



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
APRIL 30, 2019**

**VILLAGE OF VERNON HILLS, ILLINOIS**

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
April 30, 2019

Prepared by Finance Department

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## **INTRODUCTORY SECTION**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**LIST OF PRINCIPAL OFFICIALS**

**April 30, 2019**

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**ELECTED OFFICIALS**

**VILLAGE BOARD OF TRUSTEES**

Roger Byrne, Village President

Thom Koch, Village Trustee

Kari Brown, Village Trustee

David Oppenheim MD, Village Trustee

Michael Marquardt, Village Trustee

Craig Takaoka, Village Trustee

James Schultz, Village Trustee

**APPOINTED OFFICIALS**

Mark Fleischhauer, Village Manager/Village Clerk

Jon Petrillo, Assistant Village Manager/Deputy Village Clerk

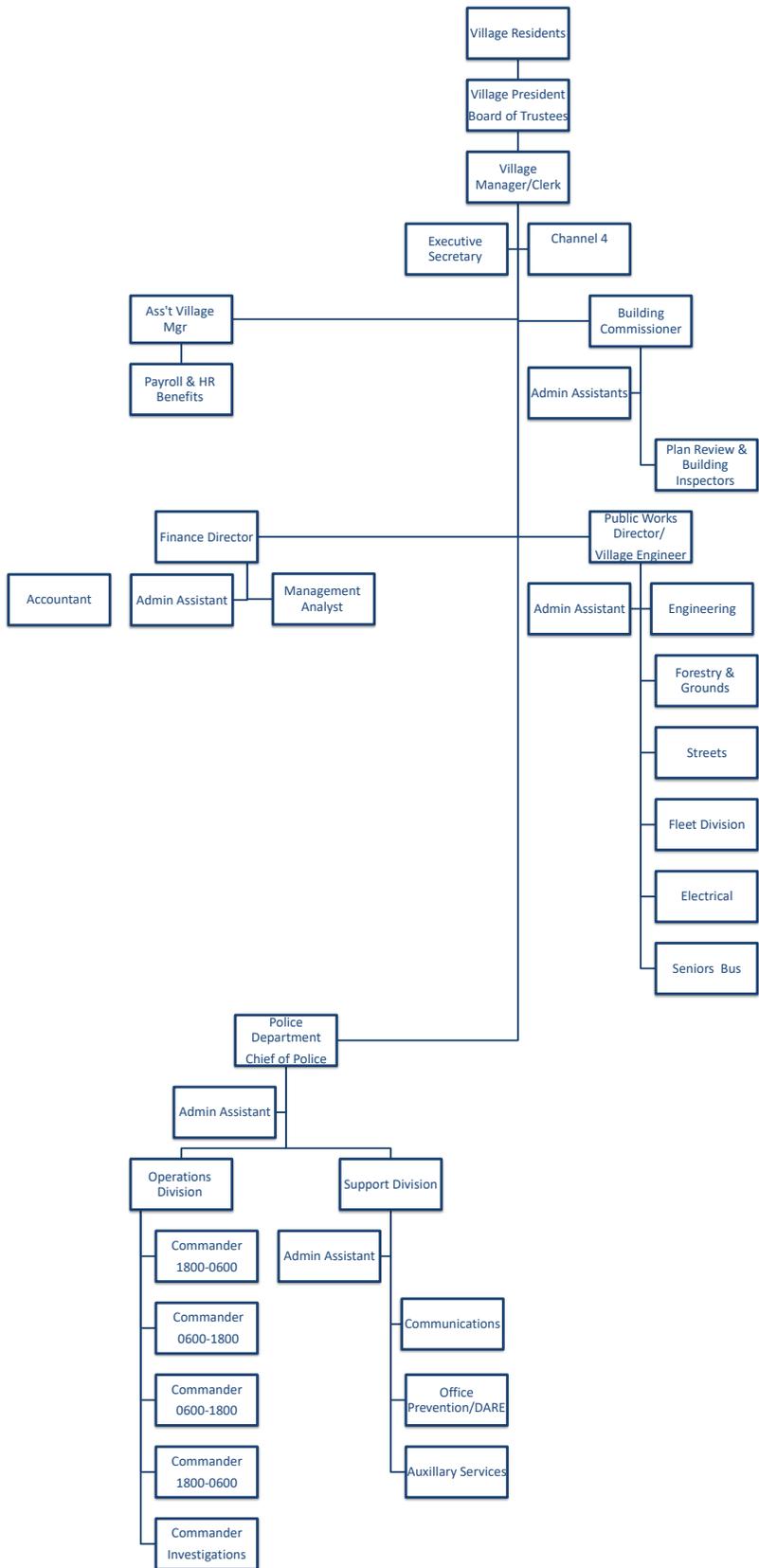
David Brown, Director of Public Works/Village Engineer

Patrick Kreis, Chief of Police

Michael Atkinson, Building Commissioner

Keith Hunt, Interim Village Attorney

Anne Fairbairn, Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Village of Vernon Hills  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

January 28, 2020

To the Village President, Board of Trustees and Residents of the Village of Vernon Hills:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year that ended on April 30, 2019.

This report consists of management's representations concerning the finances of the Village. Management assumes full responsibility for the completeness and reliability of the information presented herein. To provide a reasonable basis for making these representations, the Village management has established a comprehensive internal control framework that is designed to protect the Village's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their anticipated benefits, the Village's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Sikich, LLP a firm of licensed certified public accountants specializing in audits of Illinois municipal governments. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village are free of material misstatements. The independent audit consisted of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on these audit procedures, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the Village's financial statements for the fiscal year ended April 30, 2019 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This transmittal letter should be read in conjunction with the Management Discussion and Analysis section of this report. Because this letter allows for more subjectivity than the management discussion and analysis, it is the appropriate vehicle for discussing the Village's goals, plans, processes and underlying assumptions. Accordingly, the transmittal letter serves an important role in explaining the Village's finances. This report includes all funds of the Village.

## ***Profile of the Government***

The Village of Vernon Hills, incorporated in 1958 and encompassing 7.7 square miles, is located in central Lake County approximately 35 miles north of downtown Chicago. The Village is located near Interstate 94 (Chicago-Milwaukee Tollway), which allows easy access to Chicago's O'Hare International Airport, Milwaukee's General Mitchell International Airport and downtown Chicago. The Village has experienced growth in the past five years in both retail and residential markets and is a major center of employment and commerce. According to the 2010 Census, the Village of Vernon Hills population reached 25,113 residents, qualifying it as a Home Rule statutory authority under the Illinois Constitution.

The Village provides a diverse but limited array of services. Its major functions are police services; construction and maintenance of Village streets, storm water management facilities, and related infrastructure; building and facility maintenance; commercial and residential construction review and inspection; development review; and general administrative services. The Village's Communications Center utilizes both the telecommunicators employed by the Village of Vernon Hills Police Department and the telecommunicators employed by Countryside Fire Protection District, to provide services to each of our jurisdictions as well as Village of Libertyville. The Village actively works on development and redevelopment including the establishment of two Tax Increment Districts and the use of sales tax rebates. The Village also operates a cable studio, and owns and maintains a Metra train station.

The Village also owns a nine-hole golf course, which is operated by Kemper Sports. It also owns an eighteen-hole golf course, which was built by Plote Construction and is leased and operated by White Deer Run Golf Course, LLC through 2024. The Village provides community events including concerts and festivals at its Arborthheater and local parks. It also owns the Vernon Hills Athletic Complex, which is managed jointly with the Vernon Hills Park District. The Park District also provides many recreational services for Village residents. Complimentary recreational services are provided by the Lake County Forest Preserve, which provides forested scenic areas, and bike trails adjacent to the Village limits. Water and sanitary sewer services are provided by Lake County. Fire protection for the majority of the Vernon Hills area is provided by Countryside Fire Protection District, while the remainder is serviced by the Lincolnshire - Riverwoods Fire Protection District. The Village is served by two library districts, two townships, four elementary school districts, and three high school districts. The Vernon Hills Park District, the fire protection districts, library districts, townships, school districts and Lake County governments have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

## ***Dispatch Services and Consolidation***

In July of 2010, the Village signed an agreement with the Countryside Fire Protection District that provided for a joint dispatch center. The agreement provided for the relocation of Countryside's dispatchers to the Village's Police Communications Center. In March of 2012, a five-year agreement was reached between the three parties whereby the Village of Libertyville would pay the other two parties for police and fire dispatching services. The first year of the agreement which began August 1, 2012, when Libertyville moved its dispatch over to Vernon Hills. The agreement with the Village of Libertyville was renewed in April 2017 for another three-year term. In January 2015, the State of Illinois passed new legislation requiring the consolidation of local dispatch centers. As part of this new legislation, local agencies are required to consolidate their Emergency Telephone System Boards and participate in a joint dispatch center. Vernon Hills has completed this formal consolidation, which became effective in July 2017.

## ***Local Economy***

The Village of Vernon Hills has 3.9 million square feet of retail space. The most significant component of that retail space is the Hawthorn Shopping Mall, which was completed in 1974 and subsequently expanded in 2013. The Mall has 1.30 million square feet of leasable retail space and is anchored by J.C. Penney's and Macy's. Early in FY 2014, the Village entered into an agreement with the Mall's owners to assist in renovations at the Mall. The agreement is for a ten-year term whereby the Village will rebate the base 1% sales tax generated by the non-anchor stores in the Mall, with optional renewal periods for a maximum of five additional years. The project included the conversion of approximately 40,000 square feet of existing space to a Dave and Busters restaurant, bar and arcade facility which opened in March of 2014. It also included the conversion of 25,000 square feet restaurant and to two additional restaurant spaces; one of which has been occupied by Maggiano's Little Italy. Also added in FY 16 was a 2,000 square foot Claim Company restaurant.

The Mall renovations also included the addition of a 65,000 square foot 12 screen, digital, state of the art AMC Theatre, which opened in April 2015. Two restaurant spaces were also constructed adjacent to the Theatre; one of which is occupied by TOUS les JOURS. The Mall is currently in negotiations to fill the other unoccupied space. Each of these spaces are approximately 6,400 square feet. Two anchors of the Mall, Sears and Carsons, closed within the past 18 months. In response to those closings, Hawthorn is undertaking a \$200 million reinvestment of the mall that will include mixed use residential / retail / restaurant development. The mall owner is currently developing plans and is anticipated to approach the Village Board to request TIF financing and sales tax incentives to help support these redevelopment efforts.

The Village subsequently added a quarter percent Home Rules Sales Tax effective January 1, 2015. The revenues from this tax, projected at \$2.4 million per year, will assist the Village with its growing operational and capital needs.

In 2008, the Shoppes at Gregg's Landing opened, which included 206,000 square foot of retail with Lowe's and Staples stores. Additionally, in June of 2011, a 70,000 square foot Mariano's Fresh Market opened in this same location. In order to assist the developer with land costs to enable Mariano's to locate in Vernon Hills, the Village offered the developer 37% of the sales tax generated for fifteen years or until \$955,000 net present value is realized, whichever occurs first. Due to the success of the grocer, this agreement was terminated in 2016 upon full payment of the rebate. An AAA Car Care Center also opened in Gregg's Landing in August of 2014. A 286,000 square foot Menard's on the North parcel of the development received Board approval in 2014. The construction of the building was completed in 2018, along with a Chase Bank branch and Aldi's food store.

The Marketplace Shopping Center, which opened in 1994, also includes significant retail space. It is currently anchored by an 111,000 square foot Home Depot, and includes a Bed Bath and Beyond, Joanne's Fabrics and DSW (Designer Shoe Warehouse). Marketplace lost a couple of major out lot tenants early in Calendar Year 2009, which led to several sales tax incentive agreements to assist in recruiting new retailers. One major Marketplace loss in early 2009 was the closing of the 110,000 square feet Home Expo. To assist in replacing this tenant, the Village entered into a seven-year sales tax sharing agreement with Steinhafels, a leading furniture store out of Wisconsin. Steinhafels is entitled to 40% of the sales tax generated for the Village in the first four years and then 41% in the last three years, until a net present value of \$600,000 is reached.

Steinhafels opened in August of 2011 and that incentive agreement will end in FY 2019 - 20. In 2008, another vacancy occurred in Marketplace with the closing of the 33,000 square foot Circuit City. Shortly afterwards, the Village entered into an agreement to bring CompUSA/Tiger Direct to the site, by allowing the developer to keep everything above the first \$100,000 of sales tax generated for nine years or unless the developer's net present value goal of \$518,000 was reached before the end of that term. Comp USA/Tiger Direct opened in February of 2011 and closed in 2015; which terminated this agreement. During this period, the Village did not remit any sales tax revenue to the developer. This space was purchased by Ashley Furniture, which relocated into this space in 2017.

The Rivertree Court shopping center was completed in 1988 and contains 299,000 square feet of retail space including Best Buy, Old Navy, and T.J. Maxx. In FY 2009-10, the Rivertree Movie Theatre closed. The Village entered into an economic incentive agreement with the owners of the center in order to attract a 50,000 square foot Gordmans store. The agreement provided the center 75% of sales tax generated from Gordmans for ten years, or unless the \$385,000 net present value target was realized before the end of that term. The store opened in September of 2011, and subsequently closed in spring of 2017, ending this agreement. Rivertree also filled vacancies with a Chick-Fil-A restaurant and a Ross clothing store, which opened in 2013. Remodeling of various in-line spaces has also occurred in order to accommodate the addition of Carter's clothing store, Michael's, Pier 1 Imports, Kirkland's and a Mod Pizza within the center.

The Hawthorn Hills Square, a shopping center with 203,000 square feet of retail space, opened in 1986. During FY 2009, Linen's & Things and Wick's Furniture closed, creating significant vacancies in the center. In order to assist Hawthorn Hills attract new tenants, an economic incentive agreement was offered to Chase Development, which succeeded in bringing a 52,000 square foot Dick's Sporting Goods store to the center. Dick's opened in September of 2010. Subsequently, Kimco purchased the retail center from Chase. The 20-year agreement, beginning in October of 2010, has 70% of the new sales tax rebated to the property owner in the first five years, 60% in the second five-year period, 40% in the third five-year period and 30% in the final five-year period. The agreement ends once Kimco's \$1.17 million net present value target is met, or at the end of twenty years. Other smaller retailers that have been added to the center include a Five Below, Ulta Beauty, Petsmart, Chuck E. Cheese's and Noodles and Company.

Also, among the major retail centers in Vernon Hills is the 297,000 square foot Townline Commons shopping center, which was completed in 1990 and is anchored by Walmart. Economic conditions caused the Plunkett Furniture in the center to close in 2009. The vacancy was filled by a 28,000 square foot HH Gregg, electronics/appliance store. In order to assist in attracting tenants, the Village agreed to a sales tax incentive agreement with the owners of the center to share 50% of all sales tax revenues generated by HH Gregg for ten years or sooner if a \$603,000 net present value figure was reached. HH Gregg opened in August of 2011 and subsequently closed in 2016, which led to the termination of this agreement. A Bob's Discount Furniture has taken over the lease for this space.

Vernon Hills also has 837,000 square feet of freestanding retail. Freestanding retail includes a 170,000 square foot Super Target, a 128,000 square foot Sam's Club, an 87,000 square foot Kohl's, and a 37,000 square foot Walter E. Smithe Furniture. The March 2019 vacancy rate for all retail space in Vernon Hills was 5.5%, down from 9.9% in March of 2010.

In FY 2016, a 51,000 square foot building adjacent to Westfield was redeveloped to include a 290 seat Uncle Julio's Mexican Restaurant, a Northwestern Medical facility and a few small retail stores. In addition, several restaurant building remodeling projects were completed in FY 2017, including a 5,500 square foot Yu's Mandarin restaurant and a 4,500 square foot McAlister's Deli, with an adjacent 1,800 square foot vacant space.

In July of 1997, the mail order, warehouse and corporate facility for CDW opened a 224,000 square foot facility in Continental Executive Park. CDW subsequently became a Fortune 1000 Company. In 2000, CDW opened a new facility in Vernon Hills containing over 200,000 square feet, which included a childcare facility and employee fitness center. In December of 2014, the Village extended an economic incentive agreement with CDW, which will be in effect through the end of 2029. The agreement has a tiered sharing structure with a maximum rebate level of 56.3%, which is applicable as long as CDW's taxable sales are at least \$200 million annually. In the event that sales fall between \$65 million and \$200 million, the rebate drops to 39.5%, and then drops to 23% if sales fall between \$50 million and \$65 million.

In 2017, the Village approved a Redevelopment Agreement with Regency Centers for the construction of a mixed-use development at the northeast corner of Milwaukee Avenue and Townline Road. This development also involved the creation of a TIF District for the 53-acre property with the increment being directed to the Village for the reimbursement of \$20 million of net bond proceeds provided to Regency Centers. The 274,000 square foot shopping center is anchored by Whole Foods, REI, Nordstrom Rack, Barnes & Noble, and Homegoods stores. Regency Centers partnered with Focus Development to construct 260 executive-style apartments. Construction for the development began in the spring of 2017 and was completed in the fall of 2018. Significant roadwork was also completed along Townline and Milwaukee as part of this development.

All of the above-mentioned economic incentive agreements are done in full compliance with State law including applicable prevailing wage laws. As a result of recent retail development and a continued economic recovery, sales tax continues to rebound past pre-recession levels. Sales tax in FY 2018-19 is 3.4% above FY 2017-18 levels.

### ***Corporate Environment***

In 1986, Van Vlissingen and Company developed a 320-acre office and manufacturing park now known as Corporate Woods. Among the largest buildings in Corporate Woods are the 130,000 square foot Richard Wolf Medical Instrument Corporation building, 235,000 square foot Mitsubishi building and the 161,000 square foot Z.F. Industries building. In 2008, a Lifetime Fitness facility opened in Corporate Woods. In 2017, Neil Enterprises completed construction of a 106,000 square foot office/warehouse facility.

In 1988, Prentiss/Copley developed a 600-acre office park known as Continental Executive Parke. It includes the 260,000 square foot Cole Parmer building and the 200,000 square foot Baxter Credit Union/ Pac Sib building. Adjacent to the Continental Executive Parke is the 70-acre American Hotel Register site. It consists of a 258,000 square foot original American Hotel Register headquarters building and a 201,000 square foot American Hotel Register distribution center.

The Village has four hotels to supplement the office parks and visitors: a 148-unit Hotel Indigo, a 119-unit Holiday Inn Express, a 124-unit Homestead Village, and a 128-unit Extended Stay America. A 5% Hotel/Motel Tax was extended on these facilities on October 1, 1999. Hotel/Motel revenues have recovered from the deep decline it experienced after the 2008 recession. In FY 2018-19, Hotel/Motel revenue increased by 3.0% over the FY 2017-18 level. The Village also has an Amusement Tax that is imposed on two movie theatres and the revenue from that source increased by 0.8% over the FY 2017-18 level. Further, a new 1.0% Food and Beverage tax was imposed effective September 1, 2018 resulting in \$898,291 of revenue in FY 2018-19.

### ***Residential Development***

In 1988, the Village annexed the Cuneo Estate, which was a 1,200-acre track of previously undeveloped land. It is zoned to include retail, office park and residential components. The residential and golf course component of this development is called Gregg's Landing. The development includes an 18-hole golf course (White Deer Run) built on 320 acres of land donated by developers. The Village negotiated with Par Development to build and operate the golf course. The course began operation in 1998 and the lease agreement calls for the lease to terminate on December 31, 2024. The Village has the right to exercise a buyout option in 2018, and the Golf Course will automatically revert to the Village in 2024. The Village receives a share of gross revenues at an escalating rate of 0.25% from 2012 through 2019, 10% in 2020 and 2021, 15% in 2022 and, finally reaches 20% in 2023 and 2024.

In FY 2016, construction of the Oaks of Vernon Hills was completed. This development includes 288 luxury apartment units, 48 townhouse units, and a clubhouse.

Also, in FY 2016, the Village annexed a 32-acre property at the southwest corner of Route 45 and Buffalo Grove Road for the construction of a 51-unit single family home subdivision known as Woodland Chase. Construction began in the fall of 2017. In addition, the Village authorized the approval of a 128-unit single family home development by Pulte Homes known as the Residences of Cuneo Estates. Pulte Homes purchased 53 acres of the Cuneo Mansion and Gardens from Loyola University and began construction in the spring of 2017. A portion of the land sale proceeds to Loyola will go towards rehabilitating the Cuneo Mansion.

### ***Tax Increment Financing District***

The Village created the Vernon Hills Town Center (VHTC) Tax Increment Financing (TIF) District for the Northwest and Southwest corner of Routes 45 and 21 on May 21, 2002. Prior to the 2008-2009 downturn, Opus North built a 66-unit condo building as well as 20 of the 47 town-home units approved for the site. In FY 2008-09, the development added a Starbuck's and a Roti's Mediterranean Grill. In FY 2009-10, a six-story mixed use building with 84 luxury apartments was completed, with underground parking and 10,000 square feet of retail. In 2011 and 2012, a 15,000 square foot retail center was constructed with a Tom & Eddie's Restaurant, a Real Urban Barbeque, a Halsted Street Deli, a Yogen Frusz, a Beer Market and a dance studio. In 2015, Chitown Development purchased the last two undeveloped parcels. They sold one parcel to Lexington Homes, who has completed construction on the remaining 27 town-homes approved on the former Opus site. Chitown has received approval for a six-story apartment building with 80 dwelling units on the remaining parcel.

For Calendar year 2009, the TIF District had a \$3,645,858 incremental assessed valuation resulting in a \$236,288 tax extension. For 2018, the most recent year, the incremental assessed valuation is \$19,350,413 resulting in a \$2,044,972 extension.

### ***Milwaukee Avenue/Townline Road Tax Increment Financing District***

The Village approved the redevelopment plans with Regency Centers for the Milwaukee Avenue/Townline Road Tax Increment Financing (TIF) District at the Northeast corner of Milwaukee Avenue and Townline Road on January 10, 2017. In May of 2017, the Village issued Series 2017 General Obligation Bonds in the amount of \$20,190,000 for the purpose of financing redevelopment costs associated with the TIF's economic development. The shopping center is anchored by a Whole Foods Market, REI, Barnes & Noble, Nordstrom Rack, and Home Goods. Regency Centers partnered with Focus Development to construct 260 executive-style apartments. Construction for the development began in the spring of 2017 and was completed in the fall of 2018.

