
 General Obligation Bonds, Series 2014 - Communication Center
 April 30, 2025

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
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>\$ 16,345</u>	<u>\$ 416,345</u>		<u>\$ 8,173</u>		<u>\$ 8,173</u>

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Schedules
General Obligation Bonds, Series 2015A
April 30, 2025

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
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>\$ 850,000</u>	<u>\$ 136,912</u>	<u>\$ 986,912</u>		<u>\$ 68,460</u>		<u>\$ 68,460</u>

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Schedules
 General Obligation Bonds, Series 2015B
 April 30, 2025

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
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>\$ 1,050,000</u>	<u>\$ 38,850</u>	<u>\$ 1,088,850</u>		<u>\$ 19,425</u>		<u>\$ 19,425</u>

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Schedules
General Obligation Bonds, Series 2017
April 30, 2025

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			
				Sep. 30	Amount	Mar. 30	Amount
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>\$ 15,255,000</u>	<u>\$ 3,849,191</u>	<u>\$ 19,104,191</u>		<u>\$ 1,924,594</u>		<u>\$ 1,924,594</u>

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.

Notes to Financial Trends Schedules

Beginning in fiscal year 2025, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, and adopted Ordinance 2025-056, which revised the governmental fund reporting structure. As a result, beginning balances for fiscal year 2025 in the government-wide and fund financial statements were adjusted.

Beginning in fiscal year 2025, Rental income is reported on a separate line item. In prior years, these revenues were reported within miscellaneous revenues. This change was made to enhance transparency as the revenue source grew over time.

Beginning in fiscal year 2025, capital outlay expenditures are presented within their respective functional categories (e.g., General Government, Streets and Roads, Public Safety) rather than as a separate capital outlay category. This more accurately reflects cost by function.

Beginning in fiscal year 2024, required contributions from the General Fund to the TIF funds are reported as Payments in Lieu of Taxes (PILOT) rather than interfund transfers. expenses/expenditures are classified as Economic Development and revenues are classified as Payments in lieu of taxes.

Beginning in fiscal year 2024, Franchise Fee revenues are reported on a separate line item. In prior years, these revenues were reported within Charges for Services under Program Revenues. This change was made to enhance transparency and comparability with other governments.

Beginning in fiscal year 2023, Use and Food and Beverage Taxes were reported in separate revenue lines in the Changes in Net Position. Fiscal year 2022 and prior these revenues were included in the Other Taxes revenue line.

Beginning in fiscal year 2019, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, beginning balances for fiscal year 2019 in the government-wide financial statements were adjusted.

The changes noted above were updated prospectively and years presented in the following schedules prior to the changes have not been restated and are shown as originally reported. Accordingly, trend comparisons should be interpreted with caution.

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 75,541,645	\$ 75,969,840	\$ 72,396,535	\$ 73,397,308	\$ 74,675,375	\$ 75,273,762	\$ 74,727,114	\$ 75,753,586	\$ 77,689,771	\$ 79,574,960
Restricted	23,421,993	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
Unrestricted	11,178,431	7,996,959	1,003,639	(8,948,347)	(18,579,525)	(24,346,352)	(23,355,194)	(18,494,359)	3,774,935	3,722,990
Total Governmental										
Activities Net Position	\$ 110,142,069	\$ 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
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,775,909	\$ 656,027	\$ 388,258	\$ 393,315	\$ 410,732	\$ 339,361	\$ 379,326	\$ 443,291	\$ 518,131	\$ 457,015
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(82,055)	(359,125)	(98,472)	(76,284)	(16,756)	(718,038)	(540,128)	(439,127)	(369,729)	(251,977)
Total Business-Type										
Activities Net Position	\$ 1,693,854	\$ 296,902	\$ 289,786	\$ 317,031	\$ 393,976	\$ (378,677)	\$ (160,802)	\$ 4,164	\$ 148,402	\$ 205,038
Primary Government										
Net Investment in Capital Assets	\$ 77,317,554	\$ 76,625,867	\$ 72,784,793	\$ 73,790,623	\$ 75,086,107	\$ 75,613,123	\$ 75,106,440	\$ 76,196,877	\$ 78,207,902	\$ 80,031,975
Restricted	23,421,993	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
Unrestricted	11,096,376	7,637,834	905,167	(9,024,631)	(18,596,281)	(25,064,390)	(23,895,322)	(18,933,486)	3,405,206	3,471,013
Total Primary Government										
Net Position	\$ 111,835,923	\$ 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

Data Source

Audited financial statements

See "Notes to Financial Trends Schedules" for additional information.

