



ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2021

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VILLAGE OF VERNON HILLS, ILLINOIS

Annual Comprehensive Financial Report

For the Year Ended April 30, 2021

Prepared By Finance Department:

**Village of Vernon Hills, Illinois
Annual Comprehensive Financial Report
For the Year Ended April 30, 2021**

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INTRODUCTORY SECTION

November 29, 2021

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, 2021.

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 Selden Fox, Ltd., 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, 2021, 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. The 2010 Census indicated the Village of Vernon Hills' population exceeded 25,000 residents qualifying it as a Home Rule statutory authority under the Illinois Constitution. The 2020 Census population was 26,850.

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 the Village of Libertyville. The Village actively works on development and redevelopment including the establishment of three 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 Heritage Golf Group. The Village provides community events including concerts and festivals at its Arbortheater 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 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 Carson's have closed. In response to those closings, Hawthorn is undertaking a \$250 million reinvestment of the mall that will include mixed use residential / retail / restaurant development. The mall is currently undergoing redevelopment of the former Sears property. The entire building has been demolished and is being replaced with a mixed-use development that includes over 80,000 square feet of restaurant/retail space along with 300 luxury apartments. The residential use is predominately a mix of studio, one-bedroom and two-bedroom units along with a limited number of three-bedroom units. The Village Board approved TIF financing to help support the 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 a 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 ended in FY 2020. 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, 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 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 store 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 October 2020 vacancy rate for all retail space in Vernon Hills was 4.9%, down from 5.5% in March of 2019.

In FY 2016, a 51,000 square foot building adjacent to Hawthorn Mall 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 2020-21 is 6.1% below FY 2019-20 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 Palmer 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.

In FY 2020, the Village approved a 900,000 square foot light industrial development on property commonly known as the Darling Farm. The development includes four buildings, three of which have been constructed. The design of the new buildings will accommodate current market trends for industrial users, including distribution, e-commerce, light manufacturing, headquarters and associated offices.

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 had recovered from the deep decline it experienced after the 2008 recession; however, with the pandemic, FY21 hotel tax revenues were only 22% of FY20. Beginning September 1, 2018, the Village imposed a new 1.0% Food and Beverage tax resulting in \$1,050,433 of revenue in FY 2020-21.

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 course began operation in 1998. Effective February 4, 2020, the Village approved an agreement with parties (White Deer Run Golf Course, LLC) to enter into a lease agreement that shall end December 31, 2049. In the event the landlord's right to terminate is exercised at any time during the preceding five-year intervals, the termination fee shall be subject to an adjustment based upon a two percent (2%) annual adjustment. The Village receives a fixed annual rent in the amount of \$15,000. For lease years beginning after January 1, 2020, the annual rent of \$15,000 shall be subject to renegotiations by the Village for an increase and adjustment for any lease year in which the gross revenue increases by fifteen percent (15%) over the amount of gross revenue for the lease year.

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.

In FY 2021, the Village approved a new senior luxury apartment development know as “Everleigh Vernon Hills”. This active adult product type is restricted to residents aged 55 and older and is the first of its kind in Vernon Hills. The development includes 188 residences comprised of 174 apartments in a 4-story building along with fourteen 1-story duplex cottages. The apartments include 1-bedroom and 2-bedroom options. The cottages would each have 2-bedrooms. The project is currently under construction.

Vernon Hills Town Center 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 Fruz, 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. Tom & Eddie’s has been replaced by Fried Egg Café and Beer Market has closed and remains vacant currently.

The initial EAV (frozen base value) of the TIF District was \$2,044,972. For 2020, the most recent year, the incremental assessed valuation is \$22,891,299 resulting in a \$2,003,729 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.

The initial EAV (frozen base value) of the TIF District was \$290,981. For 2020, the most recent year, the incremental assessed valuation is \$41,805,577 resulting in a \$3,748,463 extension.

Hawthorn Mall Redevelopment Project Area Tax Increment Financing District

In November 2020, the Village established the Hawthorn Mall Redevelopment Project Area TIF district on portions of the Hawthorn Mall campus, including the Carson's and former Sears sections of the property. In July 2021, the Village approved the Hawthorn Mall Redevelopment Agreement to facilitate approximately \$43 million in TIF incentives toward the \$250 million redevelopment project. Construction on Phase 1 of the redevelopment commenced in summer of 2021, which includes 313 residential rental units and 83,342 square feet of commercial retail space.

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 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

The Village continues to monitor the long-term impacts to the local economy following the pandemic including: retail sales tax levels, hotel/motel tax revenues, office space vacancy rates, and new demand for warehouse / light-industrial commercial development. Hawthorn Mall 2.0 is under construction with phase one anticipated to open in beginning half of calendar year 2023, which includes 313 residential rental units and 83,342 square feet of retail.

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 the investment rate assumptions of 6.0%. Also, the Fund continues to utilize a retirement age assumption that has the distribution of retirement ages ending at age 57. The actuarial assumptions and methods the Village uses resulted in the Police Pension Fund having a 77.86% funding level based on April 30, 2021, data when calculated using the actuarial value of assets.

The Village's funding level for the Illinois Municipal Retirement Fund as of December 31, 2020, is 100.07% 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, 2020. This was the nineteenth 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, 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.

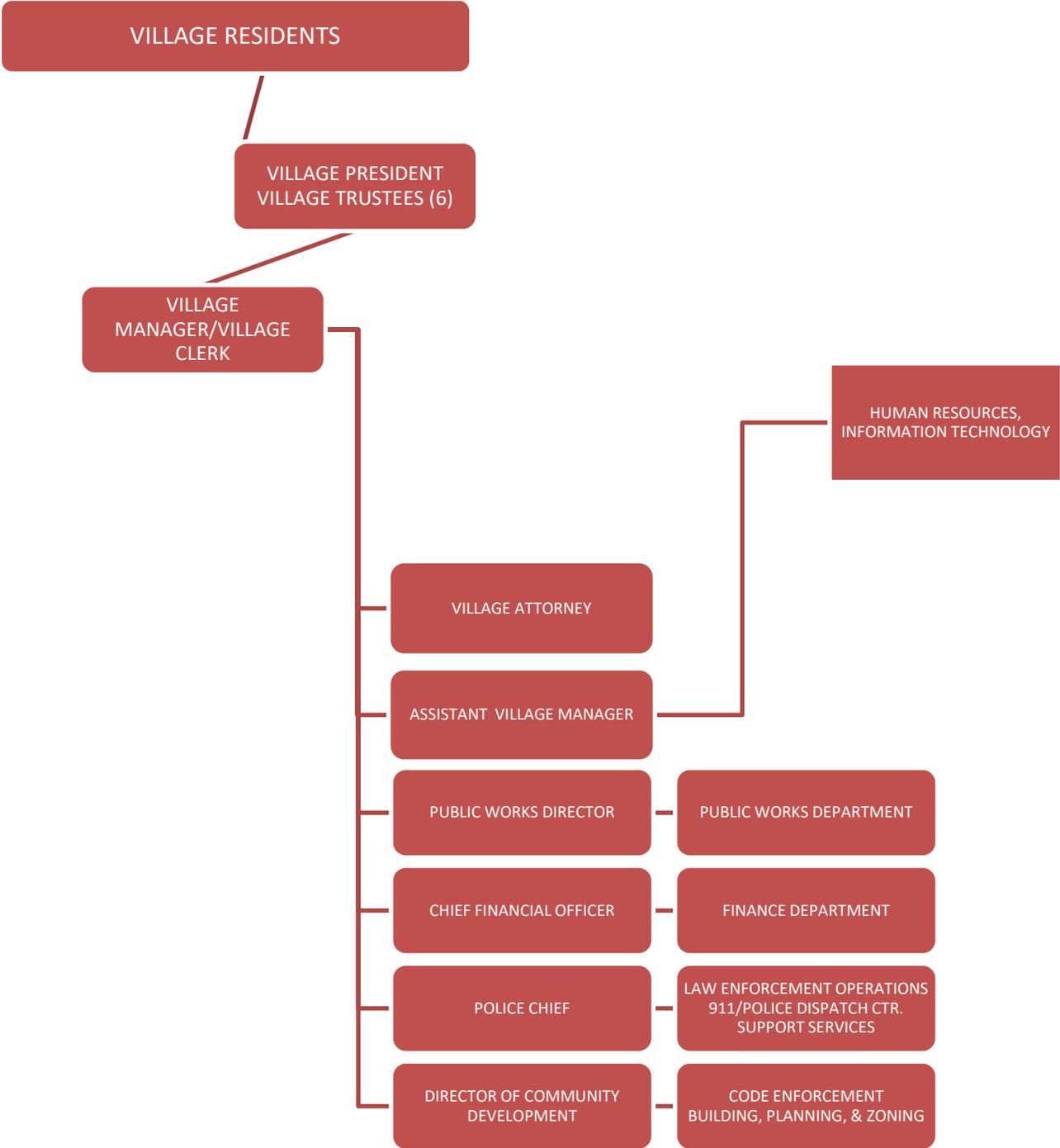
Sincerely,

A handwritten signature in black ink, appearing to read 'K Timony', with a large, sweeping initial 'K'.

Kevin Timony
Village Manager

A handwritten signature in blue ink, appearing to read 'Anne Fairbairn', with a large, stylized initial 'A'.

Anne Fairbairn
Finance Director



**Village of Vernon Hills, Illinois
Principal Officials
April 30, 2021**

ELECTED OFFICIALS

VILLAGE BOARD OF TRUSTEES

Roger Byrne, Village President

Thom Koch, Village Trustee

Michael Marquardt, Village Trustee

David Oppenheim MD, Village Trustee

Nancy Forster, Village Trustee

Michael Schenk, Village Trustee

Craig Takaoka, Village Trustee

Kevin Timony, Village Manager/Village Clerk

Jon Petrillo, Assistant Village Manager/Deputy Village Clerk

David Brown, Director of Public Works/Village Engineer

Patrick L. Kreis, Chief of Police

Michael Atkinson, Community Development Director

James V. Ferolo, 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

April 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Vernon Hills, Illinois**, as of and for the year ended April 30, 2021, and the related notes to the 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 contained 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 from 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 entity'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 entity'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 financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois, as of April 30, 2021, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages MD&A 1-14), the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General and major special revenue funds (pages 59-61), the multiyear schedules of changes in the employer's net OPEB liability and related ratios (page 62), the multiyear schedules of employer contributions (pages 63-66), the multiyear schedules of changes in the employer's net pension liability and related ratios (pages 67-70), and the multiyear schedule of investment returns (page 71) 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 of Vernon Hills, Illinois', basic financial statements. The supplemental information (pages 73-95), and the introductory and statistical sections are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information is 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 *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the Village of Vernon Hills, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Vernon Hills, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Vernon Hills, Illinois' internal control over financial reporting and compliance.

Selden Fox, Ltd.

November 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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, 2021. Please read it in conjunction with the transmittal letter which begins on page i and the Village of Vernon Hills' financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- In FY 2020-21, the Village of Vernon Hills' net position increased by 11.8% or \$6,763,421 to \$63,960,418. With the Covid pandemic, the Village immediately planned to delay large expenditures anticipating a reduction in revenues; luckily the Village received \$1.1 million in Covid relief from Lake County.
- Revenues increased by \$1,787,854 or 4.9% from FY 2019-20 levels, while expenses decreased by \$6,075,386 or 16.1%.
- The expenses for General Government decreased by \$596,856 or 5.6% from FY 2019-20 levels.
- Public Safety expenses decreased by \$3,559,247 or 24.5% from FY 2019-20 levels.
- Economic development decreased again in FY2020-21 by \$1,564,573 or 94% due to the Milwaukee Avenue/Townline Road Tax Increment Fund completely constructed, open for business and residences occupied in FY 2020-21.
- Business-type Activity net position increased \$772,653 to \$393,976 as Golf Course revenues increased by \$1,005,720 from FY 2019-20 levels due to a \$650,000 transfer from the General Fund. Expenses also increased by \$15,192 or by 3.2%.
- Within the General Fund, revenues exceeded expenditures by \$1,901,156; after \$450,186 of net transfers out, the fund balance increased by \$1,450,970. This was significantly more than the FY 2019-20 General Fund increase of \$40,208.
- Expenditures in the General Fund were down \$1,007,931 or 3.5% from FY 2019-20 levels.
- The General Fund Expenditure Category that experienced the most significant decrease was Capital Outlay which was down \$682,152 or 24%.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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 3-6) 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 3-6 of this report

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.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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 “fiduciary component unit” with the Police Pension Fund. Fiduciary 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.

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.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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 - 12 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. 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, the internal service fund activity is 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 13-16 of this report.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

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 17-18 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 19-58 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 obligations as well as budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 59-72 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 73-95 of this report.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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 \$63.6 million. The prior year, assets/deferred outflows exceeded liabilities/deferred inflows by \$57.6 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 46.1	44.6	0.0	(0.7)	46.1	43.9
Capital Assets	88.4	90.7	0.4	0.3	88.8	91.1
Total Assets	134.5	135.3	0.4	(0.4)	135.0	135.0
Deferred Outflow of Resources	8.8	9.6	-	-	8.8	9.6
Total Deferred Outflow of Resources	8.8	9.6	-	-	8.8	9.6
Total Assets and Deferred Outflows	143.4	145.0	0.4	(0.4)	143.8	144.6
Long-Term Liabilities	56.7	71.9	-	-	56.7	71.9
Other Liabilities	9.5	10.6	-	-	9.5	10.6
Total Liabilities	66.2	82.5	-	-	66.2	82.5
Deferred Inflow of Resources	13.7	4.8	-	-	13.7	4.8
Total Deferred Inflows of Resources	13.7	4.8	-	-	13.7	4.8
Total Liabilities and Deferred Inflows	79.8	87.3	-	-	79.8	87.3
Net Position						
Net Investment in						
Capital Assets	74.7	75.3	0.4	0.3	75.1	75.6
Restricted	7.5	6.6	-	-	7.5	6.6
Unrestricted (Deficit)	(18.6)	(24.3)	-	(0.7)	(18.6)	(25.1)
Total Net Position	63.6	57.6	0.4	(0.4)	64.0	57.2

About 117.3 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, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional 11.7 percent, or \$7.5 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 \$18.6 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		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 4.2	3.8	0.5	0.2	4.7	4.0
Operating Grants/Contributions	1.0	0.9	-	-	1.0	0.9
Capital Grants/Contributions	1.9	0.0	0.1	-	2.1	0.0
General Revenues						
Sales Tax	14.0	14.9	-	-	14.0	14.9
Home Rule Sales Tax	3.0	3.3	-	-	3.0	3.3
Utility Tax	1.2	1.3	-	-	1.2	1.3
Intergovt. Unrestricted						
State Income Tax	2.9	2.7	-	-	2.9	2.7
Telecommunications Tax	0.6	0.7	-	-	0.6	0.7
Other Taxes and Fees	8.2	7.8	0.7	-	8.9	7.8
Interest Income	0.1	0.9	0.0	0.0	0.1	0.9
Total Revenues	37.1	36.3	1.3	0.3	38.3	36.5
Expenses:						
General Government	10.0	10.6	-	-	10.0	10.6
Public Safety	11.0	14.6	-	-	11.0	14.6
Streets and Roads	8.9	9.0	-	-	8.9	9.0
Economic Development	0.1	1.7	-	-	0.1	1.7
Culture and Recreation	0.0	0.3	-	-	0.0	0.3
Interest on Long-Term Debt	1.1	1.1	-	-	1.1	1.1
Golf Course			0.5	0.5	0.5	0.5
Total Expenses	31.1	37.2	0.5	0.5	31.6	37.6
Increase (Decrease) in Net Position	6.0	(0.9)	0.8	(0.2)	6.8	(1.1)
Net Position-Beginning	57.6	58.5	(0.4)	(0.2)	57.2	58.3
Net Position-Ending	63.6	57.6	0.4	(0.4)	64.0	57.2

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position rose by \$6.8 million to an ending net position totaling \$64 million. In FY 2019-20, net position fell by \$1.1 million. The net position for governmental activities increased by \$6 million total, better than the \$0.9 million decline in FY 2019-20. Business-type activities rose by \$0.8 million, greater than the \$0.2 million decline in FY 2019-20.

Governmental Activities

The Village's \$6 million increase in its governmental net position represented a 10.4% increase from last year. Revenues increased by \$0.8 million or 2.2%, while expenses decreased by \$6.1 million or by 16.4%. Highlights of the changes from FY 2019-20 included:

- General Revenues decreased \$1.6 million or 5% from FY 2019-20 levels. Most of the decrease is reduced sales tax revenue and investment income.
- Capital Grants and Contributions increased from FY 2019-20 by \$1.9 million due to CARES Act reimbursements.
- Tax increment revenues increased 79.7% or \$2.1 million from FY 2019-20 due to Milwaukee Avenue/Townline Road Tax Increment Financing District (Melody Farm) restaurants, retail and residential construction completed and occupied.
- Charges for Services increased by \$0.4 million or 11% from FY 2019-20 levels. Most of the increase is due to higher permit fees received than in the previous year.
- Public Safety expenses decreased by \$3.6 million or 24.4% from FY 2019-20 levels.
- Economic Development expenses decreased by \$1.6 million or 94% from FY 2019-20 levels.
- General Government expenses decreased \$0.6 million or 5.6% compared to FY 2019-20.

The \$6 million increase in Governmental Activities net position in FY 2020-21 was a significant improvement compared to the \$0.9 million decline in FY 2019-20, and the \$4.3 million decline in FY 2018-19.