For Calendar year 2017, the TIF District had a \$7,090,348 incremental assessed valuation resulting in a \$290,981 tax extension. For 2018, the most recent year, the incremental assessed valuation is \$12,054,414 resulting in a \$290,981 extension.

### ***Debt Service***

In September of 2014, Standard and Poor's upgraded the Village's General Obligation rating from an AA+ to an AAA. Moody's Investor Service has also maintained a rating of Aaa for the Village's General Obligation debt.

In December 2015, the Village issued \$7,260,000 in General Obligation Bonds. Of that amount, \$1,500,000 was issued to reimburse the Village for funds that were provided to the Vernon Hills Park District to purchase a former restaurant property adjacent to Little Bear Lake. The acquisition of this property will facilitate better recreational usage of this property. Another \$505,000 was used to purchase Public Safety telecommunication equipment in preparation for the mandated transition of radio networks to the statewide StarCom radio network. This new equipment will allow Vernon Hills Officers and Dispatchers to seamlessly communicate with public safety officials across the State of Illinois.

The other component of this debt issue was \$5,255,000 used to advance refund the 2007 General Obligation Alternate Revenue Bonds. The 2007 bonds were issued both for the renovation of the Communications Center and for the infrastructure in the Village's VHTC Tax Increment District.

In May of 2017, the Village issued \$20,190,000 in General Obligation Bonds. The proceeds of these bonds will be used to reimburse a portion of redevelopment costs incurred by developers as part of a redevelopment agreement for the construction of the Melody Farm mixed-use development at the northeast corner of Milwaukee Avenue and Townline Road. This development is part of the newly formed Milwaukee and Townline Road Tax Increment District, and it is anticipated that these bonds will be paid from increment generated by the new development. Standard and Poor's confirmed the Village's AAA rating on this bond issue.

## ***Economic Outlook***

With the loss of Sears and Carsons as anchors of Hawthorn Mall, the Village is actively working with the owners to redevelop this area, as previously mentioned. These plans are currently being refined by the owner of the Mall and is expected to be presented to the Village Board in calendar 2019. It is anticipated that the level of investment will be in the neighborhood of \$200 million and will include mixed use residential / retail / restaurant uses. The Village anticipates the property owner seeking assistance in the form of TIF financing and sales tax incentives to make these plans financially viable.

## ***Pensions***

The Village has made a concerted effort to ensure a very realistic plan for funding its Police Pension Fund. The Fund continues to utilize the Entry Age Normal Cost Method to allocate the timing of pension cost and had lowered the investment rate assumptions from 7.0% to 6.0% in prior years. In FY 2015, the Fund returned to utilizing a retirement age assumption that has the distribution of retirement ages ending at age 57. In FY 2016, the Fund adopted the Academy of Actuaries standard that valuations be done using the 2015 Mortality Improvement Scale instead of the 2000 Mortality Table.

The actuarial assumptions and methods the Village uses resulted in the Police Pension Fund having a 68.7% funding level based on April 30, 2019 data when calculated using the actuarial value of assets. The Village's funding level for the Illinois Municipal Retirement Fund as of December 31, 2018 is 82.27% funded using an actuarial value for assets.

## ***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 to the Village of Vernon Hills for its comprehensive annual financial report for the fiscal year ended April 30, 2018. This was the seventeenth consecutive year that the Village has received this prestigious award.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report, whose contents conform to program standards. Such reports must satisfy Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and the Village intends to submit this report to the GFOA for its consideration.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance department staff. Significant support was also provided by the staff of the Village Manager's Office, Assistant Village Manager, Director of Community Development and the Community Development Department, the Police Chief and the Police Department, as well as Public Works Director/Village Engineer and the Public Works Department.

The leadership and support provided by Village President Byrne and the Board of Trustees were essential to the preparation of this report and the quality of the Village's financial position.

Sincerely,

A handwritten signature in blue ink that reads "Mark Fleischhauer". The signature is fluid and cursive, with the first name being more prominent.

Mark Fleischhauer  
Village Manager

A handwritten signature in blue ink that reads "Anne Fairbairn". The signature is cursive and somewhat stylized, with the first name being the most legible part.

Anne Fairbairn  
Finance Director / Treasurer

## **FINANCIAL SECTION**

1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

**SIKICH.COM**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois, (the Village) as of and for the year ended April 30, 2019, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois as of April 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 12, the Village adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses for other postemployment benefit liabilities; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, 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.

### *Other 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 introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 28, 2020 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Sikich LLP*

Naperville, Illinois  
January 28, 2020

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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Our discussion and analysis of the Village of Vernon Hills' financial performance provides an overview of the Village of Vernon Hills' financial activities for the fiscal year ended April 30, 2019. Please read it in conjunction with the transmittal letter which begins on page iv and the Village of Vernon Hills' financial statements, which begin on page 4.

### FINANCIAL HIGHLIGHTS

- In FY 2018-19 the Village of Vernon Hills' net position declined by 7.2% or \$7,807,402 to \$58,296,816, of which \$3,287,348 was due to a change in accounting principle due to the implementation of GASB Statement No. 75, as discussed in footnote number . This was a drop of \$10,196,748 less than the decrease in FY 2017-18 when net position declined by \$18,004,150 or 21.4%. The majority of the decrease in the current year was due to an increase in the Village's IMRF net pension liability, and an increase the Village's total Other Post-Employment Benefits liability.
- Revenues increased by \$2,239,912 or 6.9% from FY 2017-18 levels, while expenses decreased by \$11,244,184 or 22.3%.
- A major factor that contributed to growth in revenues included an increase in regular and home rule sales tax revenues from FY2017-18 levels of \$614,206 or 3.4%.
- The expenses for General Government increased by \$1,205,796 or 11.5% from FY 2017-18 levels. This is primarily related increases in net pension liability for IMRF and OPEB liability.
- Public Safety expenses decreased by \$1,323,176 or 8.7% from FY 2017-18 levels. The major contributors were lower personal expenses due to vacancies and fewer equipment purchases.
- Economic development fell by \$10,387,040 or 72% due to the reduced level of work needed to complete the Milwaukee Avenue/Townline Road Tax Increment Fund in FY 2018-19.
- Business-type Activity net position decreased \$164,966 to \$(160,802) as Golf Course revenues decreased by \$38,925 or by 10.2% from FY 2017-18 levels. Expenses also decreased by \$18,197 or by 3.5%.
- Within the General Fund, revenues exceeded expenditures by \$2,548,658; however, after \$2,356,670 of net transfers out, the fund balance increased by \$191,988. This was less than the FY 2017-18 General Fund increase of \$582,827.
- Expenditures in the General Fund were up \$1,467,015 or 5.7% from FY 2017-18 levels. The increase in expenditures is primarily related to higher debt principal repayment in FY 2018-19.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### FINANCIAL HIGHLIGHTS – Continued

- The General Fund Expenditure Category that experienced the most significant increase was General Government which was up \$735,426 or 8.3%.
- Within the General Fund, revenues increased by \$1,173,196 or 4.1% from the FY 2017-18 level. The majority of this increase is attributable to higher sales and home rule sales tax revenue (+\$614,206) and higher investment income (+\$333,867).
- Within the Vernon Hills Town Center (VHTC) Tax Increment Fund, revenues and legally mandated transfers into the fund exceeded debt expenditures in the amount of \$382,079, resulting in a fund balance of \$656,485. This is up from the FY 2017-18 fund balance of \$274,406.
- Within the Milwaukee Avenue/Townline Road Tax Increment Fund, investment income and legally mandated transfers into the fund fell short of the economic development and debt service expenditures in the amount by \$3,976,934, as was anticipated. This reduced the FY 2018-19 fund balance to \$2,890,648, down from \$5,804,954 in FY 2017-18.
- Beginning net position was restated due to the Village implementing GASB Statement No. 75.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 - 6) provide information about the activities of the Village of Vernon Hills as a whole and present a longer-term view of the Village of Vernon Hills' finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village of Vernon Hills' operation in more detail than the government-wide statements by providing information about the Village of Vernon Hills' most significant funds. The remaining statements provide financial information about activities for which the Village of Vernon Hills acts solely as a trustee or agent for the benefit of those outside of the government.

### Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village of Vernon Hills' finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 4 - 6 of this report.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

The Statement of Net Position reports information on all of the Village of Vernon Hills' assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Vernon Hills is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village of Vernon Hills' property tax base and the condition of the Village of Vernon Hills' roads, is needed to assess the overall health of the Village of Vernon Hills.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Vernon Hills that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Vernon Hills include general government, public safety, streets and roads, and culture and recreation. The business-type activities of the Village of Vernon Hills include golf operations.

The Village of Vernon Hills does not include any separate legal entity in its report that would be considered a "component unit." A "component unit" is defined as a legally separate unit for which a government is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself. The Village does have a "blended component unit" with the Police Pension Fund. Blended component units are separate legal entities that meet the component unit criteria and whose governing body is the same or substantially the same as the Village Board or the component unit provides services entirely to the Village.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Vernon Hills, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Vernon Hills can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village of Vernon Hills' near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village of Vernon Hills maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Vernon Hills Town Center (VHTC) Tax Increment Fund, Milwaukee Avenue/Townline Road Tax Increment Fund, Motor Fuel Tax Fund, and Dispatch Center Fund. Out of these, all but the Motor Fuel Tax and Dispatch Funds are considered major funds. The Village of Vernon Hills adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 10 of this report.

##### Proprietary Funds

The Village of Vernon Hills maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village of Vernon Hills utilizes an enterprise fund to account for its golf course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village of Vernon Hills' various functions.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Proprietary Funds – Continued

The Village of Vernon Hills uses an internal service fund to account for its fleet of vehicles and equipment. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Golf Course Fund, a major enterprise fund, and for the Equipment Replacement Fund, an internal service fund.

The basic proprietary fund financial statements can be found on pages 11-14 of this report.

##### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of Vernon Hills' own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 15-16 of this report.

##### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 53 of this report.

##### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Vernon Hills' Illinois Municipal Retirement Fund (IMRF), police employee pension, and other postemployment benefits obligation as well as budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 54 - 63 of this report. The budgetary comparison schedules for all other funds are presented immediately following the required supplementary information on pensions and can be found on pages 64 - 79 of this report.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Vernon Hills, assets/deferred outflows exceeded liabilities/deferred inflows by \$58.5 million. The prior year, assets/deferred outflows exceeded liabilities/deferred inflows by \$66.1 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 43.6	48.1	(0.5)	(0.4)	43.1	47.7
Capital Assets	91.9	95.6	0.4	0.4	92.3	96.0
Total Assets	135.5	143.7	(0.1)	-	135.4	143.7
Deferred Outflow of Resources	8.5	3.5	-	-	8.5	3.5
Total Deferred Outflow of Resources	8.5	3.5	-	-	8.5	3.5
Total Assets and Deferred Outflows	144.0	147.2	(0.1)	-	143.9	147.2
Long-Term Liabilities	(71.0)	(63.7)	-	-	(71.0)	(63.7)
Other Liabilities	(9.1)	(11.6)	(0.1)	-	(9.2)	(11.6)
Total Liabilities	(80.1)	(75.3)	(0.1)	-	(80.2)	(75.3)
Deferred Inflow of Resources	(5.4)	(5.8)	-	-	(5.4)	(5.8)
Total Deferred Inflows of Resources	(5.4)	(5.8)	-	-	(5.4)	(5.8)
Total Liabilities and Deferred Inflows	(85.5)	(81.1)	(0.1)	-	(85.6)	(81.1)
Net Position						
Net Investment in						
Capital Assets	74.7	75.8	0.4	0.4	75.1	76.2
Restricted	7.1	8.8	-	-	7.1	8.8
Unrestricted (Deficit)	(23.3)	(18.5)	(0.6)	(0.4)	(23.9)	(18.9)
Total Net Position	58.5	66.1	(0.2)	-	58.3	66.1

About 128.8 percent of the Village of Vernon Hills' net position, or \$75.1 million, reflects the Village's net investment in capital assets, which is its investment in capital assets government-wide (for example, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village of Vernon Hills uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Village of Vernon Hills' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional 12.2 percent, or \$7.1 million, of the Village of Vernon Hills' net position represents resources that are subject to external restrictions on how they may be used. There was an unrestricted deficit at the government-wide level of \$23.9 million at year-end, which was primarily due to the issuance of the 2017 General Obligation Bonds issued to finance the economic development within the Milwaukee Avenue/Townline Road Tax Increment Financing District.

	Changes in Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 3.9	4.9	0.3	0.4	4.2	5.3
Operating Grants/Contributions	0.7	0.7	-	-	0.7	0.7
Capital Grants/Contributions	0.2	-	-	-	0.2	-
General Revenues						
Sales Tax	15.4	14.9	-	-	15.4	14.9
Home Rule Sales Tax	3.5	3.4	-	-	3.5	3.4
Utility Tax	1.3	1.3	-	-	1.3	1.3
Intergovt. Unrestricted						
State Income Tax	2.4	2.3	-	-	2.4	2.3
Telecommunications Tax	0.8	0.9	-	-	0.8	0.9
Other Taxes and Fees	5.5	3.4	-	-	5.5	3.4
Interest Income	0.7	0.3	-	-	0.7	0.3
<b>Total Revenues</b>	<b>34.4</b>	<b>32.1</b>	<b>0.3</b>	<b>0.4</b>	<b>34.7</b>	<b>32.5</b>
<b>Expenses:</b>						
General Government	11.7	10.5	-	-	11.7	10.5
Public Safety	13.8	15.1	-	-	13.8	15.1
Streets and Roads	7.8	8.2	-	-	7.8	8.2
Economic Development	4.0	14.4	-	-	4.0	14.4
Culture and Recreation	0.2	0.3	-	-	0.2	0.3
Interest on Long-Term Debt	1.2	1.5	-	-	1.2	1.5
Golf Course	-	-	0.5	0.5	0.5	0.5
<b>Total Expenses</b>	<b>38.7</b>	<b>50.0</b>	<b>0.5</b>	<b>0.5</b>	<b>39.2</b>	<b>50.5</b>
Increase (Decrease) in Net Position	(4.3)	(17.9)	(0.2)	(0.1)	(4.5)	(18.0)
Change in Accounting Principle/Adjustment	(3.3)	-	-	-	(3.3)	-
Net Position-Beginning	66.1	84.0	-	0.1	66.1	84.1
<b>Net Position-Ending</b>	<b>58.5</b>	<b>66.1</b>	<b>(0.2)</b>	<b>-</b>	<b>58.3</b>	<b>66.1</b>

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position fell by \$4.5 million to an ending net position totaling \$58.3 million. In FY 2017-18, net position fell by \$18.0 million. The net position for governmental activities fell by \$4.3 million total, less than the \$17.9 million decline in FY 2017-18. Business-type activities fell by \$0.2 million, more than the \$0.1 million decline in FY 2017-18.

#### Governmental Activities

The Village's \$4.3 million decrease in its governmental net position (not including \$3.3 million decrease due to change in accounting principle) represented a 6.8% decrease; the decline is 74.9% less than the prior year. Revenues increased by \$2.3 million or 7.2%, while expenses decreased by \$14.6 million or by 27.4%. Highlights of the changes from FY 2017-18 included:

- General Revenues increased by \$3,045,182 which is 11.5% above FY 2017-18 levels. This increase is attributable to the slow recovery of the economy, growth in sales taxes, and tax base growth in the tax increment financing funds.
- Charges for Services decreased by \$986,802 or 18.7% from FY 2017-18 levels. Most of the decline is in permit revenue, reflecting a decline from the unusually high level of activity in in FY 2017 – 18.
- Public Safety expenses decreased by \$1,323,176 or 8.7% from FY 2017-18 levels, which is largely attributable to staffing vacancies and lower capital outlay.
- Streets and Roads expenses decreased by \$407,689 or 5.0% from FY 2017-18 levels, while program revenues also decreased by \$4,074 or 0.6%.
- General Government expenses increased by \$1,205,796 or 11.5% from FY 2017-18 levels, due to increases in net pension liability for IMRF and OPEB liability.
- Program revenues decreased by \$965,097 or 29.3%.
- Interest expenses decreased by \$319,373 or 21.3% from FY 2017-18 levels, due to debt retirements in FY2018-19.

The \$4.3 million decline in Governmental Activities net position in FY 2018-19 was a lesser decline than the \$17.9 million decline in FY 2017-18, but greater than the \$1.3 million decline in FY 2016-17.

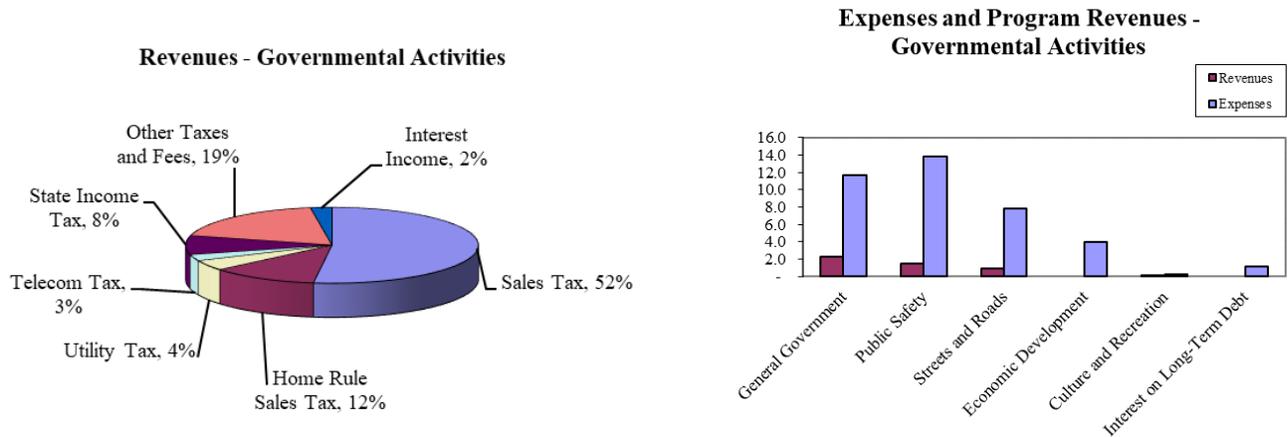
# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

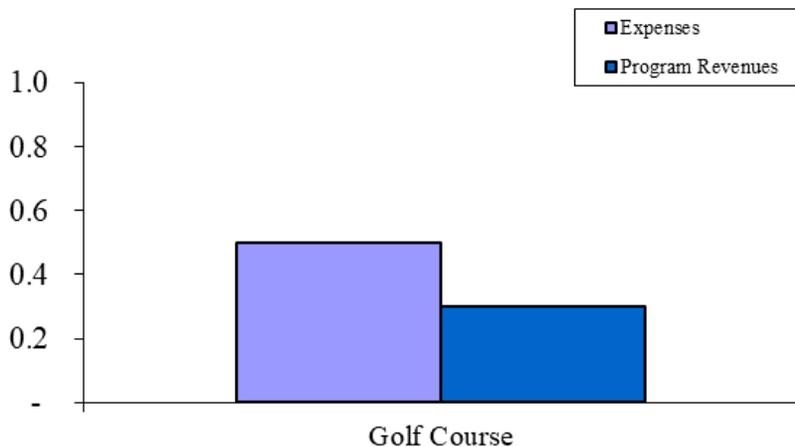
The following tables graphically depict the major revenue sources of the Village of Vernon Hills. It depicts very clearly the reliance on taxes to fund governmental activities. The most significant revenue is the sales tax, but the state income tax, the utility tax, and the telecommunications tax are all significant.



#### Business-Type Activities

As the graph below demonstrates, the \$507,997 of golf course expenses exceeded revenues that amounted to \$343,031 for Charges for Services and investment income. Revenues decreased by \$33,013 from FY 2017-18 levels, and expenses decreased by \$18,197 from FY 2017-18 levels.

**Expenses and Program Revenues - Business-Type Activities**



# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, the unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For all governmental funds, the Village's total fund balance decreased \$1,609,056 or 4.4%, over FY2017-18 levels. Several major factors contributed to this result:

- In FY 2018-19, the General Fund balance increased by \$191,988 to \$27,971,076. Revenues exceeded expenditures by \$2,548,658, but predominately due to intergovernmental revenue arising from sales tax and home rule sales tax in the amount of \$18,920,433, which was an increase of \$614,206 over the prior year.
- Expenditures in the General Fund were up by \$1,467,015 or 5.7% from FY 2017-18 levels. This increase was largely attributable to an increase in contractual payments and debt repayment in FY 2018 – 19.
- General Fund Public Safety costs decreased \$337,712 or 3.5% largely related to staffing vacancies.
- A \$1,141,158 General Fund transfer was received by the Dispatch Center Fund. That amount approximately covered the Village's net cost for its share of the consolidated dispatch services.
- The General Fund transferred \$152,884 to the Vernon Hills Town Center Tax Increment Fund and \$1,062,628 to the Milwaukee Avenue/Townline Road Tax Increment Fund to fulfill its contribution in lieu of a property tax, which is required under Illinois Compiled Statutes.
- Revenues in the General Fund increased by \$1,173,196 from the FY 2017-18 level. This change is mainly attributable to the increase in sales and home rule sales tax revenue and higher investment income.
- Investment Income increased by \$333,868 to \$588,080 largely because of market conditions.
- The fines and forfeitures category decreased by \$28,477 or 9.5% from the prior year. This change is primarily due to staffing shortages.
- Within the VHTC Tax Increment Fund, the fund's revenue exceeded its expenditures and other financing uses by \$382,079. As a result, the fund balance increased to \$656,485. This is a significant increase over the FY2017-18 fund balance of \$274,406, which was primarily due to an increase in the tax incremental revenues.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

#### Proprietary Funds

The Village of Vernon Hills' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Village's Golf Course Fund is the fund through which the Village's nine-hole golf course is operated. Resident weekday and weekend rates were \$16 and \$18 respectively. The equivalent nonresident rates were \$20 and \$22 respectively. The season pass for residents is \$495 per year and for non-residents is \$595. In the Village's clubhouse, golf merchandise is sold and there is a food and beverage operation, which can be rented out for special functions. In FY 2018-19, the Golf Course Generated \$343,031 of revenues and had \$507,997 of expenses resulting in a loss. The decline in net position brought the net position to a deficit of \$160,802.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Transfers are routinely made between expenditure accounts during the year. Increases to the budget occur routinely early in the fiscal year as a result of the Village's policy of carrying forward into the current fiscal year encumbrances or commitments budgeted but not expended in the prior fiscal year. Overall, the General Fund FY 2018-19 original budgeted expenditures increased by \$789,110. A large portion of this increase was the result of a \$760,000 increase to Debt Service principal payments to retire debt early. As the Village received higher than anticipated revenues from Construction Fees in FY 2017-18, the General Fund's budget could absorb this amendment. The Village does not budget for depreciation.

