



ANNUAL COMPREHENSIVE FINANCIAL
REPORT FOR THE YEAR ENDED APRIL 30, 2022

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VILLAGE OF VERNON HILLS, ILLINOIS

Annual Comprehensive Financial Report

For the Year Ended April 30, 2022

Prepared By Finance Department:

**Village of Vernon Hills, Illinois
Annual Comprehensive Financial Report
For the Year Ended April 30, 2022**

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INTRODUCTORY SECTION

December 14, 2022

To: Village President
Board of Trustees
Residents of Village of Vernon Hills:

The “Annual Comprehensive Financial Report” (ACFR) for the Village of Vernon Hills, Illinois (Village) for fiscal year ended April 30, 2022 is hereby presented. The “ACFR” has been prepared by Village management in accordance with the principles and standards for financial reporting, as set forth by the Government Accounting Standards Board, and have been audited by independent auditors.

It is the responsibility of Village management to ensure that accurate and adequate accounting data is compiled so that the financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Village management is also responsible for the completeness and fair presentation of these financial statements, which includes all disclosures. To the best of our knowledge and belief, the data, as presented in the financial statements, is accurate in all material respects, presents fairly the financial position and results of Village operations, as measured by the financial activity of its funds, and provides the reader with disclosure of the Village’s activities.

Village management is responsible for establishing and maintaining an internal control structure designed to ensure that Village assets are protected from loss, theft, and/or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of a control should not exceed its possible benefits, and that the valuation of cost / benefit is based upon management estimates and judgments.

To obtain reasonable assurance that the Village’s financial statements are free from material misstatement, an independent audit, which includes examining, on a test basis, evidence that supports the amounts and disclosures in the financial statements was performed. The independent auditors report on the basic financial statements and supplemental statements and schedules, which was issued by the certified public accounting firm of Selden Fox, LTD, is included in the Financial Section of the “Annual Comprehensive Financial Report”. Selden Fox has issued an unmodified opinion on these financial statements.

In accordance with GAAP, Village management has prepared a “Management’s Discussion & Analysis” (MD&A). The “MD&A” provides a narrative introduction, overview, and analysis of the Village’s financial statements and immediately follows the independent auditor’s report. As this “Letter of Transmittal” is designed to complement the “MD&A”, the “Letter of Transmittal” and “MD&A” should be read together.

Profile of the Village of Vernon Hills

The Village of Vernon Hills was incorporated on July 16, 1958 as an outgrowth of a small subdivision made up of 125 houses. In 1973, the Village hired its first Village administrator and Chief of Police. The official Census population of the Village was 26, 850 which represents a 4.8% increase over the past ten years.

There are two library districts; two townships; four elementary school districts and; three high school districts within the boundaries of the Village’s 7.94 square mile area.

The Village of Vernon Hills is a home rule form of government, making it one of 219 home rule municipalities in Illinois as of July 14, 2022. Its authority is guided by the “Illinois Constitution”, “Illinois State Statutes”, various ordinances, and by a range of autonomy granted to the Village. The governing body, by which authority is exercised, is a six-member Village Board of Trustees led by its President. The Trustees and President are elected by Village voters and serve four-year terms.

The Village has four primary responsibilities. These responsibilities are to a) protect its residents and property through the operations of its Police Department and Communication Center; b) enhance community order, health, safety, and aesthetics through its Public Works and Engineering Department’s continuing review, design, construction, and maintenance of the Village’s infrastructure; 3) oversee the orderly development of Village land in order to protect and promote the health, safety, and general welfare of the residents and; 4) provide various essential services and/or programs to its residents, such as supporting various social service agencies; licensing for businesses; permitting for commercial and residential construction and; managing records.

The Village of Vernon Hills also includes two Proprietary Funds in its financial reporting structure. Proprietary Funds account for services provided by the Village for which it charges a fee. The Equipment Replacement Fund, an Internal Service Fund, accounts for the financing of non-information technology equipment costing more than \$15,000 and having a useful life of at least six years. This Fund provides the equipment to other departments on a cost-reimbursement basis.

The other Proprietary Fund, an Enterprise Fund, accounts for the operations of the Vernon Hills Golf Course, which is managed by an outside management company.

Annual Budget Process

The Village’s annual budget is the foundation for financial planning and its system of financial control. Management prepares the budget in accordance with the Village’s financial policies and goals. The Village Board has final statutory approval of the annual budget at both the Fund and Department levels. The budget approval process ensures that total expenditures plus outstanding encumbrances do not exceed approved appropriations.