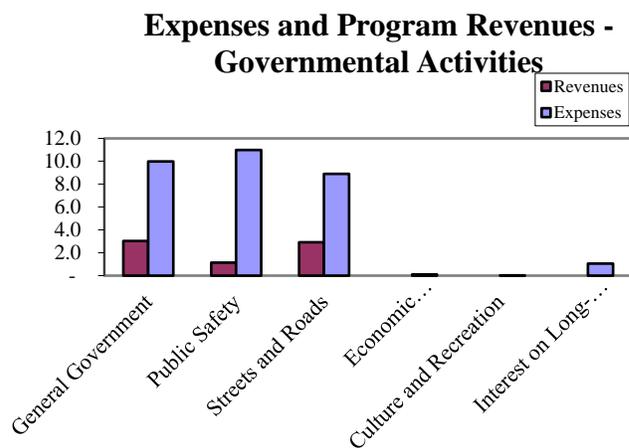
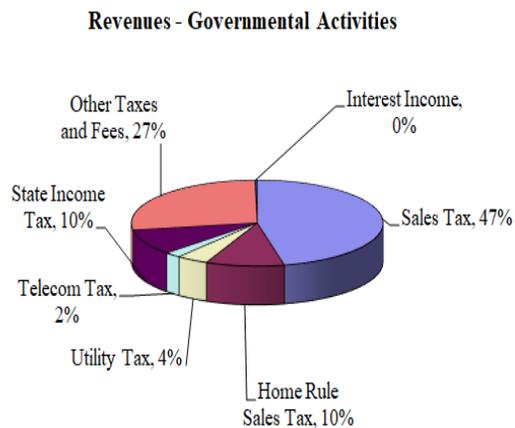
VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

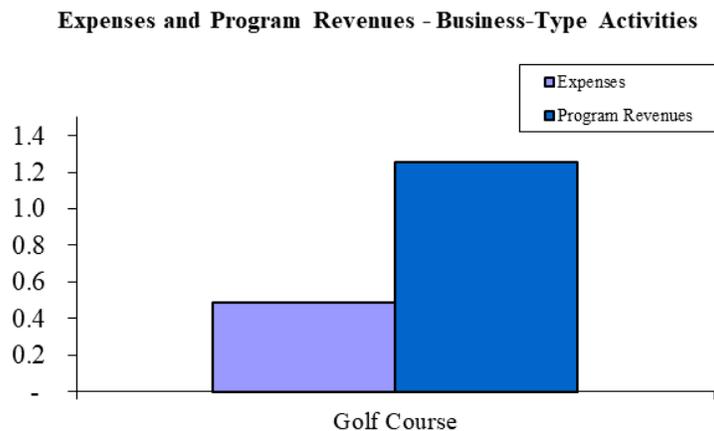
Governmental Activities – Continued

The following tables graphically depict the major revenue sources of the Village of Vernon Hills. They depict 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 \$1,256,575 revenues for Charges for Services, Contributed Capital and Transfer exceeded the \$483,922 of golf course expenses. Revenues increased in excess of \$1 million from FY 2019-20 levels due to the transfer from General Fund and contributed capital, and expenses increased by \$15.192 from FY 2019-20 levels.



VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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 increased \$2,343,447 or 6.8%, over FY2019-20 levels. Several major factors contributed to this result:

- In FY 2020-21, the General Fund balance increased by \$1,450,970 to \$29,462,254. Revenues exceeded expenditures by \$1,901,156, predominately due to licenses, permits and fees revenue of \$2,059,703, representing an increase of \$709,027 from FY 2019-20.
- Expenditures in the General Fund were down by \$1,007,931 or 3.5% from FY 2019-20 levels. This decrease was largely attributable to a \$682,152 decrease in capital outlay from FY 2019-20.
- Revenues in the General Fund decreased by \$684,770 from the FY 2019-20 level. This change is mainly attributable to the decrease in sales and home rule sales tax revenue and lower investment income.
- Investment Income decreased by \$730,656 to \$81,139 because of the decline in market conditions.
- The fines and forfeitures category decreased by \$67,506 or 28% from the prior year. This change is primarily due to the Covid pandemic and reduced citations.
- Within the VHTC Tax Increment Fund, the fund's revenues and other financing sources exceeded its expenditures \$527,692. As a result, the fund balance increased to \$1,542,476. This is a significant increase over the FY2019-20 fund balance of \$1,014,784, which was primarily due to an increase in the tax incremental revenues.
- The Milwaukee Avenue/Townline Road Tax Increment Fund (Melody Farm) had a reduction in fund balance due to reimbursing the General Fund in FY 2020-21 for prior year's TIF expenditures incurred prior to TIF incremental revenues received.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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 2020-21, the Golf Course had \$483,922 of expenses and generated \$505,210 of revenues; the Golf Course received a \$650,000 transfer from General Fund and \$101,148 contributed capital. With these revenues and the \$21,288 revenues exceeding expenditures, the Golf Course Fund eliminated its deficit net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

Transfers are routinely made between expenditure accounts during the year. The Village's policy of carrying forward into the current fiscal year encumbrances or commitments budgeted but not expended in the prior fiscal year and increasing the budget was almost entirely eliminated in FY 2020-21. Overall, the General Fund FY 2020-21 expenditures exceeded final budget by \$985,981. This overage was due to economic incentive payments that are handled at year end.

While revenues surpassed projection in FY 2020-21 by \$3,718,399, the most significant were in the General Fund's intergovernmental (sales tax and grants) and Licenses, Permits and Fees categories. For sales tax, \$11,908,600 was budgeted and \$13,955,122 was recognized; grants were budgeted \$5,000 and \$1,121,575 were received. For Licenses, Permits and Fees, \$1,154,150 was budgeted, and fortunately \$2,059,703 was recognized.

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 FY 2020-21 is responsible for having actual expenditures of \$7,766,548 versus the budget amount of \$3,309,849.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5.2	5.2	0.3	0.3	5.5	5.5
Construction in Progress	1.5	0.1	-	-	1.5	0.1
Land Improvements	5.8	6.3	-	-	5.8	6.3
Buildings and Improvements	15.2	15.7	-	-	15.2	15.7
Equipment/Vehicles	1.3	1.5	0.1	0.0	1.4	1.6
Infrastructure	59.4	61.8	-	-	59.4	61.8
Total	\$ 88.4	90.7	0.4	0.3	88.7	91.0

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, 2021, was \$88.7 million. This change represented a decrease of \$2.3 million, or 2.5% from FY 2019-20, 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 30-31 of this report.

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

Construction in progress	\$ 1.37
Buildings and improvements	<u>0.18</u>
	<u>\$ 1.55</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$33.1 million as compared to \$35.8 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 33.1	35.8	-	-	33.1	35.8
Alternate Revenue Bonds	-	-	-	-	-	-
Total	33.1	35.8	-	-	33.1	35.8

General Obligation debt began the year with a \$35,800,000 balance in General Obligation Bonds. The amount of General Obligation Debt retired in FY 2020-21 was \$2,700,000, leaving an April 30, 2021, balance of \$33,100,000 for General Obligation Bonds. Additional information on the Village of Vernon Hills' debt administration can be found in Note 4 on pages 32-35 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 2021-22 budget and fees charged for its services. One of those factors is the economy. Vernon Hills' average unemployment rate for 2020 was 7.3%. That was up significantly from Vernon Hills' average annual unemployment rates for 2019 (3.5%). The Vernon Hills' unemployment rate for 2020 compares favorably to the Lake County average unemployment rate of 8.1%, and the State of Illinois unemployment rate of 9.5%. The U. S. Census Bureau 5-year (2015-2019) estimated household median income value for Vernon Hills is \$104,199, which is 18 percent higher than Lake County and 37 percent higher than State of Illinois. The Median Value of owner-occupied housing units (2015-2019) is estimated at \$348,900, 24% higher than Lake County and 44% over the State of Illinois.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2021

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 FY 2020-21, the total regular sales tax revenues (excluding the home rule sales tax) before economic incentive rebates was \$13.9 million.

The COVID-19 pandemic has caused significant business disruption through mandated and voluntary closings of Village locations. Management, with the support of the Village Board, have responded with operational adjustments to ensure the stability of the Village's finances. The duration and ultimate financial impact cannot be reasonably estimated at this time.

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.

BASIC FINANCIAL STATEMENTS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND:

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

CAPITAL PROJECTS FUNDS:

The Capital Projects Funds account for all resources used for the acquisition of capital assets by the Village, except those financed by Proprietary and Trust Funds, including general and infrastructure capital assets.

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 Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes. See pages 7 and 9.

Milwaukee Avenue/Townline Road 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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS:

SPECIAL REVENUE FUNDS:

Special Revenue Funds are used to report specific revenue sources that are limited to being used for a particular purpose.

Motor Fuel Tax Fund

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.

Dispatch Center Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

MAJOR ENTERPRISE FUND:

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.

Golf Course Fund

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

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.

Equipment Replacement 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.

TRUST AND AGENCY FUNDS:

PENSION TRUST FUND

Police Pension Fund

Pension Trust Funds are set up for the purpose of accounting for money received from nonenterprise fund sources and held by a governmental unit in the capacity of trustee for individuals, entities and nonpublic organizations.

Village of Vernon Hills, Illinois
Statement of Net Position
April 30, 2021

Assets	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 38,845,299	\$ 35,140	\$ 38,880,439
Receivables			
Taxes	5,144,377	-	5,144,377
Intergovernmental	82,731	-	82,731
Accounts	187,527	22,586	210,113
Accrued interest	3,427	-	3,427
Other	18,631	-	18,631
Prepaid expenses	133,743	-	133,743
Inventory	-	22,375	22,375
Due from other governments	1,620,877	-	1,620,877
Internal balances	67,696	(67,696)	-
Total current assets	<u>46,104,308</u>	<u>12,405</u>	<u>46,116,713</u>
Noncurrent assets:			
Net pension asset	27,059	-	27,059
Capital assets:			
Nondepreciable assets	6,704,188	302,282	7,006,470
Depreciable assets	168,543,125	2,279,336	170,822,461
Accumulated depreciation	(86,838,970)	(2,170,886)	(89,009,856)
Total capital assets	<u>88,408,343</u>	<u>410,732</u>	<u>88,819,075</u>
Total assets	<u>134,539,710</u>	<u>423,137</u>	<u>134,962,847</u>
Deferred Outflows of Resources			
Pension related - IMRF	963,754	-	963,754
Pension related - Police Pension	4,560,963	-	4,560,963
OPEB related	2,634,434	-	2,634,434
Asset retirement obligation	384,000	-	384,000
Unamortized loss on refunding	302,368	-	302,368
Total deferred outflows of resources	<u>8,845,519</u>	<u>-</u>	<u>8,845,519</u>

See accompanying notes.

Liabilities	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 732,722	\$ 24,828	\$ 757,550
Accrued payroll	342,185	-	342,185
Deposits payable	715,954	-	715,954
Unearned revenues	184,696	2,906	187,602
Other payables	3,798,347	1,427	3,799,774
Due to other governments	454,515	-	454,515
Accrued interest payable	123,421	-	123,421
Compensated absences payable	331,283	-	331,283
General obligation bonds payable	2,790,000	-	2,790,000
Total current liabilities	<u>9,473,123</u>	<u>29,161</u>	<u>9,502,284</u>
Noncurrent liabilities:			
Compensated absences payable	1,325,131	-	1,325,131
Net pension liability - Police Pension	18,694,621	-	18,694,621
OPEB liability	5,773,659	-	5,773,659
Asset retirement obligation	400,000	-	400,000
Unamortized bond premium	185,336	-	185,336
General obligation bonds payable	30,305,000	-	30,305,000
Total noncurrent liabilities	<u>56,683,747</u>	<u>-</u>	<u>56,683,747</u>
Total liabilities	<u>66,156,870</u>	<u>29,161</u>	<u>66,186,031</u>
Deferred Inflows of Resources			
Pension related - IMRF	3,368,350	-	3,368,350
Pension related - Police Pension	9,071,525	-	9,071,525
OPEB related	1,222,042	-	1,222,042
Total deferred inflows of resources	<u>13,661,917</u>	<u>-</u>	<u>13,661,917</u>
Net Position			
Net investment in capital assets	74,675,375	410,732	75,086,107
Restricted - public safety	2,203,524	-	2,203,524
Restricted - streets and roads	2,343,995	-	2,343,995
Restricted - economic development	2,783,429	-	2,783,429
Restricted - Metra parking	139,644	-	139,644
Unrestricted (deficit)	(18,579,525)	(16,756)	(18,596,281)
Total net position	<u>\$ 63,566,442</u>	<u>\$ 393,976</u>	<u>\$ 63,960,418</u>

**Village of Vernon Hills, Illinois
Statement of Activities
For the Year Ended April 30, 2021**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General and administrative	\$ 9,976,962	\$ 3,025,548	\$ -
Public safety	10,996,673	1,148,232	174
Streets and roads	8,912,071	-	969,020
Economic development	99,016	-	-
Culture and recreation	31,532	-	-
Interest and fees	1,058,565	-	-
Total governmental activities	31,074,819	4,173,780	969,194
Business-type activities:			
Golf course	483,922	505,210	-
Total business-type activities	483,922	505,210	-
Total primary government	\$ 31,558,741	\$ 4,678,990	\$ 969,194

General revenues:

Taxes:

- Utility
- Home rule sales
- Hotel/motel
- 911 surcharge
- Road and bridge
- Telecommunication
- Tax increment
- Use
- Food and beverage
- Other

Intergovernmental:

- Sales tax
- State income tax
- Investment income
- Miscellaneous

Transfers

Contributed capital

Total general revenues

Changes in net position

Net position, beginning of the year

Net position, end of the year

See accompanying notes.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (6,951,414)	\$ -	\$ (6,951,414)
-	(9,848,267)	-	(9,848,267)
1,948,924	(5,994,127)	-	(5,994,127)
-	(99,016)	-	(99,016)
-	(31,532)	-	(31,532)
-	(1,058,565)	-	(1,058,565)
1,948,924	(23,982,921)	-	(23,982,921)
-	-	21,288	21,288
-	-	21,288	21,288
\$ 1,948,924	(23,982,921)	21,288	(23,961,633)
	1,213,494	-	1,213,494
	3,008,154	-	3,008,154
	72,700	-	72,700
	531,591	-	531,591
	217,396	-	217,396
	625,548	-	625,548
	4,812,319	-	4,812,319
	1,121,555	-	1,121,555
	1,050,433	-	1,050,433
	44,647	-	44,647
	13,955,122	-	13,955,122
	2,878,887	-	2,878,887
	87,056	217	87,273
	1,004,787	-	1,004,787
	(650,000)	650,000	-
	-	101,148	101,148
	29,973,689	751,365	30,725,054
	5,990,768	772,653	6,763,421
	57,575,674	(378,677)	57,196,997
\$ 63,566,442	\$ 393,976	\$ 63,960,418	

Village of Vernon Hills, Illinois
Balance Sheet
Governmental Funds
April 30, 2021

	General	Vernon Hills Town Center Tax Increment
Assets		
Cash and investments	\$ 29,217,557	\$ 1,542,476
Receivables:		
Taxes	5,011,362	-
Intergovernmental	-	-
Accounts	187,527	-
Accrued Interest	3,427	-
Other	18,631	-
Prepaid items	133,017	-
Due from other governments	1,620,877	-
Advances to other funds	67,696	-
	\$ 36,260,094	\$ 1,542,476
Liabilities		
Accounts payable	\$ 616,348	\$ -
Accrued payroll	313,559	-
Deposits payable	487,041	-
Unearned revenue	184,696	-
Other payables	3,798,347	-
Due to other governments	454,515	-
	5,854,506	-
Deferred Inflows of Resources		
Unavailable revenues	943,334	-
	6,797,840	-
Fund Balances		
Nonspendable:		
Advances	67,696	-
Prepaid items	133,017	-
Long-term receivable	677,543	-
Restricted:		
Metra parking	139,644	-
Streets and roads	161,467	-
Economic development	-	1,542,476
Public safety	-	-
Unassigned	28,282,887	-
	29,462,254	1,542,476
Total fund balances	\$ 36,260,094	\$ 1,542,476
Total liabilities and fund balances	\$ 36,260,094	\$ 1,542,476

See independent auditor's report.

<u>Milwaukee Avenue/ Townline Road Tax Increment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,493,406	\$ 4,291,766	\$ 36,545,205
-	133,015	5,144,377
-	82,731	82,731
-	-	187,527
-	-	3,427
-	-	18,631
-	726	133,743
-	-	1,620,877
-	-	67,696
<u>\$ 1,493,406</u>	<u>\$ 4,508,238</u>	<u>\$ 43,804,214</u>
\$ 23,540	\$ 92,834	\$ 732,722
-	28,626	342,185
228,913	-	715,954
-	-	184,696
-	-	3,798,347
-	-	454,515
<u>252,453</u>	<u>121,460</u>	<u>6,228,419</u>
-	-	943,334
<u>252,453</u>	<u>121,460</u>	<u>7,171,753</u>
-	-	67,696
-	726	133,743
-	-	677,543
-	-	139,644
-	2,182,528	2,343,995
1,240,953	-	2,783,429
-	2,203,524	2,203,524
-	-	28,282,887
<u>1,240,953</u>	<u>4,386,778</u>	<u>36,632,461</u>
<u>\$ 1,493,406</u>	<u>\$ 4,508,238</u>	<u>\$ 43,804,214</u>

Village of Vernon Hills, Illinois
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2021

Total fund balance - governmental funds (page 8)	\$ 36,632,461
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 funds.	88,408,343
Less amount reported in internal service funds below	(579,315)
Unavailable revenue reported in the governmental funds that does not provide current financial resources is recognized as revenue for the government-wide financial statements.	943,334
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
General obligation bonds payable	(33,095,000)
Premium on bonds payable	(185,336)
Compensated absences payable	(1,656,414)
Interest payable	(123,421)
Unamortized loss on refunding	302,368
Net pension and OPEB asset (liabilities) are shown as an asset (liability) on the statement of net position.	
Illinois Municipal Retirement Fund	27,059
Police Pension Fund	(18,694,621)
OPEB	(5,773,659)
Differences between expected and actual experiences, assumption changes, and 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	(2,404,596)
Police Pension Fund	(4,510,562)
OPEB	1,412,392
Asset retirement obligations are shown as a liability on the statement of net position.	(400,000)
A deferred outflow of resources associated with an asset retirement obligation is measured at the amount of the corresponding liability upon initial measurement and reduced and recognized in a systematic and rational manner over its estimated useful life.	384,000
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position.	2,879,409
Net position of governmental activities (page 4)	\$ 63,566,442

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2021

	General	Vernon Hills Town Center Tax Increment
Revenues:		
Taxes	\$ 7,353,927	\$ 1,877,282
Intergovernmental	17,955,584	-
Licenses, permits, and fees	2,059,703	-
Charges for services	965,846	-
Fines and forfeitures	173,104	-
Investment income	81,139	581
Miscellaneous	727,540	-
	29,316,843	1,877,863
Expenditures:		
Current:		
General government	9,284,377	-
Public safety	10,364,581	-
Streets and roads	4,993,737	-
Economic development	-	1,350
Culture and recreation	31,532	-
Capital outlay	2,157,027	-
Debt service:		
Principal retirement	435,000	1,320,000
Interest and fiscal charges	149,433	216,549
	27,415,687	1,537,899
Excess (deficiency) of revenues over expenditures	1,901,156	339,964
Other financing sources (uses):		
Transfers in	2,052,194	187,728
Transfers out	(2,502,380)	-
	(450,186)	187,728
Net changes in fund balance	1,450,970	527,692
Fund balances, beginning of the year	28,011,284	1,014,784
Fund balances, end of the year	\$ 29,462,254	\$ 1,542,476

See independent auditor's report.

Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,935,037	\$ 531,591	\$ 12,697,837
-	1,796,543	19,752,127
-	-	2,059,703
-	975,129	1,940,975
-	-	173,104
695	4,642	87,057
-	-	727,540
2,935,732	3,307,905	37,438,343
-	-	9,284,377
-	2,518,492	12,883,073
-	-	4,993,737
97,666	-	99,016
-	-	31,532
-	1,180,146	3,337,173
945,000	-	2,700,000
648,858	-	1,014,840
1,691,524	3,698,638	34,343,748
1,244,208	(390,733)	3,094,595
293,504	1,270,000	3,803,426
(2,052,194)	-	(4,554,574)
(1,758,690)	1,270,000	(751,148)
(514,482)	879,267	2,343,447
1,755,435	3,507,511	34,289,014
\$ 1,240,953	\$ 4,386,778	\$ 36,632,461

Village of Vernon Hills, Illinois
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2021

Amounts reported for governmental activities in the statement of activities (pages 5 and 6) are different because:

Net changes in fund balances - total governmental funds (page 11)	\$ 2,343,447
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	1,547,443
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(3,753,629)
Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the governmental funds.	(106,666)
The repayment of long-term debt is reported as an expenditure when due in the governmental funds but as a reduction of principal outstanding in the statement of activities.	
Compensated absences payable	(51,160)
Principal repayment	2,700,000
Change in interest payable	(8,671)
Amortization of bond premium	26,950
Amortization of the loss on refunding is reported as interest expense in the statement of activities.	(62,005)
The change in the net pension and OPEB liabilities are reported only in the statement of activities.	
Illinois Municipal Retirement Fund	2,670,565
Police Pension Fund	10,419,238
OPEB	(411,633)
The change in the deferred outflows and inflows of resources is reported only in the statement of activities.	
Illinois Municipal Retirement Fund	(1,105,250)
Police Pension Fund	(8,543,684)
OPEB	80,237
Asset retirement obligation	(8,000)
The change in net position of internal service funds is reported in governmental activities.	253,586
Change in net position of governmental activities (page 6)	<u>\$ 5,990,768</u>

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Net Position - Proprietary Funds
April 30, 2021

	Business-Type Activities	Governmental Activities	
	Golf Course	Internal Service	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 35,140	\$ 2,300,094	\$ 2,335,234
Accounts receivable	22,586	-	22,586
Inventory	22,375	-	22,375
Total current assets	80,101	2,300,094	2,380,195
Noncurrent assets:			
Capital assets:			
Nondepreciable	302,282	-	302,282
Depreciable	2,279,336	2,029,290	4,308,626
Accumulated depreciation	(2,170,886)	(1,449,975)	(3,620,861)
Total noncurrent assets	410,732	579,315	990,047
Total assets	490,833	2,879,409	3,370,242
Liabilities			
Current liabilities:			
Accounts payable	24,828	-	24,828
Unearned revenue	2,906	-	2,906
Other payable	1,427	-	1,427
Total current liabilities	29,161	-	29,161
Noncurrent liabilities:			
Advances from other funds	67,696	-	67,696
Total liabilities	96,857	-	96,857
Net Position			
Net investment in capital assets	410,732	579,315	990,047
Unrestricted	(16,756)	2,300,094	2,283,338
Total net position	\$ 393,976	\$ 2,879,409	\$ 3,273,385

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
For the Year Ended April 30, 2021

	Business-Type Activities <u>Golf Course</u>	Governmental Activities <u>Internal Service</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 505,210	\$ 473,588	\$ 978,798
Operating expenses:			
Operations	454,145	107,856	562,001
Depreciation	29,777	112,146	141,923
Total operating expenses	483,922	220,002	703,924
Operating income	21,288	253,586	274,874
Nonoperating revenue (expense):			
Interest income	217	-	217
Other financing sources (uses):			
Transfers in	650,000	-	650,000
Changes in net position	671,505	253,586	925,091
Contributed capital	101,148	-	101,148
Net position, beginning of the year	(378,677)	2,625,823	2,247,146
Net position, end of the year	\$ 393,976	\$ 2,879,409	\$ 3,273,385

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Cash Flows - Proprietary Funds
For the Year Ended April 30, 2021

	Business-Type Activities	Governmental Activities	
	Golf Course	Internal Service	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 497,174	\$ -	\$ 497,174
Receipts from internal service transactions	-	473,588	473,588
Payments to suppliers	(229,713)	(107,856)	(337,569)
Payments to employees	(206,463)	-	(206,463)
Net cash from operating activities	60,998	365,732	426,730
Cash flows from capital and related financing activities:			
Purchases of capital assets	(101,148)	-	(101,148)
Interfund transactions	(26,075)	20,399	(5,676)
Net cash from capital and related financing activities	(127,223)	20,399	(106,824)
Cash flows from investing activities:			
Contributed capital	101,148	-	101,148
Interest received	217	-	217
Net cash from investing activities	101,365	-	101,365
Net change in cash and cash equivalents	35,140	386,131	421,271
Balance, beginning of the year	-	1,913,963	1,913,963
Balance, end of the year	\$ 35,140	\$ 2,300,094	\$ 2,335,234

(cont'd)

Village of Vernon Hills, Illinois
Statement of Cash Flows - Proprietary Funds (cont'd)
For the Year Ended April 30, 2021

	Business-Type Activities	Governmental Activities	
	Golf Course	Internal Service	Total
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 21,288	\$ 253,586	\$ 274,874
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	29,777	112,146	141,923
Changes in assets and liabilities:			
Accounts receivable	(2,958)	-	(2,958)
Inventory	5,400	-	5,400
Accounts payable	12,001	-	12,001
Other payable	568	-	568
Unearned revenue	(5,078)	-	(5,078)
Net cash from operating activities	\$ 60,998	\$ 365,732	\$ 426,730

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Fiduciary Net Position
Pension Trust Fund
April 30, 2021

	Police Pension Trust Fund
Assets	
Cash and cash equivalents	\$ 2,619,727
Investments:	
U.S. Treasury securities	5,545,149
U.S. agency securities	3,712,130
Corporate bonds	8,574,459
Municipal bonds	105,276
Stock equities	7,087,226
Mutual funds	37,992,117
Receivables:	
Accrued interest	87,187
Prepays	27,725
Total assets	65,750,996
Liabilities	
Accounts payable	14,667
Total liabilities	14,667
Net Position	
Net position restricted for pensions	\$ 65,736,329

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended April 30, 2021

Additions	
Contributions:	
Employer	\$ 2,622,000
Participant	<u>513,579</u>
Total contributions	<u>3,135,579</u>
Investment income:	
Net appreciation in fair value of investments	14,846,289
Interest and dividend income	225,794
Less investment expenses	<u>(183,879)</u>
Net investment income	<u>14,888,204</u>
Miscellaneous income	<u>470</u>
Total additions	<u>18,024,253</u>
Deductions	
Administration	64,522
Benefits and refunds - benefits	<u>2,831,861</u>
Total deductions	<u>2,896,383</u>
Net increase in net position	15,127,870
Net position restricted for pensions:	
Beginning of the year	<u>50,608,459</u>
End of the year	<u>\$ 65,736,329</u>

See accompanying notes.

Village of Vernon Hills, Illinois Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The financial statements of the Village of Vernon Hills, Illinois, (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.

As required by GAAP, these financial statements present the Village (the primary government) and its component units. Management has determined that there is one fiduciary component unit that is required to be included in the financial statements of the Village as a pension trust fund.

Police Pension Employees Retirement System

The Village's police employees participate in Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members are appointed by the Village's President, one elected by pension beneficiaries and two elected police employees constitute the pension board. The Village is obligated to fund all PPERS costs not funded by PPERS participants based upon actuarial valuations, which creates a financial burden on the Village. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contributions levels, which results in the PPERS being fiscally dependent upon the Village. PPERS is reported as a pension trust fund. PPERS does not issue a stand-alone financial report.

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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

B. Fund Accounting (cont'd)

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.

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 fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The Village utilizes a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity.

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 the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

C. Government-Wide and Fund Financial Statements (cont'd)

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 Village has elected to present this fund as major.

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. 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 revenues/expenses are incidental to the operations of these funds.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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. 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 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 the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

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. Prepaids/Inventories

Prepaids/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 the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

H. Interfund Receivable/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.

I. Capital Assets

Capital assets purchased or acquired with an original cost of \$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.

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:

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

J. 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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

J. Compensated Absences (cont'd)

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.

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 the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

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).

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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

2. Deposits and Investments (cont'd)

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 not-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, this 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, 2021, 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, 2021:

	Fair Value	Investment Maturities (in Years)			
		Less Than One Year	1 - 5 Years	6 – 10 Years	More Than 10 Years
IMET	\$ 576,993	\$ -	\$ 576,993	\$ -	\$ -
Negotiable certificates of deposit	1,287,233	507,678	779,555	-	-
	<u>\$ 1,864,226</u>	<u>\$ 507,678</u>	<u>\$ 1,356,548</u>	<u>\$ -</u>	<u>\$ -</u>

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

2. **Deposits and Investments** (cont'd)

B. **Investments** (cont'd)

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, 2021: 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 negotiable certificates of deposit 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 negotiable certificates of deposit are not rated, and IMET and The Illinois Funds are rated AAA by a national rating agency.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

2. **Deposits and Investments** (cont'd)

B. **Investments** (cont'd)

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the Village’s investment in a single issuer. At April 30, 2021, the Village did not have greater than 5% of its overall portfolio invested in any one investment that was not fully insured. 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.

A reconciliation of cash and investments on the statement of net position as of April 30, 2021, follows:

Cash on hand	\$	3,375
Carrying amount of deposits		820,858
Carrying amount of Illinois Funds		34,942,357
Carrying amount of IMET		576,993
Carrying amount of money market fund		1,249,623
Carrying amount of negotiable certificate of deposits		1,287,233
		1,287,233
Statement of Net Position:		
Cash and investments	\$	38,880,439

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

3. Capital Assets

Capital asset activity for the year ended April 30, 2021, was as follows:

	<u>Balances May 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30, 2021</u>
Governmental Activities				
Capital assets not being depreciated:				
Land and land right of way	\$ 5,208,895	\$ -	\$ -	\$ 5,208,895
Construction in progress	126,656	1,377,507	(8,870)	1,495,293
	<u>5,335,551</u>	<u>1,377,507</u>	<u>(8,870)</u>	<u>6,704,188</u>
Capital assets being depreciated:				
Land improvements	15,449,330	-	-	15,449,330
Buildings and improvements	25,599,821	178,806	-	25,778,627
Equipment/vehicles	6,286,724	-	-	6,286,724
Infrastructure	121,028,444	-	-	121,028,444
	<u>168,364,319</u>	<u>178,806</u>	<u>-</u>	<u>168,543,125</u>
Less accumulated depreciation:				
Land improvements	9,108,152	538,958	-	9,647,110
Buildings and improvements	9,947,073	603,905	-	10,550,978
Equipment/vehicles	4,737,481	277,349	-	5,014,830
Infrastructure	59,180,489	2,445,563	-	61,626,052
	<u>82,973,195</u>	<u>3,865,775</u>	<u>-</u>	<u>86,838,970</u>
Total capital assets being depreciated, net	<u>85,391,124</u>	<u>(3,686,969)</u>	<u>-</u>	<u>81,704,155</u>
Governmental activities, capital assets, net	<u>\$ 90,726,675</u>	<u>\$ (2,309,462)</u>	<u>\$ (8,870)</u>	<u>\$ 88,408,343</u>

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

General government	\$ 766,095
Public safety	386,601
Streets and roads	2,600,933
Equipment replacement	112,146
Total depreciation – governmental activities	<u>\$ 3,865,775</u>

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

3. Capital Assets (cont'd)

Business-type capital asset activity for the year ended April 30, 2021, was as follows:

	Balances May 1, 2020	Additions	Retirements	Balances April 30, 2021
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 302,282	\$ -	\$ -	\$ 302,282
	302,282	-	-	302,282
Capital assets being depreciated:				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	413,304	101,148	-	514,452
	2,178,188	101,148	-	2,279,336
Less accumulated depreciation:				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	376,225	29,777	-	406,002
	2,141,109	29,777	-	2,170,886
Total capital assets being depreciated, net	37,079	71,371	-	108,450
Business-type activities, capital assets, net	\$ 339,361	\$ 71,371	\$ -	\$ 410,732

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

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, 2020	Additions	Reductions Refundings	Balances April 30, 2021	Amounts Due Within One Year
<p>\$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.</p>	<p>Vernon Hills Town Center Tax Increment</p>	<p>\$ 5,850,000</p>	<p>\$ -</p>	<p>\$ 675,000</p>	<p>\$ 5,175,000</p>	<p>\$ 725,000</p>
<p>\$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.</p>	<p>General</p>	<p>865,000</p>	<p>-</p>	<p>130,000</p>	<p>735,000</p>	<p>140,000</p>
<p>\$5,630,000 General Obligation Bonds, Series 2014 due in annual installments of \$195,000 to \$820,000 with interest from 2.00% to 3.5%. The last payment is due March 30, 2034.</p>	<p>General (Police Station)</p> <p>General (Communication Center)</p> <p>Vernon Hills Town Center Tax Increment</p>	<p>2,750,000</p> <p>400,000</p> <p>910,000</p>	<p>-</p> <p>-</p> <p>-</p>	<p>165,000</p> <p>-</p> <p>175,000</p>	<p>2,585,000</p> <p>400,000</p> <p>735,000</p>	<p>170,000</p> <p>-</p> <p>175,000</p>
<p>\$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.</p>	<p>General</p>	<p>1,500,000</p>	<p>-</p>	<p>140,000</p>	<p>1,360,000</p>	<p>140,000</p>

(cont'd)

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

4. Long-term Debt (cont'd)

A. General Obligation Bonds (cont'd)

	<u>Fund Debt Retired by</u>	<u>Balances May 1, 2020</u>	<u>Additions</u>	<u>Reductions Refundings</u>	<u>Balances April 30, 2021</u>	<u>Amounts Due Within One Year</u>
\$5,255,000 General Obligation Refunding Bonds, Series 2015B Due in annual Installments of \$440,000 to \$575,000 with interest 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	\$ 3,330,000	-	\$ 470,000	\$ 2,860,000	\$ 475,000
\$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 Tax Increment	<u>20,190,000</u>	-	<u>945,000</u>	<u>19,245,000</u>	<u>965,000</u>
		\$ <u>35,795,000</u>	-	\$ <u>2,700,000</u>	\$ <u>33,095,000</u>	\$ <u>2,790,000</u>

B. Debt Services to Maturity

Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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

(cont'd)

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

4. Long-term Debt (cont'd)

B. Debt Services to Maturity (cont'd)

Fiscal Year	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
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
Total	\$ 33,095,000	\$ 7,889,339	\$ 40,984,339

C. Changes in Long-term Liabilities

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
General obligation bonds	\$ 35,795,000	\$ -	\$ 2,700,000	\$ 33,095,000	\$ 2,790,000
Asset retirement obligations	400,000	-	-	400,000	-
Compensated absences payable*	1,605,254	1,429,404	1,378,244	1,656,414	331,283
Net pension liability (asset) – IMRF*	2,643,506	-	2,670,565	(27,059)	-
Net pension liability – Police Pension *	29,113,859	-	10,419,238	18,694,621	-
OPEB liability*	5,362,026	411,633	-	5,773,659	-
Unamortized bond premium	212,286	-	26,950	185,336	-
Total Governmental activities	\$ 75,131,931	\$ 1,841,037	\$ 17,194,997	\$ 59,777,971	\$ 3,121,283

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

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

4. Long-term Debt (cont'd)

D. Asset Retirement Obligations

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells is 50 years. The Village had \$400,000 in asset retirement obligations and \$384,000 in deferred outflows as of April 30, 2021.

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 through the Illinois Counties Risk Management Trust (ICRMT) for general liability, workers' compensation, and other risks. Additionally, to limit exposure to employee health risks, the Village has purchased third party indemnity insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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.

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.

C. Risks and Uncertainties

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern". COVID-19 has continued to spread throughout the world and has adversely impacted global commercial activity. The impact which COVID-19 will have on the Village's financial condition cannot be reasonably estimated at this time.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

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 2020 may be applied to the loan balance, and that the commencement of the scheduled loan payments would begin in 2020. The loan receivable balance as of April 30, 2021, was \$672,244 and was included as part of due from other governments.

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

Fiscal Year Ending April 30,	Interest
2022	\$ 84,031
2023	84,031
2024	84,031
2025	84,031
2026	84,031
2027 – 2030	252,089
	\$ 672,244

During the fiscal year ended April 30, 2020, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District), SMP Development LLC (the Company), and the Vernon Hills Soccer Club (the Soccer Club) for the purchase and installation of turf fields at the Vernon Hills Athletic Complex. The Village agreed to purchase the new turf fields for \$1,766,736 and lease the use of the fields to the abovementioned parties. As such, a loan receivable due from these parties was established and was to be paid in installments ranging from \$16,666 to \$90,000, commencing January 10, 2020, through February 1, 2030. The loan receivable balance as of April 30, 2021, was \$943,334 and was included as part of due from other governments.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

7. Loan Receivable (cont'd)

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

Fiscal Year Ending April 30,	Interest
2022	\$ 106,666
2023	106,666
2024	106,666
2025	106,666
2026	106,666
2027 – 2030	410,004
	\$ 943,334

8. Individual Fund Disclosures

A. Long-term Advances

Individual fund long-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf course	\$ 67,696

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

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

8. Individual Fund Disclosures (cont'd)

B. Transfers In/Out

Individual fund transfers are as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
General	\$ 2,052,194	Milwaukee Avenue/ Townline Road TIF	\$ 2,052,194
Milwaukee Avenue/ Townline Road TIF	293,504	General	293,504
Vernon Hills Town Center TIF	187,728	General	187,728
Golf course	650,000	General	650,000
Golf course (capital)	101,148	General	101,148
Nonmajor governmental	<u>1,270,000</u>	General	<u>1,270,000</u>
	<u>\$ 4,554,574</u>		<u>\$ 4,554,574</u>

The purposes of the significant transfers are as follows:

\$2,052,194 transferred from the Milwaukee Avenue/Townline Road TIF to a General Fund is to reimburse the General Fund for payments made under the redevelopment agreement with Melody Farms LLC and legal and consulting fees incurred in establishing the TIF. This amount will not be repaid.

\$293,504 transferred from the General Fund to the Milwaukee Avenue/Townline Road 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.

\$187,728 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.

\$650,000 transferred from the General Fund to Golf Course Fund is to fund operations as golf course revenues are not sufficient to cover golf course operations. This amount will not be repaid.

\$101,148 transferred from the General Fund to Golf Course Fund is to fund depreciable capital assets. The amount was recorded as contributed capital in the Golf Course Fund. This amount will not be repaid.

\$1,270,000 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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

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.