While many revenues surpassed projection in FY 2018-19, a few revenues fell short. The most significant shortfalls were in the General Fund's Telecommunications Tax and Summer Celebration Fees categories. For Telecommunications Tax, \$980,000 was budgeted and \$775,992 was recognized. For Summer Celebration Fees, \$154,350 was budgeted, but only \$97,924 was recognized. Also, Utility Tax was budgeted at \$1,350,000 and only \$1,331,718 was recognized. Utility Tax revenues can vary seasonally, dependent on winter and summer climates. Hotel/Motel Taxes were budgeted at \$398,000, but came in at \$382,495.

Two expenditure areas were significantly higher than the original budget. The Village budgets sales tax revenues net of incentives. At fiscal year-end, in conformance with generally accepted accounting principles, the sales tax revenues are converted to a gross basis. Additionally, the economic incentives paid during the year (which are not budgeted) are added to the general government expenditure category. This adjustment for economic incentives paid in the 2018 – 19 FY is responsible for having actual expenditures of \$9,647,854 versus the budget amount of \$5,393,941.

The other expenditure category significantly higher than the original budget was principal retirement, as the Village retired debt early utilizing resources accumulated in the 2017 – 18 FY.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4.9	4.6	0.3	0.3	5.2	4.9
Construction in Progress	0.3	0.2	-	-	0.3	0.2
Land Improvements	5.0	5.5	-	-	5.0	5.5
Buildings and Improvements	16.0	16.9	-	0.1	16.0	17.0
Equipment/Vehicles	1.4	1.6	0.1	-	1.5	1.6
Infrastructure	64.3	66.8	-	-	64.3	66.8
Total	\$ 91.9	95.6	0.4	0.4	92.3	96.0

This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, roads, sidewalks, storm sewers, water detention facilities and dams (net of accumulated depreciation). The Village of Vernon Hills' investment in capital assets for its governmental and business type activities as of April 30, 2019 was \$92.3 million. This change represented a decrease of \$3.7 million, or 3.9% from FY 2017-18, which was largely attributable to depreciation of assets. Additional information on the Village of Vernon Hills' capital assets can be found in Note 3 on pages 27 - 28 of this report.

This year's major additions included (in millions):

Land	\$ 0.35
Construction in Progress	0.26
Buildings and improvements	0.17
Equipment/ Vehicles	0.07
	<u>\$ 0.85</u>

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

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### CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

#### Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$37.5 million as compared to \$40.3 million the previous year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding (in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 37.5	39.2	-	-	37.5	39.2
Alternate Revenue Bonds	-	1.1	-	-	-	1.1
Total	37.5	40.3	-	-	37.5	40.3

General Obligation debt began the year with a \$39,140,000 balance in General Obligation Bonds and \$1,115,000 in Alternate Revenue Bonds. The amount of General Obligation Debt retired in FY 2018-19 was \$1,630,000, leaving an April 30, 2019 balance of \$37,510,000 for General Obligation Bonds. The amount of Alternate Revenue Bond Debt retired in FY 2018-19 was \$1,115,000, leaving an April 30, 2019 balance of \$0. Additional information on the Village of Vernon Hills' debt administration can be found in Note 4 on pages 29 - 32 of this report.

Standard and Poor's has assigned the Village of Vernon Hills a AAA rating for all of the Village's outstanding debt. Moody's Rating agency has also upheld their Aaa rating for the Village's outstanding debt.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting and revising the FY 2018-19 budget and fees charged for its services. One of those factors is the economy. Vernon Hills' average unemployment rate for calendar year 2018 was 3.7%. That was up slightly from Vernon Hills' average annual unemployment rates for 2017 (3.5%), while down from previous years amount of 2016 (4.3%), 2015 (4.4%), and 2014 (6.0%), which reflects an economic recovery. The Vernon Hills' unemployment rate for 2018 compares favorably to the Lake County average unemployment rate of 4.3%, and the State of Illinois unemployment rate of 4.5%. The U. S. Census Bureau 5-year (2011-2015) estimated household median income value for Vernon Hills is \$92,201, which is 118 percent of the Lake County level and 160 percent of the State of Illinois level. The Median Value of owner-occupied housing units (2011-2015) is estimated at \$318,900, 130% of the Lake County level and 183% of the State of Illinois level.

# **VILLAGE OF VERNON HILLS, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2019**

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - Continued**

The Village does not levy a property tax. The Village's budget is heavily dependent on sales tax, the majority of which is generated by non-residents. For Calendar Year 2018, the total regular sales tax revenues (excluding the home rule sales tax) before economic incentive rebates was \$15.3 million. This was \$875,800 more than in Calendar Year 2017, representing a 6.1% increase.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Vernon Hills' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, Village of Vernon Hills, 290 Evergreen Drive, Vernon Hills, IL 60061.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 36,233,325	\$ -	\$ 36,233,325
Receivables			
Taxes	5,529,516	-	5,529,516
Accounts	220,918	-	220,918
Accrued interest	29,540	-	29,540
Other	56,548	-	56,548
Prepaid expenses	228,207	-	228,207
Inventory	-	26,114	26,114
Due from other governments	840,306	-	840,306
Internal balances	488,181	(488,181)	-
Capital assets not being depreciated	5,179,840	302,282	5,482,122
Capital assets being depreciated (net of accumulated depreciation)	86,680,132	77,044	86,757,176
<b>Total assets</b>	<b>135,486,513</b>	<b>(82,741)</b>	<b>135,403,772</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items - IMRF	2,955,774	-	2,955,774
Pension items - Police Pension	2,884,053	-	2,884,053
OPEB items	2,248,559	-	2,248,559
Unamortized loss on refunding	426,378	-	426,378
<b>Total deferred outflows of resources</b>	<b>8,514,764</b>	<b>-</b>	<b>8,514,764</b>
<b>Total assets and deferred outflows of resources</b>	<b>144,001,277</b>	<b>(82,741)</b>	<b>143,918,536</b>
<b>LIABILITIES</b>			
Accounts payable	1,350,048	70,283	1,420,331
Accrued payroll	534,320	-	534,320
Deposits payable	686,799	-	686,799
Unearned revenue	264,546	7,417	271,963
Other payables	3,939,834	361	3,940,195
Accrued interest payable	120,882	-	120,882
Long-term liabilities			
Due within one year	2,193,352	-	2,193,352
Due in more than one year	70,985,090	-	70,985,090
<b>Total liabilities</b>	<b>80,074,871</b>	<b>78,061</b>	<b>80,152,932</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items - IMRF	1,000,585	-	1,000,585
Pension items - Police Pension	3,508,114	-	3,508,114
OPEB items	960,089	-	960,089
<b>Total deferred inflows of resources</b>	<b>5,468,788</b>	<b>-</b>	<b>5,468,788</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>85,543,659</b>	<b>78,061</b>	<b>85,621,720</b>
<b>NET POSITION</b>			
Net investment in capital assets	74,727,114	379,326	75,106,440
Restricted for			
Public safety	1,878,399	-	1,878,399
Streets and roads	1,484,398	-	1,484,398
Economic development	3,547,133	-	3,547,133
Metra parking	175,768	-	175,768
Unrestricted (deficit)	(23,355,194)	(540,128)	(23,895,322)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 58,457,618</b>	<b>\$ (160,802)</b>	<b>\$ 58,296,816</b>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 11,671,187	\$ 2,326,947	\$ -	\$ -
Public safety	13,829,273	1,512,387	-	-
Streets and roads	7,794,339	-	666,373	194,124
Economic development	4,000,769	-	-	-
Culture and recreation	268,706	98,124	-	-
Interest and fees	1,180,996	-	-	-
Total governmental activities	38,745,270	3,937,458	666,373	194,124
Business-Type Activities				
Golf course	507,997	342,163	-	-
Total business-type activities	507,997	342,163	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 39,253,267</b>	<b>\$ 4,279,621</b>	<b>\$ 666,373</b>	<b>\$ 194,124</b>

	<b>Net (Expense) Revenue and Change in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	\$ (9,344,240)	\$ -	\$ (9,344,240)
	(12,316,886)	-	(12,316,886)
	(6,933,842)	-	(6,933,842)
	(4,000,769)	-	(4,000,769)
	(170,582)	-	(170,582)
	(1,180,996)	-	(1,180,996)
	<u>(33,947,315)</u>	<u>-</u>	<u>(33,947,315)</u>
	-	(165,834)	(165,834)
	-	(165,834)	(165,834)
	<u>(33,947,315)</u>	<u>(165,834)</u>	<u>(34,113,149)</u>
General Revenues			
Taxes			
Utility	1,331,718	-	1,331,718
Home rule sales	3,476,618	-	3,476,618
Hotel/motel	382,495	-	382,495
911 surcharge	540,117	-	540,117
Road and bridge	212,953	-	212,953
Telecommunication	775,922	-	775,922
Tax increment	2,155,111	-	2,155,111
Other	1,926,599	-	1,926,599
Intergovernmental			
Sales tax	15,443,815	-	15,443,815
State income tax	2,438,196	-	2,438,196
Investment income	711,434	868	712,302
Miscellaneous	197,249	-	197,249
Total	<u>29,592,227</u>	<u>868</u>	<u>29,593,095</u>
CHANGE IN NET POSITION	<u>(4,355,088)</u>	<u>(164,966)</u>	<u>(4,520,054)</u>
NET POSITION, MAY 1	66,100,054	4,164	66,104,218
Change in accounting principle	<u>(3,287,348)</u>	<u>-</u>	<u>(3,287,348)</u>
NET POSITION, MAY 1, RESTATED	<u>62,812,706</u>	<u>4,164</u>	<u>62,816,870</u>
<b>NET POSITION (DEFICIT), APRIL 30</b>	<u>\$ 58,457,618</u>	<u>\$ (160,802)</u>	<u>\$ 58,296,816</u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2019

	General	Vernon Hills Town Center Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 26,157,435	\$ 656,485	\$ 4,270,811	\$ 3,063,422	\$ 34,148,153
Receivables					
Taxes	5,297,059	-	-	232,457	5,529,516
Accounts	220,418	-	-	500	220,918
Accrued interest	29,540	-	-	-	29,540
Other	56,548	-	-	-	56,548
Prepaid items	228,207	-	-	-	228,207
Due from other governments	840,306	-	-	-	840,306
Advances to other funds	608,200	-	-	-	608,200
<b>TOTAL ASSETS</b>	<b>\$ 33,437,713</b>	<b>\$ 656,485</b>	<b>\$ 4,270,811</b>	<b>\$ 3,296,379</b>	<b>\$ 41,661,388</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 390,842	\$ -	\$ 939,601	\$ 19,605	\$ 1,350,048
Accrued payroll	464,360	-	-	69,960	534,320
Deposits payable	407,055	-	279,744	-	686,799
Unearned revenue	264,546	-	-	-	264,546
Other payables	3,939,834	-	-	-	3,939,834
Advances from other funds	-	-	160,818	-	160,818
<b>TOTAL LIABILITIES</b>	<b>5,466,637</b>	<b>-</b>	<b>1,380,163</b>	<b>89,565</b>	<b>6,936,365</b>
<b>FUND BALANCES</b>					
Nonspendable					
Advances	608,200	-	-	-	608,200
Prepaid items	228,207	-	-	-	228,207
Long-term receivable	840,306	-	-	-	840,306
Restricted					
Metra parking	175,768	-	-	-	175,768
Streets and roads	-	-	-	1,484,398	1,484,398
Economic development	-	656,485	2,890,648	-	3,547,133
Public safety	155,983	-	-	1,722,416	1,878,399
Unassigned	25,962,612	-	-	-	25,962,612
Total fund balances	27,971,076	656,485	2,890,648	3,206,814	34,725,023
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 33,437,713</b>	<b>\$ 656,485</b>	<b>\$ 4,270,811</b>	<b>\$ 3,296,379</b>	<b>\$ 41,661,388</b>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2019

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 34,725,023
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	91,859,972
Less amount reported in internal service funds below	(513,535)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds payable	(37,510,000)
Premium on bonds payable	(239,236)
Compensated absences payable	(1,462,800)
Interest payable	(120,882)
Unamortized loss on refunding	426,378
Net pension and OPEB liabilities are shown as a liability on the statement of net position	
Illinois Municipal Retirement Fund	(5,923,148)
Police Pension Fund	(23,004,833)
OPEB	(5,038,425)
Differences between expected and actual experiences, assumption changes, net differences between projected, and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	1,955,189
Police Pension Fund	(624,061)
OPEB	1,288,470
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position	<u>2,639,506</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 58,457,618</u></u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2019

	General	Vernon Hills Town Center Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 8,106,305	\$ 1,528,835	\$ 626,276	\$ 540,117	\$ 10,801,533
Intergovernmental	18,076,135	-	-	666,373	18,742,508
Licenses, permits, and fees	1,213,770	-	-	-	1,213,770
Charges for services	1,211,301	-	-	1,241,813	2,453,114
Fines and forfeitures	270,574	-	-	-	270,574
Investment income	588,080	11,118	46,357	65,879	711,434
Miscellaneous	197,249	-	-	-	197,249
Total revenues	29,663,414	1,539,953	672,633	2,514,182	34,390,182
<b>EXPENDITURES</b>					
Current					
General government	9,647,854	-	-	-	9,647,854
Public safety	9,438,197	-	-	2,540,085	11,978,282
Streets and roads	4,551,260	-	-	41	4,551,301
Economic development	-	60	4,000,709	-	4,000,769
Culture and recreation	268,706	-	-	-	268,706
Capital outlay	1,293,435	-	-	384,031	1,677,466
Debt service					
Principal retirement	1,695,000	1,050,000	-	-	2,745,000
Interest and fiscal charges	220,304	260,698	648,858	-	1,129,860
Total expenditures	27,114,756	1,310,758	4,649,567	2,924,157	35,999,238
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,548,658	229,195	(3,976,934)	(409,975)	(1,609,056)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	152,884	1,062,628	1,141,158	2,356,670
Transfers (out)	(2,356,670)	-	-	-	(2,356,670)
Total other financing sources (uses)	(2,356,670)	152,884	1,062,628	1,141,158	-
NET CHANGE IN FUND BALANCES	191,988	382,079	(2,914,306)	731,183	(1,609,056)
FUND BALANCES, MAY 1	27,779,088	274,406	5,804,954	2,475,631	36,334,079
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 27,971,076</b>	<b>\$ 656,485</b>	<b>\$ 2,890,648</b>	<b>\$ 3,206,814</b>	<b>\$ 34,725,023</b>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2019

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ (1,609,056)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized on the statement of net position and depreciated on the statement of activities	777,642
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(4,452,175)
Governmental funds report bond issuances as expenditures; however, they are capitalized and amortized in the statement of activities	
Proceeds from the issuance of long-term debt	-
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	
Compensated absences	(530,038)
Principal repayment	2,745,000
Change in interest payable	9,519
Amortization of bond premium	30,345
Amortization of the loss on refunding is reported as interest expense on the statement of activities	(91,000)
The change in the net pension and OPEB liabilities are reported only in the statement of activities	
Illinois Municipal Retirement Fund	(3,782,971)
Police Pension Fund	(962,968)
OPEB	(1,509,331)
The change in deferred outflows and inflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	4,020,107
Police Pension Fund	108,003
OPEB	1,288,470
The change in net position of internal service funds is reported in governmental activities	<u>(396,635)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (4,355,088)</u></u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

April 30, 2019

	<b>Business-Type Activities Golf Course</b>	<b>Governmental Activities Internal Service</b>
<b>CURRENT ASSETS</b>		
Cash	\$ -	\$ 2,085,172
Inventory	26,114	-
Total current assets	<u>26,114</u>	<u>2,085,172</u>
<b>NONCURRENT ASSETS</b>		
Advances to other funds	-	40,799
Capital assets		
Capital assets not being depreciated	302,282	-
Capital assets being depreciated		
Cost	2,178,188	1,947,205
Accumulated depreciation	<u>(2,101,144)</u>	<u>(1,433,670)</u>
Net capital assets being depreciated	<u>77,044</u>	<u>513,535</u>
Net capital assets	<u>379,326</u>	<u>513,535</u>
Total noncurrent assets	<u>379,326</u>	<u>554,334</u>
Total assets	<u>405,440</u>	<u>2,639,506</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	70,283	-
Unearned revenue	7,417	-
Other payable	<u>361</u>	<u>-</u>
Total current liabilities	<u>78,061</u>	<u>-</u>
<b>LONG-TERM LIABILITIES</b>		
Advances from other funds	<u>488,181</u>	<u>-</u>
Total long-term liabilities	<u>488,181</u>	<u>-</u>
Total liabilities	<u>566,242</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	379,326	513,535
Unrestricted (deficit)	<u>(540,128)</u>	<u>2,125,971</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (160,802)</u>	<u>\$ 2,639,506</u>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

For the Year Ended April 30, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 342,163	\$ -
Total operating revenues	342,163	-
<b>OPERATING EXPENSES</b>		
Operations	444,032	285,218
Total operating expenses	444,032	285,218
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(101,869)	(285,218)
Depreciation	63,965	111,461
OPERATING INCOME (LOSS)	(165,834)	(396,679)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	868	44
Total non-operating revenues (expenses)	868	44
CHANGE IN NET POSITION	(164,966)	(396,635)
NET POSITION, MAY 1	4,164	3,036,141
<b>NET POSITION (DEFICIT), APRIL 30</b>	<b>\$ (160,802)</b>	<b>\$ 2,639,506</b>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended April 30, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 342,090	\$ -
Receipts from internal service transactions	-	-
Payments to suppliers	(147,457)	(285,218)
Payments to employees	(236,242)	-
Net cash from operating activities	(41,609)	(285,218)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund transactions	40,741	690,399
Net cash from noncapital financing activities	40,741	690,399
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	-	(75,176)
Net cash from capital and related financing activities	-	(75,176)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	868	44
Net cash from investing activities	868	44
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	-	330,049
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	-	1,755,123
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<u>\$ -</u>	<u>\$ 2,085,172</u>
<b>CASH</b>		
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 2,085,172</u>
<b>TOTAL CASH</b>	<u>\$ -</u>	<u>\$ 2,085,172</u>

(This statement is continued on the following page.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS**

For the Year Ended April 30, 2019

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	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (165,834)	\$ (396,679)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	63,965	111,461
Changes in current assets and liabilities		
Inventory	9,777	-
Accounts payable	52,020	-
Other payable	(1,464)	-
Unearned revenue	(73)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (41,609)</b>	<b>\$ (285,218)</b>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

April 30, 2019

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	<b>Pension Trust</b>	
	<b>Police Pension</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and short-term investments	\$ 2,116,480	\$ 147,349
Investments at fair value		
U.S. Treasury securities	1,323,648	-
U.S. agency securities	1,639,209	-
Municipal bonds	308,261	-
Corporate bonds	12,646,602	-
Mutual funds	24,054,721	-
Equities	8,346,753	-
Total investments at fair value	48,319,194	-
Receivables		
Member receivable	1,449	-
Accrued interest	38	-
Total receivables	1,487	-
Total assets	50,437,161	\$ 147,349
<b>LIABILITIES</b>		
Deposits payable	-	\$ 147,349
Total liabilities	-	\$ 147,349
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 50,437,161</b>	

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

For the Year Ended April 30, 2019

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**ADDITIONS**

Contributions	
Employer	\$ 1,950,286
Employee	442,371
	<hr/>
Total contributions	2,392,657
	<hr/>
Investment income	
Net appreciation in fair value of investments	2,425,480
Interest	1,074,240
	<hr/>
Total investment income	3,499,720
Less investment expenses	199,044
	<hr/>
Net investment income	3,300,676
	<hr/>
Total additions	5,693,333

**DEDUCTIONS**

Benefits and refunds	2,359,972
Administrative expenses	49,506
	<hr/>
Total deductions	2,409,478

NET INCREASE 3,283,855

**NET POSITION RESTRICTED  
FOR PENSIONS**

MAY 1	<hr/> 47,153,306
APRIL 30	<hr/> <hr/> \$ 50,437,161

See accompanying notes to financial statements.

# VILLAGE OF VERNON HILLS, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Reporting Entity

The Village, incorporated in 1958, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include public safety, streets and road maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, golf services, and general administrative services.

The Village is a municipal corporation governed by an elected president and six-member board. As required by GAAP, these financial statements present the Village (the primary government). The Police Pension Trust Fund has been included as a fiduciary fund due to the fiduciary responsibility exercised over the Police Pension Fund.

#### b. Fund Accounting

The Village uses funds to report on its financial position and the changes in financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain village functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a village's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted, or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds). The Village uses internal service funds to account for the equipment replacement activities.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds to account for the single-employer defined benefit police pension plan. The Village utilizes agency funds to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent. The Development Fund is used to account for refundable deposits held by the Village to ensure the completion of public improvements by private developers. The JETS Board Fund is used to account for receipt and disbursement of the state's wireless and wireline surcharge allotments to the members of the consolidated dispatch center.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Vernon Hills Town Center Tax Increment Fund is used to account for the financing of improvements in the Village's Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes.

The Milwaukee Avenue/Townline Road Tax Increment Fund is used to account for the financing of improvements in the Village's Milwaukee Avenue/Townline Road Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes.

The Village reports the following proprietary fund:

The Golf Course Fund is used to account for the transactions of the Municipal Golf Course.