See independent auditor's report.

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

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities										
General Government	\$ 12,356,243	\$ 10,431,258	\$ 11,594,733	\$ 10,886,946	\$ 9,976,962	\$ 10,573,818	\$ 11,671,187	\$ 10,465,391	\$ 10,031,695	\$ 10,785,366
Streets and Roads	8,303,109	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
Public Safety	16,177,694	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
Economic Development	1,043,572	887,102	239,822	212,612	99,016	1,663,589	4,000,769	14,389,807	-	1,488
Culture and Recreation	1,512,455	379,992	324,787	67,270	31,532	292,421	268,706	261,213	250,870	287,664
Interest	809,106	874,133	927,881	984,558	1,058,565	1,078,062	1,180,996	1,500,369	615,693	677,677
Total Governmental Activities Expenses	40,202,179	36,368,462	38,872,121	33,688,193	31,074,819	37,165,397	38,745,270	49,971,257	32,455,794	32,291,993
Business-Type Activities										
Golf Course	636,786	599,098	472,761	519,965	483,922	468,730	507,997	526,194	508,552	530,174
Commuter Parking	186,531	N/A								
Total Business-Type Activities Expenses	823,317	599,098	472,761	519,965	483,922	468,730	507,997	526,194	508,552	530,174
Total Primary Government Expenses	\$ 41,025,496	\$ 36,967,560	\$ 39,344,882	\$ 34,208,158	\$ 31,558,741	\$ 37,634,127	\$ 39,253,267	\$ 50,497,451	\$ 32,964,346	\$ 32,822,167
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 1,286,579	\$ 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
Public Safety	1,632,577	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
Culture and Recreation	466,081	277,382	152,701	-	-	78,507	98,124	138,968	139,418	124,238
Operating Grants and Contributions	1,403,925	1,504,542	4,787,744	1,052,213	969,194	937,891	666,373	670,447	668,032	672,244
Capital Grants and Contributions	31,332	1,027,125	598,938	626,996	1,948,924	38,783	194,124	3,474	4,131	159,065
Total governmental activities program revenues	4,820,494	6,180,435	9,030,510	6,721,822	7,091,898	4,737,127	4,797,955	5,564,300	5,285,875	4,070,526
Business-Type Activities										
Charges for Services										
Golf Course	548,199	526,534	445,471	443,012	505,210	248,649	342,163	376,044	408,651	440,539
Commuter Parking	38,419	N/A								
Capital Grants and Contributions	343,000	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Prgm Revenues	929,618	526,534	445,471	443,012	505,210	248,649	342,163	376,044	408,651	440,539
Total Primary Government Program Revenues	\$ 5,750,112	\$ 6,706,969	\$ 9,475,981	\$ 7,164,834	\$ 7,597,108	\$ 4,985,776	\$ 5,140,118	\$ 5,940,344	\$ 5,694,526	\$ 4,511,065
Net (Expenses) Revenue										
Governmental Activities	\$ (35,381,685)	\$ (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)
Business-Type Activities	106,301	(72,564)	(27,290)	(76,953)	21,288	(220,081)	(165,834)	(150,150)	(99,901)	(89,635)
Total Primary Government	\$ (35,275,384)	\$ (30,260,591)	\$ (29,868,901)	\$ (27,043,324)	\$ (23,961,633)	\$ (32,648,351)	\$ (34,113,149)	\$ (44,557,107)	\$ (27,269,820)	\$ (28,311,102)