Illinois Municipal Retirement Fund

A. General Information About the Pension Plan

Plan Description – The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

At December 31, 2020 (most recent information available), IMRF and membership consisted of:

Retirees and beneficiaries	56
Inactive, non-retired members	58
Active members	<u>61</u>
Total	<u>175</u>

Benefits Provided – IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1), who retire at or after age 60 with 8 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent of each year thereafter. Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011 (Tier 2), who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$115,929 at January 1, 2020, and \$116,740 at January 1, 2021. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems (cont'd)**

Illinois Municipal Retirement Fund (cont'd)

A. General Information About the Pension Plan

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 annual required contribution rate for calendar years 2021 and 2020 was 12.09% and 13.14%, respectively. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute. The Village's contribution to the plan totaled \$704,630 in the fiscal year ended April 30, 2021, which was equal to its annual required contribution.

B. Net Pension Liability (Asset)

The Village's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2020, valuation were based on an actuarial experience study for the period 2017 – 2019, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Asset valuation method	Market Value of Assets
Inflation	2.25%
Salary increases	2.85% to 13.75%
Investment rate of return	7.25%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	Lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2020, was 23 years.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems (cont'd)**

Illinois Municipal Retirement Fund (cont'd)

B. Net Pension Liability (Asset) (cont'd)

Mortality Rates – For non-disabled lives, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (Adjusted 105%) tables, and future mortality improvement projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Long-term Expected Rate of Return – The long-term expected rate of return is the expected rate of return to be earned over the entire trust portfolio based on the asset allocation of the portfolio, using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	37%	5.00%
International equities	18%	6.00%
Fixed income	28%	1.30%
Real estate	9%	6.20%
Alternatives:	7%	
Private equity		6.95%
Hedge funds		N/A
Commodities		2.85%
Cash equivalents	1%	0.70%

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems** (cont'd)

Illinois Municipal Retirement Fund (cont'd)

B. **Net Pension Liability (Asset)** (cont'd)

Single Discount Rate – Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.00% (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality); and the resulting single discount rate used to measure the total pension liability is 7.25%.

Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the next 99 years.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

Illinois Municipal Retirement Fund (cont'd)

C. Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset) Liability</u>
Balance 12/31/19	\$ 34,557,417	\$ 31,913,911	\$ 2,643,506
Changes for the year:			
Service cost	538,225	-	538,225
Interest	2,475,602	-	2,475,602
Differences between expected and actual experience	320,947	-	320,947
Changes in assumptions	(300,477)	-	(300,477)
Contributions - employer	-	714,826	(714,826)
Contributions - employee	-	237,850	(237,850)
Net investment income	-	4,398,057	(4,398,057)
Benefit payments, including refunds of employee contributions	(1,360,591)	(1,360,591)	-
Other changes	-	354,129	(354,129)
Net changes	<u>1,673,706</u>	<u>4,344,271</u>	<u>(2,670,565)</u>
Balances at 12/31/20	<u>\$ 36,231,123</u>	<u>\$ 36,258,182</u>	<u>\$ (27,059)</u>

Discount Rate Sensitivity – The following 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 one percentage point higher or lower than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Net pension liability (asset)	<u>\$ 4,447,692</u>	<u>\$ (27,059)</u>	<u>\$ (3,520,192)</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

Illinois Municipal Retirement Fund (cont'd)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2021, the Village recognized pension income of \$840,383 in the government-wide financial statements. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 357,629	\$ 362,967	\$ (5,338)
Changes in assumptions	371,965	468,124	(96,159)
Net difference between projected and actual earnings in pension plan investments	-	2,537,259	(2,537,259)
	729,594	3,368,350	(2,638,756)
Contributions made after measurement date	234,160	-	234,160
Total	\$ 963,754	\$ 3,368,350	\$ (2,404,596)

Village contributions subsequent to the measurement date (\$234,160) will be recognized as a reduction of the net pension liability in the year ended April 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30,	
2022	\$ (873,774)
2023	(322,733)
2023	(1,025,001)
2024	(417,248)
	\$ (2,638,756)

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems** (cont'd)

Police Pension Plan

A. **General Information About the Pension Plan**

Plan Description – Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (ILCS) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial report.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's President, one member is elected by pension beneficiaries, and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

At April 30, 2021, the Police Pension Plan membership consisted of:

Retirees and beneficiaries	33
Inactive, non-retired members	3
Active members	<u>44</u>
Total	<u>80</u>

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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems (cont'd)**

Police Pension Plan (cont'd)

A. **General Information About the Pension Plan (cont'd)**

Benefits Provided (cont'd) – 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 greater of the average monthly salary obtained by dividing the total salary during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or 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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions – Covered employees are required 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 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, 2021, the Village's contribution was 54.87% 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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

Police Pension Plan (cont'd)

A. General Information About the Pension Plan (cont'd)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	3.00%	0.85%
U.S. Large Cap	38.70%	6.95%
U.S. Mid Cap	9.90%	7.45%
U.S. Small Cap	3.10%	7.35%
International Equities	11.20%	6.05%
Emerging Market Equities	1.00%	8.05%
U.S. Fixed Income Taxable	28.30%	1.75%
REITs	1.80%	5.35%
Infrastructure	2.00%	4.35%
Equity Hedge Assets	1.00%	4.65%

The ILCS limits the Police Pension 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 Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in April 2021 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 of geometric real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2021, are listed in the table above.

Investment Valuations – All investments in the Police Pension Plan are stated at fair value as of the trade date. Fair value is based on quoted market prices at April 30, for debt securities, equity securities and mutual funds. Fair value is based on pricing models based on standard inputs such as benchmark yields, reported trades, broker/dealer quotes and other reference data for U.S. agency, corporate debt, and municipal debt securities, which are categorized as Level 2 securities.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

Police Pension Plan (cont'd)

A. General Information About the Pension Plan (cont'd)

Investment Concentrations – There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions.

Investment Rate of Return – For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts 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, 2021:

	Fair Value	Investment Maturities (in Years)			
		Less Than One Year	1 - 5 Years	6 – 10 Years	More Than 10 Years
U.S. Treasury securities	\$ 5,545,149	\$ 850,757	\$ 1,634,562	\$ 1,925,755	\$ 1,134,075
U.S. agency securities	3,712,130	53,437	1,021,197	1,363,212	1,274,284
Municipal bonds	105,276	-	54,346	30,787	20,143
Corporate bonds	8,574,459	151,626	3,728,709	2,720,203	1,973,921
	<u>\$ 17,937,014</u>	<u>\$ 1,055,820</u>	<u>\$ 6,438,814</u>	<u>\$ 6,039,957</u>	<u>\$ 4,402,423</u>

The Fund categorizes 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.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

Police Pension Plan (cont'd)

A. General Information About the Pension Plan (cont'd)

Interest Rate Risk (cont'd) – The Fund has the following recurring fair value measurements as of April 30, 2021: 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).

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. agency securities were rated Aaa, the municipal bonds were rated Aa2, and the corporate bonds were rated Aa1 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.

B. Net Pension Liability

The Police Pension Plan's net pension liability was measured as of April 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems** (cont'd)

Police Pension Plan (cont'd)

B. **Net Pension Liability** (cont'd)

Actuarial Valuation and Assumptions – The April 30, 2021, actuarial valuation (measurement date) was done using the entry age normal actuarial cost method and the market value asset valuation method. The total pension liability in the April 30, 2021, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Price inflation	2.25%
Projected individual pay increases	3.75% - 8.60%
Projected total payroll increases	3.25%
Single discount rate	6.00%
Investment rate of return	6.00%

The mortality rate used to determine the total pension liability was updated to reflect the PubS-2010(A) table projected five years past the valuation date with Scale MP-2019.

Single Discount Rate – The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and 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 pension plan'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.

For purposes of this valuation, the expected rate of return on pension plan investments is 6.00%. The municipal bond rate is 2.27% (based on the daily rate closest to, but not later than the measurement date of the Bond Buyer 20-Bond G.O. Index). The resulting single discount rate is 6.00%.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

Police Pension Plan (cont'd)

C. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances, April 30, 2020	\$ 79,722,318	\$ 50,608,459	\$ 29,113,859
Changes for the year:			
Service cost	1,536,424	-	1,535,424
Interest	4,771,777	-	4,771,777
Differences between expected and actual experience	1,226,105	-	1,226,105
Changes in assumptions	-	-	-
Contributions – employer	-	2,622,000	(2,622,000)
Contributions - employee	-	467,509	(467,509)
Contributions – other	-	46,070	(46,070)
Net investment income	-	14,888,438	(14,888,438)
Benefit payments, including refunds of employee contributions	(2,825,674)	(2,825,674)	-
Administrative expenses	-	(70,473)	70,473
Net changes	4,708,632	15,127,870	(10,419,238)
Balances, April 30, 2021	\$ 84,430,950	\$ 65,736,329	\$ 18,694,621

Discount Rate Sensitivity – The following presents the net pension liability of the Village, calculated using the discount rate of 6.00%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability	\$ 33,161,449	\$ 18,694,621	\$ 7,220,605

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. **Employee Retirement Systems** (cont'd)

Police Pension Plan (cont'd)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2021, the Village recognized pension expense to the Police Pension Plan of \$746,446. On April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,897,948	\$ 7,467	\$ 2,890,481
Changes in assumptions	1,663,015	948,855	714,160
Net difference between projected and actual earnings pension plan investments	<u>-</u>	<u>8,115,203</u>	<u>(8,115,203)</u>
Total	<u>\$ 4,560,963</u>	<u>\$ 9,071,525</u>	<u>\$ (4,510,562)</u>

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

<u>Year Ending April 30,</u>	
2022	\$ (1,354,451)
2023	(1,204,767)
2024	(1,110,377)
2025	(1,640,322)
2026	564,068
Thereafter	<u>235,287</u>
	<u>\$ (4,510,562)</u>

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

9. Employee Retirement Systems (cont'd)

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense recorded in the government-wide financial statements for each pension plan for the year ended April 30, 2021, is as follows:

	<u>IMRF</u>	<u>Pension</u>	<u>Total</u>
Net pension liability	\$ (27,059)	\$ 18,694,621	\$ 18,667,562
Deferred outflows of resources	963,754	4,560,963	5,524,717
Deferred inflows of resources	3,368,350	9,071,525	12,439,875
Pension (income) expense	(840,383)	746,446	(93,937)

10. Other Post-Employment 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 until they become Medicare eligible.

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

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

10. Other Post-Employment Benefits (cont'd)

C. Membership

At April 30, 2021, membership consisted of:

Active employees	91
Inactive employees currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	-
Total	114

D. Total OPEB Liability

The Village's total OPEB liability of \$5,773,659 was measured as of April 30, 2021, and was determined by a valuation under GASB Statement 75 dated May 1, 2020.

Actuarial Valuation and Assumptions – The total OPEB liability was determined by an actuarial valuation as of April 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	4.00%
Discount rate	1.83% (previously 2.85%)
Investment rate of return	Not applicable

The health care trend rate for the plan is 5.50 percent and decreases by 0.07 percent every year to an ultimate rate of 4.5 percent. The mortality rates had the same basis as the respective pension plans.

Election at Retirement – 50% of active employees will elect medical coverage at retirement.

Coverage Status – Active employees are assumed to continue into retirement in their current medical plan. Actual information is used for retirees.

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

Discount Rate – The discount rate used to measure the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. The Village does not have a trust dedicated exclusively to the payment of OPEB benefits, so the discount rate equals the municipal bond rate of 1.83%, determined using the S&P Municipal Bond 20-Year High-Grade Rate Index at April 30, 2021, as the underlying index.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

10. Other Post-Employment Benefits (cont'd)

E. Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	<u> </u>	<u> </u>	<u> </u>
Balance 4/30/20	\$ 5,362,026	\$ -	\$ 5,362,026
Changes for the year:			
Service cost	111,845	-	111,845
Interest	149,873	-	149,873
Differences between expected and actual experience	(633,192)	-	(633,192)
Changes in assumptions	989,756	-	989,756
Benefit payments, including refunds of employee contributions	(206,649)	-	(206,649)
Administrative expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net changes	411,633	-	411,633
Balances at 4/30/21	<u>\$ 5,773,659</u>	<u>\$ -</u>	<u>\$ 5,773,659</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Village, calculated using the discount rate of 1.83%, as well as what the Village’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (0.83%)	Current Discount Rate (1.83%)	1% Increase (2.83%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability	<u>\$ 6,710,465</u>	<u>\$ 5,773,659</u>	<u>\$ 5,044,697</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates – The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or lower than the current rate:

	1% Decrease (Varies)	Current Discount Rate (Varies)	1% Increase (Varies)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability	<u>\$ 4,988,746</u>	<u>\$ 5,773,659</u>	<u>\$ 6,770,516</u>

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

10. Other Post-Employment Benefits (cont'd)

F. OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2021, the Village recognized OPEB expense of \$538,046. On April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,060,017	\$ (1,060,017)
Changes in assumptions	2,634,434	162,025	2,472,409
Total	\$ 2,634,434	\$ 1,222,042	\$ 1,412,392

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

Year Ending April 30,		
2022	\$	276,328
2023		276,328
2024		276,328
2025		276,328
2026		216,128
Thereafter		90,952
	\$	1,412,392

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, 2021, below.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

11. Tax Rebates (cont'd)

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, 2021, was \$4,269,808. A liability of \$3,398,316 has been recorded as of April 30, 2021, 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, 2021, was \$380,814. A liability of \$214,130 has been recorded as of April 30, 2021, and is included in other payables.

12. New Accounting Pronouncements

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

GASB Statement No. 87, *Leases*, addresses the accounting and financial reporting requirements for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contracts, and is effective for the fiscal year ending April 30, 2023.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, requires interest cost incurred before the end of a construction period be recognized as an expense in business-type activity or enterprise fund financial statements. Statement No. 89 is effective for the fiscal year ending April 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Statement No. 91 is effective for the fiscal year ending April 30, 2023.

GASB Statement No. 92, *Omnibus 2020*, improves the consistency and comparability in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for the fiscal year ending April 30, 2023.

Village of Vernon Hills, Illinois
Notes to the Financial Statements (cont'd)

12. New Accounting Pronouncements (cont'd)

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate in derivative instruments and lease agreements. Statement No. 93 is effective for the fiscal year ending April 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by establishing definitions of public-public and public-private arrangements (PPPs), and availability payment arrangements (APAs), and providing uniform guidance on accounting and financial reporting for transactions that meet these definitions. Statement No. 94 is effective for the fiscal year ending April 30, 2024.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, improves financial reporting by establishing definitions of subscription-based information technology arrangements, and providing uniform guidance on accounting and financial reporting for transactions that meet these definitions. Statement No. 96 is effective for the fiscal year ending April 30, 2024.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, increases the consistency and comparability related to the reporting of fiduciary component units in certain circumstances; mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for [Internal Revenue Code \(IRC\) Section 457](#) deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain aspects of Statement No. 97 are effective immediately while rest is effective for the fiscal year ended April 30, 2023.

13. Subsequent Events

The Village Board authorized tax increment financing revenue notes not to exceed \$43,000,000 and taxable sales tax revenue notes not to exceed \$7,500,000.

The Village Board authorized acceptance of \$3.6 million of allocated funding from the American Rescue Plan Act (ARPA).

REQUIRED SUPPLEMENTARY INFORMATION

Village of Vernon Hills, Illinois
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 7,706,751	\$ 7,706,751	\$ 7,353,927	\$ (352,824)
Intergovernmental	14,583,112	14,583,112	17,955,584	3,372,472
Licenses, permits and fees	1,154,150	1,154,150	2,059,703	905,553
Charges for services	1,182,600	1,182,600	965,846	(216,754)
Fines and forfeitures	253,000	253,000	173,104	(79,896)
Investment income	375,000	375,000	81,139	(293,861)
Miscellaneous	343,831	343,831	727,540	383,709
Total revenues	25,598,444	25,598,444	29,316,843	3,718,399
Expenditures:				
Current:				
General government	5,358,978	5,362,673	9,284,377	(3,921,704)
Public safety	11,113,860	11,133,869	10,364,581	769,288
Streets and roads	5,828,261	5,831,780	4,993,737	838,043
Culture and recreation	291,100	291,100	31,532	259,568
Capital outlay	1,437,000	3,223,630	2,157,027	1,066,603
Debt service:				
Principal retirement	435,000	435,000	435,000	-
Interest and fiscal charges	151,654	151,654	149,433	2,221
Total expenditures	24,615,853	26,429,706	27,415,687	(985,981)
Excess of revenues over expenditures before other financing sources (uses)	982,591	(831,262)	1,901,156	2,732,418
Other financing sources (uses):				
Transfers in	-	-	2,052,194	2,052,194
Transfers out	(4,294,000)	(5,589,935)	(2,502,380)	3,087,555
Total other financing sources (uses)	(4,294,000)	(5,589,935)	(450,186)	5,139,749
Net changes in fund balance	\$ (3,311,409)	\$ (6,421,197)	1,450,970	\$ 7,872,167
Fund balance, beginning of year			28,011,284	
Fund balance, end of year			\$ 29,462,254	

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
Vernon Hills Town Center Tax Increment Fund

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Economic development:				
Contractual services:				
Other	\$ 1,800	\$ 1,800	\$ 1,350	\$ 450
Debt service:				
Principal retirement	1,320,000	1,320,000	1,320,000	-
Interest and fiscal charges	218,220	218,220	216,549	1,671
Total debt service	1,538,220	1,538,220	1,536,549	1,671
Total expenditures	\$ 1,540,020	\$ 1,540,020	\$ 1,537,899	\$ 2,121

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
Milwaukee Avenue/Townline Road Tax Increment Fund
For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Economic development:				
Contractual services:				
Subscriptions and dues	\$ -	\$ -	\$ 97,666	\$ (97,666)
Debt service:				
Principal retirement	945,000	945,000	945,000	-
Interest and fiscal charges	649,108	649,108	648,858	250
Total debt service	<u>1,594,108</u>	<u>1,594,108</u>	<u>1,593,858</u>	<u>250</u>
Total expenditures	<u>\$ 1,594,108</u>	<u>\$ 1,594,108</u>	<u>\$ 1,691,524</u>	<u>\$ (97,416)</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Other Post-employment Benefit Plan
Required Supplementary Information - Multiyear Schedule of
Changes in the Employer's Net OPEB Liability and Related Ratios
April 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:			
Service cost	\$ 111,845	\$ 97,123	\$ 89,251
Interest	149,873	158,449	124,734
Differences between expected and actual experience	(633,192)	-	1,391,894
Changes in assumptions	989,756	270,623	89,244
Other changes	-	2,024	-
Benefit payments	(206,649)	(204,618)	(185,792)
Net change in total OPEB liability	411,633	323,601	1,509,331
Total OPEB liability, beginning of year	<u>5,362,026</u>	<u>5,038,425</u>	<u>3,529,094</u>
Total OPEB liability, end of year	<u>\$ 5,773,659</u>	<u>\$ 5,362,026</u>	<u>\$ 5,038,425</u>
Plan fiduciary net position:			
Contributions - employer	\$ 206,649	\$ 204,618	\$ 185,792
Benefit payments, including refunds of member contributions	(206,649)	(204,618)	(185,792)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position, beginning of year	-	-	-
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's net OPEB liability	<u>\$ 5,773,659</u>	<u>\$ 5,362,026</u>	<u>\$ 5,038,425</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>\$ 8,941,805</u>	<u>\$ 8,513,951</u>	<u>\$ 8,306,294</u>
Employer's net OPEB liability as a percentage of covered-employee payroll	<u>64.57%</u>	<u>62.98%</u>	<u>60.66%</u>

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

Changes in assumptions for 2021 related to change in discount rate used from 2.85% to 1.83%.