The Village reports the following internal service fund:

The Equipment Replacement Fund is used to account for the accumulation of funds to replace large equipment. Departments are charged for the use of the equipment.

Additionally, the Village reports the following fiduciary fund:

The Police Pension Fund is used to account for the accumulation of resources to pay pension costs to the Village's police officers.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except the agency funds which do not have a measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants, contributions, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally 60 days except for two revenues collected and remitted by the state, sales and telecommunications taxes, which use a 90-day period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

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

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

The Village reports unavailable/deferred/unearned revenue on its financial statements. Unavailable/deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/deferred/unearned revenues also arise when resources are received by the Village before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability/deferred inflows of resources is removed from the financial statements and revenue is recognized.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Cash and Investments

Cash and Cash Equivalents

Cash and cash equivalents on the statement of net position are considered to be cash on hand, demand deposits, or cash with fiscal agent. For the purpose of the proprietary funds statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

The Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the Village's fair value in the pool.

Investments

Investments with a maturity less than one year when purchased are stated at cost or amortized cost. Investments with a maturity of one year or greater when purchased are reported at fair value. All investments of the pension trust fund are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Property Taxes

Property taxes attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. The Village has not levied a property tax for the current fiscal year, except for property taxes received through tax increment financing.

g. Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 to \$50,000 or more, depending on asset type, are reported at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Capital Assets (Continued)

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Assets	Years
Land improvements	20-30
Building and improvements	45
Equipment/vehicles	5-30
Infrastructure	10-50

h. Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

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

i. Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/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 prepaids in both the government-wide and fund financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the financial statements. Short-term interfund loans, if any, are classified as interfund receivables/payables. Long-term interfund loans are classified as advances to/from other funds.

k. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village’s Board of Trustees, which is considered the Village’s highest level of decision-making authority. Formal actions are documented in ordinances approved by the Board of Trustees and can only be modified by subsequent ordinances. Assigned fund balance represents amounts constrained by the Village’s intent to use them for a specific purpose. The authority to assign fund balance has been delegated to members of the management team by the Board of Trustees through the annual budget approval process. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The Village has established a fund balance target policy for some of its funds. The policy requires that unrestricted fund balances in the General Fund should represent no less than 67% of annual operating and debt service expenditures. The Motor Fuel Tax Fund should have fund balance targeted at a minimum level of 67% of an annual budgeted road program. The Golf Course Fund should have unrestricted net position of no less than three months of operating expenses (excluding debt service and capitalized asset expenses) at the end of the golf season. The Equipment Replacement Fund should have unrestricted net position of appropriate 12 months of fund activity, subject to the discretion of the Board of Trustees and management (excluding debt service and capitalized asset expenses).

The Village’s flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by assigned funds and then unassigned funds.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

m. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

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

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

Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, The Illinois Funds and Illinois Metropolitan Investment Fund (IMET).

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**2. DEPOSITS AND INVESTMENTS (Continued)**

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. 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.

IMET is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

a. Deposits with Financial Institutions

Custodial credit risk for deposits 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 states that collateralization will be required for all deposits, with the collateralization level at 102% of the market value of principal and accrued interest. Collateral will be limited to direct obligations of the United States of America, agencies of the United States of America and Collateral Mortgage Obligations derived solely from those agencies, and obligations of any governmental agency within the United States of America with a Moody's rating of Aa or better or a Standard and Poor's rating of AA or better. Collateral will always be held by an independent third party with whom the Village has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Village and retained. At April 30, 2019, the entire amount of the bank balance of deposits was covered by collateral, federal depository, or equivalent insurance.

b. Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 546,282	\$ -	\$ 546,282	\$ -	\$ -
U.S. Treasury securities	3,966,320	-	3,966,320	-	-
U.S. agency obligations	2,999,540	1,998,810	1,000,730	-	-
<b>TOTAL</b>	<b>\$ 7,512,142</b>	<b>\$ 1,998,810</b>	<b>\$ 5,513,332</b>	<b>\$ -</b>	<b>\$ -</b>

**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Investments (Continued)

The Village and Police Pension Funds categorize the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of April 30, 2019: The U.S. Treasury obligations and equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input). The U.S. agency obligations are valued using quoted matrix pricing models (Level 2 inputs).

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that the Village's investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements that might be reasonably anticipated. To the extent possible, the Village will attempt to match its investments with an anticipated cash flow. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three years from the date of purchase. In no case can commercial paper be purchased with a maturity date of more than 125 days from purchase and in no case can certificates of deposit be purchased with a maturity date of more than 370 days from the date of purchase. The Village may invest up to 50% of its budgeted capital reserve in U.S. Treasury securities or U.S. agency securities maturing no later than seven years after the date of purchase; provided that no more than 20% of the Village's portfolio in U.S. agency securities maturing more than three years from the date of purchase. However, the Village may allocate 20% of the 50% of the budgeted capital reserve to purchase a GNMA with a maturity date of up to 15 ¼ years from its date of purchase. All other U.S. Treasuries and U.S. agencies purchased must mature within 37 months of the date of purchase.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are implicitly guaranteed by the United States Government. However, the Village's investment policy does not specifically limit the Village to these types of investments. The U.S. agency obligations are rated AA+, and IMET and The Illinois Funds are rated AAA by a national rating agency.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Investments (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. At April 30, 2019, the Village did not have greater than 5% of its overall portfolio invested in any one investment, aside from two U.S. Treasury securities (5.86% and 5.76% of total investments). This is in accordance with the Village's investment policy, which limits investments as follows: There is no limit as to the amount of the Village's portfolio that can be invested in U.S. Treasuries. No more than 60% of the Village's portfolio may be invested in U.S. Government agencies, and no more than 20% of the Village's portfolio may be invested in the obligations of a single government agency. No more than 10% of the Village's portfolio may be invested in GNMA's. No more than 30% of the Village's portfolio may be invested in certificates of deposit; and no more than 8% of the Village's portfolio may be invested in the certificate of deposit in a single issuer. No more than 10% of the Village's portfolio may be invested in commercial paper; and no more than 3% of the Village's portfolio may be invested in the commercial paper of a single issuer. No more than 20% of the Village's portfolio may be invested in the Illinois Public Treasurer's Investment pool. No more than 10% of the Village's portfolio may be invested in a money market mutual fund registered under the Investment Company Act of 1940.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the 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 by a third party acting as the fund's agent separate from where the investment was purchased in the Village's name.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2019 was as follows:

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land and land right of way	\$ 4,568,623	\$ 348,000	\$ -	\$ 4,916,623
Construction in progress	192,123	263,217	192,123	263,217
Total capital assets not being depreciated	4,760,746	611,217	192,123	5,179,840
Capital assets being depreciated				
Land improvements	13,636,530	-	-	13,636,530
Buildings and improvements	26,600,777	358,548	-	26,959,325
Equipment/vehicles	6,061,613	75,176	107,377	6,029,412
Infrastructure	121,028,444	-	-	121,028,444
Total capital assets being depreciated	167,327,364	433,724	103,377	167,653,711

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**3. CAPITAL ASSETS (Continued)**

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
Less accumulated depreciation for				
Land improvements	\$ 8,090,664	\$ 478,531	\$ -	\$ 8,569,195
Buildings and improvements	9,719,219	1,313,334	-	11,032,553
Equipment/vehicles	4,442,992	313,750	107,377	4,649,365
Infrastructure	54,264,445	2,458,021	-	56,722,466
Total accumulated depreciation	<u>76,517,320</u>	<u>4,563,636</u>	<u>107,377</u>	<u>80,973,579</u>
Total capital assets being depreciated, net	<u>90,810,044</u>	<u>(4,129,912)</u>	<u>-</u>	<u>86,680,132</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 95,570,790</u>	<u>\$ (3,518,695)</u>	<u>\$ 192,123</u>	<u>\$ 91,859,972</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 302,282	\$ -	\$ -	\$ 302,282
Total capital assets not being depreciated	<u>302,282</u>	<u>-</u>	<u>-</u>	<u>302,282</u>
Capital assets being depreciated				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	413,304	-	-	413,304
Total capital assets being depreciated	<u>2,178,188</u>	<u>-</u>	<u>-</u>	<u>2,178,188</u>
Less accumulated depreciation for				
Land improvements	737,126	8,756	-	745,882
Buildings and improvements	973,267	30,490	-	1,003,757
Equipment/vehicles	326,786	24,719	-	351,505
Total accumulated depreciation	<u>2,037,179</u>	<u>63,965</u>	<u>-</u>	<u>2,101,144</u>
Total capital assets being depreciated, net	<u>141,009</u>	<u>(63,965)</u>	<u>-</u>	<u>77,044</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 443,291</u>	<u>\$ (63,965)</u>	<u>\$ -</u>	<u>\$ 379,326</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 1,451,285
Public safety	392,347
Streets and road	2,608,543
Equipment replacement	<u>111,461</u>
<b>TOTAL DEPRECIATION EXPENSE -</b>	
<b>GOVERNMENTAL ACTIVITIES</b>	<u>\$ 4,563,636</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. LONG-TERM DEBT**

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

	Fund Debt Retired By	Balances May 1	Additions	Reductions/ Refundings	Balances April 30	Due Within One Year
\$7,850,000 General Obligation Bonds, Series 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 Tax Increment	\$ 7,100,000	\$ -	\$ 600,000	\$ 6,500,000	\$ 650,000
\$1,625,000 General Obligation Bonds, Series 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	1,120,000	-	125,000	995,000	130,000
\$5,630,000 General Obligation Bonds, Series 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 Station)  General (Communication Center) Vernon Hills Town Center Tax Increment	3,075,000  655,000 995,000	-  - -	160,000  165,000 -	2,915,000  490,000 995,000	165,000  90,000 85,000
\$2,005,000 General Obligation Bonds, Series 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	1,765,000	-	130,000	1,635,000	135,000

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. LONG-TERM DEBT (Continued)**

a. General Obligation Bonds (Continued)

	Fund Debt Retired By	Balances May 1	Additions	Reductions/ Refundings	Balances April 30	Due Within One Year
\$5,255,000 General Obligation Refunding Bonds, Series 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 Tax Increment	\$ 4,240,000	\$ -	\$ 450,000	\$ 3,790,000	\$ 460,000
\$20,190,000 General Obligation Bonds, Series 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	20,190,000	-	-	20,190,000	-
<b>TOTAL</b>		<u>\$ 39,140,000</u>	<u>\$ -</u>	<u>\$ 1,630,000</u>	<u>\$ 37,510,000</u>	<u>\$ 1,715,000</u>

b. Alternate Revenue Bonds

The Village issues alternate revenue bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds provide for the collection, segregation, and distribution of certain sales taxes received by the Village for the payment of principal and interest on the alternate revenue source bonds. Alternate revenue source bonds are direct obligations and pledge the full faith and credit of Village. Alternate revenue source bonds currently outstanding are as follows:

	Fund Debt Retired By	Balances May 1	Additions	Reductions/ Refundings	Balances April 30	Due Within One Year
\$3,790,000 Alternate Revenue Refunding Bonds, Series 2005 due in annual installments of \$15,000 to \$390,000 with interest from 3.00% to 4.125%. The last payment is due March 30, 2021.	General	\$ 1,115,000	\$ -	\$ 1,115,000	\$ -	\$ -
<b>TOTAL</b>		<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. LONG-TERM DEBT (Continued)**

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 1,715,000	\$ 1,045,285	\$ 2,760,285
2021	2,700,000	1,010,983	3,710,983
2022	2,790,000	956,984	3,746,984
2023	2,860,000	899,736	3,759,736
2024	2,925,000	838,266	3,763,266
2025	2,930,000	770,200	3,700,200
2026	3,200,000	700,302	3,900,302
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	1,545,000	399,400	1,944,400
2032	1,595,000	348,110	1,943,110
2033	1,655,000	293,885	1,948,885
2034	1,710,000	234,903	1,944,903
2035	1,420,000	172,575	1,592,575
2036	1,475,000	117,195	1,592,195
2037	1,530,000	59,670	1,589,670
<b>TOTAL</b>	<b>\$ 37,510,000</b>	<b>\$ 9,945,607</b>	<b>\$ 47,455,607</b>

d. Changes in Long-Term Liabilities

Changes in governmental activities long-term liabilities during the fiscal year were as follows:

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
General obligation bonds	\$ 39,140,000	\$ -	\$ 1,630,000	\$ 37,510,000	\$ 1,715,000
Alternate revenue bonds	1,115,000	-	1,115,000	-	-
Compensated absences payable*	932,762	716,590	186,552	1,462,800	292,560
Net pension liability - IMRF*	2,140,177	3,782,971	-	5,923,148	-
Net pension liability - Police Pension*	22,041,865	962,968	-	23,004,833	-
OPEB liability*	3,529,094	1,509,331	-	5,038,425	185,792
Unamortized bond premium	269,581	-	30,345	239,236	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 69,168,479</b>	<b>\$ 6,971,860</b>	<b>\$ 2,961,897</b>	<b>\$ 73,178,442</b>	<b>\$ 2,193,352</b>

\* The General Fund has typically been used in prior years to liquidate the compensated absences payable, OPEB liability, and net pension liability.

**4. LONG-TERM DEBT (Continued)**

e. Pledged Revenues

The Village issued the Series 2005 General Obligation Refunding Bonds (Alternate Revenue Source), payable from a pledge of the Village's sales and use taxes, to advance refund a portion of the Village's General Obligation Bonds, (Alternate Revenue Source), Series 2001, and are being repaid by the General Fund. The remaining pledge of sales and use taxes is displayed in Note 4d, debt service requirements to maturity, with the pledge expiring March 30, 2021, when the bonds are paid off. During the current fiscal year, the pledged revenue of sales and use taxes of \$400,905 was approximately 2.50% of the pledged debt service.

The Village defeased the remaining balance of the Series 2005 General Obligation Refunding Bonds (Alternate Revenue Source) during the year ended April 30, 2019 using only existing resources of the Village.

**5. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance from private insurance companies, covered risks included medical, dental, life, and other. Premiums have been displayed as expenditures/expenses in appropriate funds. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of municipalities and special districts in Illinois that have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members. The Illinois Municipal League appoints eight members to the Board of Directors. The Village does not exercise any control over the activities of IMLRMA.

**6. CONTINGENT LIABILITIES**

a. 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.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**6. CONTINGENT LIABILITIES (Continued)**

b. 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.

**7. 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 installments 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 2018 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, 2019 was \$840,306 and was included as part of due from other governments.

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

<u>Year Ending April 30,</u>	<u>Amount</u>
2020	\$ 84,031
2021	84,031
2022	84,031
2023	84,031
2024	84,031
2025-2029	<u>420,151</u>
<b>TOTAL</b>	<b><u>\$ 840,306</u></b>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**8. INDIVIDUAL FUND DISCLOSURES**

a. Long-Term Advances

Individual fund long-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 447,382
Internal Service	Golf Course	40,799
General	Milwaukee Avenue/Townline Road TIF	160,818
<b>TOTAL</b>		<b><u>\$ 648,999</u></b>

The purposes of the significant long-term advances are as follows:

- \$84,620 advanced to the Golf Course Fund from the General Fund is for a well loan. Repayment is not expected within one year.
- \$362,762 advanced to the Golf Course Fund from the General Fund is to alleviate negative cash. The Golf Course Funds will pay this back when sufficient funds are available.
- \$40,799 advanced to the Golf Course Fund from the Internal Service Fund is for golf cart loan. Repayment is not expected within one year.
- \$160,818 advanced to the Milwaukee Avenue/Townline Road Tax Increment Fund from the General Fund is for legal fees related to the establishment of the TIF. Repayment is not expected within one year.

b. Transfers In/Out

Individual fund transfers are as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 2,356,670
Vernon Hills Town Center Tax Increment	152,884	-
Milwaukee Avenue/Townline Road Tax Increment	1,062,628	-
Nonmajor Governmental	1,141,158	-
<b>TOTAL</b>	<b><u>\$ 2,356,670</u></b>	<b><u>\$ 2,356,670</u></b>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**8. INDIVIDUAL FUND DISCLOSURES (Continued)**

b. Transfers In/Out (Continued)

The purposes of the significant transfers are as follows:

- \$152,884 transferred from the General Fund to the Vernon Hills Town Center Tax Increment Fund is to provide a 10% revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.
- \$1,062,628 transferred from the General Fund to the Milwaukee Avenue/Townline Road Tax Increment Fund is to fund the development of an outlot within the Milwaukee Avenue/Townline Road District. This amount will not be repaid.
- \$1,141,158 transferred from the General Fund to a Nonmajor Governmental Fund is to fund operations as E911 and dispatch service revenues are not sufficient to cover dispatch operations. This amount will not be repaid.

**9. EMPLOYEE RETIREMENT SYSTEMS**

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by ILCS and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or [www.imrf.org](http://www.imrf.org).

a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Membership*

At December 31, 2018 (most recent information available), IMRF and membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	50
Active employees	<u>59</u>
 TOTAL	 <u><u>157</u></u>

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Benefits Provided*

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

*Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contributions for the fiscal year ended April 30, 2019 was 10.61% of covered payroll.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions*

The Village's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the IMRF total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Village's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% equals the discount rate of 7.25% used to determine the total pension liability.

*Change in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2018	\$ 30,338,790	\$ 28,198,613	\$ 2,140,177
Changes for the period			
Service cost	569,758	-	569,758
Interest	2,257,572	-	2,257,572
Difference between expected and actual experience	319,139	-	319,139
Changes in assumptions	969,337	-	969,337
Employer contributions	-	766,830	(766,830)
Employee contributions	-	282,587	(282,587)
Net investment income	-	(1,254,327)	1,254,327
Benefit payments and refunds	(1,045,423)	(1,045,423)	-
Other (net transfer)	-	537,745	(537,745)
Net changes	3,070,383	(712,588)	3,782,971
BALANCES AT DECEMBER 31, 2018	\$ 33,409,173	\$ 27,486,025	\$ 5,923,148

The discount rate assumption was changed from 7.50% to 7.25% in fiscal year 2019.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2019, the Village recognized pension expense of \$379,444.

At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 293,681	\$ 384,439
Changes in assumption	788,288	616,146
Net difference between projected and actual earnings on pension plan investments	1,705,108	-
Contributions made after measurement date	168,697	-
<b>TOTAL</b>	<u>\$ 2,955,774</u>	<u>\$ 1,000,585</u>

\$168,697 reported as deferred outflows of pensions result from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized as pension expense as follows:

Fiscal Year Ending April 30,	
2020	\$ 535,609
2021	182,182
2022	258,830
2023	809,871
2024	-
Thereafter	-
<b>TOTAL</b>	<u>\$ 1,786,492</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.25% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 10,342,576	\$ 5,923,148	\$ 2,316,443

Police Pension Plan

*Plan Administration*

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by ILCS (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

*Plan Membership*

At April 30, 2019, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	44
<b>TOTAL</b>	<b>75</b>

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided*

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of creditable 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% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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% or ½ of the change in the Consumer Price Index for the preceding calendar year.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Contributions*

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension 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. The Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the Village has adopted a pension funding policy that funds 100% of the past service cost on a closed basis by the year 2040. For the year ended April 30, 2019, the Village's contribution was 42.92% of covered payroll.

*Investment Policy*

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, the Illinois Public Treasurer's Illinois Funds, money market accounts that invest in United States Government securities, obligations of the U.S. Treasury and U.S. agencies, federally insured certificates of deposit, guaranteed investment contracts, funds managed, operated, and administered by banks that invest in securities that are obligations of the United States Government, interest bearing bonds or tax anticipation warrants of the State of Illinois, or any county, township, or municipal corporation of the State of Illinois, mutual funds, equities, and corporate bonds. The investment policy was not changed during the year.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Ultra Short Fixed Income	4.00%	1.20%
U.S. Fixed Income	31.90%	2.20%
U.S. Large Cap Growth Equity	18.80%	6.90%
U.S. Large Cap Value Equity	17.20%	7.20%
U.S. Mid Cap Growth Equity	2.50%	8.00%
U.S. Mid Cap Value Equity	5.40%	8.00%

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Administration (Continued)

Police Pension Plan (Continued)

*Investment Policy (Continued)*

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Small Cap Growth Equity	2.50%	6.80%
U.S. Small Cap Value Equity	1.30%	8.00%
Europe Equity	5.50%	6.50%
Japan Equity	3.20%	6.40%
Emerging Markets Equity	2.10%	9.30%
Real Estate Investment Trusts	2.10%	6.40%
Infrastructure	2.30%	5.00%
Equity Return Assets	1.20%	5.30%

ILCS limits the Fund's investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in April 2019 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the table above.

*Investment Concentrations*

There were no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Administration (Continued)

Police Pension Plan (Continued)

*Investment Rate of Return*

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury securities	\$ 1,323,648	\$ 65,716	\$ 2,009	\$ 803,112	\$ 452,811
U.S. agency securities	1,639,209	-	578	1,365,472	273,159
Municipal bonds	308,261	185,696	70,886	51,679	-
Corporate bonds	12,646,602	328,905	7,157,109	4,135,431	1,025,157
<b>TOTAL</b>	<b>\$ 15,917,720</b>	<b>\$ 580,317</b>	<b>\$ 7,230,582</b>	<b>\$ 6,355,694</b>	<b>\$ 1,751,127</b>

The Fund categorize the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

The Fund has the following recurring fair value measurements as of April 30, 2019: The U.S. Treasury obligations and equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency securities, municipal bonds, corporate bonds, and equity mutual funds are valued using quoted matrix pricing models based on various market and industry inputs (Level 2 inputs).

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Administration (Continued)

Police Pension Plan (Continued)

*Interest Rate Risk (Continued)*

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

*Credit Risk*

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and requiring that municipal and corporate bonds must be rated as investment grade by one of the two largest rating services at the time of purchase. The U.S. Treasury securities were rated Aaa, the U.S. agency securities were rated Aaa, the municipal bonds were rated Aa1 to Aa2, and the corporate bonds were rated Aaa to Baa3 by Moody's.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund 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 by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2019 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.00% to 8.85%
Investment rate of return	6.00%
Retirement age	50 to 57
Asset valuation method	Market value

The mortality rates and actuarial assumptions used in the April 30, 2019 valuation were based on the results of an actuarial experience study conducted by the actuary in 2016.