- (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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
- (continued) -										
General Revenues and Other Changes in Net Position										
Governmental Activities										
Local Taxes										
Home Rule Sales	\$ 4,206,551	\$ 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
Food and Beverage	1,828,117	1,756,335	1,713,567	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Utility	1,218,864	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
Telecommunication	627,987	604,642	571,333	577,639	625,548	734,250	775,922	898,686	1,016,451	1,190,196
Hotel/Motel	307,714	273,514	256,387	190,558	72,700	329,380	382,495	371,175	382,900	380,093
Amusement	222,938	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	-	227,890	243,785	2,689,494	2,216,635	2,436,428	1,926,599	918,219	918,874	871,620
Intergovernmental										
Sales Tax	19,506,083	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
State Income Tax	4,666,648	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
911 Surcharge	601,611	722,317	530,469	726,173	531,591	548,262	540,117	398,726	372,116	309,960
Road and Bridge	240,313	227,984	221,732	211,814	217,396	217,285	212,953	219,958	216,312	212,406
Tax Increment	8,235,850	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
Use Tax	743,714	1,055,366	1,109,710	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Replacement Tax	7,182	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payments in Lieu of Taxes	820,501	705,425	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franchise fees	310,986	357,099	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income	4,185,598	3,079,876	1,718,770	10,163	87,056	880,832	711,434	344,004	105,285	115,636
Miscellaneous	497,367	580,829	157,920	813,263	1,004,787	1,570,039	197,249	205,675	135,754	41,088
Transfers	-	-	-	-	(650,000)	-	-	-	-	-
Total governmental activities	48,228,024	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
Business-type activities:										
Investment income	411	280	45	8	217	2,206	868	5,912	1,265	104
Miscellaneous	487,000	79,400	-	-	-	-	-	-	42,000	-
Transfers	-	-	-	-	650,000	-	-	-	-	-
Capital contribution	-	-	-	-	101,148	-	-	-	-	-
Total business-type activities	487,411	79,680	45	8	751,365	2,206	868	5,912	43,265	104
Total primary government	\$ 48,715,435	\$ 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
Change in Net Position										
Governmental activities	\$ 12,846,339	\$ 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)
Business-type activities	593,712	7,116	(27,245)	(76,945)	772,653	(217,875)	(164,966)	(144,238)	(56,636)	(89,531)
Total primary government change in net position	\$ 13,440,051	\$ 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)

Data Source

Audited financial statements

See "Notes to Financial Trends Schedules" for additional information.

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 1,850,106	\$ 1,013,488	\$ 964,329	\$ 836,813	\$ 878,256	\$ 1,771,573	\$ 1,676,713	\$ 1,289,082	\$ 1,306,316	\$ 1,484,993
Restricted	-	144,685	180,403	195,077	301,111	373,030	331,751	285,836	223,569	156,265
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	39,581,697	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
Total general fund	\$ 41,431,803	\$ 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
All Other Governmental Funds										
Nonspendable	\$ 14,321	\$ 30,416	\$ 39,001	\$ 399	\$ 726	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	23,421,993	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
Committed	15,698,462	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(53,005)	(10,920)	-	-	-	-	-	(153,789)
Total all other governmental funds	39,134,776	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
Total governmental funds	\$ 80,566,579	\$ 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

Data Source

Audited financial statements

See "Notes to Financial Trends Schedules" for additional information.

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	\$ 17,245,892	\$ 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
Payments in lieu of taxes	820,501	705,425	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Intergovernmental	27,579,430	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
Licenses, permits, and fees	1,608,420	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
Charges for services	1,382,146	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
Fines and forfeitures	219,550	165,003	194,785	160,878	173,104	240,610	270,574	299,051	305,422	307,387
Investment income	4,185,598	2,968,035	1,718,193	10,162	87,057	880,832	711,434	344,004	105,285	115,636
Rental Income	458,785	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miscellaneous	524,689	874,304	607,935	627,589	727,540	520,038	197,249	217,230	142,544	41,088
Total revenues	54,025,011	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
Expenditures										
General government	12,117,623	9,778,105	10,731,177	10,472,057	9,284,377	9,687,597	9,647,854	9,073,246	8,862,203	8,214,056
Streets and roads	7,175,734	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
Public Safety	15,857,387	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
Culture and recreation	2,211,871	379,992	324,787	67,270	31,532	292,421	268,706	261,213	250,870	287,664
Economic development	1,043,572	887,102	239,822	212,612	99,016	1,663,589	4,000,769	14,389,807	-	1,488
Capital outlay	N/A	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
Debt service										
Principal	3,005,200	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
Interest	786,701	851,234	903,591	960,839	1,014,840	1,049,139	1,129,860	1,402,639	574,283	768,087
Total expenditures	42,198,088	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
Excess (deficiency) of revenues over (under) expenditures	11,826,923	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)
Other financing sources (uses)										
Transfers in	16,230,306	650,000	607,833	619,971	3,803,426	1,537,787	2,356,670	2,259,650	1,592,396	1,515,383
Transfers (out)	(16,230,306)	(650,000)	(607,833)	(619,971)	(4,554,574)	(1,537,787)	(2,356,670)	(2,259,650)	(1,592,396)	(1,515,383)
Contract financing	-	320,799	-	-	-	-	-	-	-	-
Proceeds from bonds	-	-	-	-	-	-	-	20,190,000	-	7,260,000
Premium on debt issuance	-	-	-	-	-	-	-	-	-	187,651
Payment to escrow agent	-	-	-	-	-	-	-	-	-	(5,301,500)
Total other financing sources (uses)	-	320,799	-	-	(751,148)	-	-	20,190,000	-	2,146,151
Net changes in fund balances	\$ 11,826,923	\$ 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)
Debt service as a percentage of noncapital expenditures	9.58%	10.58%	10.21%	10.66%	11.33%	8.32%	10.84%	6.40%	4.92%	10.63%