Changes in assumptions for 2020 related to change in discount rate used from 3.21% to 2.85%.

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 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.

**Illinois Municipal Retirement Fund
Required Supplementary Information -
Multiyear Schedule of Employer Contributions - Last Ten Fiscal Years*
April 30,**

	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 704,630	\$ 631,922
Contributions in relation to actuarially determined contribution	<u>704,630</u>	<u>631,922</u>
Contribution excess (deficiency)	\$ -	\$ -
Covered payroll	\$ 5,536,421	\$ 5,371,844
Contributions as a percentage of covered payroll	<u>12.73%</u>	<u>11.76%</u>

Note to Required Supplementary Information:

Actuarial Cost Method - Aggregate Entry Age Normal
Amortization Method - Level % of Pay (Closed)
Remaining Amortization Period - 23 Years
Asset Valuation Method - 5-Year Smoothed Market; 20% Corridor
Wage Growth - 3.00%
Price Inflation - 2.50%
Salary Increases - 3.35% to 14.25% Including Inflation
Investment Rate of Return - 7.50%
Retirement Age - Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality - For non-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 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 adjustments that were applied to non-disabled 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.

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

See independent auditor's report.

2019	2018	2017	2016
\$ 616,580	\$ 791,560	\$ 703,870	\$ 665,535
616,580	791,560	703,870	665,535
\$ -	\$ -	\$ -	\$ -
\$ 5,262,019	\$ 5,809,592	\$ 5,510,521	\$ 5,325,915
11.72%	13.63%	12.77%	12.50%

**Village of Vernon Hills, Illinois
Police Pension Fund
Required Supplementary Information -
Multiyear Schedule of Employer Contributions
April 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,621,944	\$ 2,058,450	\$ 1,950,286	\$ 2,059,961
Contributions in relation to actuarially determined contribution	2,622,000	2,060,100	1,950,286	2,059,961
Contribution deficiency (excess)	\$ (56)	\$ (1,650)	\$ -	\$ -
Covered payroll	\$ 4,778,580	\$ 4,628,165	\$ 4,543,805	\$ 4,193,131
Contributions as a percentage of covered payroll	54.87%	44.51%	42.92%	49.13%

N/A - Information not available.

The information presented was determined as part of the actuarial valuations as of May 1, two years prior. Additional information as of the latest actuarial valuation is as follows: The actuarial cost method was entry age normal; the amortization method was level percentage of pay, closed, and the amortization period was 21 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 6.00% annually, projected salary increase assumption of 3.75% to 8.60% compounded annually, and postretirement benefit increases of 3% annually.

See independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,775,629	\$ 1,541,713	\$ 1,431,746	\$ 1,291,079	\$ 1,175,962	\$ 1,235,724
<u>1,775,629</u>	<u>1,541,722</u>	<u>1,433,326</u>	<u>1,291,118</u>	<u>1,176,050</u>	<u>1,235,740</u>
<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ (1,580)</u>	<u>\$ (39)</u>	<u>\$ (88)</u>	<u>\$ (16)</u>
\$ 4,304,378	\$ 4,240,142	\$ 4,113,314	\$ 4,150,950	\$ 3,939,001	\$ 3,896,995
41.25%	36.36%	34.85%	31.10%	29.86%	31.71%

**Village of Vernon Hills, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information - Multiyear Schedule of
Changes in the Employer's Net Pension Liability and Related Ratios
Last Ten Calendar Years***

	<u>2020</u>	<u>2019</u>
Total pension liability:		
Service cost	\$ 538,225	\$ 520,710
Interest	2,475,602	2,397,073
Changes in benefit terms	-	-
Differences between expected and actual experience	320,947	(556,622)
Changes in assumptions	(300,477)	-
Benefit payments, including refunds of member contributions	<u>(1,360,591)</u>	<u>(1,212,917)</u>
Net change in total pension liability	1,673,706	1,148,244
Total pension liability, beginning of year	<u>34,557,417</u>	<u>33,409,173</u>
Total pension liability, end of year	<u>\$ 36,231,123</u>	<u>\$ 34,557,417</u>
Plan fiduciary net position:		
Contributions - employer	\$ 714,826	\$ 556,470
Contributions - member	237,850	234,249
Net investment income	4,398,057	4,913,615
Benefit payments, including refunds of member contributions	(1,360,591)	(1,212,917)
Administrative expense	<u>354,129</u>	<u>(63,531)</u>
Net changes in plan fiduciary net position	4,344,271	4,427,886
Plan fiduciary net position, beginning of year	<u>31,913,911</u>	<u>27,486,025</u>
Plan fiduciary net position, end of year	<u>\$ 36,258,182</u>	<u>\$ 31,913,911</u>
Employer's net pension liability	<u>\$ (27,059)</u>	<u>\$ 2,643,506</u>
Plan fiduciary net position as a percentage of the total pension liability	100.07%	92.35%
Covered payroll	<u>\$ 5,285,566</u>	<u>\$ 5,205,520</u>
Employer's net pension liability as a percentage of covered payroll	<u>-0.51%</u>	<u>50.78%</u>

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

See independent auditor's report.

2018	2017	2016	2015
\$ 569,758	\$ 588,523	\$ 604,101	\$ 569,084
2,257,572	2,204,482	2,118,040	1,977,263
-	-	-	-
319,139	(177,925)	(641,937)	165,305
969,337	(892,374)	(113,887)	74,515
(1,045,423)	(965,487)	(873,281)	(823,589)
3,070,383	757,219	1,093,036	1,962,578
30,338,790	29,581,571	28,488,535	26,525,957
<u>\$ 33,409,173</u>	<u>\$ 30,338,790</u>	<u>\$ 29,581,571</u>	<u>\$ 28,488,535</u>
\$ 766,830	\$ 720,713	\$ 689,922	\$ 638,252
282,587	253,971	261,885	247,974
(1,254,327)	4,127,952	1,578,014	115,926
(1,045,423)	(965,487)	(873,281)	(823,589)
537,745	(482,203)	62,779	(508,180)
(712,588)	3,654,946	1,719,319	(329,617)
28,198,613	24,543,667	22,824,348	23,153,965
<u>\$ 27,486,025</u>	<u>\$ 28,198,613</u>	<u>\$ 24,543,667</u>	<u>\$ 22,824,348</u>
<u>\$ 5,923,148</u>	<u>\$ 2,140,177</u>	<u>\$ 5,037,904</u>	<u>\$ 5,664,187</u>
82.27%	92.95%	82.97%	80.12%
<u>\$ 5,572,599</u>	<u>\$ 5,643,789</u>	<u>\$ 5,428,185</u>	<u>\$ 5,546,865</u>
<u>106.29%</u>	<u>37.92%</u>	<u>92.81%</u>	<u>102.12%</u>

Village of Vernon Hills, Illinois
Police Pension Fund
Required Supplementary Information - Multiyear Schedule of
Changes in the Employer's Net Pension Liability and Related Ratios
April 30,

	<u>2021</u>	<u>2020</u>
Total pension liability:		
Service cost	\$ 1,536,424	\$ 1,517,345
Interest	4,771,777	4,329,159
Changes in benefit terms	-	329,593
Differences between expected and actual experience	1,226,105	535,132
Changes in assumptions	-	2,147,787
Benefit payments, including refunds of member contributions	<u>(2,825,674)</u>	<u>(2,578,692)</u>
Net changes in total pension liability	4,708,632	6,280,324
Total pension liability, beginning of year	<u>79,722,318</u>	<u>73,441,994</u>
Total pension liability, end of year	<u>\$ 84,430,950</u>	<u>\$ 79,722,318</u>
Plan fiduciary net position:		
Contributions - employer	\$ 2,622,000	\$ 2,060,100
Contributions - member	467,509	462,849
Contributions - other	46,070	-
Net investment income	14,888,438	273,085
Benefit payments, including refunds of member contributions	(2,825,674)	(2,578,692)
Administrative expense	<u>(70,473)</u>	<u>(46,044)</u>
Net changes in plan fiduciary net position	15,127,870	171,298
Plan fiduciary net position, beginning of year	<u>50,608,459</u>	<u>50,437,161</u>
Plan fiduciary net position, end of year	<u>\$ 65,736,329</u>	<u>\$ 50,608,459</u>
Employer's net pension liability	<u>\$ 18,694,621</u>	<u>\$ 29,113,859</u>
Plan fiduciary net position as a percentage of the total pension liability	77.86%	63.48%
Covered payroll	<u>\$ 4,778,580</u>	<u>\$ 4,628,165</u>
Employer's net pension liability as a percentage of covered payroll	<u>391.22%</u>	<u>629.06%</u>

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

See independent auditor's report.

2019	2018	2017	2016	2015
\$ 1,126,772	\$ 1,324,117	\$ 1,307,135	\$ 1,279,519	\$ 1,225,860
4,080,911	3,919,894	3,878,427	3,440,787	3,075,506
-	-	-	-	-
(445,779)	1,623,968	(380,977)	(99,578)	47,689
1,844,891	(1,938,349)	(2,118,471)	4,445,251	3,339,164
(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
4,246,823	2,797,578	828,157	7,379,995	6,173,803
69,195,171	66,397,593	65,569,436	58,189,441	52,015,638
<u>\$ 73,441,994</u>	<u>\$ 69,195,171</u>	<u>\$ 66,397,593</u>	<u>\$ 65,569,436</u>	<u>\$ 58,189,441</u>
\$ 1,950,286	\$ 2,059,961	\$ 1,775,629	\$ 1,541,722	\$ 1,433,326
442,371	444,283	440,410	424,846	424,420
-	-	-	-	-
3,300,676	3,135,098	3,783,704	(439,143)	2,597,567
(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
(49,506)	(60,770)	(63,372)	(78,032)	(73,458)
3,283,855	3,446,520	4,078,414	(236,591)	2,867,439
47,153,306	43,706,786	39,628,372	39,864,963	36,997,524
<u>\$ 50,437,161</u>	<u>\$ 47,153,306</u>	<u>\$ 43,706,786</u>	<u>\$ 39,628,372</u>	<u>\$ 39,864,963</u>
<u>\$ 23,004,833</u>	<u>\$ 22,041,865</u>	<u>\$ 22,690,807</u>	<u>\$ 25,941,064</u>	<u>\$ 18,324,478</u>
68.68%	68.15%	65.83%	60.44%	68.51%
<u>\$ 4,543,805</u>	<u>\$ 4,193,131</u>	<u>\$ 4,304,378</u>	<u>\$ 4,240,142</u>	<u>\$ 4,113,314</u>
<u>506.29%</u>	<u>525.67%</u>	<u>527.16%</u>	<u>611.80%</u>	<u>445.49%</u>

**Village of Vernon Hills, Illinois
Multiyear Schedule of Investment Returns
Police Pension Fund
Last Seven Fiscal Years**

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

Fiscal year ended April 30, 2021	1.00%
Fiscal year ended April 30, 2020	0.47%
Fiscal year ended April 30, 2019	6.90%
Fiscal year ended April 30, 2018	7.00%
Fiscal year ended April 30, 2017	9.25%
Fiscal year ended April 30, 2016	-1.07%
Fiscal year ended April 30, 2015	6.90%

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

See independent auditor's report.

Village of Vernon Hills, Illinois
Notes to Required Supplementary Information

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:

<u>Fund Name</u>	<u>Final Budget</u>	<u>Actual</u>
General	\$ 26,429,706	\$ 27,415,687
Golf Course	439,739	483,922

SUPPLEMENTAL INFORMATION

Village of Vernon Hills, Illinois
Combining Balance Sheet - By Subfund
General Fund
April 30, 2021

	General	Summer Celebration	Metra Parking
Assets			
Cash and investments	\$ 28,312,990	\$ 129,238	\$ 140,522
Receivables:			
Taxes	5,011,362	-	-
Accounts	187,527	-	-
Accrued Interest	3,427	-	-
Other	17,980	-	-
Prepaid items	133,017	-	-
Due from other governments	677,543	-	-
Due from other funds	1,390,644	-	-
Advances to other funds	67,696	-	-
Total assets	35,802,186	129,238	140,522
Liabilities			
Accounts payable	587,983	-	878
Accrued payroll	313,559	-	-
Deposits payable	487,041	-	-
Unearned revenue	164,696	20,000	-
Other payables	3,798,347	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	5,351,626	20,000	878
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total liabilities and deferred inflows of resources	5,351,626	20,000	878
Fund Balances (Deficit)			
Nonspendable:			
Advances	67,696	-	-
Prepaid items	133,017	-	-
Long-term receivable	677,543	-	-
Restricted:			
Metra parking	-	-	139,644
Public safety	-	-	-
Unassigned (deficit)	29,572,304	109,238	-
Total fund balances (deficit)	30,450,560	109,238	139,644
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 35,802,186	\$ 129,238	\$ 140,522

See independent auditor's report.

DUI	Drug Forfeiture	Capital	Development	Eliminations	Total
\$ 114,060	\$ 46,756	\$ -	\$ 473,991	\$ -	\$ 29,217,557
-	-	-	-	-	5,011,362
-	-	-	-	-	187,527
-	-	-	-	-	3,427
651	-	-	-	-	18,631
-	-	-	-	-	133,017
-	-	943,334	-	-	1,620,877
-	-	-	-	(1,390,644)	-
-	-	-	-	-	67,696
114,711	46,756	943,334	473,991	(1,390,644)	36,260,094
-	-	8,011	19,476	-	616,348
-	-	-	-	-	313,559
-	-	-	-	-	487,041
-	-	-	-	-	184,696
-	-	-	-	-	3,798,347
-	-	-	454,515	-	454,515
-	-	1,390,644	-	(1,390,644)	-
-	-	1,398,655	473,991	(1,390,644)	5,854,506
-	-	943,334	-	-	943,334
-	-	2,341,989	473,991	(1,390,644)	6,797,840
-	-	-	-	-	67,696
-	-	-	-	-	133,017
-	-	-	-	-	677,543
-	-	-	-	-	139,644
114,711	46,756	-	-	-	161,467
-	-	(1,398,655)	-	-	28,282,887
114,711	46,756	(1,398,655)	-	-	29,462,254
\$ 114,711	\$ 46,756	\$ 943,334	\$ 473,991	\$ (1,390,644)	\$ 36,260,094

Village of Vernon Hills, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - By Subfund
General Fund
For the Year Ended April 30, 2021

	General	Summer Celebration	Metra Parking
Revenues:			
Taxes	\$ 7,136,531	\$ -	\$ -
Intergovernmental	17,955,584	-	-
Licenses, permits, and fees	2,059,703	-	-
Charges for services	964,065	-	1,781
Fines and forfeitures	158,564	-	-
Investment income	80,825	-	314
Miscellaneous	605,812	-	-
Total revenues	28,961,084	-	2,095
Expenditures:			
Current:			
General government	9,284,377	-	-
Public safety	10,323,471	-	-
Streets and roads	4,931,231	-	62,506
Culture and recreation	2,032	29,500	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	435,000	-	-
Interest and fiscal charges	149,433	-	-
Total expenditures	25,125,544	29,500	62,506
Excess (deficiency) of revenues over expenditures	3,835,540	(29,500)	(60,411)
Other financing sources (uses):			
Transfers in	2,052,194	400,000	-
Transfers out	(5,797,167)	-	-
Total other financing sources (uses)	(3,744,973)	400,000	-
Net changes in fund balance	90,567	370,500	(60,411)
Fund balances (deficit), beginning of the year	30,359,993	(261,262)	200,055
Fund balances (deficit), end of the year	\$ 30,450,560	\$ 109,238	\$ 139,644

See independent auditor's report.