Changes in assumptions related to mortality were made since the prior measurement date.

*Discount Rate*

The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Net pension liability	\$ 35,286,556	\$ 23,004,833	\$ 13,225,040

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2018	\$ 69,195,171	\$ 47,153,306	\$ 22,041,865
Changes for the period			
Service cost	1,126,772	-	1,126,772
Interest	4,080,911	-	4,080,911
Difference between expected and actual experience	(445,779)	-	(445,779)
Changes in assumptions	1,844,891	-	1,844,891
Employer contributions	-	1,950,286	(1,950,286)
Employee contributions	-	442,371	(442,371)
Net investment income	-	3,300,676	(3,300,676)
Benefit payments and refunds	(2,359,972)	(2,359,972)	-
Administrative expense	-	(49,506)	49,506
Net changes	4,246,823	3,283,855	962,968
BALANCES AT APRIL 30, 2019	\$ 73,441,994	\$ 50,437,161	\$ 23,004,833

The changes in assumptions for 2019 relate to changes in the G.O. Bond rate used for the discount rate and retirement rates being capped at age 57 down from age 65 in the prior year.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2019, the Village recognized pension expense of \$2,805,251. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 1,192,060	\$ 541,934
Changes in assumption	1,691,993	2,295,145
Net difference between projected and actual earnings on pension plan investments	<u>                    -</u>	<u>          671,035</u>
<b>TOTAL</b>	<u><b>\$ 2,884,053</b></u>	<u><b>\$ 3,508,114</b></u>

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

<u>Year Ending April 30,</u>	
2020	\$ (134,803)
2021	(808,216)
2022	(87,709)
2023	61,975
2024	156,369
Thereafter	<u>188,323</u>
<b>TOTAL</b>	<u><b>\$ (624,061)</b></u>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**10. OTHER POSTEMPLOYMENT BENEFITS**

a. 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 defined benefit plan. The benefits, benefit levels, employee contributions, and any employer contributions are governed by ILCS and by the Village. The plan is not accounted for as a trust fund, as 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.

b. 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% of the cost of basic health insurance for the employee and their dependents for their lifetime.

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. All retirees contribute 100% 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.

c. Membership

At April 30, 2018 (most recent valuation available), membership consisted of:

Inactive plan members currently receiving benefits	22
Inactive members entitled to benefits but not yet receiving them	-
Active plan members	<u>91</u>
<b>TOTAL</b>	<b><u><u>113</u></u></b>
Participating Employers	<u><u>1</u></u>

d. Total OPEB Liability

The Village's total OPEB liability of \$5,038,425 was measured as of April 30, 2019 and was determined by an actuarial valuation as of April 30, 2018.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2019, as determined by an actuarial valuation as of April 30, 2018 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age
Actuarial value of assets	Not applicable
Salary increases	4.00%
Discount rate	3.21%
Healthcare cost trend rates	6.00% Initial 4.50% Ultimate

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index, which is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The actuarial assumptions used in the April 30, 2019 valuation are based on 50% participation assumed and 50% are assumed to elect spousal coverage.

f. Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2018	<u>\$ 3,529,094</u>
Changes for the period	
Service cost	89,251
Interest	124,734
Difference between expected and actual experience	1,391,894
Changes in assumptions	89,244
Benefit payments	<u>(185,792)</u>
Net changes	<u>1,509,331</u>
BALANCES AT APRIL 30, 2019	<u><u>\$ 5,038,425</u></u>

The changes in the net OPEB liability related to changes in assumptions are due to a change in discount rate from beginning of the Village's fiscal year to the end.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 3.21% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.21%) or 1 percentage point higher (4.21%) than the current rate:

	1% Decrease (2.21%)	Current Discount Rate (3.21%)	1% Increase (4.21%)
Total OPEB liability	\$ 5,797,969	\$ 5,038,425	\$ 4,435,413

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 6% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

	1% Decrease (5.00%)	Current Healthcare Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 4,392,673	\$ 5,038,425	\$ 5,844,433

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the Village recognized OPEB expense of \$220,861. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 728,934
Changes in assumptions	2,248,559	231,155
<b>TOTAL</b>	<b>\$ 2,248,559</b>	<b>\$ 960,089</b>

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

- h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

Year Ending April 30	
2020	\$ 192,667
2021	192,667
2022	192,667
2023	192,667
2024	192,667
Thereafter	<u>325,135</u>
<b>TOTAL</b>	<b><u>\$ 1,288,470</u></b>

**11. TAX REBATES**

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 rebate 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 fiscal year ending April 30, 2019 below.

The Village has an agreement with a retailer to rebate up to 56.30% (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 to the retailer (after certain benchmarks are achieved) of the sales taxes once annually for a term of 15 years. The total rebates incurred during the year ended April 30, 2019 was \$4,128,955. A liability of \$3,291,366 has been recorded as of April 30, 2019, and is included in other payables.

The Village has an agreement with a developer to rebate 100% of its share of specific sales taxes to reimburse the developer for the cost to expand and renovate a site having an initial size of approximately 65,000 square feet to be used as retail sales space. The agreement requires the Village to rebate to the developer the sales taxes each quarter for a term of ten years. The total rebates incurred during the year ended April 30, 2019 was \$751,818. A liability of \$306,111 has been recorded as of April 30, 2019, and is included in other payables.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. CHANGE IN ACCOUNTING PRINCIPLE**

For the fiscal year ended April 30, 2019, the Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Village is required to retroactively record the total OPEB liability and write-off the net OPEB obligation.

The beginning net position reported in the government-wide activities has been restated as follows:

Governmental Activities

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 66,100,054</u>
Total OPEB liability	(3,529,094)
Write-off net OPEB obligation	<u>241,746</u>
Total restatement	<u>(3,287,348)</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 62,812,706</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN NET POSITION - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 6,724,971	\$ 7,324,971	\$ 8,106,305
Intergovernmental	13,283,074	13,472,184	18,076,135
Licenses, permits, and fees	1,041,100	1,041,100	1,213,770
Charges for services	1,237,950	1,237,950	1,211,301
Fines and forfeitures	253,500	253,500	270,574
Investment income	279,200	279,200	588,080
Miscellaneous	156,300	156,300	197,249
<b>Total revenues</b>	<b>22,976,095</b>	<b>23,765,205</b>	<b>29,663,414</b>
<b>EXPENDITURES</b>			
Current			
General government	5,393,941	5,393,941	9,647,854
Public safety	9,790,891	9,790,891	9,438,197
Streets and roads	5,260,829	5,275,609	4,551,260
Culture and recreation	292,925	292,925	268,706
Capital outlay	1,401,000	1,415,330	1,293,435
Debt service			
Principal retirement	935,000	1,695,000	1,695,000
Interest and fiscal charges	216,560	216,560	220,304
<b>Total expenditures</b>	<b>23,291,146</b>	<b>24,080,256</b>	<b>27,114,756</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(315,051)</b>	<b>(315,051)</b>	<b>2,548,658</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	42,000	42,000	-
Transfers (out)	(1,318,158)	(1,318,158)	(2,356,670)
<b>Total other financing sources (uses)</b>	<b>(1,276,158)</b>	<b>(1,276,158)</b>	<b>(2,356,670)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,591,209)</b>	<b>\$ (1,591,209)</b>	<b>191,988</b>
<b>FUND BALANCES, MAY 1</b>			<b>27,779,088</b>
<b>FUND BALANCES, APRIL 30</b>			<b>\$ 27,971,076</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
VERNON HILLS TOWN CENTER TAX INCREMENT FUND

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,528,835
Interest	1,000	1,000	11,118
Total revenues	1,301,000	1,301,000	1,539,953
<b>EXPENDITURES</b>			
Economic development			
Contractual services	1,800	1,800	60
Debt service			
Principal retirement	1,050,000	1,050,000	1,050,000
Interest and fiscal charges	261,121	261,121	260,698
Total expenditures	1,312,921	1,312,921	1,310,758
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	(11,921)	(11,921)	229,195
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	130,000	130,000	152,884
Total other financing sources (uses)	130,000	130,000	152,884
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 118,079</b>	<b>\$ 118,079</b>	382,079
<b>FUND BALANCE, MAY 1</b>			274,406
<b>FUND BALANCE, APRIL 30</b>			\$ 656,485

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MILWAUKEE AVENUE/TOWNLINER ROAD TAX INCREMENT FUND**

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 50,000	\$ 50,000	\$ 626,276
Investment income	-	-	46,357
<b>Total revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>672,633</b>
<b>EXPENDITURES</b>			
Economic development			
Contractual services	-	3,608,325	4,000,709
Debt Service			
Interest and fiscal charges	648,108	648,108	648,858
<b>Total expenditures</b>	<b>648,108</b>	<b>4,256,433</b>	<b>4,649,567</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(598,108)</b>	<b>(4,206,433)</b>	<b>(3,976,934)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	5,000	5,000	1,062,628
<b>Total other financing sources (uses)</b>	<b>5,000</b>	<b>5,000</b>	<b>1,062,628</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (593,108)</b>	<b>\$ (4,201,433)</b>	<b>(2,914,306)</b>
<b>FUND BALANCE, MAY 1</b>			<b>5,804,954</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 2,890,648</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Four Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ 616,580	\$ 791,560	\$ 703,870	\$ 665,535
Contributions in relation to the actuarially determined contribution	616,580	791,560	703,870	665,535
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 5,809,592	\$ 5,809,592	\$ 5,510,521	\$ 5,325,915
Contributions as a percentage of covered payroll	10.61%	13.63%	12.77%	12.50%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last 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**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POLICE PENSION FUND**

Last Nine Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially determined contribution	\$ 1,172,743	\$ 1,235,724	\$ 1,175,962	\$ 1,291,079	\$ 1,431,746	\$ 1,541,713	\$ 1,775,629	\$ 2,059,961	\$ 1,950,286
Contribution in relation to the actuarially determined contribution	1,173,015	1,235,740	1,176,050	1,291,118	1,433,326	1,541,722	1,775,629	2,059,961	1,950,286
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (272)</b>	<b>\$ (16)</b>	<b>\$ (88)</b>	<b>\$ (39)</b>	<b>\$ (1,580)</b>	<b>\$ (9)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 3,841,881	\$ 3,896,995	\$ 3,939,001	\$ 4,150,950	\$ 4,113,314	\$ 4,240,142	\$ 4,304,378	\$ 4,193,131	\$ 4,543,805
Contributions as a percentage of covered payroll	30.53%	31.71%	29.86%	31.10%	34.85%	36.36%	41.25%	49.13%	42.92%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 21 years; the asset valuation method was 5-year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 6.00% annually, projected salary increase assumption of 4.00% to 8.85% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Four Calendar Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 569,758	\$ 588,523	\$ 604,101	\$ 569,084
Interest	2,257,572	2,204,482	2,118,040	1,977,263
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	319,139	(177,925)	(641,937)	165,305
Changes of assumptions	969,337	(892,374)	(113,887)	74,515
Benefit payments, including refunds of member contributions	(1,045,423)	(965,487)	(873,281)	(823,589)
Net change in total pension liability	3,070,383	757,219	1,093,036	1,962,578
Total pension liability - beginning	30,338,790	29,581,571	28,488,535	26,525,957
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 33,409,173</b>	<b>\$ 30,338,790</b>	<b>\$ 29,581,571</b>	<b>\$ 28,488,535</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 766,830	\$ 720,713	\$ 689,922	\$ 638,252
Contributions - member	282,587	253,971	261,885	247,974
Net investment income	(1,254,327)	4,127,952	1,578,014	115,926
Benefit payments, including refunds of member contributions	(1,045,423)	(965,487)	(873,281)	(823,589)
Other (net transfer)	537,745	(482,203)	62,779	(508,180)
Net change in plan fiduciary net position	(712,588)	3,654,946	1,719,319	(329,617)
Plan fiduciary net position - beginning	28,198,613	24,543,667	22,824,348	23,153,965
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 27,486,025</b>	<b>\$ 28,198,613</b>	<b>\$ 24,543,667</b>	<b>\$ 22,824,348</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 5,923,148</b>	<b>\$ 2,140,177</b>	<b>\$ 5,037,904</b>	<b>\$ 5,664,187</b>
Plan fiduciary net position as a percentage of the total pension liability	82.27%	92.95%	82.97%	80.12%
Covered payroll	\$ 5,572,599	\$ 5,643,789	\$ 5,428,185	\$ 5,546,865
Employer's net pension liability as a percentage of covered payroll	106.29%	37.92%	92.81%	102.12%

The discount rate assumption was changed from 7.50% to 7.25% in 2018.

The price inflation assumption was changed from 2.75% to 2.50%, and the salary increase assumption was changed from 3.75% - 14.50% to 3.39% - 14.25% in 2017.

The discount rate assumption was changed from 7.48% to 7.50% in 2016.

The retirement age and mortality assumptions were changed in 2015.

Ultimately, this schedule should present information for the last 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

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 1,126,772	\$ 1,324,117	\$ 1,307,135	\$ 1,279,519	\$ 1,225,860
Interest	4,080,911	3,919,894	3,878,427	3,440,787	3,075,506
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(445,779)	1,623,968	(380,977)	(99,578)	47,689
Changes in assumptions	1,844,891	(1,938,349)	(2,118,471)	4,445,251	3,339,164
Benefit payments, including refunds of member contributions	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
Net change in total pension liability	4,246,823	2,797,578	828,157	7,379,995	6,173,803
Total pension liability - beginning	69,195,171	66,397,593	65,569,436	58,189,441	52,015,638
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 73,441,994</b>	<b>\$ 69,195,171</b>	<b>\$ 66,397,593</b>	<b>\$ 65,569,436</b>	<b>\$ 58,189,441</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - employer	\$ 1,950,286	\$ 2,059,961	\$ 1,775,629	\$ 1,541,722	\$ 1,433,326
Contributions - member	442,371	444,283	440,410	424,846	424,420
Net investment income	3,300,676	3,135,098	3,783,704	(439,143)	2,597,567
Benefit payments, including refunds of member contributions	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
Administrative expense	(49,506)	(60,770)	(63,372)	(78,032)	(73,458)
Net change in plan fiduciary net position	3,283,855	3,446,520	4,078,414	(236,591)	2,867,439
Plan fiduciary net position - beginning	47,153,306	43,706,786	39,628,372	39,864,963	36,997,524
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 50,437,161</b>	<b>\$ 47,153,306</b>	<b>\$ 43,706,786</b>	<b>\$ 39,628,372</b>	<b>\$ 39,864,963</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 23,004,833</b>	<b>\$ 22,041,865</b>	<b>\$ 22,690,807</b>	<b>\$ 25,941,064</b>	<b>\$ 18,324,478</b>
Plan fiduciary net position as a percentage of the total pension liability	68.68%	68.15%	65.83%	60.44%	68.51%
Covered payroll	\$ 4,543,805	\$ 4,193,131	\$ 4,304,378	\$ 4,240,142	\$ 4,113,314
Employer's net pension liability as a percentage of covered payroll	506.29%	525.67%	527.16%	611.80%	445.49%

The changes in assumptions for 2019 relate to changes in the G.O. Bond rate used for the discount rate and retirement rates being capped at age 57 down from age 65 in the prior year.

The changes in assumptions for 2018 relate to changes in mortality rates used, changes in G.O. Bond rate used for discount rate, and changes in projected individual salary increases from 4.75% to 4.00% - 8.85%

The changes in assumptions for 2015, 2016, and 2017 relate to the change in mortality rates used.

Ultimately, this schedule should present information for the last 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**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Fiscal Year

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<b>MEASUREMENT DATE APRIL 30,</b>	<b>2019</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 89,251
Interest	124,734
Difference between expected and actual experience	1,391,894
Changes of assumptions	89,244
Benefit payments	<u>(185,792)</u>
Net change in total OPEB liability	1,509,331
Total OPEB liability - beginning	<u>3,529,094</u>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b><u>\$ 5,038,425</u></b>
Covered payroll	\$ 8,306,294
Employer's OPEB liability as a percentage of covered payroll	60.66%

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

Changes in assumptions for 2019 related to change in discount rate used from 3.63% to 3.21%.

Ultimately, this schedule should present information for the last 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**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Five Fiscal Years

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<b>MEASUREMENT DATE APRIL 30,</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual money-weighted rate of return, net of investment expense	6.90%	7.00%	9.25%	(1.07%)	6.90%

Ultimately, this schedule should present information for the last 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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2019

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### 1. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue, Capital Projects, Golf Course (Enterprise), and Equipment Replacement (Internal Service) Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

All departments of the Village submit requests for budgets to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function, department and object, and includes information on the past two years, current year estimates, and requested budgets for the next fiscal year. The proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds public hearings and may add to, subtract from, or change budgeted amounts. The Board of Trustees then adopts a management budget for budgetary control purposes. The Manager is authorized to transfer budgeted amounts between objects or departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplementary appropriations were necessary.

### 2. INDIVIDUAL FUND DISCLOSURES

The following funds had expenditures in excess of budget:

Fund	Final Budget	Actual
General	\$ 24,080,256	\$ 27,114,756
Golf Course	434,446	444,032
Milwaukee Avenue/Townline Road Tax Increment	4,256,433	4,649,567

**COMBINING AND INDIVIDUAL FINANCIAL FUND  
STATEMENTS AND SCHEDULES**

## **MAJOR GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

### **VERNON HILLS TOWN CENTER TAX INCREMENT FUND**

The Vernon Hills Town Center Tax Increment Fund is used to account for the financing of improvements in the Village's Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes. See pages 7 and 9.

### **MILWAUKEE AVENUE/TOWNLINEROAD TAX INCREMENT FUND**

The Milwaukee Avenue/Townline Road Tax Increment Fund is used to account for the financing of improvements in the Village's Milwaukee Avenue/Townline Road Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes. See pages 7 and 9.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**COMBINING BALANCE SHEET - BY SUBFUND**  
**GENERAL FUND**

For the Year Ended April 30, 2019

	<b>General</b>	<b>Summer Celebration</b>	<b>Metra Parking</b>
<b>ASSETS</b>			
Cash and investments	\$ 25,821,702	\$ -	\$ 179,750
Receivables			
Taxes	5,297,059	-	-
Accounts	220,418	-	-
Accrued interest	29,540	-	-
Other	56,548	-	-
Prepaid items	216,032	12,175	-
Due from other governments	840,306	-	-
Due from other funds	141,844	-	-
Advances to other funds	608,200	-	-
	<b>\$ 33,231,649</b>	<b>\$ 12,175</b>	<b>\$ 179,750</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 323,277	\$ -	\$ 3,982
Accrued payroll	464,360	-	-
Deposits payable	407,055	-	-
Unearned revenue	239,546	25,000	-
Other payables	3,939,834	-	-
Due to other funds	-	141,844	-
	<b>5,374,072</b>	<b>166,844</b>	<b>3,982</b>
<b>FUND BALANCES</b>			
Nonspendable			
Advances	608,200	-	-
Prepaid items	216,032	12,175	-
Long-term receivable	840,306	-	-
Restricted			
Metra parking	-	-	175,768
Public safety	-	-	-
Unassigned (deficit)	26,193,039	(166,844)	-
	<b>27,857,577</b>	<b>(154,669)</b>	<b>175,768</b>
	<b>\$ 33,231,649</b>	<b>\$ 12,175</b>	<b>\$ 179,750</b>

<b>DUI</b>	<b>Drug Forfeiture</b>	<b>Capital</b>	<b>Eliminations</b>	<b>Total</b>
\$ 103,821	\$ 52,162	\$ -	\$ -	\$ 26,157,435
-	-	-	-	5,297,059
-	-	-	-	220,418
-	-	-	-	29,540
-	-	-	-	56,548
-	-	-	-	228,207
-	-	-	-	840,306
-	-	-	(141,844)	-
-	-	-	-	608,200
<b>\$ 103,821</b>	<b>\$ 52,162</b>	<b>\$ -</b>	<b>\$ (141,844)</b>	<b>\$ 33,437,713</b>
\$ -	\$ -	\$ 63,583	\$ -	\$ 390,842
-	-	-	-	464,360
-	-	-	-	407,055
-	-	-	-	264,546
-	-	-	-	3,939,834
-	-	-	(141,844)	-
-	-	63,583	(141,844)	5,466,637
-	-	-	-	608,200
-	-	-	-	228,207
-	-	-	-	840,306
-	-	-	-	175,768
103,821	52,162	-	-	155,983
-	-	(63,583)	-	25,962,612
103,821	52,162	(63,583)	-	27,971,076
<b>\$ 103,821</b>	<b>\$ 52,162</b>	<b>\$ -</b>	<b>\$ (141,844)</b>	<b>\$ 33,437,713</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BY SUBFUND  
GENERAL FUND**

For the Year Ended April 30, 2019

	<b>General</b>	<b>Summer Celebration</b>	<b>Metra Parking</b>
<b>REVENUES</b>			
Taxes	\$ 7,893,352	\$ -	\$ -
Intergovernmental	18,025,525	-	29,110
Licenses, permits, and fees	1,213,770	-	-
Charges for services	1,008,509	97,924	104,868
Fines and forfeitures	253,357	-	-
Investment income	584,325	1,221	2,531
Miscellaneous	193,280	-	-
<b>Total revenues</b>	<b>29,172,118</b>	<b>99,145</b>	<b>136,509</b>
<b>EXPENDITURES</b>			
Current			
General government	9,647,854	-	-
Public safety	9,437,972	-	-
Streets and roads	4,454,032	-	97,228
Culture and recreation	90,563	178,143	-
Capital outlay	-	-	14,330
Debt service			
Principal retirement	1,695,000	-	-
Interest and fiscal charges	220,304	-	-
<b>Total expenditures</b>	<b>25,545,725</b>	<b>178,143</b>	<b>111,558</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,626,393</b>	<b>(78,998)</b>	<b>24,951</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers (out)	(10,062,182)	-	-
<b>Total other financing sources (uses)</b>	<b>(10,062,182)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,435,789)</b>	<b>(78,998)</b>	<b>24,951</b>
<b>FUND BALANCES (DEFICIT), MAY 1</b>	<b>34,293,366</b>	<b>(75,671)</b>	<b>150,817</b>
<b>FUND BALANCES (DEFICIT), APRIL 30</b>	<b>\$ 27,857,577</b>	<b>\$ (154,669)</b>	<b>\$ 175,768</b>