Data Source

Audited financial statements

See "Notes to Financial Trends Schedules" for additional information.

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Taxable Sales by Category
Last Ten Calendar Years
(in Thousands)

Calendar Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Category^(a)										
General merchandise	\$ 156,836	\$ 137,789	\$ 137,205	\$ 132,164	\$ 110,910	\$ 140,349	\$ 159,538	\$ 167,288	\$ 185,173	\$ 240,218
Food	223,505	209,127	213,230	177,460	165,510	151,913	124,155	108,752	113,058	78,873
Drinking and eating places	130,515	123,200	118,962	103,295	84,066	114,671	100,453	100,207	105,284	102,926
Apparel	62,454	64,330	68,920	62,303	38,653	67,996	67,434	68,177	74,305	73,630
Furniture, H.H., and radio	106,337	132,723	128,711	142,216	125,576	413,518	700,564	649,251	641,001	626,968
Lumber, building hardware	90,837	93,709	100,823	95,263	88,773	75,979	68,559	50,049	48,839	49,342
Automobile and filling stations	34,714	34,324	39,899	33,768	27,462	35,030	35,682	32,588	31,657	33,359
Drugs and miscellaneous retail	177,791	174,888	168,155	155,909	87,144	104,800	101,702	102,403	107,399	104,319
Agriculture and all others	841,026	838,622	997,323	725,469	602,260	436,002	162,302	152,070	137,450	95,806
Manufacturers	4,961	4,939	6,550	8,426	5,648	7,813	8,154	10,110	11,728	10,001
Total taxable sales	\$ 1,828,976	\$ 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
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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Direct Sales Tax Rates										
Village of Vernon Hills Home Rule	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.

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>
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	-
2024	1,046,733	205	434,727	800	1,482,465	189	1,482,654	4,447,963	-

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 does not levy a general property tax for operations or debt service, as annual debt service levies are abated.

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Overlapping Property Tax Rates										
Central Lake County Joint Action Water Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.045	\$ 0.046	\$ 0.054
Hawthorn School District No. 73	3.816	3.976	4.017	3.916	3.851	3.740	3.847	3.825	3.871	4.033
Community High School District No. 128	2.685	2.782	2.750	2.674	2.603	2.513	2.502	2.494	2.532	2.732
College of Lake County No. 532	0.280	0.294	0.296	0.293	0.290	0.282	0.282	0.281	0.285	0.299
Libertyville Township	0.126	0.131	0.129	0.129	0.127	0.123	0.122	0.122	0.124	0.131
Lake County	0.551	0.586	0.589	0.598	0.598	0.597	0.612	0.622	0.632	0.663
Lake County Forest Preserve	0.162	0.168	0.173	0.179	0.182	0.180	-	0.187	0.193	0.208
Vernon Hills Park District	0.450	0.463	0.460	0.446	0.434	0.420	0.411	0.416	0.419	0.458
Cook Memorial Public Library District	0.275	0.286	0.288	0.291	0.286	0.283	0.284	0.284	0.289	0.304
Countryside Fire Protection District	0.583	0.657	0.633	0.610	0.596	0.566	0.564	0.560	0.570	0.598
Total overlapping property tax rate	8.929	9.343	9.335	9.136	8.967	8.704	8.624	8.836	8.961	9.480
Village Direct Property Tax Rate										
Village of Vernon Hills	-	-	-	-	-	-	-	-	-	-
Total direct and overlapping property tax rate	\$ 8.929	\$ 9.343	\$ 9.335	\$ 9.136	\$ 8.967	\$ 8.704	\$ 8.624	\$ 8.836	\$ 8.961	\$ 9.480