<u>DUI</u>	<u>Drug Forfeiture</u>	<u>Capital</u>	<u>Development</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ 217,396	\$ -	\$ -	\$ 7,353,927
-	-	-	-	-	17,955,584
-	-	-	-	-	2,059,703
-	-	-	-	-	965,846
14,540	-	-	-	-	173,104
-	-	-	-	-	81,139
-	15,062	106,666	-	-	727,540
<u>14,540</u>	<u>15,062</u>	<u>324,062</u>	<u>-</u>	<u>-</u>	<u>29,316,843</u>
-	-	-	-	-	9,284,377
14,396	26,714	-	-	-	10,364,581
-	-	-	-	-	4,993,737
-	-	-	-	-	31,532
-	-	2,157,027	-	-	2,157,027
-	-	-	-	-	435,000
-	-	-	-	-	149,433
<u>14,396</u>	<u>26,714</u>	<u>2,157,027</u>	<u>-</u>	<u>-</u>	<u>27,415,687</u>
144	(11,652)	(1,832,965)	-	-	1,901,156
-	-	2,995,935	-	(3,395,935)	2,052,194
-	-	(101,148)	-	3,395,935	(2,502,380)
-	-	2,894,787	-	-	(450,186)
144	(11,652)	1,061,822	-	-	1,450,970
<u>114,567</u>	<u>58,408</u>	<u>(2,460,477)</u>	<u>-</u>	<u>-</u>	<u>28,011,284</u>
<u>\$ 114,711</u>	<u>\$ 46,756</u>	<u>\$ (1,398,655)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,462,254</u>

Village of Vernon Hills, Illinois
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes:				
Utility taxes	\$ 1,330,000	\$ 1,330,000	\$ 1,213,494	\$ (116,506)
Telecommunication tax	696,000	696,000	625,548	(70,452)
Home rule sales tax	2,574,000	2,574,000	3,008,154	434,154
Other taxes	1,077,151	1,077,151	1,166,202	89,051
Hotel/motel tax	371,000	371,000	72,700	(298,300)
Road and bridge tax	220,000	220,000	217,396	(2,604)
Food and beverage tax	1,438,600	1,438,600	1,050,433	(388,167)
	<u>7,706,751</u>	<u>7,706,751</u>	<u>7,353,927</u>	<u>(352,824)</u>
Intergovernmental:				
Sales tax	11,908,600	11,908,600	13,955,122	2,046,522
State income tax	2,669,512	2,669,512	2,878,887	209,375
Grants	5,000	5,000	1,121,575	1,116,575
	<u>14,583,112</u>	<u>14,583,112</u>	<u>17,955,584</u>	<u>3,372,472</u>
Licenses, permits, and fees	1,154,150	1,154,150	2,059,703	905,553
Charges for services:				-
Fees and charges for services	1,109,600	1,109,600	965,846	(143,754)
Summer celebration fees	73,000	73,000	-	(73,000)
Fines and forfeitures	253,000	253,000	173,104	(79,896)
Investment income	375,000	375,000	81,139	(293,861)
Miscellaneous	343,831	343,831	727,540	383,709
	<u>1,154,150</u>	<u>1,154,150</u>	<u>2,059,703</u>	<u>905,553</u>
Total revenues	<u>\$ 25,598,444</u>	<u>\$ 25,598,444</u>	<u>\$ 29,316,843</u>	<u>\$ 3,718,399</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures:				
General government:				
Administration:				
Personal services	\$ 893,343	\$ 857,578	\$ 877,295	\$ (19,717)
Contractual services	2,361,682	2,351,782	6,817,250	(4,465,468)
Commodities	57,549	57,449	33,000	24,449
Equipment	151,120	151,120	69,781	81,339
Total administration	3,463,694	3,417,929	7,797,326	(4,379,397)
Judiciary:				
Contractual services	449,000	449,000	366,273	82,727
President/trustee:				
Personal services	54,902	54,902	58,669	(3,767)
Contractual services	26,590	26,590	3,557	23,033
Commodities	2,650	2,650	127	2,523
Total president/trustee	84,142	84,142	62,353	21,789
Community development:				
Personal services	838,901	838,361	783,927	54,434
Contractual services	118,510	168,510	176,358	(7,848)
Commodities	13,000	13,000	6,792	6,208
Equipment	4,981	4,981	4,981	-
Total community development	975,392	1,024,852	972,058	52,794
Committees:				
Contractual services	42,800	42,800	3,405	39,395
Commodities	6,300	6,300	3,145	3,155
Equipment	250	250	2,827	(2,577)
Total committees	49,350	49,350	9,377	39,973

(cont'd)

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund (cont'd)
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):				
General government (cont'd):				
Resident direct benefit:				
Contractual services	\$ 35,000	\$ 35,000	\$ 37,000	\$ (2,000)
General purpose:				
Personnel services	302,400	302,400	39,990	262,410
Total general government	5,358,978	5,362,673	9,284,377	(3,921,704)
Public safety:				
Police department:				
Personal services	10,336,308	10,336,308	9,692,034	644,274
Contractual services	337,700	337,700	297,373	40,327
Commodities	211,760	231,769	166,666	65,103
Equipment	215,192	215,192	196,045	19,147
Total police department	11,100,960	11,120,969	10,352,118	768,851
Fire and police commission:				
Personal services	3,695	-	-	-
Contractual services	12,700	12,700	12,463	237
Commodities	200	200	-	200
Total fire and police commission	12,900	12,900	12,463	437
Total public safety	11,113,860	11,133,869	10,364,581	769,288
Streets and roads:				
Public works:				
Personal services	3,004,644	3,004,644	2,818,686	185,958
Contractual services	1,455,653	1,455,653	1,120,879	334,774
Commodities	942,345	943,864	691,908	251,956
Equipment	304,659	306,659	299,757	6,902
Total public works	5,707,301	5,710,820	4,931,230	779,590

(cont'd)

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund (cont'd)
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):				
Streets and roads (cont'd):				
Metra parking:				
Contractual services	\$ 110,860	\$ 110,860	\$ 57,367	\$ 53,493
Commodities	10,100	10,100	5,140	4,960
Total Metra parking	120,960	120,960	62,507	58,453
Total streets and roads	5,828,261	5,831,780	4,993,737	838,043
Culture and recreation:				
Events:				
Contractual services	95,295	95,295	1,333	93,962
Commodities	15,645	15,645	699	14,946
Total events	110,940	110,940	2,032	108,908
Summer celebration:				
Contractual services	150,660	150,660	29,500	121,160
Commodities	29,500	29,500	-	29,500
Total summer celebration	180,160	180,160	29,500	150,660
Total culture and recreation	291,100	291,100	31,532	259,568
Capital outlay:				
Community infrastructure development:				
Street construction	430,000	454,861	382,204	72,657
Land	-	-	19	(19)
Fixed equipment	425,000	425,000	126,061	298,939
Remodel	385,000	458,074	273,725	184,349
Construction	587,000	1,845,695	1,327,718	517,977
Engineering/architecture	40,000	40,000	47,300	(7,300)
Total capital outlay	1,437,000	3,223,630	2,157,027	1,066,603

(cont'd)

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund (cont'd)
For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures (cont'd):				
Debt service:				
Principal retirement	\$ 435,000	\$ 435,000	\$ 435,000	\$ -
Interest and fiscal charges	151,654	151,654	149,433	2,221
Total debt service	<u>586,654</u>	<u>586,654</u>	<u>584,433</u>	<u>2,221</u>
Total expenditures	<u>\$ 24,615,853</u>	<u>\$ 26,429,706</u>	<u>\$ 27,415,687</u>	<u>\$ (985,981)</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2021**

	Special Revenue		Total
	Motor Fuel Tax	Dispatch Center	
Assets			
Cash and investments	\$ 2,103,902	\$ 2,187,864	\$ 4,291,766
Receivables:			
Taxes	-	133,015	133,015
Intergovernmental	82,731	-	82,731
Prepaid items	-	726	726
Total assets	\$ 2,186,633	\$ 2,321,605	\$ 4,508,238
Liabilities			
Accounts payable	\$ 4,105	\$ 88,729	\$ 92,834
Accrued payroll	-	28,626	28,626
Total liabilities	4,105	117,355	121,460
Fund Balances			
Nonspendable:			
Prepaid items	-	726	726
Restricted:			
Streets and roads	2,182,528	-	2,182,528
Public safety	-	2,203,524	2,203,524
Total fund balances	2,182,528	2,204,250	4,386,778
Total liabilities and fund balances	\$ 2,186,633	\$ 2,321,605	\$ 4,508,238

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, 2021

	Special Revenue		Total
	Motor Fuel Tax	Dispatch Center	
Revenues:			
Taxes	\$ -	\$ 531,591	\$ 531,591
Intergovernmental - taxes	969,020	-	969,020
Intergovernmental - grants	827,523	-	827,523
Charges for services	-	975,129	975,129
Interest	4,567	75	4,642
	<u>1,801,110</u>	<u>1,506,795</u>	<u>3,307,905</u>
Total revenues	1,801,110	1,506,795	3,307,905
Expenditures:			
Current:			
Public safety	-	2,518,492	2,518,492
Capital outlay	1,180,146	-	1,180,146
	<u>1,180,146</u>	<u>2,518,492</u>	<u>3,698,638</u>
Total expenditures	1,180,146	2,518,492	3,698,638
Revenues over (under) expenditures	<u>620,964</u>	<u>(1,011,697)</u>	<u>(390,733)</u>
Other financing sources:			
Transfer in	-	1,270,000	1,270,000
	<u>-</u>	<u>1,270,000</u>	<u>1,270,000</u>
Net changes in fund balances	620,964	258,303	879,267
Fund balances, beginning of the year	<u>1,561,564</u>	<u>1,945,947</u>	<u>3,507,511</u>
Fund balances, end of the year	<u>\$ 2,182,528</u>	<u>\$ 2,204,250</u>	<u>\$ 4,386,778</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Motor Fuel Tax Fund
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental - taxes	\$ 1,353,697	\$ 1,353,697	\$ 969,020	\$ (384,677)
Intergovernmental - grants	1,944,800	1,944,800	827,523	(1,117,277)
Interest	10,000	10,000	4,567	(5,433)
Total revenues	<u>3,308,497</u>	<u>3,308,497</u>	<u>1,801,110</u>	<u>(1,507,387)</u>
Expenditures:				
Capital outlay	3,255,322	3,255,322	1,180,146	2,075,176
Total expenditures	<u>3,255,322</u>	<u>3,255,322</u>	<u>1,180,146</u>	<u>2,075,176</u>
Changes in fund balance	<u>\$ 53,175</u>	<u>\$ 53,175</u>	<u>620,964</u>	<u>\$ 567,789</u>
Fund balance, beginning of year			<u>1,561,564</u>	
Fund balance, end of year			<u>\$ 2,182,528</u>	

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Revenues, Expenditures and Changes in
Net Position - Budget and Actual
Dispatch Center Fund
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes:				
911 surcharge	\$ 400,000	\$ 400,000	\$ 531,591	\$ 131,591
Charges for services	938,163	938,163	975,129	36,966
Interest	2,500	2,500	75	(2,425)
Total revenues	1,340,663	1,340,663	1,506,795	166,132
Expenditures:				
Public safety:				
Personal services	1,897,237	1,897,237	1,798,170	99,067
Contractual services	754,975	754,975	640,675	114,300
Commodities	5,950	5,950	4,907	1,043
Equipment	389,100	389,100	74,740	314,360
Total expenditures	3,047,262	3,047,262	2,518,492	528,770
Deficiency of revenues under expenditures before other financing sources	(1,706,599)	(1,706,599)	(1,011,697)	694,902
Other financing sources:				
Transfers in	1,270,000	1,270,000	1,270,000	-
Changes in net position	\$ (436,599)	\$ (436,599)	258,303	\$ 694,902
Net position, beginning of year			1,945,947	
Net position, end of year			\$ 2,204,250	

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Revenues, Expenses and Changes in
Net Position (Deficit) - Budget and Actual
Golf Course Fund
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Charges for services	\$ 355,065	\$ 355,065	\$ 505,210	\$ 150,145
Total operating revenues	<u>355,065</u>	<u>355,065</u>	<u>505,210</u>	<u>150,145</u>
Operating expenses:				
Operations	439,739	439,739	454,145	(14,406)
Operating income (loss) before depreciation	(84,674)	(84,674)	51,065	135,739
Depreciation	-	-	29,777	(29,777)
Operating income (loss)	<u>(84,674)</u>	<u>(84,674)</u>	<u>21,288</u>	<u>105,962</u>
Non-operating revenues:				
Interest income	15,000	15,000	217	(14,783)
Other financing sources:				
Transfers in	650,000	650,000	650,000	-
Changes in net position (deficit)	<u>\$ 580,326</u>	<u>\$ 580,326</u>	<u>671,505</u>	<u>\$ 91,179</u>
Contributed capital			101,148	
Net position (deficit), beginning of the year			<u>(378,677)</u>	
Net position, end of the year			<u>\$ 393,976</u>	

See independent auditor's report.

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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenue:				
Vehicle lease revenue	468,000	468,000	473,588	\$ 5,588
Total operating revenues	468,000	468,000	473,588	5,588
Operating expenses:				
Operations	468,000	503,418	107,856	395,562
Operating income (loss) before depreciation	-	(35,418)	365,732	401,150
Depreciation	-	-	112,146	(112,146)
Changes in net position	\$ -	\$ (35,418)	253,586	\$ 289,004
Net position, beginning of year			2,625,823	
Net position, end of year			\$ 2,879,409	

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2012A
April 30, 2021**

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				June 30	Amount	Dec. 30	Amount
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>\$ 5,175,000</u>	<u>\$ 412,000</u>	<u>\$ 5,587,000</u>		<u>\$ 206,000</u>		<u>\$ 206,000</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2012B
April 30, 2021**

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2022	\$ 140,000	\$ 16,500	\$ 156,500	2021	\$ 8,250	2021	\$ 8,250
2023	145,000	13,700	158,700	2022	6,850	2022	6,850
2024	145,000	10,510	155,510	2023	5,255	2023	5,255
2025	150,000	7,320	157,320	2024	3,660	2024	3,660
2026	155,000	3,720	158,720	2025	1,860	2025	1,860
	<u>\$ 735,000</u>	<u>\$ 51,750</u>	<u>\$ 786,750</u>		<u>\$ 25,875</u>		<u>\$ 25,875</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2014 - Police Station
April 30, 2021

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2022	\$ 170,000	\$ 73,223	\$ 243,223	2021	\$ 36,612	2021	\$ 36,612
2023	175,000	69,823	244,823	2022	34,912	2022	34,912
2024	180,000	66,060	246,060	2023	33,030	2023	33,030
2025	180,000	61,920	241,920	2024	30,960	2024	30,960
2026	185,000	57,510	242,510	2025	28,755	2025	28,755
2027	190,000	52,700	242,700	2026	26,350	2026	26,350
2028	195,000	47,475	242,475	2027	23,738	2027	23,738
2029	200,000	41,625	241,625	2028	20,813	2028	20,813
2030	210,000	35,625	245,625	2029	17,813	2029	17,813
2031	215,000	29,325	244,325	2030	14,663	2030	14,663
2032	220,000	22,875	242,875	2031	11,438	2031	11,438
2033	230,000	16,275	246,275	2032	8,138	2032	8,138
2034	235,000	8,225	243,225	2033	4,113	2033	4,113
	<u>\$ 2,585,000</u>	<u>\$ 582,661</u>	<u>\$ 3,167,661</u>		<u>\$ 291,335</u>		<u>\$ 291,335</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2014 - Communication Center
April 30, 2021

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2022	\$ -	\$ 10,707	\$ 10,707	2021	\$ 5,354	2021	\$ 5,354
2023	-	10,707	10,707	2022	5,354	2022	5,354
2024	-	10,707	10,707	2023	5,354	2023	5,354
2025	-	10,707	10,707	2024	5,354	2024	5,354
2026	195,000	10,707	205,707	2025	5,354	2025	5,354
2027	205,000	5,638	210,638	2026	2,819	2026	2,819
	<u>\$ 400,000</u>	<u>\$ 59,173</u>	<u>\$ 459,173</u>		<u>\$ 29,589</u>		<u>\$ 29,589</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
 Long-term Debt Requirements
 General Obligation Bonds, Series 2014
 Vernon Hills Town Center Tax Increment Fund
 April 30, 2021**

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2022	\$ 175,000	\$ 16,395	\$ 191,395	2021	\$ 8,198	2021	\$ 8,198
2023	180,000	12,895	192,895	2022	6,448	2022	6,448
2024	190,000	9,025	199,025	2023	4,513	2023	4,513
2025	190,000	4,655	194,655	2024	2,328	2024	2,328
	<u>\$ 735,000</u>	<u>\$ 42,970</u>	<u>\$ 777,970</u>		<u>\$ 21,487</u>		<u>\$ 21,487</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2015A
April 30, 2021**

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				Sept. 30	Amount	March 30	Amount
2022	\$ 140,000	\$ 38,525	\$ 178,525	2021	\$ 19,263	2021	\$ 19,263
2023	140,000	35,725	175,725	2022	17,863	2022	17,863
2024	150,000	32,925	182,925	2023	16,463	2023	16,463
2025	80,000	28,425	108,425	2024	14,213	2024	14,213
2026	85,000	26,025	111,025	2025	13,013	2025	13,013
2027	85,000	23,475	108,475	2026	11,738	2026	11,738
2028	90,000	20,925	110,925	2027	10,463	2027	10,463
2029	90,000	18,225	108,225	2028	9,113	2028	9,113
2030	95,000	15,525	110,525	2029	7,763	2029	7,763
2031	95,000	12,675	107,675	2030	6,338	2030	6,338
2032	100,000	9,825	109,825	2031	4,913	2031	4,913
2033	105,000	6,825	111,825	2032	3,413	2032	3,413
2034	105,000	3,412	108,412	2033	1,706	2033	1,706
	<u>\$ 1,360,000</u>	<u>\$ 272,512</u>	<u>\$ 1,632,512</u>		<u>\$ 136,262</u>		<u>\$ 136,262</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2015B
April 30, 2021**

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				June 30	Amount	Dec. 30	Amount
2022	\$ 475,000	\$ 63,925	\$ 538,925	2021	\$ 31,963	2021	\$ 31,963
2023	485,000	54,425	539,425	2022	27,213	2022	27,213
2024	455,000	44,725	499,725	2023	22,363	2023	22,363
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>\$ 2,860,000</u>	<u>\$ 236,413</u>	<u>\$ 3,096,413</u>		<u>\$ 118,208</u>		<u>\$ 118,208</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2017
April 30, 2021**

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

Current and Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Totals	Interest Due On			
				June 30	Amount	Dec. 30	Amount
2022	\$ 965,000	\$ 629,208	\$ 1,594,208	2021	\$ 314,604	2021	\$ 314,604
2023	985,000	608,460	1,593,460	2022	304,230	2022	304,230
2024	1,005,000	585,312	1,590,312	2023	292,656	2023	292,656
2025	1,035,000	559,686	1,594,686	2024	279,843	2024	279,843
2026	1,060,000	531,740	1,591,740	2025	265,870	2025	265,870
2027	1,090,000	501,530	1,591,530	2026	250,765	2026	250,765
2028	1,125,000	468,830	1,593,830	2027	234,415	2027	234,415
2029	1,160,000	433,959	1,593,959	2028	216,978	2028	216,978
2030	1,195,000	396,836	1,591,836	2029	198,418	2029	198,418
2031	1,235,000	357,400	1,592,400	2030	178,700	2030	178,700
2032	1,275,000	315,410	1,590,410	2031	157,705	2031	157,705
2033	1,320,000	270,784	1,590,784	2032	135,392	2032	135,392
2034	1,370,000	223,264	1,593,264	2033	111,632	2033	111,632
2035	1,420,000	172,574	1,592,574	2034	86,287	2034	86,287
2036	1,475,000	117,194	1,592,194	2035	58,597	2035	58,597
2037	1,530,000	59,670	1,589,670	2036	29,835	2036	29,835
	<u>\$ 19,245,000</u>	<u>\$ 6,231,857</u>	<u>\$ 25,476,857</u>		<u>\$ 3,115,927</u>		<u>\$ 3,115,927</u>

See independent auditor's report.