<b>DUI</b>	<b>Drug Forfeiture</b>	<b>Capital</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ 212,953	\$ -	\$ 8,106,305
-	-	21,500	-	18,076,135
-	-	-	-	1,213,770
-	-	-	-	1,211,301
17,217	-	-	-	270,574
2	1	-	-	588,080
-	3,969	-	-	197,249
17,219	3,970	234,453	-	29,663,414
-	-	-	-	9,647,854
-	225	-	-	9,438,197
-	-	-	-	4,551,260
-	-	-	-	268,706
-	-	1,279,105	-	1,293,435
-	-	-	-	1,695,000
-	-	-	-	220,304
-	225	1,279,105	-	27,114,756
17,219	3,745	(1,044,652)	-	2,548,658
-	-	7,705,512	(7,705,512)	-
-	-	-	7,705,512	(2,356,670)
-	-	7,705,512	-	(2,356,670)
17,219	3,745	6,660,860	-	191,988
86,602	48,417	(6,724,443)	-	27,779,088
\$ 103,821	\$ 52,162	\$ (63,583)	\$ -	\$ 27,971,076

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2019

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Utility tax	\$ 1,350,000	\$ 1,350,000	\$ 1,331,718
Telecommunication tax	980,000	980,000	775,922
Home rule sales tax	2,136,000	2,636,000	3,476,618
Other taxes	840,091	940,091	1,028,308
Hotel/motel taxes	398,000	398,000	382,495
Road and bridge tax	220,880	220,880	212,953
Food and beverage tax	800,000	800,000	898,291
Intergovernmental			
Sales tax	11,030,000	11,190,000	15,443,815
State income tax	2,247,614	2,247,614	2,438,196
Grants	5,460	34,570	194,124
Licenses, permits, and fees	1,041,100	1,041,100	1,213,770
Charges for services			
Fees and charges for services	1,083,600	1,083,600	1,113,177
Event fees and charges for services	-	-	200
Summer celebration fees	154,350	154,350	97,924
Fines and forfeitures	253,500	253,500	270,574
Investment income	279,200	279,200	588,080
Miscellaneous	156,300	156,300	197,249
<b>TOTAL REVENUES</b>	<b>\$ 22,976,095</b>	<b>\$ 23,765,205</b>	<b>\$ 29,663,414</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES</b>			
General government			
Administration			
Personal services	\$ 1,214,518	\$ 909,518	\$ 878,105
Contractual services	1,749,862	1,904,862	7,134,997
Commodities	40,650	40,650	14,669
Equipment	46,600	46,600	9,037
Total administration	<u>3,051,630</u>	<u>2,901,630</u>	<u>8,036,808</u>
Judiciary			
Contractual services	449,000	599,000	495,792
Total judiciary	<u>449,000</u>	<u>599,000</u>	<u>495,792</u>
President/trustee			
Personal services	54,902	54,902	54,363
Contractual services	529,090	529,090	9,947
Commodities	4,750	4,750	1,623
Total president/trustee	<u>588,742</u>	<u>588,742</u>	<u>65,933</u>
Community development			
Personal services	959,122	959,122	847,091
Contractual services	140,689	140,689	55,613
Commodities	16,650	16,650	10,992
Equipment	10,500	10,500	8,095
Total community development	<u>1,126,961</u>	<u>1,126,961</u>	<u>921,791</u>
Committees			
Personal services	8,733	8,733	2,207
Contractual services	19,375	19,375	2,445
Commodities	7,100	7,100	5,250
Equipment	1,200	1,200	-
Total committees	<u>36,408</u>	<u>36,408</u>	<u>9,902</u>
Resident direct benefit			
Contractual services	34,500	34,500	34,500
Commodities	-	-	4,261
Total resident direct benefit	<u>34,500</u>	<u>34,500</u>	<u>38,761</u>

(This schedule is continued on the following pages.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>			
General government (Continued)			
General purpose			
Personal services	\$ 106,700	\$ 106,700	\$ 78,867
Total general purpose	106,700	106,700	78,867
Total general government	5,393,941	5,393,941	9,647,854
Public safety			
Police department			
Personal services	9,045,757	9,045,757	8,792,317
Contractual services	413,455	413,455	342,493
Commodities	174,150	174,150	156,062
Equipment	141,890	141,890	130,430
Total police department	9,775,252	9,775,252	9,421,302
Fire and police commission			
Personal services	539	539	1,005
Contractual services	14,900	14,900	15,890
Commodities	200	200	-
Total fire and police commission	15,639	15,639	16,895
Total public safety	9,790,891	9,790,891	9,438,197
Streets and roads			
Public works			
Personal services	2,863,290	2,863,290	2,648,067
Contractual services	1,357,584	1,310,084	1,061,983
Commodities	952,805	992,805	733,339
Equipment	15,150	15,150	10,643
Total public works	5,188,829	5,181,329	4,454,032
Metra parking			
Contractual services	65,900	77,320	80,267
Commodities	6,100	16,960	16,961
Total metra parking	72,000	94,280	97,228
Total streets and roads	5,260,829	5,275,609	4,551,260

(This schedule is continued on the following page.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>			
Culture and recreation			
Events			
Contractual services	\$ 91,195	\$ 91,195	\$ 77,694
Commodities	15,345	15,345	12,869
Total events	<u>106,540</u>	<u>106,540</u>	<u>90,563</u>
Summer celebration			
Contractual services	145,860	145,860	144,751
Commodities	40,525	40,525	33,392
Total summer celebration	<u>186,385</u>	<u>186,385</u>	<u>178,143</u>
Total culture and recreation	<u>292,925</u>	<u>292,925</u>	<u>268,706</u>
Capital outlay			
Metra parking	-	14,330	14,330
Community infrastructure development			
Street construction	284,000	284,000	246,769
Land	-	-	100
Fixed equipment	115,000	115,000	4,435
Information technology equipment	42,000	42,000	32,556
Remodel	210,000	210,000	324,484
Construction	210,000	210,000	469,060
Engineering/architecture	540,000	540,000	201,701
Total capital outlay	<u>1,401,000</u>	<u>1,415,330</u>	<u>1,293,435</u>
Debt service			
Principal retirement	935,000	1,695,000	1,695,000
Interest and fiscal charges	216,560	216,560	220,304
Total debt service	<u>1,151,560</u>	<u>1,911,560</u>	<u>1,915,304</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 23,291,146</u></u>	<u><u>\$ 24,080,256</u></u>	<u><u>\$ 27,114,756</u></u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
VERNON HILLS TOWN CENTER TAX INCREMENT FUND**

For the Year Ended April 30, 2019

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>ECONOMIC DEVELOPMENT</b>			
Contractual services			
Other	\$ 1,800	\$ 1,800	\$ 60
Total contractual services	<u>1,800</u>	<u>1,800</u>	<u>60</u>
Debt Service			
Principal retirement	1,050,000	1,050,000	1,050,000
Interest and fiscal charges	<u>261,121</u>	<u>261,121</u>	<u>260,698</u>
Total debt service	<u>1,311,121</u>	<u>1,311,121</u>	<u>1,310,698</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,312,921</u>	<u>\$ 1,312,921</u>	<u>\$ 1,310,758</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
MILWAUKEE AVENUE/TOWNLINER ROAD TAX INCREMENT FUND**

For the Year Ended April 30, 2019

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>ECONOMIC DEVELOPMENT</b>			
Contractual services			
Economic development initiative	\$ -	\$ 3,608,325	\$ 4,000,709
Total contractual services	-	3,608,325	4,000,709
Debt service			
Interest and fiscal charges	648,108	648,108	648,858
Total debt service	648,108	648,108	648,858
<b>TOTAL EXPENDITURES</b>	<b>\$ 648,108</b>	<b>\$ 4,256,433</b>	<b>\$ 4,649,567</b>

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

The Motor Fuel Tax Fund is used to account for the maintenance and construction of streets and roads as approved by the Department of Transportation. Financing is provided by the Village's share of state motor fuel tax funds.

The Dispatch Center Fund is used to account for the costs and revenues designated to dispatch services.

VILLAGE OF VERNON HILLS, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2019

	<u>Special Revenue</u>		<u>Total</u>
	<u>Motor Fuel Tax</u>	<u>Dispatch Center</u>	
<b>ASSETS</b>			
Cash and investments	\$ 1,434,228	\$ 1,629,194	\$ 3,063,422
Receivables			
Taxes	55,587	176,870	232,457
Accounts	-	500	500
<b>TOTAL ASSETS</b>	<b>\$ 1,489,815</b>	<b>\$ 1,806,564</b>	<b>\$ 3,296,379</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 5,417	\$ 14,188	\$ 19,605
Accrued payroll	-	69,960	69,960
Total liabilities	5,417	84,148	89,565
<b>FUND BALANCES</b>			
Restricted			
Streets and roads	1,484,398	-	1,484,398
Public safety	-	1,722,416	1,722,416
Total fund balances	1,484,398	1,722,416	3,206,814
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,489,815</b>	<b>\$ 1,806,564</b>	<b>\$ 3,296,379</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2019

	<u>Special Revenue</u>		<u>Total</u>
	<u>Motor Fuel Tax</u>	<u>Dispatch Center</u>	
<b>REVENUES</b>			
Taxes	\$ -	\$ 540,117	\$ 540,117
Intergovernmental	666,373	-	666,373
Charges for services	-	1,241,813	1,241,813
Interest	65,248	631	65,879
	<hr/>		
Total revenues	731,621	1,782,561	2,514,182
	<hr/>		
<b>EXPENDITURES</b>			
Current			
Streets and roads	41	-	41
Public safety	-	2,540,085	2,540,085
Capital outlay	384,031	-	384,031
	<hr/>		
Total expenditures	384,072	2,540,085	2,924,157
	<hr/>		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	347,549	(757,524)	(409,975)
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	1,141,158	1,141,158
	<hr/>		
Total other financing sources (uses)	-	1,141,158	1,141,158
	<hr/>		
<b>NET CHANGE IN FUND BALANCES</b>	347,549	383,634	731,183
	<hr/>		
<b>FUND BALANCES, MAY 1</b>	1,136,849	1,338,782	2,475,631
	<hr/>		
<b>FUND BALANCES, APRIL 30</b>	\$ 1,484,398	\$ 1,722,416	\$ 3,206,814
	<hr/> <hr/>		

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2019

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental	\$ 1,055,860	\$ 1,055,860	\$ 666,373
Interest	10,000	10,000	65,248
Total revenues	<u>1,065,860</u>	<u>1,065,860</u>	<u>731,621</u>
<b>EXPENDITURES</b>			
Streets and roads			
Contractual services	1,000	1,000	41
Capital outlay	<u>1,493,000</u>	<u>1,493,000</u>	<u>384,031</u>
Total expenditures	<u>1,494,000</u>	<u>1,494,000</u>	<u>384,072</u>
CHANGE IN FUND BALANCE	<u>\$ (428,140)</u>	<u>\$ (428,140)</u>	347,549
FUND BALANCE, MAY 1			<u>1,136,849</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 1,484,398</u></u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DISPATCH CENTER FUND**

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
911 surcharge	\$ 404,600	\$ 404,600	\$ 540,117
Charges for services	1,222,679	1,222,679	1,241,813
Interest	2,500	2,500	631
Total revenues	1,629,779	1,629,779	1,782,561
<b>EXPENDITURES</b>			
Public safety			
Personal services	2,014,623	2,014,623	1,897,050
Contractual services	825,489	825,489	621,596
Commodities	147,225	147,225	4,836
Equipment	3,600	3,600	16,603
Total expenditures	2,990,937	2,990,937	2,540,085
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,361,158)</b>	<b>(1,361,158)</b>	<b>(757,524)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,141,158	1,141,158	1,141,158
Total other financing sources (uses)	1,141,158	1,141,158	1,141,158
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (220,000)</b>	<b>\$ (220,000)</b>	<b>383,634</b>
<b>FUND BALANCE, MAY 1</b>			<b>1,338,782</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 1,722,416</b>

(See independent auditor's report.)

## **MAJOR PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Golf Course Fund is used to account for the transactions of the Municipal Golf Course.

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUDGETARY BASIS  
GOLF COURSE FUND

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 409,383	\$ 409,383	\$ 342,163
Total operating revenues	409,383	409,383	342,163
<b>OPERATING EXPENSES</b>			
Operations	434,446	434,446	444,032
Total operating expenses	434,446	434,446	444,032
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>			
	(25,063)	(25,063)	(101,869)
Depreciation	-	-	63,965
<b>OPERATING INCOME (LOSS)</b>			
	(25,063)	(25,063)	(165,834)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	5,900	5,900	868
Total non-operating revenues (expenses)	5,900	5,900	868
<b>CHANGE IN NET POSITION</b>			
	\$ (19,163)	\$ (19,163)	(164,966)
<b>NET POSITION, MAY 1</b>			4,164
<b>NET POSITION (DEFICIT), APRIL 30</b>			\$ (160,802)

(See independent auditor's report.)

## **NONMAJOR PROPRIETARY FUNDS**

### **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

The Equipment Replacement Fund is used to account for the accumulation of funds to replace large equipment. Departments are charged for the use of the equipment.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - BUDGET AND ACTUAL  
EQUIPMENT REPLACEMENT FUND**

For the Year Ended April 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
None	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
<b>OPERATING EXPENSES</b>			
Operations	315,400	348,890	285,218
Total operating expenses	315,400	348,890	285,218
OPERATING INCOME BEFORE DEPRECIATION	(315,400)	(348,890)	(285,218)
Depreciation	-	-	111,461
OPERATING INCOME (LOSS)	(315,400)	(348,890)	(396,679)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	-	-	44
Total non-operating revenues (expenses)	-	-	44
CHANGE IN NET POSITION	<u>\$ (315,400)</u>	<u>\$ (348,890)</u>	(396,635)
NET POSITION, MAY 1			<u>3,036,141</u>
<b>NET POSITION, APRIL 30</b>			<u><u>\$ 2,639,506</u></u>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

The Development Fund is used to account for refundable deposits held by the Village to ensure the completion of public improvements by private developers.

The JETS Board Fund is used to account for the receipt and disbursement of the state's wireless and wireline surcharge allotments to the members of the consolidated dispatch center.

**VILLAGE OF VERNON HILLS, ILLINOIS**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended April 30, 2019

	<b>Balances May 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances April 30</b>
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 56,020	\$ 103,767	\$ 12,438	\$ 147,349
<b>TOTAL ASSETS</b>	<b>\$ 56,020</b>	<b>\$ 103,767</b>	<b>\$ 12,438</b>	<b>\$ 147,349</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 56,020	\$ 103,767	\$ 12,438	\$ 147,349
<b>TOTAL LIABILITIES</b>	<b>\$ 56,020</b>	<b>\$ 103,767</b>	<b>\$ 12,438</b>	<b>\$ 147,349</b>
<b>DEVELOPMENT FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 26,543	\$ 103,767	\$ -	\$ 130,310
<b>TOTAL ASSETS</b>	<b>\$ 26,543</b>	<b>\$ 103,767</b>	<b>\$ -</b>	<b>\$ 130,310</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 26,543	\$ 103,767	\$ -	\$ 130,310
<b>TOTAL LIABILITIES</b>	<b>\$ 26,543</b>	<b>\$ 103,767</b>	<b>\$ -</b>	<b>\$ 130,310</b>
<b>JETS BOARD FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 29,477	\$ -	\$ 12,438	\$ 17,039
<b>TOTAL ASSETS</b>	<b>\$ 29,477</b>	<b>\$ -</b>	<b>\$ 12,438</b>	<b>\$ 17,039</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 29,477	\$ -	\$ 12,438	\$ 17,039
<b>TOTAL LIABILITIES</b>	<b>\$ 29,477</b>	<b>\$ -</b>	<b>\$ 12,438</b>	<b>\$ 17,039</b>

(See independent auditor's report.)

**SUPPLEMENTAL FINANCIAL INFORMATION**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2012A**

April 30, 2019

Date of Issue	February 28, 2012
Date of Maturity	December 30, 2026
Authorized Issue	\$7,850,000
Interest Rates	2.00% to 2.25%
Interest Dates	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	Total	Interest Due On			
				June 30	Amount	December 30	Amount
2020	\$ 650,000	\$ 135,000	\$ 785,000	2019	\$ 67,500	2019	\$ 67,500
2021	675,000	122,000	797,000	2020	61,000	2020	61,000
2022	725,000	108,500	833,500	2021	54,250	2021	54,250
2023	750,000	94,000	844,000	2022	47,000	2022	47,000
2024	800,000	79,000	879,000	2023	39,500	2023	39,500
2025	900,000	63,000	963,000	2024	31,500	2024	31,500
2026	1,000,000	45,000	1,045,000	2025	22,500	2025	22,500
2027	1,000,000	22,500	1,022,500	2026	11,250	2026	11,250
	<u>\$ 6,500,000</u>	<u>\$ 669,000</u>	<u>\$ 7,169,000</u>		<u>\$ 334,500</u>		<u>\$ 334,500</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2012B**

April 30, 2019

Date of Issue	February 28, 2012
Date of Maturity	March 30, 2026
Authorized Issue	\$1,625,000
Interest Rates	2.00% to 2.40%
Interest Dates	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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due On</b>			
				<b>September 30</b>	<b>Amount</b>	<b>March 30</b>	<b>Amount</b>
2020	\$ 130,000	\$ 21,700	\$ 151,700	2019	\$ 10,850	2020	\$ 10,850
2021	130,000	19,100	149,100	2020	9,550	2021	9,550
2022	140,000	16,500	156,500	2021	8,250	2022	8,250
2023	145,000	13,700	158,700	2022	6,850	2023	6,850
2024	145,000	10,510	155,510	2023	5,255	2024	5,255
2025	150,000	7,320	157,320	2024	3,660	2025	3,660
2026	155,000	3,720	158,720	2025	1,860	2026	1,860
	<u>\$ 995,000</u>	<u>\$ 92,550</u>	<u>\$ 1,087,550</u>		<u>\$ 46,275</u>		<u>\$ 46,275</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2014 - POLICE STATION**

April 30, 2019

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2034
Authorized Issue	\$3,520,000
Interest Rates	2.00% to 3.50%
Interest Dates	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	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2020	\$ 165,000	\$ 79,823	\$ 244,823	2019	\$ 39,912	2020	\$ 39,911
2021	165,000	76,522	241,522	2020	38,261	2021	38,261
2022	170,000	73,223	243,223	2021	36,612	2022	36,611
2023	175,000	69,823	244,823	2022	34,912	2023	34,911
2024	180,000	66,060	246,060	2023	33,030	2024	33,030
2025	180,000	61,920	241,920	2024	30,960	2025	30,960
2026	185,000	57,510	242,510	2025	28,755	2026	28,755
2027	190,000	52,700	242,700	2026	26,350	2027	26,350
2028	195,000	47,475	242,475	2027	23,738	2028	23,737
2029	200,000	41,625	241,625	2028	20,813	2029	20,812
2030	210,000	35,625	245,625	2029	17,813	2030	17,812
2031	215,000	29,325	244,325	2030	14,663	2031	14,662
2032	220,000	22,875	242,875	2031	11,438	2032	11,437
2033	230,000	16,275	246,275	2032	8,138	2033	8,137
2034	235,000	8,225	243,225	2033	4,113	2034	4,112
	<u>\$ 2,915,000</u>	<u>\$ 739,006</u>	<u>\$ 3,654,006</u>		<u>\$ 369,508</u>		<u>\$ 369,498</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2014 - COMMUNICATION CENTER**

April 30, 2019

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2027
Authorized Issue	\$1,115,000
Interest Rates	2.00% to 2.75%
Interest Dates	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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due On</b>			
				<b>September 30</b>	<b>Amount</b>	<b>March 30</b>	<b>Amount</b>
2020	\$ 90,000	\$ 12,508	\$ 102,508	2019	\$ 6,254	2020	\$ 6,254
2021	-	10,707	10,707	2020	5,354	2021	5,353
2022	-	10,707	10,707	2021	5,354	2022	5,353
2023	-	10,707	10,707	2022	5,354	2023	5,353
2024	-	10,707	10,707	2023	5,354	2024	5,353
2025	-	10,707	10,707	2024	5,354	2025	5,353
2026	195,000	10,707	205,707	2025	5,354	2026	5,353
2027	205,000	5,638	210,638	2026	2,819	2027	2,819
	<u>\$ 490,000</u>	<u>\$ 82,388</u>	<u>\$ 572,388</u>		<u>\$ 41,197</u>		<u>\$ 41,191</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
 GENERAL OBLIGATION BONDS, SERIES 2014 -  
 VERNON HILLS TOWN CENTER TAX INCREMENT FUND

April 30, 2019

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2025
Authorized Issue	\$995,000
Interest Rates	2.00% to 2.45%
Interest Dates	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	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2020	\$ 85,000	\$ 21,595	\$ 106,595	2019	\$ 10,798	2020	\$ 10,797
2021	175,000	19,895	194,895	2020	9,948	2021	9,947
2022	175,000	16,395	191,395	2021	8,198	2022	8,197
2023	180,000	12,895	192,895	2022	6,448	2023	6,447
2024	190,000	9,025	199,025	2023	4,513	2024	4,512
2025	190,000	4,655	194,655	2024	2,328	2025	2,327
	<u>\$ 995,000</u>	<u>\$ 84,460</u>	<u>\$ 1,079,460</u>		<u>\$ 42,233</u>		<u>\$ 42,227</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2015A**