The annual budget for the General Fund is a balanced budget, whereby anticipated expenditures, including transfers, are equal to anticipated revenues. The target for the General Fund’s unassigned fund balance is 67% or more of annual operating and debt service expenditures. The General Fund’s unassigned fund balance at April 30, 2022 is \$34.1 million, which is 118.8% of the General Fund’s total operating and debt service expenditures for FY2022.

The target of the annual budget for the Special Revenue Funds are as follows:

- Motor Fuel Tax Fund targets a minimum level of 67% of the annual budgeted road program for its restricted fund balance.
- Golf Course Fund targets its unrestricted net assets to represent no less than three months of operating expenses (excluding debt service and capitalized asset expenses) at the end of the golf season.

The ordinance adopting the annual budget is made available for public inspection at least ten days prior to its adoption. The Village Board approves the annual budget and ordinance within the first quarter of the fiscal year to which it applies.

Local Economic Conditions

The Village of Vernon Hills entered FY2022 as the economy was recovering from the effects of the COVID-19 pandemic. Real Gross Domestic Product rose by approximately 7% in the first quarter of 2021 (BEA.gov), reflecting increased personal consumption expenditures, non-residential and residential investment, and federal government spending.

During FY2022, the Village effectively managed the negative impacts COVID-19 had on the economy. Retail sales began to steadily recover from their sharp decline in April 2020, ultimately surviving the pandemic better than the previous recession and surpassing pre-pandemic levels. Retail sales are expected to grow between 6% and 8% in 2022 (<https://nrf.com>).

The Village of Vernon Hills is the retail trade hub in Lake County and the Village relies heavily on its retail sales revenue to fund governmental services. The Village has approximately 4.0 million square feet of retail space that consists of the following properties:

- Hawthorn Mall – 1.3 million sq. ft. (pre-redevelopment)
- Shoppes at Gregg’s Landing – 561,000 sq. ft.
- Melody Farm (Regency Center) – 270,000 sq. ft.
- Rivertree Court – 259,000 sq. ft.
- Townline Commons – 237,000 sq. ft.
- Hawthorn Hills Square S.C. 193,000 sq. ft.
- Marketplace at Vernon Hills – 191,000 sq. ft.
- Various freestanding retail (i.e. Super Target; Sam’s Club; Kohl’s) – 800,000 sq. ft.

Municipal sales tax revenue for FY2022 exceeded budget and pre-pandemic levels (FY2020) by approximately \$6.5 million (57.3%) and \$2.9 million (19.6%), respectively. These favorable results were due to continued economic recovery and the development / redevelopment efforts of the Village. The following are some of the Village’s current development / redevelopment projects:

- Hawthorn Mall is reinvesting \$350 million for mixed-use development of residential / retail / restaurant properties. The development will include over 80,000 sq. ft. of restaurant / retail space and 500 luxury apartments.
- Southlake Industrial Center is a 65-acre modern industrial park promoting four buildings of industrial warehouse / office space totaling approximately 905,000 sq. ft.
- Everleigh – Vernon Hills is a luxury home community for 55+ active adults. The community has 174 apartments and 14 duplex cottages. This type of development is the first of its kind for the Village. In late 2022, Everleigh – Vernon Hills began leasing its apartments.

Over the years, the Village has used various forms of financing to support development and / or redevelopment projects and to attract and/ or maintain retailers / businesses. The forms of financing used include a) economic incentive agreements, which provide for the sharing of sales tax revenue b) tax increment financing and c) home rule sales tax, effective January 2015. The Village’s continued ability to finance its future without issuing general obligation bonds has contributed to a growing local economy.

Economic Outlook

The short-term and long-term economic outlook continues to be defined by the unprecedented events that occurred in FY2020. In March 2020, the national economy was plunged into a recession by the global COVID-19 pandemic, creating widespread financial uncertainty. Travel restrictions, lockdowns, social distancing, etc. helped minimize the spread of the virus, while negatively impacting the economy.

In December 2020, the first COVID-19 vaccine was approved. The vaccine allowed the lifting of most of the above-mentioned restrictions in late spring 2021. Economic conditions were beginning to slowly improve.

The economy was recovering as a result of the vaccine, as well as from two major stimulus packages.