STATISTICAL SECTION

This part of the Village of Vernon Hill’s 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</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village’s financial performance and well-being have changed over time.	96 – 109
Revenue Capacity These schedules contain information to help the reader assess the Village’s most significant local revenue source, the sales tax.	110 – 119
Debt Capacity These schedules present information to help the reader assess the affordability of the Village’s current levels of outstanding debt and the Village’s ability to issue additional debt in the future.	120 – 123
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village’s financial activities take place, and to help make comparisons over time and with other governments.	124 – 125
Operating Information These schedules contain information about the Village’s operations and resources, to help the reader understand how the Village’s financial information relates to the services the Village provides and the activities it performs.	126 – 131

**Village of Vernon Hills, Illinois
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year 2018</u>
Governmental activities:				
Net investment in capital assets	\$ 74,675,375	\$ 75,273,762	\$ 74,727,114	\$ 75,753,586
Restricted	7,470,592	6,648,264	7,085,698	8,840,827
Unrestricted	<u>(18,579,525)</u>	<u>(24,346,352)</u>	<u>(23,355,194)</u>	<u>(18,494,359)</u>
Total governmental activities	<u>\$ 63,566,442</u>	<u>\$ 57,575,674</u>	<u>\$ 58,457,618</u>	<u>\$ 66,100,054</u>
Business-type activities:				
Net investment in capital assets	\$ 410,732	\$ 339,361	\$ 379,326	\$ 443,291
Restricted	-	-	-	-
Unrestricted	<u>(16,756)</u>	<u>(718,038)</u>	<u>(540,128)</u>	<u>(439,127)</u>
Total business-type activities	<u>\$ 393,976</u>	<u>\$ (378,677)</u>	<u>\$ (160,802)</u>	<u>\$ 4,164</u>
Primary government:				
Net investment in capital assets	\$ 75,086,107	\$ 75,613,123	\$ 75,106,440	\$ 76,196,877
Restricted	7,470,592	6,648,264	7,085,698	8,840,827
Unrestricted	<u>(18,596,281)</u>	<u>(25,064,390)</u>	<u>(23,895,322)</u>	<u>(18,933,486)</u>
Total primary government	<u>\$ 63,960,418</u>	<u>\$ 57,196,997</u>	<u>\$ 58,296,816</u>	<u>\$ 66,104,218</u>

Source: Audited financial statements.

See independent auditor's report.

Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 77,689,771	\$ 79,574,960	\$ 82,205,307	\$ 83,986,644	\$ 85,102,245	\$ 87,283,367
2,495,260	1,989,778	6,391,658	2,831,873	2,627,039	3,495,103
3,774,935	3,722,990	22,222,353	24,907,019	24,665,002	23,283,224
<u>\$ 83,959,966</u>	<u>\$ 85,287,728</u>	<u>\$ 110,819,318</u>	<u>\$ 111,725,536</u>	<u>\$ 112,394,286</u>	<u>\$ 114,061,694</u>
\$ 518,131	\$ 457,015	\$ 521,711	\$ 586,405	\$ 651,621	\$ 718,458
-	-	-	-	-	-
<u>(369,729)</u>	<u>(251,977)</u>	<u>(227,142)</u>	<u>(222,509)</u>	<u>(241,159)</u>	<u>(284,478)</u>
<u>\$ 148,402</u>	<u>\$ 205,038</u>	<u>\$ 294,569</u>	<u>\$ 363,896</u>	<u>\$ 410,462</u>	<u>\$ 433,980</u>
\$ 78,207,902	\$ 80,031,975	\$ 82,727,018	\$ 84,573,049	\$ 85,753,866	\$ 88,001,825
2,495,260	1,989,778	6,391,658	2,831,873	2,627,039	3,495,103
3,405,206	3,471,013	21,995,211	24,684,510	24,423,843	22,998,746
<u>\$ 84,108,368</u>	<u>\$ 85,492,766</u>	<u>\$ 111,113,887</u>	<u>\$ 112,089,432</u>	<u>\$ 112,804,748</u>	<u>\$ 114,495,674</u>

Village of Vernon Hills, Illinois
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year 2018</u>
Expenses:				
Governmental activities:				
General government	\$ 9,976,962	\$ 10,573,818	\$ 11,671,187	\$ 10,465,391
Public safety	10,996,673	14,555,920	13,829,273	15,152,449
Roads and streets	8,912,071	9,001,587	7,794,339	8,202,028
Economic development	99,016	1,663,589	4,000,769	14,389,807
Culture and recreation	31,532	292,421	268,706	261,213
Interest and fees	1,058,565	1,078,062	1,180,996	1,500,369
Total governmental activities expenses	31,074,819	37,165,397	38,745,270	49,971,257
Business-type activities:				
Golf course	483,922	468,730	507,997	526,194
Total primary government expenses	\$ 31,558,741	\$ 37,634,127	\$ 39,253,267	\$ 50,497,451
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 3,025,548	\$ 2,438,566	\$ 2,326,947	\$ 3,292,044
Public safety	1,148,232	1,243,380	1,512,387	1,459,367
Culture and recreation	-	78,507	98,124	138,968
Operating grants and contributions	969,194	937,891	666,373	670,447
Capital grants and contributions	1,948,924	38,783	194,124	3,474
Total governmental activities program revenues	7,091,898	4,737,127	4,797,955	5,564,300
Business-type activities:				
Charges for services:				
Golf course	505,210	248,649	342,163	376,044
Total primary government program revenues	\$ 7,597,108	\$ 4,985,776	\$ 5,140,118	\$ 5,940,344
Net revenues (expenses):				
Governmental activities	\$ (23,982,921)	\$ (32,428,270)	\$ (33,947,315)	\$ (44,406,957)
Business-type activities	21,288	(220,081)	(165,834)	(150,150)
Total primary government net revenues (expenses)	\$ (23,961,633)	\$ (32,648,351)	\$ (34,113,149)	\$ (44,557,107)

(cont'd)

Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 10,031,695	\$ 10,785,366	\$ 5,105,742	\$ 4,619,060	\$ 4,410,123	\$ 4,075,361
13,557,140	11,866,591	11,202,863	10,507,422	10,113,838	9,523,631
8,000,396	8,673,207	8,427,086	7,802,713	7,452,181	6,912,853
-	1,488	-	4,463	-	46,854
250,870	287,664	258,590	277,671	270,889	259,249
615,693	677,677	852,718	901,283	954,884	1,462,816
<u>32,455,794</u>	<u>32,291,993</u>	<u>25,846,999</u>	<u>24,112,612</u>	<u>23,201,915</u>	<u>22,280,764</u>
<u>508,552</u>	<u>530,174</u>	<u>518,417</u>	<u>514,147</u>	<u>493,135</u>	<u>588,635</u>
<u>\$ 32,964,346</u>	<u>\$ 32,822,167</u>	<u>\$ 26,365,416</u>	<u>\$ 24,626,759</u>	<u>\$ 23,695,050</u>	<u>\$ 22,869,399</u>
\$ 2,841,747	\$ 1,856,949	\$ 2,326,412	\$ 2,595,479	\$ 2,015,985	\$ 1,793,322
1,632,547	1,258,030	1,288,454	1,195,253	1,028,096	275,768
139,418	124,238	300,789	226,199	225,229	223,620
668,032	672,244	847,934	751,035	724,013	739,126
4,131	159,065	28,902	5,358	6,121	116,706
<u>5,285,875</u>	<u>4,070,526</u>	<u>4,792,491</u>	<u>4,773,324</u>	<u>3,999,444</u>	<u>3,148,542</u>
<u>408,651</u>	<u>440,539</u>	<u>449,077</u>	<u>467,568</u>	<u>469,562</u>	<u>470,103</u>
<u>\$ 5,694,526</u>	<u>\$ 4,511,065</u>	<u>\$ 5,241,568</u>	<u>\$ 5,240,892</u>	<u>\$ 4,469,006</u>	<u>\$ 3,618,645</u>
\$ (27,169,919)	\$ (28,221,467)	\$ (21,054,508)	\$ (19,339,288)	\$ (19,202,471)	\$ (19,132,222)
(99,901)	(89,635)	(69,340)	(46,579)	(23,573)	(118,532)
<u>\$ (27,269,820)</u>	<u>\$ (28,311,102)</u>	<u>\$ (21,123,848)</u>	<u>\$ (19,385,867)</u>	<u>\$ (19,226,044)</u>	<u>\$ (19,250,754)</u>

Village of Vernon Hills, Illinois
Changes in Net Position (cont'd)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year 2018</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Utility	\$ 1,213,494	\$ 1,279,489	\$ 1,331,718	\$ 1,305,235
Home rule sales	3,008,154	3,288,904	3,476,618	3,373,171
Hotel/motel	72,700	329,380	382,495	371,175
911 surcharge	531,591	548,262	540,117	398,726
Road and bridge	217,396	217,285	212,953	219,958
Telecommunication	625,548	734,250	775,922	898,686
Tax increment	4,812,319	2,677,872	2,155,111	1,301,846
Other	2,216,635	2,436,428	1,926,599	918,219
Intergovernmental:				
Sales tax	13,955,122	14,861,729	15,443,815	14,933,056
State income tax	2,878,887	2,721,856	2,438,196	2,277,294
Investment income	87,056	880,832	711,434	344,004
Miscellaneous	1,004,787	1,570,039	197,249	205,675
Transfers	(650,000)	-	-	-
Total governmental activities	29,973,689	31,546,326	29,592,227	26,547,045
Business-type activities:				
Investment income	217	2,206	868	5,912
Miscellaneous	-	-	-	-
Transfers	650,000	-	-	-
Capital contribution	101,148	-	-	-
Total business-type activities	751,365	2,206	868	5,912
Total primary government	\$ 30,725,054	\$ 31,548,532	\$ 29,593,095	\$ 26,552,957
Change in net position:				
Governmental activities	\$ 5,990,768	\$ (881,944)	\$ (4,355,088)	\$ (17,859,912)
Business-type activities	772,653	(217,875)	(164,966)	(144,238)
Total primary government change in net position	\$ 6,763,421	\$ (1,099,819)	\$ (4,520,054)	\$ (18,004,150)

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.

Source: Audited financial statements.

See independent auditor's report.

Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 1,363,286	\$ 1,334,151	\$ 1,345,000	\$ 1,404,549	\$ 1,418,186	\$ 1,409,506
3,304,832	3,197,930	727,413	-	-	-
382,900	380,093	369,509	351,087	323,334	296,728
372,116	309,960	325,797	319,399	343,609	442,088
216,312	212,406	201,923	205,572	200,903	208,235
1,016,451	1,190,196	1,117,728	1,258,098	1,335,120	1,352,296
1,216,865	1,221,604	1,174,513	1,281,321	1,048,583	772,159
918,874	871,620	581,481	534,105	486,456	464,146
14,435,680	14,006,145	11,426,650	10,773,512	10,547,878	10,334,171
2,373,802	2,676,354	2,530,028	2,398,252	2,376,128	2,127,725
105,285	115,636	295,485	73,881	98,374	188,188
135,754	41,088	55,764	67,762	44,992	68,954
-	-	-	-	-	-
<u>25,842,157</u>	<u>25,557,183</u>	<u>20,151,291</u>	<u>18,667,538</u>	<u>18,223,563</u>	<u>17,664,196</u>
1,265	104	13	13	55	54
42,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>43,265</u>	<u>104</u>	<u>13</u>	<u>13</u>	<u>55</u>	<u>54</u>
<u>\$ 25,885,422</u>	<u>\$ 25,557,287</u>	<u>\$ 20,151,304</u>	<u>\$ 18,667,551</u>	<u>\$ 18,223,618</u>	<u>\$ 17,664,250</u>
\$ (1,327,762)	\$ (2,664,284)	\$ (903,217)	\$ (671,750)	\$ (978,908)	\$ (1,468,026)
(56,636)	(89,531)	(69,327)	(46,566)	(23,518)	(118,478)
<u>\$ (1,384,398)</u>	<u>\$ (2,753,815)</u>	<u>\$ (972,544)</u>	<u>\$ (718,316)</u>	<u>\$ (1,002,426)</u>	<u>\$ (1,586,504)</u>

Village of Vernon Hills, Illinois
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:				
Nonspendable	\$ 878,256	\$ 1,771,573	\$ 1,676,713	\$ 1,289,082
Restricted	301,111	373,030	331,751	285,836
Committed	-	-	-	-
Unassigned	<u>28,282,887</u>	<u>25,866,681</u>	<u>25,962,612</u>	<u>26,204,170</u>
Total General Fund	<u>\$ 29,462,254</u>	<u>\$ 28,011,284</u>	<u>\$ 27,971,076</u>	<u>\$ 27,779,088</u>
All other governmental funds:				
Nonspendable	\$ 726	\$ -	\$ -	\$ -
Restricted	7,169,481	6,275,234	6,753,947	8,554,991
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>7,170,207</u>	<u>6,275,234</u>	<u>6,753,947</u>	<u>8,554,991</u>
Total governmental funds	<u>\$ 36,632,461</u>	<u>\$ 34,286,518</u>	<u>\$ 34,725,023</u>	<u>\$ 36,334,079</u>

Note - The Village implemented GASB Statement No. 54 in the fiscal year ended April 30, 2012.

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 1,306,316	\$ 1,484,993	\$ 458,220	\$ 429,650	\$ 409,080	\$ 467,790
223,569	156,265	94,738	168,098	258,942	411,686
-	-	14,075	16,398	58,561	106,218
25,666,376	23,928,382	23,282,038	23,432,516	23,937,297	22,254,166
<u>\$ 27,196,261</u>	<u>\$ 25,569,640</u>	<u>\$ 23,849,071</u>	<u>\$ 24,046,662</u>	<u>\$ 24,663,880</u>	<u>\$ 23,239,860</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,271,691	1,898,464	6,296,920	2,663,775	2,368,097	3,083,417
-	(153,789)	-	-	(498,253)	(1,040,917)
<u>2,271,691</u>	<u>1,744,675</u>	<u>6,296,920</u>	<u>2,663,775</u>	<u>1,869,844</u>	<u>2,042,500</u>
<u>\$ 29,467,952</u>	<u>\$ 27,314,315</u>	<u>\$ 30,145,991</u>	<u>\$ 26,710,437</u>	<u>\$ 26,533,724</u>	<u>\$ 25,282,360</u>

Village of Vernon Hills, Illinois
General Governmental Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Sales tax	\$ 13,955,122	\$ 14,861,729	\$ 15,443,815	\$ 14,933,056
Other tax	12,697,837	11,511,870	10,801,533	11,064,312
Intergovernmental	5,797,005	3,698,530	3,298,693	673,921
Licenses, permits, and fees, fines, and forfeitures, and charges for services	4,173,782	3,760,454	3,937,458	4,878,822
Investment income	87,057	880,832	711,434	344,004
Miscellaneous	727,540	520,038	197,249	217,230
	<u>\$ 37,438,343</u>	<u>\$ 35,233,453</u>	<u>\$ 34,390,182</u>	<u>\$ 32,111,345</u>

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 14,435,680	\$ 14,006,145	\$ 11,426,650	\$ 10,680,015	\$ 10,503,422	\$ 10,251,007
11,165,438	11,394,315	7,931,917	7,752,383	7,532,319	7,072,883
672,162	831,309	876,836	756,393	730,134	855,832
4,606,923	3,239,217	3,915,655	4,016,931	3,269,310	2,292,710
105,285	115,636	295,485	73,881	98,374	188,188
142,544	41,088	55,764	67,762	44,992	68,954
<u>\$ 31,128,032</u>	<u>\$ 29,627,710</u>	<u>\$ 24,502,307</u>	<u>\$ 23,347,365</u>	<u>\$ 22,178,551</u>	<u>\$ 20,729,574</u>

Village of Vernon Hills, Illinois
General Governmental Expenditures By Function
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018
General government	\$ 9,284,377	\$ 9,687,597	\$ 9,647,854	\$ 9,073,246
Public safety	12,883,073	12,569,810	11,978,282	12,150,938
Streets and roads	4,993,737	4,952,499	4,551,301	4,742,456
Economic development	99,016	1,663,589	4,000,769	14,389,807
Culture and recreation	31,532	292,421	268,706	261,213
Capital outlay	3,337,173	3,739,407	1,677,466	1,944,919
Debt service:				
Principal retirement	2,700,000	1,715,000	2,745,000	1,470,000
Interest and fiscal charges	1,014,840	1,049,139	1,129,860	1,402,639
	<u>\$ 34,343,748</u>	<u>\$ 35,669,462</u>	<u>\$ 35,999,238</u>	<u>\$ 45,435,218</u>

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 8,862,203	\$ 8,214,056	\$ 3,842,991	\$ 3,668,619	\$ 3,498,692	\$ 3,282,636
11,634,011	11,050,969	10,932,262	10,254,629	9,778,906	9,185,888
4,409,098	4,560,218	5,883,011	5,234,011	4,796,985	4,150,824
-	1,488	-	4,463	-	798
250,870	287,664	258,590	277,671	270,899	259,249
1,828,930	7,170,422	1,108,942	385,859	331,657	198,212
1,415,000	645,000	1,720,000	2,435,000	1,315,000	1,245,000
574,283	768,087	808,478	910,400	935,048	1,336,746
<u>\$ 28,974,395</u>	<u>\$ 32,697,904</u>	<u>\$ 24,554,274</u>	<u>\$ 23,170,652</u>	<u>\$ 20,927,187</u>	<u>\$ 19,659,353</u>

Village of Vernon Hills, Illinois
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018
Revenues:				
Taxes	\$ 12,697,837	\$ 11,511,870	\$ 10,801,533	\$ 11,064,312
Intergovernmental	19,752,127	18,560,259	18,742,508	15,606,977
Licenses, permits, and fees, fines and forfeitures, and charges for services	4,173,782	3,760,454	3,937,458	4,878,822
Investment income	87,057	880,832	711,434	344,004
Miscellaneous	727,540	520,038	197,249	217,230
Total revenues	37,438,343	35,233,453	34,390,182	32,111,345
Expenditures:				
General government	9,284,377	9,687,597	9,647,854	9,073,246
Public safety	12,883,073	12,569,810	11,978,282	12,150,938
Streets and roads	4,993,737	4,952,499	4,551,301	4,742,456
Economic development	99,016	1,663,589	4,000,769	14,389,807
Culture and recreation	31,532	292,421	268,706	261,213
Capital outlay	3,337,173	3,739,407	1,677,466	1,944,919
Debt service				
Principal	2,700,000	1,715,000	2,745,000	1,470,000
Interest and fiscal charges	1,014,840	1,049,139	1,129,860	1,402,639
Total expenditures	34,343,748	35,669,462	35,999,238	45,435,218
Excess (deficiency) of revenues over expenditures	3,094,595	(436,009)	(1,609,056)	(13,323,873)
Other financing sources (uses):				
Transfers in	3,803,426	1,537,787	2,356,670	2,259,650
Transfers (out)	(4,554,574)	(1,537,787)	(2,356,670)	(2,259,650)
Proceeds from bonds	-	-	-	20,190,000
Premium on debt issuance	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	(751,148)	-	-	20,190,000
Net changes in fund balances	\$ 2,343,447	\$ (436,009)	\$ (1,609,056)	\$ 6,866,127
Debt service as a percentage of noncapital expenditures	11.33%	8.32%	10.84%	6.40%