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	2025			2016		
	Taxable Assessed	Rank	Percent of Total Village Taxable Assessed	Taxable Assessed	Rank	Percent of Total Village Taxable Assessed
	Value		Value	Value		Value
Passco Melody Farm DST Trust	\$ 28,663,800	1	1.93%	-		-
Mesirow Financial Rev III Reit LLC	25,747,425	2	1.74%	-		-
Hawthorn LP	24,949,550	3	1.68%	-		-
USEF Centennial FA Hawthorn Owner I	24,451,658	4	1.65%	-		-
Melody Farm LLC	21,568,068	5	1.45%	-		-
USCMF Oak At Vernon Hills LLC	18,858,895	6	1.27%	-		-
Van Missingen & Co.	10,820,238	7	0.73%	-		-
A&J Vernon Hills, LLC	8,962,708	8	0.60%	-		-
Hawthorn Hills Square 1687 LLC	8,728,614	9	0.59%	-		-
CDW Computer Centers Inc.	8,324,168	10	0.56%	-		-
Westfield Shoppingtown Hawthorn	-		-	20,234,248	1	1.96%
Inland Real Estate	-		-	13,667,190	2	1.32%
Museum Gardens II LLC	-		-	12,278,632	3	1.19%
Leahy Vernon Hills Development	-		-	11,865,730	4	1.15%
PWA Continental Executive Park, LP	-		-	8,911,611	5	0.86%
Hawthorn Hills	-		-	7,876,323	6	0.76%
Walmart Stores Inc.	-		-	7,104,130	7	0.69%
Corporate Woods Associates, LLC	-		-	6,778,298	8	0.66%
VTRP Merger Sub	-		-	5,217,223	9	0.50%
	-		-	5,197,623	10	0.50%
	-		-			
	-		-			
Total	\$ 181,075,124		12.20%	\$ 99,131,008		9.59%

Data Source

Office of the Lake County Clerk
Village ACFR for the fiscal year ended April 30, 2016

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	Unamortized Premium	Installment Contracts	Operating Leases	Subscription Contracts			
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	-	-	207,490	27,783,926	1.94%	1,040
2024	24,520,000	-	104,486	136,332	99,839	163,831	25,024,488	1.59%	935
2025	21,590,000	-	77,536	106,519	76,326	118,444	21,968,825	1.32%	821

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			
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
2025	21,590,000	77,536	-	21,667,536	1.18%	809

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, 2025

Governmental Unit	Gross Debt	Applicable to the Village	
		Percent ^(a)	Amount
Direct Governmental Activities Debt			
Village	\$ 21,968,825	100.00 %	\$ 21,968,825
Overlapping Debt			
Lake County	147,774,477	4.45	6,575,964
Lake County Forest Preserve District	162,871,217	4.45	7,247,769
College of Lake County No. 532	75,949,839	4.66	3,539,262
Hawthorn School District No. 73	80,934,981	66.47	53,797,482
Diamond Lake School District No. 76	11,500,857	24.48	2,815,410
Lincolnshire-Prairie View School District No. 103	12,407,466	21.34	2,647,753
Mundelein High School District No. 120	55,578,965	0.89	494,653
Stevenson High School District No. 125	41,310,698	9.38	3,874,943
Countryside Fire Protection District	926,125	61.73	571,697
Vernon Hills Park District	11,814,939	99.98	11,812,576
Total overlapping debt	\$ 601,069,564		\$ 93,377,509
Total direct and overlapping debt	\$ 623,038,389		\$ 115,346,334

Data Sources

Office of the Lake County Clerk
EMMA - Electronic Municipal Market Access

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, 2025

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
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%
2025	26,772	1,659,114	61,972	41.3	4,940	3.80%

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 2014-2023 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	2025			2016		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
CDW	1,800	1	6.72%	350	5	1.33%
Rust-Oleum Corp.	1,500	2	5.60%			
Mercer	1,400	3	5.23%	340	6	1.29%
Becton Dickinson	600	4	2.24%			
Hawthorn School District 73	600	4	2.24%			
Cole-Parmer/Antylia Scientific	447	6	1.67%	300	8	1.14%
American Hotel Register/ Consolidated Hospitality Supplies	400	7	1.49%	400	3	1.52%
Walmart, Inc. (Includes Sam's Club)	398	8	1.49%			
Wurth Baer Supply Company	350	9	1.31%			
Target	300	10	1.12%			
Trans Global Scientific Inc	300	10	1.12%			
Westfield Shoppingtown Hawthorn				2,500	1	9.50%
Zebra Technologoes Corp.				900	2	3.42%
Mitsubishi Electric Automation, Inc				400	4	1.52%
Z.F.Service North America, LLC				325	7	1.24%
CareFusion, Inc.				300	9	1.14%
Richard Wolf Medical Instruments Corp				200	10	0.76%
ETA/Cuisenaire				200	10	0.76%
Total	8,095		30.24%	6,215		23.62%