April 30, 2019

Date of Issue	November 5, 2015
Date of Maturity	March 30, 2034
Authorized Issue	\$2,005,000
Interest Rates	2.00% to 3.25%
Interest Dates	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	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2020	\$ 135,000	\$ 44,025	\$ 179,025	2019	\$ 22,013	2020	\$ 22,012
2021	140,000	41,325	181,325	2020	20,663	2021	20,662
2022	140,000	38,525	178,525	2021	19,263	2022	19,262
2023	140,000	35,725	175,725	2022	17,863	2023	17,862
2024	150,000	32,925	182,925	2023	16,463	2024	16,462
2025	80,000	28,425	108,425	2024	14,213	2025	14,212
2026	85,000	26,025	111,025	2025	13,013	2026	13,012
2027	85,000	23,475	108,475	2026	11,738	2027	11,737
2028	90,000	20,925	110,925	2027	10,463	2028	10,462
2029	90,000	18,225	108,225	2028	9,113	2029	9,112
2030	95,000	15,525	110,525	2029	7,763	2030	7,762
2031	95,000	12,675	107,675	2030	6,338	2031	6,337
2032	100,000	9,825	109,825	2031	4,913	2032	4,912
2033	105,000	6,825	111,825	2032	3,413	2033	3,412
2034	105,000	3,412	108,412	2033	1,706	2034	1,706
	<u>\$ 1,635,000</u>	<u>\$ 357,862</u>	<u>\$ 1,992,862</u>		<u>\$ 178,938</u>		<u>\$ 178,924</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015B**

April 30, 2019

Date of Issue	November 5, 2015
Date of Maturity	December 30, 2026
Authorized Issue	\$5,255,000
Interest Rates	2.00% to 2.50%
Interest Dates	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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due On</b>			
				<b>June 30</b>	<b>Amount</b>	<b>December 30</b>	<b>Amount</b>
2020	\$ 460,000	\$ 82,525	\$ 542,525	2019	\$ 41,263	2019	\$ 41,262
2021	470,000	73,325	543,325	2020	36,663	2020	36,662
2022	475,000	63,925	538,925	2021	31,963	2021	31,962
2023	485,000	54,425	539,425	2022	27,213	2022	27,212
2024	455,000	44,725	499,725	2023	22,363	2023	22,362
2025	395,000	34,488	429,488	2024	17,244	2024	17,244
2026	520,000	25,600	545,600	2025	12,800	2025	12,800
2027	530,000	13,250	543,250	2026	6,625	2026	6,625
	<u>\$ 3,790,000</u>	<u>\$ 392,263</u>	<u>\$ 4,182,263</u>		<u>\$ 196,134</u>		<u>\$ 196,129</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2017**

April 30, 2019

Date of Issue	June 1, 2017
Date of Maturity	March 30, 2037
Authorized Issue	\$20,190,000
Interest Rates	2.00% to 3.90%
Interest Dates	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	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2020	\$ -	\$ 648,108	\$ 648,108	2019	\$ 324,054	2020	\$ 324,054
2021	945,000	648,108	1,593,108	2020	324,054	2021	324,054
2022	965,000	629,208	1,594,208	2021	314,604	2022	314,604
2023	985,000	608,460	1,593,460	2022	304,230	2023	304,230
2024	1,005,000	585,312	1,590,312	2023	292,656	2024	292,656
2025	1,035,000	559,686	1,594,686	2024	279,843	2025	279,843
2026	1,060,000	531,740	1,591,740	2025	265,870	2026	265,870
2027	1,090,000	501,530	1,591,530	2026	250,765	2027	250,765
2028	1,125,000	468,830	1,593,830	2027	234,415	2028	234,415
2029	1,160,000	433,956	1,593,956	2028	216,978	2029	216,978
2030	1,195,000	396,836	1,591,836	2029	198,418	2030	198,418
2031	1,235,000	357,400	1,592,400	2030	178,700	2031	178,700
2032	1,275,000	315,410	1,590,410	2031	157,705	2032	157,705
2033	1,320,000	270,784	1,590,784	2032	135,392	2033	135,392
2034	1,370,000	223,264	1,593,264	2033	111,632	2034	111,632
2035	1,420,000	172,574	1,592,574	2034	86,287	2035	86,287
2036	1,475,000	117,194	1,592,194	2035	58,597	2036	58,597
2037	1,530,000	59,670	1,589,670	2036	29,835	2037	29,835
	<u>\$ 20,190,000</u>	<u>\$ 7,528,070</u>	<u>\$ 27,718,070</u>		<u>\$ 3,764,035</u>		<u>\$ 3,764,035</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT  
 CONSOLIDATED YEAR-END FINANCIAL REPORT

April 30, 2019

CSFA Number	Program Name	State	Federal	Other	Total
444-26-1565	Tobacco Enforcement Program	\$ 1,797	\$ -	\$ -	\$ 1,797
494-00-0967	High-Growth Cities Program	28,889	-	-	28,889
494-00-1488	Motor Fuel Tax Program	355,183	-	-	355,183
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	2,859	-	2,859
494-42-0495	Local Surface Transportation Program	135,000	-	-	135,000
569-00-1669	Law Enforcement Camera Grant	-	21,500	-	21,500
	Other grant programs and activities	-	1,537	29,110	30,647
	All other costs not allocated	-	-	38,677,392	38,677,392
<b>TOTALS</b>		<u>\$ 520,869</u>	<u>\$ 25,896</u>	<u>\$ 38,706,502</u>	<u>\$ 39,253,267</u>

(See independent auditor's report.)

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois (the Village) as of and for the year ended April 30, 2019, and the related notes to financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 28, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sikich LLP*

Naperville, Illinois  
January 28, 2020

## STATISTICAL SECTION

This part of the Village of Vernon Hills, Illinois' comprehensive annual 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.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	92-105
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	106-112
<b>Debt Capacity</b> 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.	113-116
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	117-119
<b>Operating Information</b> 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.	120-121

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**VILLAGE OF VERNON HILLS, ILLINOIS**

NET POSITION BY COMPONENT

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 95,356,202	\$ 91,757,779	\$ 87,283,367	\$ 85,102,245
Restricted	3,025,617	3,349,329	3,495,103	2,627,039
Unrestricted	19,072,498	20,422,612	23,283,224	24,665,002
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 117,454,317</b>	<b>\$ 115,529,720</b>	<b>\$ 114,061,694</b>	<b>\$ 112,394,286</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 769,845	\$ 786,545	\$ 718,458	\$ 651,621
Restricted	-	-	-	-
Unrestricted	(174,380)	(234,087)	(284,478)	(241,159)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 595,465</b>	<b>\$ 552,458</b>	<b>\$ 433,980</b>	<b>\$ 410,462</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 96,126,047	\$ 92,544,324	\$ 88,001,825	\$ 85,753,866
Restricted	3,025,617	3,349,329	3,495,103	2,627,039
Unrestricted	18,898,118	20,188,525	22,998,746	24,423,843
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 118,049,782</b>	<b>\$ 116,082,178</b>	<b>\$ 114,495,674</b>	<b>\$ 112,804,748</b>

The Village implemented GASB Statement No. 68 for the fiscal year ended April 30, 2016.

The Village implemented GASB Statement No. 75 for the fiscal year ended April 30, 2019.

Data Source

Audited Financial Statements

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 83,986,644	\$ 82,205,307	\$ 79,574,960	\$ 77,689,771	\$ 75,753,586	\$ 74,727,114
2,831,873	6,391,658	1,989,778	2,495,260	8,840,827	7,085,698
24,904,019	22,222,353	3,722,990	3,774,935	(18,494,359)	(23,355,194)
<u>\$ 111,722,536</u>	<u>\$ 110,819,318</u>	<u>\$ 85,287,728</u>	<u>\$ 83,959,966</u>	<u>\$ 66,100,054</u>	<u>\$ 58,457,618</u>
\$ 586,405	\$ 521,711	\$ 457,015	\$ 518,131	\$ 443,291	\$ 379,326
-	-	-	-	-	-
(222,509)	(227,142)	(251,977)	(369,729)	(439,127)	(540,128)
<u>\$ 363,896</u>	<u>\$ 294,569</u>	<u>\$ 205,038</u>	<u>\$ 148,402</u>	<u>\$ 4,164</u>	<u>\$ (160,802)</u>
\$ 84,573,049	\$ 82,727,018	\$ 80,031,975	\$ 78,207,902	\$ 76,196,877	\$ 75,106,440
2,831,873	6,391,658	1,989,778	2,495,260	8,840,827	7,085,698
24,681,510	21,995,211	3,471,013	3,405,206	(18,933,486)	(23,895,322)
<u>\$ 112,086,432</u>	<u>\$ 111,113,887</u>	<u>\$ 85,492,766</u>	<u>\$ 84,108,368</u>	<u>\$ 66,104,218</u>	<u>\$ 58,296,816</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>EXPENSES</b>				
Governmental Activities				
General government	\$ 5,361,615	\$ 5,148,289	\$ 4,075,361	\$ 4,410,123
Public safety	8,785,116	8,619,448	9,523,631	10,113,838
Roads and streets	7,233,167	6,850,515	6,912,853	7,452,181
Economic development	1,147,173	326,276	46,854	-
Culture and recreation	245,328	260,935	259,249	270,889
Interest and fees	1,361,865	1,464,042	1,462,816	954,884
Total governmental activities expenses	<u>24,134,264</u>	<u>22,669,505</u>	<u>22,280,764</u>	<u>23,201,915</u>
Business-Type Activities				
Golf course	544,291	495,572	588,635	493,135
Total business-type activities expenses	<u>544,291</u>	<u>495,572</u>	<u>588,635</u>	<u>493,135</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 24,678,555</u>	<u>\$ 23,165,077</u>	<u>\$ 22,869,399</u>	<u>\$ 23,695,050</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for services				
General government	\$ 1,839,779	\$ 2,164,926	\$ 1,793,322	\$ 2,015,985
Public safety	278,121	255,714	275,768	1,028,096
Culture and recreation	170,780	184,693	223,620	225,229
Operating grants and contributions	617,688	712,457	739,126	724,013
Capital grants and contributions	-	627,222	116,706	6,121
Total governmental activities program revenues	<u>2,906,368</u>	<u>3,945,012</u>	<u>3,148,542</u>	<u>3,999,444</u>
Business-Type Activities				
Charges for services				
Golf course	530,478	452,503	470,103	469,562
Total business-type activities program revenues	<u>530,478</u>	<u>452,503</u>	<u>470,103</u>	<u>469,562</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<u>\$ 3,436,846</u>	<u>\$ 4,397,515</u>	<u>\$ 3,618,645</u>	<u>\$ 4,469,006</u>
<b>NET REVENUES (EXPENSES)</b>				
Governmental activities	\$ (21,227,896)	\$ (18,724,493)	\$ (19,132,222)	\$ (19,202,471)
Business-type activities	(13,813)	(43,069)	(118,532)	(23,573)
<b>TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)</b>	<u>\$ (21,241,709)</u>	<u>\$ (18,767,562)</u>	<u>\$ (19,250,754)</u>	<u>\$ (19,226,044)</u>

2014	2015	2016	2017	2018	2019
\$ 4,619,060	\$ 5,105,742	\$ 10,785,366	\$ 10,031,695	\$ 10,465,391	\$ 11,671,187
10,507,422	11,202,863	11,866,591	13,557,140	15,152,449	13,829,273
7,802,713	8,427,086	8,673,207	8,000,396	8,202,028	7,794,339
4,463	-	1,488	-	14,389,807	4,000,769
277,671	258,590	287,664	250,870	261,213	268,706
901,283	852,718	677,677	615,693	1,500,369	1,180,996
24,112,612	25,846,999	32,291,993	32,455,794	49,971,257	38,745,270
514,147	518,417	530,174	508,552	526,194	507,997
514,147	518,417	530,174	508,552	526,194	507,997
\$ 24,626,759	\$ 26,365,416	\$ 32,822,167	\$ 32,964,346	\$ 50,497,451	\$ 39,253,267
\$ 2,595,479	\$ 2,326,412	\$ 1,856,949	\$ 2,841,747	\$ 3,292,044	\$ 2,326,947
1,195,253	1,288,454	1,258,030	1,632,547	1,459,367	1,512,387
226,199	300,789	124,238	139,418	138,968	98,124
751,035	847,934	672,244	668,032	670,447	666,373
5,358	28,902	159,065	4,131	3,474	194,124
4,773,324	4,792,491	4,070,526	5,285,875	5,564,300	4,797,955
467,568	449,077	440,539	408,651	376,044	342,163
467,568	449,077	440,539	408,651	376,044	342,163
\$ 5,240,892	\$ 5,241,568	\$ 4,511,065	\$ 5,694,526	\$ 5,940,344	\$ 5,140,118
\$ (19,339,288)	\$ (21,054,508)	\$ (28,221,467)	\$ (27,169,919)	\$ (44,406,957)	\$ (33,947,315)
(46,579)	(69,340)	(89,635)	(99,901)	(150,150)	(165,834)
\$ (19,385,867)	\$ (21,123,848)	\$ (28,311,102)	\$ (27,269,820)	\$ (44,557,107)	\$ (34,113,149)

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental Activities				
Taxes				
Utility	\$ 1,351,570	\$ 1,446,045	\$ 1,409,506	\$ 1,418,186
Home rule sales	-	-	-	-
Hotel/motel	248,826	270,764	296,728	323,334
911 surcharge	311,658	293,660	442,088	343,609
Road and bridge	193,805	202,379	208,235	200,903
Telecommunication	1,454,587	1,269,772	1,352,296	1,335,120
Tax increment	-	232,544	772,159	1,048,583
Other	412,477	456,616	464,146	486,456
Intergovernmental				
Sales tax	9,153,021	9,508,242	10,334,171	10,547,878
State income tax	1,801,143	1,807,219	2,127,725	2,376,128
Investment income	225,103	249,076	188,188	98,374
Miscellaneous	143,437	1,143,974	68,954	44,992
Total governmental activities	15,295,627	16,880,291	17,664,196	18,223,563
Business-Type Activities				
Investment income	56	62	54	55
Miscellaneous	-	-	-	-
Total business-type activities	56	62	54	55
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 15,295,683</b>	<b>\$ 16,880,353</b>	<b>\$ 17,664,250</b>	<b>\$ 18,223,618</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (5,932,269)	\$ (1,844,202)	\$ (1,468,026)	\$ (978,908)
Business-type activities	(13,757)	(43,007)	(118,478)	(23,518)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ (5,946,026)</b>	<b>\$ (1,887,209)</b>	<b>\$ (1,586,504)</b>	<b>\$ (1,002,426)</b>

The Village implemented GASB Statement No. 68 for the fiscal year ended April 30, 2016.

The Village implemented GASB Statement No. 75 for the fiscal year ended April 30, 2019.

Data Source

Audited Financial Statements

	2014	2015	2016	2017	2018	2019
\$	1,404,549	\$ 1,345,000	\$ 1,334,151	\$ 1,363,286	\$ 1,305,235	\$ 1,331,718
	-	727,413	3,197,930	3,304,832	3,373,171	3,476,618
	351,087	369,509	380,093	382,900	371,175	382,495
	319,399	325,797	309,960	372,116	398,726	540,117
	205,572	201,923	212,406	216,312	219,958	212,953
	1,258,098	1,117,728	1,190,196	1,016,451	898,686	775,922
	1,281,321	1,174,513	1,221,604	1,216,865	1,301,846	2,155,111
	534,105	581,481	871,620	918,874	918,219	1,926,599
	10,773,512	11,426,650	14,006,145	14,435,680	14,933,056	15,443,815
	2,398,252	2,530,028	2,676,354	2,373,802	2,277,294	2,438,196
	73,881	295,485	115,636	105,285	344,004	711,434
	67,762	55,764	41,088	135,754	205,675	197,249
	18,667,538	20,151,291	25,557,183	25,842,157	26,547,045	29,592,227
	13	13	104	1,265	5,912	868
	-	-	-	42,000	-	-
	13	13	104	43,265	5,912	868
\$	18,667,551	\$ 20,151,304	\$ 25,557,287	\$ 25,885,422	\$ 26,552,957	\$ 29,593,095
\$	(671,750)	\$ (903,217)	\$ (2,664,284)	\$ (1,327,762)	\$ (17,859,912)	\$ (4,355,088)
	(46,566)	(69,327)	(89,531)	(56,636)	(144,238)	(164,966)
\$	(718,316)	\$ (972,544)	\$ (2,753,815)	\$ (1,384,398)	\$ (18,004,150)	\$ (4,520,054)

VILLAGE OF VERNON HILLS, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012*</b>	<b>2013</b>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ 467,790	\$ 409,080
Restricted	-	-	411,686	258,942
Committed	-	-	106,218	58,561
Unassigned	-	-	22,254,166	23,937,297
Reserved	1,475,234	831,038	-	-
Unreserved	18,425,428	21,404,899	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 19,900,662</b>	<b>\$ 22,235,937</b>	<b>\$ 23,239,860</b>	<b>\$ 24,663,880</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Restricted	\$ -	\$ -	\$ 3,083,417	\$ 2,368,097
Unassigned	-	-	(1,040,917)	(498,253)
Reserved	2,836,301	2,924,765	-	-
Unreserved, reported in				
Special revenue funds	(2,080,388)	(2,858,122)	-	-
Capital project funds	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 755,913</b>	<b>\$ 66,643</b>	<b>\$ 2,042,500</b>	<b>\$ 1,869,844</b>

The Village implemented GASB Statement No. 54 as of April 30, 2012.

Data Source

Audited Financial Statements

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 429,650	\$ 458,220	\$ 1,484,993	\$ 1,306,316	\$ 1,289,082	\$ 1,676,713
168,098	94,738	156,265	223,569	285,836	331,751
16,398	14,075	-	-	-	-
23,432,516	23,282,038	23,928,382	25,666,376	26,204,170	25,962,612
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,046,662</u>	<u>\$ 23,849,071</u>	<u>\$ 25,569,640</u>	<u>\$ 27,196,261</u>	<u>\$ 27,779,088</u>	<u>\$ 27,971,076</u>
\$ 2,663,775	\$ 6,296,920	\$ 1,898,464	\$ 2,271,691	\$ 8,554,991	\$ 6,753,947
-	-	(153,789)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,663,775</u>	<u>\$ 6,296,920</u>	<u>\$ 1,744,675</u>	<u>\$ 2,271,691</u>	<u>\$ 8,554,991</u>	<u>\$ 6,753,947</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**GOVERNMENTAL REVENUES BY SOURCE**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Sales tax	\$ 9,153,972	\$ 9,447,706	\$ 10,251,007	\$ 10,503,422
Other taxes	5,774,066	5,978,999	7,072,883	7,532,319
Intergovernmental	617,688	1,339,679	855,832	730,134
Licenses, permits, and fees, fines and forfeitures, and charges for services	2,288,680	2,605,333	2,292,710	3,269,310
Investment income	225,103	249,076	188,188	98,374
Miscellaneous	143,437	1,143,974	68,954	44,992
<b>TOTAL REVENUES</b>	<b>\$ 18,202,946</b>	<b>\$ 20,764,767</b>	<b>\$ 20,729,574</b>	<b>\$ 22,178,551</b>

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Data Source

Audited Financial Statements

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<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 10,680,015	\$ 11,426,650	\$ 14,006,145	\$ 14,435,680	\$ 14,933,056	\$ 15,443,815
7,752,383	7,931,917	11,394,315	11,165,438	11,064,312	10,801,533
756,393	876,836	831,309	672,162	673,921	3,298,693
4,016,931	3,915,655	3,239,217	4,606,923	4,878,822	3,937,458
73,881	295,485	115,636	105,285	344,004	711,434
67,762	55,764	41,088	142,544	217,230	197,249
<b>\$ 23,347,365</b>	<b>\$ 24,502,307</b>	<b>\$ 29,627,710</b>	<b>\$ 31,128,032</b>	<b>\$ 32,111,345</b>	<b>\$ 34,390,182</b>

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VILLAGE OF VERNON HILLS, ILLINOIS

GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	\$ 4,616,386	\$ 3,218,639	\$ 3,282,636	\$ 3,498,692
Public safety	8,490,969	8,281,006	9,185,888	9,778,906
Streets and roads	4,649,372	4,046,574	4,150,824	4,796,985
Economic development	922,078	306	798	-
Culture and recreation	245,328	260,935	259,249	270,899
Capital outlay	953,128	650,272	198,212	331,657
Debt service				
Principal retirement	1,150,000	1,190,000	1,245,000	1,315,000
Interest and fiscal charges	1,368,810	1,471,030	1,336,746	935,048
<b>TOTAL EXPENDITURES</b>	<b>\$ 22,396,071</b>	<b>\$ 19,118,762</b>	<b>\$ 19,659,353</b>	<b>\$ 20,927,187</b>

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Data Source

Audited Financial Statements

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	3,668,619	\$ 3,842,991	\$ 8,214,056	\$ 8,862,203	\$ 9,073,246	\$ 9,647,854
	10,254,629	10,932,262	11,050,969	11,634,011	12,150,938	11,978,282
	5,234,011	5,883,011	4,560,218	4,409,098	4,742,456	4,551,301
	4,463	-	1,488	-	14,389,807	4,000,769
	277,671	258,590	287,664	250,870	261,213	268,706
	385,859	1,108,942	7,170,422	1,828,930	1,944,919	1,677,466
	2,435,000	1,720,000	645,000	1,415,000	1,470,000	2,745,000
	910,400	808,478	768,087	574,283	1,402,639	1,129,860
<b>\$</b>	<b>23,170,652</b>	<b>\$ 24,554,274</b>	<b>\$ 32,697,904</b>	<b>\$ 28,974,395</b>	<b>\$ 45,435,218</b>	<b>\$ 35,999,238</b>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>				
Taxes	\$ 5,774,066	\$ 5,978,999	\$ 7,072,883	\$ 7,532,319
Intergovernmental	9,771,660	10,787,385	11,106,839	11,233,556
Licenses, permits, and fees, fines and forfeitures, and charges for services	2,288,680	2,605,333	2,292,710	3,269,310
Investment income	225,103	249,076	188,188	98,374
Miscellaneous	143,437	1,143,974	68,954	44,992
<b>Total revenues</b>	<b>18,202,946</b>	<b>20,764,767</b>	<b>20,729,574</b>	<b>22,178,551</b>
<b>EXPENDITURES</b>				
General government	4,616,386	3,218,639	3,282,636	3,498,692
Public safety	8,490,969	8,281,006	9,185,888	9,778,906
Streets and roads	4,649,372	4,046,574	4,150,824	4,796,985
Economic development	922,078	306	798	-
Culture and recreation	245,328	260,935	259,249	270,899
Capital outlay	953,128	650,272	198,212	331,657
Debt service				
Principal retirement	1,150,000	1,190,000	1,245,000	1,315,000
Interest and fiscal charges	1,368,810	1,471,030	1,336,746	935,048
<b>Total expenditures</b>	<b>22,396,071</b>	<b>19,118,762</b>	<b>19,659,353</b>	<b>20,927,187</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,193,125)</b>	<b>1,646,005</b>	<b>1,070,221</b>	<b>1,251,364</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	23,254	77,216	2,288,015
Transfers (out)	-	(23,254)	(77,216)	(2,288,015)
Proceeds from bonds	792,808	-	9,475,000	-
Premium on debt issuance	-	-	37,204	-
Payment to escrow agent	-	-	(7,602,645)	-
<b>Total other financing sources (uses)</b>	<b>792,808</b>	<b>-</b>	<b>1,909,559</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (3,400,317)</b>	<b>\$ 1,646,005</b>	<b>\$ 2,979,780</b>	<b>\$ 1,251,364</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>13.23%</b>	<b>14.47%</b>	<b>13.35%</b>	<b>10.83%</b>