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2017	2016	2015	2014	2013	2012
\$ 11,165,438	\$ 11,394,315	\$ 7,931,917	\$ 7,752,383	\$ 7,532,319	\$ 7,072,883
15,107,842	14,837,454	12,303,486	11,436,408	11,233,556	11,106,839
4,606,923	3,239,217	3,915,655	4,016,931	3,269,310	2,292,710
105,285	115,636	295,485	73,881	98,374	188,188
142,544	41,088	55,764	67,762	44,992	68,954
<u>31,128,032</u>	<u>29,627,710</u>	<u>24,502,307</u>	<u>23,347,365</u>	<u>22,178,551</u>	<u>20,729,574</u>
8,862,203	8,214,056	3,842,991	3,668,619	3,498,692	3,282,636
11,634,011	11,050,969	10,932,262	10,254,629	9,778,906	9,185,888
4,409,098	4,560,218	5,883,011	5,234,011	4,796,985	4,150,824
-	1,488	-	4,463	-	798
250,870	287,664	258,590	277,671	270,899	259,249
1,828,930	7,170,422	1,108,942	385,859	331,657	198,212
1,415,000	645,000	1,720,000	2,435,000	1,315,000	1,245,000
574,283	768,087	808,478	910,400	935,048	1,336,746
<u>28,974,395</u>	<u>32,697,904</u>	<u>24,554,274</u>	<u>23,170,652</u>	<u>20,927,187</u>	<u>19,659,353</u>
<u>2,153,637</u>	<u>(3,070,194)</u>	<u>(51,967)</u>	<u>176,713</u>	<u>1,251,364</u>	<u>1,070,221</u>
1,592,396	1,515,383	1,804,752	1,255,093	2,288,015	77,216
(1,592,396)	(1,515,383)	(1,804,752)	(1,255,093)	(2,288,015)	(77,216)
-	7,260,000	5,630,000	-	-	9,475,000
-	187,651	-	-	-	37,204
-	(5,301,500)	(2,142,479)	-	-	(7,602,645)
-	2,146,151	3,487,521	-	-	1,909,559
<u>\$ 2,153,637</u>	<u>\$ (924,043)</u>	<u>\$ 3,435,554</u>	<u>\$ 176,713</u>	<u>\$ 1,251,364</u>	<u>\$ 2,979,780</u>
4.92%	10.63%	14.49%	10.83%	13.35%	14.47%

Village of Vernon Hills, Illinois
Sales by Category
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General merchandise	\$ 1,119,488	\$ 1,363,593	\$ 1,547,821	\$ 1,672,883	\$ 1,851,726
Food	1,681,385	1,554,637	1,307,951	1,087,522	1,130,577
Drinking and eating places	804,850	1,114,359	1,030,560	1,002,073	1,052,840
Apparel	396,081	640,384	677,801	681,766	743,051
Furniture, H.H., and radio	1,305,744	2,687,754	7,058,665	6,492,509	6,410,014
Lumber, building hardware	925,039	760,388	721,690	500,489	488,392
Automobile and filling stations	274,441	348,014	348,836	325,882	316,570
Drugs and miscellaneous retail	996,557	1,021,543	1,003,181	1,024,032	1,073,993
Agriculture and all others	6,030,210	5,706,666	1,601,380	1,520,703	1,374,503
Manufacturers	58,674	73,420	79,937	101,103	117,278
Total*	<u>\$ 13,592,469</u>	<u>\$ 15,270,758</u>	<u>\$ 15,377,822</u>	<u>\$ 14,408,962</u>	<u>\$ 14,558,944</u>
Village direct sales tax rate	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>

*Totals do not tie to financial statements due to confidentiality agreements with certain taxpayers.

Data Sources

State records

See independent auditor's report.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,402,181	\$ 2,488,384	\$ 2,597,897	\$ 2,720,545	\$ 2,633,339
788,727	901,265	925,373	916,744	648,897
1,029,264	960,573	881,340	883,552	850,877
736,300	742,882	775,480	771,836	844,886
6,269,676	5,610,887	4,776,995	4,644,807	4,260,170
493,422	486,962	450,455	401,030	402,354
333,588	360,241	321,049	346,563	391,781
1,043,187	1,141,888	1,164,654	1,127,572	1,098,232
958,057	831,229	793,580	703,322	680,022
100,010	111,466	110,329	104,649	92,047
<u>\$ 14,154,412</u>	<u>\$ 13,635,777</u>	<u>\$ 12,797,152</u>	<u>\$ 12,620,620</u>	<u>\$ 11,902,605</u>
<u>1.25%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>

**Village of Vernon Hills, Illinois
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

Fiscal Year	State Rate	RTA Rate	Village Home Rule Rate	Total Sales Tax Rates	% Distributed to Village
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%
2020	6.25%	0.75%	0.25%	7.25%	1.25%
2021	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

See independent auditor's report.

Village of Vernon Hills, Illinois
Assessed Value and Actual Value of Taxable Property
Last Ten Levy Years

Tax Levy Year	Residential Property	Farm Property	Commercial Property	Industrial Property
2011	\$ 832,609,239	\$ 55,976	\$ 347,129,444	\$ 555,771
2012	761,855,463	56,163	333,879,758	561,152
2013	710,261,831	56,052	326,597,423	594,926
2014	708,727,188	57,466	324,566,212	589,810
2015	746,989,830	58,324	331,136,869	597,831
2016	800,234,815	62,900	352,783,237	630,956
2017	836,188,206	67,161	361,915,490	665,469
2018	852,359,184	557,920	374,092,587	687,163
2019	893,277,700	225,513	400,327,706	695,020
2020	882,668,189	225,388	393,034,798	692,413

Source: Lake County Clerk's and Treasurer's Office

See independent auditor's report.

Total Taxable Assessed Value	Railroad Property	Total Taxable Assessed Value (Lake County)
\$ 1,180,350,430	\$ 189,118	\$ 1,180,539,548
1,096,352,536	123,380	1,096,475,916
1,037,510,232	127,479	1,037,637,711
1,033,940,676	149,277	1,034,089,953
1,078,782,854	180,024	1,078,962,878
1,153,711,908	198,874	1,153,910,782
1,198,836,326	164,264	1,199,000,590
1,227,696,854	172,948	1,227,869,802
1,294,525,939	174,290	1,294,700,229
1,276,620,788	172,184	1,276,792,972

**Village of Vernon Hills, Illinois
Direct and Overlapping Property Tax Rates
Last Ten Levy Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CLC Joint Action Water	\$ -	\$ -	\$ -	\$ 0.045	\$ 0.046
Grade School 73	3.851	3.740	3.847	3.825	3.871
High School 128	2.603	2.513	2.502	2.494	2.532
Jr. College 532	0.290	0.282	0.282	0.281	0.285
Libertyville Township	0.127	0.123	0.122	0.122	0.124
Lake County	0.598	0.597	0.612	0.622	0.632
Lake County Forest Preserve	0.182	0.180	-	0.187	0.193
Vernon Hills Park District	0.434	0.420	0.411	0.416	0.419
Cook Memorial Library	0.286	0.283	0.284	0.284	0.289
Countryside Fire District	0.596	0.566	0.564	0.560	0.570
Village of Vernon Hills	-	-	-	-	-
Total	<u>\$ 8.967</u>	<u>\$ 8.704</u>	<u>\$ 8.624</u>	<u>\$ 8.836</u>	<u>\$ 8.961</u>

Source: Office of the County Clerk

See independent auditor's report.

	2015	2014	2013	2012	2011
\$	0.054	\$ 0.056	\$ 0.055	\$ 0.052	\$ 0.047
	4.033	4.118	3.997	3.678	3.306
	2.732	2.687	2.919	2.800	2.399
	0.299	0.306	0.296	0.272	0.240
	0.131	0.134	0.131	0.122	0.111
	0.663	0.683	0.663	0.608	0.554
	0.208	0.210	0.218	0.212	0.201
	0.458	0.455	0.445	0.496	0.450
	0.304	0.312	0.303	0.282	0.254
	0.598	0.613	0.597	0.552	0.495
	-	-	-	-	-
\$	<u>9.480</u>	<u>\$ 9.574</u>	<u>\$ 9.624</u>	<u>\$ 9.074</u>	<u>\$ 8.057</u>

**Village of Vernon Hills, Illinois
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
Westfield Shoppingtown Hawthorne	\$ 25,426,873	1	1.99%	\$ 20,280,283	1	1.72%
Passco Mellody Farm DST Trust	23,952,103	2	1.88%	-		-
Mesirow Financial Revf II Reit LLC	19,340,010	3	1.51%	-		-
Mellody Farm LLC	17,900,774	4	1.40%	-		-
Azure Partners LLC	17,421,665	5	1.36%	-		-
Leahy Vernon Hills Development	8,859,707	6	0.69%	10,977,259	5	0.93%
IRC Retail Centers	8,361,724	7	0.65%	-		-
CDW Computer Centers, Inc.	8,262,707	8	0.65%	8,578,786	7	0.73%
Van Vlissingen & Co.	7,350,788	9	0.58%	16,176,951	2	1.37%
PWA Continental Executive Park, LP	7,104,157	10	0.56%	8,766,227	6	0.74%
Inland Real Estate	-		-	13,484,946	3	1.14%
Museum Gardens II LLC	-		-	11,857,369	4	1.00%
HCP Ventures	-		-	8,098,048	8	0.69%
Ventas Realty Office Building	-		-	7,322,093	9	0.62%
Corporate Woods Assoc LLC	-		-	7,095,344	10	0.60%
	\$ 143,980,508		11.27%	\$ 112,637,306		9.54%

Source: Lake County Treasurer.

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

See independent auditor's report.

Village of Vernon Hills, Illinois
Tax Increment Financing District Tax Extensions and Collections
Last Ten Levy Years

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Equalized Assessed Valuation</u>	<u>Tax Extension</u>	<u>Total Collections</u>	<u>Percentage Collected</u>
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	2,687,995	2,677,872	99.62%
2020	2019	56,129,505	4,821,048	4,812,319	99.82%
2021	2020			N/A	N/A

N/A - Not Applicable

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

The 2020 levy is in collection at year end.

Data Sources

Village and Lake County Records

See independent auditor's report.

**Village of Vernon Hills, Illinois
Property Tax Extensions and Collections
Last Ten Fiscal 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
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%
2020	2019	-	-	0.00%	-	-	0.00%
2021	2020	-	-	0.00%	-	-	0.00%

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

Source: Lake County Clerk.

See independent auditor's report.

Village of Vernon Hills, Illinois
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended	General Activities				Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Alternate Revenue Bonds	TIF Revenue Bonds/Notes	Unamortized Premium			
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
2020	35,795,000	-	-	212,286	36,007,286	2.82%	1,371.24
2021	33,095,000	-	-	185,336	33,280,336	2.51%	1,239.49

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.

See independent auditor's report.

Village of Vernon Hills, Illinois
Direct and Overlapping Governmental Activities Debt
April 30, 2021

Governmental Unit	Gross Debt	Applicable to the Village	
		Percent	Amount
Village	\$ 33,280,337	100.00 %	\$ 33,280,337
School District Number 73	65,479,914	67.48	44,185,846
School District Number 76	10,505,000	25.47	2,675,624
School District Number 103	6,600,000	20.43	1,348,380
High School District Number 120	9,742,134	1.01	98,396
High School District Number 125	37,245,000	9.17	3,415,367
Community College Number 532	42,955,000	4.93	2,117,682
Lake County	147,785,000	4.70	6,945,895
Lake County Forest Preserve District	206,810,000	4.70	9,720,070
Countryside Fire Protection District	2,140,000	62.80	1,343,920
Mundelein Park District	2,805,000	0.001	28
Vernon Hills Park District	8,037,290	100.00	8,037,290
Total overlapping debt	\$ 540,104,338		79,888,498
Total direct and overlapping debt	\$ 573,384,675		\$ 113,168,835

Data Source: Office of the County Clerk

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

See independent auditor's report.

Village of Vernon Hills, Illinois
Ratios of General Bond Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Activities		Less Amounts Available in Debt Service Fund	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
	General Obligation Bonds	Unamortized Premium				
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%	1,419.96
2020	35,795,000	212,286	-	36,007,286	2.78%	1,371.24
2021	33,095,000	185,336	-	33,280,336	2.61%	1,239.49

(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

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Legal Debt Margin
April 30, 2021

The Village is a home rule municipality

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

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

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

See independent auditor's report.

**Village of Vernon Hills, Illinois
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	25,113	\$ 953,541	\$ 37,970	N/A	N/A	7.10%
2013	25,613	1,083,740	42,205	N/A	N/A	6.60%
2014	25,613	1,089,679	42,544	N/A	N/A	7.40%
2015	25,911	1,100,103	42,457	N/A	N/A	6.00%
2016	26,314	1,127,450	42,846	N/A	N/A	4.40%
2017	26,328	1,162,671	44,161	38.1	N/A	4.30%
2018	26,253	1,239,299	47,206	38.4	N/A	3.30%
2019	26,641	1,257,615	47,206	39.2	N/A	3.40%
2020	26,259	1,274,638	48,541	39.1	N/A	3.50%
2021	26,850	1,327,867	49,455	39.1	N/A	7.30%

N/A - Not Applicable

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.

See independent auditor's report.

**Village of Vernon Hills, Illinois
Principal Employers
Current Year and Nine Years Ago**

Employer	2021			2012		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Westfield Hawthorn	2,500	1	9.31%	2,500	1	9.96%
American Hotel Register Co.	500	2	1.86%	400	3	1.59%
Mitsubishi Electric Automation, Inc.	400	3	1.49%	350	4	1.39%
CDW Computer Centers, Inc.	350	4	1.30%	350	4	1.39%
ZFAftermarket	300	6	1.12%	240	7	0.96%
Rust-Oleum Corp.	350	4	1.30%	180	10	0.72%
Cole-Palmer Instrument Co.	300	6	1.12%	300	6	1.19%
Becton Dickinson	300	6	1.12%	-	-	0.00%
Richard Wolf Medical Instruments Corp.	200	9	0.74%	200	9	0.80%
Neil Enterprises	160	10	0.60%	-	-	0.00%
Zebra Technologies Corp.	-	-	0.00%	900	2	3.58%
ETA/Cuisenaire	-	-	0.00%	200	8	0.80%
	5,360		19.96%	5,620		22.38%

Data Sources:

2012 Village of Vernon Hills ACFR

2021 Illinois Manufacturer's Directory and Illinois Services Directory

See independent auditor's report.

Village of Vernon Hills, Illinois
Full-time Equivalent Employees By Function
Last Ten Fiscal Years

Function/Program	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Government:					
Management Services	5.30	5.00	4.00	3.58	3.50
Human Resources	-	-	**1.85	4.37	4.09
Public Works	24.09	22.74	25.01	24.20	24.60
Public Safety	74.42	69.09	71.54	72.61	73.20
Community Development	6.91	7.80	7.82	8.04	7.57
	<u>110.72</u>	<u>104.63</u>	<u>108.37</u>	<u>112.80</u>	<u>112.96</u>

**This was Finance/HR formerly. FY2019 only 1 for HR & 0.85 Finance/starting in FY2020 they are combined into 1-Management Service.

Date Source: Village Records.

See independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
3.54	3.54	2.50	2.50	2.50
4.09	4.08	4.08	3.87	3.80
23.85	25.47	24.83	23.54	22.91
72.28	70.63	70.71	66.88	66.59
<u>7.57</u>	<u>7.54</u>	<u>7.53</u>	<u>7.50</u>	<u>7.50</u>
<u>111.33</u>	<u>111.26</u>	<u>109.65</u>	<u>104.29</u>	<u>103.30</u>

Village of Vernon Hills, Illinois
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2021	2020	2019
Public Works:			
Forestry:			
Number of parkway trees planted*	65	96	108
Number of parkway trees trimmed*	918	1,038	927
Fleet Services:			
Number of cars/SUVs/vans maintained*	33	41	34
Number of light trucks maintained*	17	18	19
Number of heavy trucks maintained*	11	10	10
Number of loaders/backhoes maintained*	6	6	5
Number of small tractors maintained*	4	3	2
Number of sweepers maintained*	-	-	1
Number of buses maintained*	-	1	1
Public Safety:			
Police:			
Part I crime*	331	470	384
Part II crime*	625	622	606
Calls for service*	26,704	30,458	30,736
State tickets issued*	1,090	2,339	2,309
Compliance tickets issued*	313	568	787
Parking tickets issues*	767	1,796	2,309
Community Development:			
Number of building permits issued	2,162	1,274	2,409
Number of building inspections	4,092	2,988	6,745
Highways and Streets:			
Sidewalk/bike trial programs	78,400	72,614	74,411
Annual resurfacing program	1,075,000	987,766	1,019,787

*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

See independent auditor's report.

Fiscal Year Ended April 30,						
2018	2017	2016	2015	2014	2013	2012
108	392	876	1,235	603	291	145
927	669	1,009	1,165	1,050	1,066	1,065
36	36	35	35	43	37	41
20	19	18	18	17	17	16
10	11	10	10	10	10	10
5	5	5	5	4	4	4
2	2	1	1	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
528	473	574	544	535	635	678
576	633	603	628	551	557	710
29,693	26,349	23,684	23,358	22,903	21,170	18,608
2,876	2,602	2,273	3,271	3,480	3,414	2,080
992	903	587	1,102	1,038	458	125
2,509	2,286	2,419	3,407	2,974	2,259	1,591
1,275	1,470	1,525	1,798	1,344	1,354	1,389
3,585	3,744	3,312	5,105	3,067	2,703	2,833
48,963	72,610	93,096	55,662	55,910	42,554	32,141
359,989	676,688	1,265,502	1,148,696	624,565	811,685	583,333

**Village of Vernon Hills, Illinois
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	2021	2020	2019	2018	2017
Public safety:					
Police:					
Stations	1	1	1	1	1
Communications/training center	1	1	1	1	1
Patrol units	26	31	28	30	27
Public works:					
Streets (lane miles)	160.4	164.3	141.7	141.7	141.7
Sidewalks (miled)	108.2	108.2	108.2	108.2	108.2
Streetlights	2,286	2,305	2,258	2,258	2,258
Traffic lights (Village owned)	5	5	5	5	5
Recreation					
Athletic complex	1	1	1	1	1
Golf courses	2	2	2	2	2
Community center	-	-	1	1	1
Administration					
Village Hall	1	1	1	1	1

Data Source: Village records

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See independent auditor's report.

2016	2015	2014	2013	2012
1	1	1	1	1
1	1	1	1	1
27	29	30	31	34
141.7	141.7	141.7	141.7	141.7
108.2	108.2	108.2	108.2	108.2
2,258	2,258	2,258	2,258	2,258
5	5	5	5	5
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1