Data Sources

Lake County Partners

Hawthorn School District 73

Village ACFR for the fiscal year ended April 30, 2016

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Full-Time Equivalent Employees by Function Last Ten Fiscal Years

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General government										
Administration	6.00	6.03	6.00	5.00	5.30	5.00	4.00	3.58	3.50	3.54
Community development	6.00	5.94	6.80	6.80	6.91	7.80	7.82	8.04	7.57	7.57
Fleet ^(b)	3.00	3.00	-	-	-	-	-	-	-	-
Human resources ^(a)	-	-	-	-	-	-	1.85	4.37	4.09	4.09
Total general government	15.00	14.97	12.80	11.80	12.21	12.80	13.67	15.99	15.16	15.20
Streets and Roads										
Public Works	19.12	18.27	20.60	20.60	24.09	22.74	25.01	24.20	24.60	23.85
Public Safety										
Police	55.64	53.92	70.00	72.25	74.42	69.09	71.54	72.61	73.20	72.28
Dispatch ^(c)	14.08	14.35	-	-	-	-	-	-	-	-
Total public safety	69.72	68.27	70.00	72.25	74.42	69.09	71.54	72.61	73.20	72.28
Total	103.84	101.51	103.40	104.65	110.72	104.63	110.22	112.80	112.96	111.33

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General Government										
Community Development										
Number of building permits issued	1,850	1,290	1,415	1,389	2,162	1,274	2,409	1,275	1,470	1,525
Number of building inspections	3,805	3,403	4,095	4,509	4,092	2,988	6,745	3,585	3,744	3,312
Forestry										
Number of parkway trees planted ^(a)	128	110	132	109	65	96	108	108	392	876
Number of parkway trees trimmed ^(a)	2,000	1,600	1,200	859	918	1,038	927	927	669	1,009
Fleet Services										
Number of cars/SUVs/vans maintained ^(a)	34	34	35	37	33	41	34	36	36	35
Number of light trucks maintained ^(a)	20	20	18	17	17	18	19	20	19	18
Number of heavy trucks maintained ^(a)	10	10	11	11	11	10	10	10	11	10
Number of loaders/backhoes maintained ^(a)	6	6	6	6	6	6	5	5	5	5
Number of small tractors maintained ^(a)	4	4	4	4	4	3	2	2	2	1
Number of sweepers maintained ^(a)	-	-	-	-	-	-	1	1	1	1
Number of buses maintained ^(a)	-	-	-	-	-	1	1	1	1	1
Public Safety										
Police										
Part I crime ^(a)	473	454	429	328	331	470	384	528	473	574
Part II crime ^(a)	565	641	675	431	625	622	606	576	633	603
Calls for service ^(a)	25,491	27,169	28,280	27,287	26,704	30,458	30,736	29,693	26,349	23,684
State tickets issued ^(a)	1,704	1,859	1,292	1,145	1,090	2,339	2,309	2,876	2,602	2,273
Compliance tickets issued ^{(a)(b)}	-	-	-	-	-	-	787	992	903	587
Parking tickets issues ^{(a)(b)}	-	-	-	-	-	-	2,309	2,509	2,286	2,419
Administration adjudication citations issued ^{(a)(b)}	876	1,303	770	663	1,080	2,364	2,309	2,509	2,286	2,419
Streets and Roads <i>(in Thousands)</i>										
Sidewalk/bike trails program costs	\$ 160	\$ 137	\$ 75	\$ 79	\$ 78	\$ 73	\$ 74	\$ 49	\$ 73	\$ 93
Annual resurfacing program costs	1,324	-	1,093	1,075	1,075	988	1,020	360	677	1,266
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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	29	28	27	27	26	31	28	30	27	27
Streets and Roads										
Streets (lane miles)	165	165	165	160	160	164	142	142	142	142
Sidewalks (miles)	109	109	109	109	108	108	108	108	108	108
Streetlights	2,152	2,152	2,152	2,286	2,286	2,305	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

Data Source

Village records

See independent auditor's report.