Data Source

Audited Financial Statements

	2014	2015	2016	2017	2018	2019
\$	7,752,383	\$ 7,931,917	\$ 11,394,315	\$ 11,165,438	\$ 11,064,312	\$ 10,801,533
	11,436,408	12,303,486	14,837,454	15,107,842	15,606,977	18,742,508
	4,016,931	3,915,655	3,239,217	4,606,923	4,878,822	3,937,458
	73,881	295,485	115,636	105,285	344,004	711,434
	67,762	55,764	41,088	142,544	217,230	197,249
	23,347,365	24,502,307	29,627,710	31,128,032	32,111,345	34,390,182
	3,668,619	3,842,991	8,214,056	8,862,203	9,073,246	9,647,854
	10,254,629	10,932,262	11,050,969	11,634,011	12,150,938	11,978,282
	5,234,011	5,883,011	4,560,218	4,409,098	4,742,456	4,551,301
	4,463	-	1,488	-	14,389,807	4,000,769
	277,671	258,590	287,664	250,870	261,213	268,706
	385,859	1,108,942	7,170,422	1,828,930	1,944,919	1,677,466
	2,435,000	1,720,000	645,000	1,415,000	1,470,000	2,745,000
	910,400	808,478	768,087	574,283	1,402,639	1,129,860
	23,170,652	24,554,274	32,697,904	28,974,395	45,435,218	35,999,238
	176,713	(51,967)	(3,070,194)	2,153,637	(13,323,873)	(1,609,056)
	1,255,093	1,804,752	1,515,383	1,592,396	2,259,650	2,356,670
	(1,255,093)	(1,804,752)	(1,515,383)	(1,592,396)	(2,259,650)	(2,356,670)
	-	5,630,000	7,260,000	-	20,190,000	-
	-	-	187,651	-	-	-
	-	(2,142,479)	(5,301,500)	-	-	-
	-	3,487,521	2,146,151	-	20,190,000	-
\$	176,713	\$ 3,435,554	\$ (924,043)	\$ 2,153,637	\$ 6,866,127	\$ (1,609,056)
	14.49%	10.63%	4.92%	7.00%	6.36%	11.00%

VILLAGE OF VERNON HILLS, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General merchandise	\$ 2,782,847	\$ 2,823,025	\$ 2,633,339	\$ 2,720,545	\$ 2,597,897	\$ 2,488,384	\$ 2,402,181	\$ 1,851,726	\$ 1,672,883	\$ 1,547,821
Food	342,202	340,958	648,891	916,744	925,373	901,265	788,727	1,130,577	1,087,522	1,307,951
Drinking and eating places	812,685	825,607	850,877	883,552	881,340	960,573	1,029,264	1,052,840	1,002,073	1,030,560
Apparel	637,015	689,726	844,886	771,836	775,480	742,882	736,300	743,051	681,766	677,801
Furniture, H.H., and radio	3,083,717	3,607,217	4,260,170	4,644,807	4,776,995	5,610,887	6,269,676	6,410,014	6,492,509	7,058,665
Lumber, building hardware	438,776	396,123	402,354	401,030	450,455	486,962	493,422	488,392	500,489	721,690
Automobile and filling stations	215,700	257,173	391,781	346,563	321,049	360,241	333,588	316,570	325,882	348,836
Drugs and miscellaneous retail	1,078,428	1,106,285	1,098,232	1,127,572	1,164,654	1,141,888	1,043,187	1,073,993	1,024,032	1,003,181
Agriculture and all others	657,960	601,514	680,022	703,322	793,580	831,229	958,057	1,374,503	1,520,703	1,601,380
Manufacturers	194,254	157,620	92,047	104,649	110,329	111,466	100,010	117,278	101,103	79,937
<b>TOTAL*</b>	\$ 10,243,584	\$ 10,805,248	\$ 11,902,599	\$ 12,620,620	\$ 12,797,152	\$ 13,635,777	\$ 14,154,412	\$ 14,558,944	\$ 14,408,962	\$ 15,377,822

VILLAGE DIRECT SALES

<b>TAX RATE</b>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
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\*Totals do not tie to financial statements due to confidentiality agreements with certain taxpayers.

Data Sources

State records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**DIRECT AND OVERLAPPING SALES TAX RATES**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>State Rate</b>	<b>RTA Rate</b>	<b>Village Home Rule Rate</b>	<b>Total Sales Tax Rate</b>	<b>% Distributed to Village</b>
2010	6.25%	0.75%	N/A	7.00%	1.00%
2011	6.25%	0.75%	N/A	7.00%	1.00%
2012	6.25%	0.75%	N/A	7.00%	1.00%
2013	6.25%	0.75%	N/A	7.00%	1.00%
2014	6.25%	0.75%	N/A	7.00%	1.00%
2015*	6.25%	0.75%	0.25%	7.25%	1.25%
2016	6.25%	0.75%	0.25%	7.25%	1.25%
2017	6.25%	0.75%	0.25%	7.25%	1.25%
2018	6.25%	0.75%	0.25%	7.25%	1.25%
2019	6.25%	0.75%	0.25%	7.25%	1.25%

N/A - Not applicable

Home Rule Sales Tax was implemented on January 1, 2015.

Data Sources

Village and County Records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Farm Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total</b>	<b>Railroad Property</b>	<b>Total Taxable Assessed Value (Lake County)</b>
2009	\$ 928,731,639	\$ 60,953	\$ 360,691,287	\$ 544,714	\$ 1,290,028,593	\$ 171,251	\$ 1,290,199,844
2010	889,805,423	54,888	355,135,429	551,337	1,245,547,077	204,020	1,245,751,097
2011	832,609,239	55,976	347,129,444	555,771	1,180,350,430	189,118	1,180,539,548
2012	761,855,463	56,163	333,879,758	561,152	1,096,352,536	123,380	1,096,475,916
2013	710,261,831	56,052	326,597,423	594,926	1,037,510,232	127,479	1,037,637,711
2014	708,727,188	57,466	324,566,212	589,810	1,033,940,676	149,277	1,034,089,953
2015	746,989,830	58,324	331,136,869	597,831	1,078,782,854	180,024	1,078,962,878
2016	800,234,815	62,900	352,783,237	630,956	1,153,711,908	198,874	1,153,910,782
2017	836,188,206	67,161	361,915,490	665,469	1,198,836,326	164,264	1,199,000,590
2018	852,359,184	557,920	374,092,587	687,163	1,227,696,854	172,948	1,227,869,802

Data Source

Lake County Clerk's and Treasurer's Office

VILLAGE OF VERNON HILLS, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING

Last Ten Levy Years

Tax Levy Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CLC Joint Action Water	0.042	0.045	0.047	0.052	0.055	0.056	0.054	0.046	0.045	-
Grade School 73	2.899	3.081	3.306	3.678	3.997	4.118	4.033	3.871	3.825	3.847
High School 128	2.179	2.324	2.399	2.580	2.919	2.687	2.732	2.532	2.494	2.502
Jr. College 532	0.200	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282
Vernon Township	N/A	NA								
Libertyville Township	0.104	0.106	0.111	0.122	0.131	0.134	0.131	0.124	0.122	0.122
Lake County	0.453	0.505	0.554	0.608	0.663	0.683	0.663	0.632	0.622	0.612
Lake County Forest Preserve	0.199	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187	-
Vernon Hills Park District	0.344	0.427	0.450	0.496	0.445	0.455	0.458	0.419	0.416	0.411
Cook Memorial Library	0.222	0.238	0.254	0.282	0.303	0.312	0.304	0.289	0.284	0.284
Countryside Fire District	0.417	0.453	0.495	0.552	0.597	0.613	0.598	0.570	0.560	0.564
Village of Vernon Hills	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	7.059	7.595	8.057	8.854	9.624	9.574	9.480	8.962	8.836	8.624

N/A - Information not available

Data Source

Office of the County Clerk

VILLAGE OF VERNON HILLS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Westfield Shoppingtown Hawthorne	\$ 25,482,639	1	2.08%	\$ 19,933,340	2	1.54%
Azure Partners LLC	13,472,537	2	1.10%			
Mesirow Financial Revf II Reit LLC	12,561,131	3	1.02%			
Van Vlissingen & Co.	11,549,948	4	0.94%	21,388,738	1	1.66%
Leahy Vernon Hills Development	9,118,882	5	0.74%	11,798,664	3	0.91%
CDW Computer Centers, Inc.	8,232,248	6	0.67%	9,627,300	6	0.75%
Inland Real Estate	8,215,251	7	0.67%	10,746,574	5	0.83%
Hawthorn Hills Square LLC	7,810,200	8	0.64%			
PWA Contintental Executive Park, LP	6,961,601	9	0.57%			
Dfair Acquisition LLC	6,680,797	10	0.54%			
Museum Gardens II LLC				11,609,910	4	0.90%
HCP Ventures				6,572,420	7	0.51%
Walmart Property				6,497,544	8	0.50%
PAC/SIB LLC				6,265,314	9	0.49%
Hawthorn-Vernon Hills LLC				6,077,677	10	0.47%
	<u>\$ 110,085,234</u>		<u>8.97%</u>	<u>\$ 110,517,481</u>		<u>8.56%</u>

Data Source

Office of the County Clerk

**VILLAGE OF VERNON HILLS, ILLINOIS**

**TAX INCREMENT FINANCING DISTRICT TAX EXTENSIONS AND COLLECTIONS**

Last Ten Levy Years

<b>Fiscal Year</b>	<b>Levy Year</b>	<b>Equalized Assessed Valuation</b>	<b>Tax Extension</b>	<b>Total Collections</b>	<b>Percent Collected</b>
2010	2009	\$ 3,645,858	\$ 236,288	\$ 232,544	98.42%
2011	2010	10,990,021	772,159	772,159	100.00%
2012	2011	13,916,549	1,047,916	1,048,053	100.01%
2013	2012	15,319,383	1,281,313	1,281,321	100.00%
2014	2013	13,237,847	1,174,991	1,174,513	99.96%
2015	2014	13,414,039	1,221,833	1,221,604	99.98%
2016	2015	13,649,852	1,216,824	1,216,865	100.00%
2017	2016	15,399,479	1,301,959	1,301,846	99.99%
2018	2017	25,243,166	2,155,191	2,155,110	100.00%
2019	2018	31,404,827	2,687,994	N/A	N/A

Note: The Village began levying for the Milwaukee Avenue/Townline Road Tax Increment Financing District for 2017.

The 2018 levy is in collection at year end.

Data Sources

Village and Lake County Records

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Levy Years

Fiscal Year	Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
2011	2010	-	-	0.00%	-	-	0.00%
2012	2011	-	-	0.00%	-	-	0.00%
2013	2012	-	-	0.00%	-	-	0.00%
2014	2013	-	-	0.00%	-	-	0.00%
2015	2014	-	-	0.00%	-	-	0.00%
2016	2015	-	-	0.00%	-	-	0.00%
2017	2016	-	-	0.00%	-	-	0.00%
2018	2017	-	-	0.00%	-	-	0.00%
2019	2018	-	-	0.00%	-	-	0.00%

Note: The Village has not levied taxes for the last ten levy years.

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Alternate Revenue Bonds	TIF Revenue Bonds/Notes	Unamortized Premium	Capital Leases Payable				
2010	\$ -	\$ 12,190,000	\$ 12,963,000	\$ -	\$ 15,230	\$ 25,168,230	2.71%	\$ 1,028.87	
2011	-	11,000,000	12,963,000	-	-	23,963,000	2.51%	954.21	
2012	9,475,000	8,255,000	7,000,000	-	-	24,730,000	2.59%	984.75	
2013	9,460,000	6,955,000	7,000,000	-	-	23,415,000	2.16%	914.18	
2014	9,445,000	4,625,000	6,910,000	-	-	20,980,000	1.93%	819.12	
2015	14,960,000	1,115,000	6,715,000	156,025	-	22,946,025	2.09%	885.57	
2016	21,835,000	1,115,000	-	325,752	-	23,275,752	2.06%	884.54	
2017	20,420,000	1,115,000	-	297,666	-	21,832,666	1.88%	829.26	
2018	39,140,000	1,115,000	-	269,581	-	40,524,581	3.27%	1,543.62	
2019	37,510,000	-	-	239,236	-	37,749,236	3.00%	1,416.96	

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

(1) See the schedule of Demographic and Economic Information for personal income and population data.

Data Source

Village records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

April 30, 2019

<b>Governmental Unit</b>	<b>Gross Debt</b>	<b>Percentage Debt Applicable to the Village (1)</b>	<b>The Village's Share of Debt</b>
Village	\$ 37,749,236	100.00%	\$ 37,749,236
School District Number 73	49,800,529	67.570%	33,650,218
School District Number 76	11,423,171	26.940%	3,077,402
School District Number 103	5,740,000	19.330%	1,109,542
High School District Number 120	14,649,155	1.030%	150,886
High School District Number 125	44,745,000	8.890%	3,977,831
Community College Number 532	58,465,000	4.860%	2,841,399
Lake County	174,530,000	4.620%	8,063,286
Lake County Forest Preserve District	240,155,000	4.620%	11,095,161
Countryside Fire Protection District	2,840,000	61.710%	1,752,564
Mundelein Park District	3,610,000	0.001%	36
Vernon Hills Park District	8,896,385	100.000%	8,896,385
Total overlapping debt	<u>614,854,240</u>		<u>74,614,710</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$ 652,603,476</u></u>		<u><u>\$ 112,363,946</u></u>

(1) 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.

Data Source

Office of the County Clerk

**VILLAGE OF VERNON HILLS, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Less Amounts Available in Debt Service Fund	Total	Percentage of Equalized Assed Value (1)	Per Capita (2)
	General Obligation Bonds	Unamortized Premium				
2010	\$ 12,190,000	\$ -	\$ -	\$ 12,190,000	0.94%	\$ 498.32
2011	11,000,000	-	-	11,000,000	0.88%	438.02
2012	17,730,000	-	-	17,730,000	1.50%	706.01
2013	16,415,000	-	-	16,415,000	1.50%	640.89
2014	14,070,000	-	-	14,070,000	1.36%	549.33
2015	16,075,000	156,025	-	16,231,025	1.57%	626.41
2016	22,950,000	325,752	-	23,275,752	2.16%	884.54
2017	21,535,000	297,666	-	21,832,666	1.89%	829.26
2018	40,255,000	269,581	-	40,524,581	3.38%	1,543.62
2019	37,510,000	239,236	-	37,749,236	3.07%	1,416.96

(1) See the schedule of Assessed Value and Actual Value of Taxable Property.

(2) See the schedule of Demographic and Economic Statistics for the per capita income data.

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

Data Source

Village records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN**

April 30, 2019

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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.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2010	24,462	\$ 928,822	\$ 37,970	36.6	N/A	7.4%
2011	25,113	953,541	37,970	N/A	N/A	8.0%
2012	25,113	953,541	37,970	N/A	N/A	7.1%
2013	25,613	1,083,740	42,205	N/A	N/A	6.6%
2014	25,613	1,089,679	42,544	N/A	N/A	7.4%
2015	25,911	1,100,103	42,457	N/A	N/A	6.0%
2016	26,314	1,127,450	42,846	N/A	N/A	4.4%
2017	26,328	1,162,671	44,161	38.1	N/A	4.3%
2018	26,253	1,239,299	47,206	38.4	N/A	3.3%
2019	26,641	1,257,615	47,206	39.2	N/A	3.4%

N/A - Not Available

**Population Data Sources:**

2010 U.S. Census data; the census data is used to estimate future years.

**Income Data Sources:**

2010 U.S. Census data; the census data is used to estimate future years.

**Median Age Data:**

U.S. Census data and estimate from website

**School Enrollment Data:**

Unavailable

**Economic Data:**

Provided by the Illinois Department of Employment Security's Economic Information and Analysis Division for Vernon Hills. Data is for the calendar year that ends during that fiscal year.

VILLAGE OF VERNON HILLS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2019			2010		
	Number of Employees	Rank	% of Total Village Population	Number of Employees	Rank	% of Total Village Population
Westfield Shoppingtown Hawthorn	2,500	1	9.38%	2,500	1	10.22%
Zebra Technologies Corp	900	2	3.38%	900	2	3.68%
American Hotel Register Co.	500	3	1.88%	400	3	1.64%
Mitsubishi Electric Automation, Inc.	400	4	1.50%	350	4	1.43%
CDW Computer Centers, Inc.	350	5	1.31%	350	4	1.43%
ZFAftermarket	350	5	1.31%	180	8	0.74%
Rust-Oleum Corp.	350	5	1.31%	180	8	0.74%
Mercer Human Resource Consulting	340	6	1.28%			
Cole-Palmer Instrument Co.	300	7	1.13%	300	6	1.23%
Becton Dickinson	300	8	1.13%			
Richard Wolf Medical Instruments Corp.	200	9	0.75%	200	7	0.82%
Experient, Inc.				160	10	0.65%
<b>TOTAL</b>	<b>6,490</b>			<b>5,520</b>		

N/A - Not available

Data Sources

2010 Village of Vernon Hills CAFR

2019 Illinois Manufacturer's Directory and Illinois Services Directory

VILLAGE OF VERNON HILLS, ILLINOIS

FULL-TIME EQUIVALENT GOVERNMENTAL EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>GENERAL GOVERNMENT</b>										
Management Services	4.85	4.38	2.50	2.50	2.50	3.54	3.54	3.50	3.58	4.00
Human Resources	3.60	3.60	3.80	3.87	4.08	4.08	4.09	4.09	4.37	1.85
<b>PUBLIC WORKS</b>	23.50	23.74	22.91	23.54	24.83	25.47	23.85	24.60	24.20	25.01
<b>PUBLIC SAFETY</b>	69.50	64.75	66.59	66.88	70.71	70.63	72.28	73.20	72.61	71.54
<b>COMMUNITY DEVELOPMENT</b>	15.00	7.50	7.50	7.50	7.53	7.54	7.57	7.57	8.04	7.82
	116.45	103.97	103.30	104.29	109.65	111.26	111.33	112.96	112.80	110.22

Data Source

Village records

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>PUBLIC WORKS</b>										
Forestry										
Number of parkway trees planted*	89	121	145	291	603	1,235	876	392	108	108
Number of parkway trees trimmed*	1,420	1,458	1,065	1,066	1,050	1,165	1,009	669	927	927
Fleet services										
Number of cars/SUVs/vans maintained*	42	39	41	37	43	35	35	36	36	34
Number of light trucks maintained*	15	16	16	17	17	18	18	19	20	19
Number of heavy trucks maintained*	10	10	10	10	10	10	10	11	10	10
Number of loaders/backhoes maintained*	4	4	4	4	4	5	5	5	5	5
Number of small tractors maintained*	2	2	2	2	2	1	1	2	2	2
Number of sweepers maintained*	1	1	1	1	1	1	1	1	1	1
Number of buses maintained*	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC SAFETY</b>										
Police										
Part I crime*	779	779	678	635	535	544	574	473	528	384
Part II crime*	759	687	710	557	551	628	603	633	576	606
Calls for service*	18,974	18,630	18,608	21,170	22,903	23,358	23,684	26,349	29,693	30,736
State tickets issued*	2,386	2,836	2,080	3,414	3,480	3,271	2,273	2,602	2,876	2,309
Compliance tickets issued*	156	160	125	458	1,038	1,102	587	903	992	787
Parking tickets issued*	1,644	2,289	1,591	2,259	2,974	3,407	2,419	2,286	2,509	2,309
<b>COMMUNITY DEVELOPMENT</b>										
Number of building permits issued	972	1,216	1,389	1,354	1,344	1,798	1,525	1,470	1,275	2,409
Number of building inspections	4,276	2,802	2,833	2,703	3,067	5,105	3,312	3,744	3,585	6,745
<b>HIGHWAYS AND STREETS</b>										
Sidewalk/bike trail programs										
Annual resurfacing program	\$ 57,507	\$ 39,750	\$ 35,141	\$ 42,554	\$ 55,910	\$ 55,662	\$ 93,096	\$ 72,610	\$ 48,963	\$ 48,963
	899,984	839,012	583,333	811,685	624,565	1,148,696	1,265,502	676,688	359,989	359,989

\*Statistics are for the calendar year ending during that fiscal year.

Note: Indicators are not available for the general government function.

Data Source

Village records

VILLAGE OF VERNON HILLS, ILLINOIS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>PUBLIC SAFETY</b>										
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	36	34	34	31	30	29	27	27	30	28
<b>PUBLIC WORKS</b>										
Streets (lane miles)	141.1	141.7	141.7	141.7	141.7	141.7	141.7	141.7	141.7	141.7
Sidewalks (miles)	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3
Streetlights	2,247	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258
Traffic lights (Village owned)	5	5	5	5	5	5	5	5	5	5
<b>RECREATION</b>										
Athletic complex	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
<b>ADMINISTRATION</b>										
Village hall	1	1	1	1	1	1	1	1	1	1
<u>Data Source</u>										
Village records										