- a. The “Coronavirus Aid, Relief, and Economic Security (CARES) Act” was signed into law on March 27, 2020 to provide emergency assistance and health care response to individuals, families, and businesses affected by COVID-19. The restricted funding was to be used for COVID-related expenses incurred over a three-year period. The Village received a total of \$1,119,209 of CARES funding in FY2020 and FY2021.
- b. The “American Rescue Plan Act (ARPA)” was signed into law on March 11, 2021, the first anniversary date when COVID-19 was declared a pandemic by the World Health Organization. While the “CARES Act” was a short-term economic recovery plan, “ARPA” focused on long-term economic recovery and allowed funding to be used for public infrastructure over a six-year period. The Village received a total of \$3,607,239 of ARPA funding in FY2022 and FY2023.

The recovery of the Village’s economy was becoming apparent. The unemployment rate continued to decline from a high of 14% in April 2020, to 5.4% in January 2021, down to 3.5%, in August 2022, which is slightly lower than the national average of 3.7%, and much lower than the Illinois average of 6.5% (<https://www.homefacts.com>). The Village’s employment numbers increased 10.6% from 13,783 in January 2021 to 15,245 in August 2022 (<https://data.rgj.com>); however, baseline employment had not returned to pre-pandemic levels, a national trend known as “The Great Resignation”. As of this writing, demand for workers for various jobs are still outpacing supply.

Debt Administration and Bond Ratings

Over the years, the Village has issued general obligation bonds to finance the acquisition, renovation, and/or construction of its capital assets and capital asset projects; provide for reimbursement of funds and; refund previously issued general obligation bonds.

At April 30, 2022, the Village had \$30.3 million of variable rate general obligation bonds. The Village’s debt service requirements for FY2022 was \$3.7 million. If the Village were not to issue additional bonds over the next few years, its debt service requirements will decrease by approximately \$1.8 million by FY2028.

The Village’s current net general bonded debt per capita, an indicator of the Village’s ability to pay its debt service requirements from current sales tax revenues, was approximately \$1.1 million. The debt per capita has continued to slowly decrease since FY2018.

The Village’s general obligation bonds are currently rated as Aaa by Moody’s Investor Service and AAA by Standard & Poor’s Global Ratings, indicating that the Village has high credit quality and is a very low credit risk. While a bond rating reflects only the view of a particular agency, all rating agencies consider both the overall economic condition of the issuer and the specifics of the bond issue. All agencies also estimate the probability of the issuer defaulting on its bonds in their rating process.

Independent Audit

Selden Fox, Ltd conducted the audit of the basic financial statements for FY2022 for the Village of Vernon Hills.

The “Annual Comprehensive Financial Report” and the “Communication to Those Charged with Governance and Management” may be viewed on the Village’s website: <https://www.vernonhills.org/departments/Finance/FinancialDocuments/>.

Pensions

Vernon Hills Police Pension Plan

The Village of Vernon Hills Police Pension Plan (Plan) uses the Entry Age Normal Funding Method (method) for funding benefits. This method allocates the cost of each individual’s pension on a level percent of payroll between the time employment starts (entry age) and the assumed retirement date. The goal of this method is to spread the cost over the member’s career as a level percentage of payroll. This method not only supports the Plan’s funding goal, but also maintains intergenerational equity.

The Plan uses an assumed retirement age of 57, and an investment rate assumption of 6.0%. Based on these actuarial assumptions as of April 30, 2022, the Vernon Hills Police Pension Plan is 72.31% funded.

Illinois Municipal Retirement Fund

The Village’s defined benefit plan (Plan), the Illinois Municipal Retirement Fund (IMRF), for its regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to Plan members and beneficiaries. The 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 IMRF continues to be a financially sound and sustainable plan with an actuarial funded status of 98.8% as of December 31, 2021.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the Village of Vernon Hills for its “Annual Comprehensive Financial Report” for the Fiscal Year ended April 30, 2021. It was the nineteenth consecutive year that the Village has been awarded this Certificate.

To be awarded the Certificate, the Village’s “Annual Comprehensive Financial Report” must include the information needed for a user of the financial statements to be able to assess the financial health of the Village.

We believe the Village’s FY2022 “Annual Comprehensive Financial Report” will continue to meet the requirements of the GFOA’s Certificate of Achievement for Excellence in Reporting program.

In closing, without the hard work of Village staff and Selden Fox Ltd. and the support of the Village Board, the preparation of this report would not have been possible. Thank you for your continued leadership and commitment to the financial matters of the Village of Vernon Hills.

Sincerely,



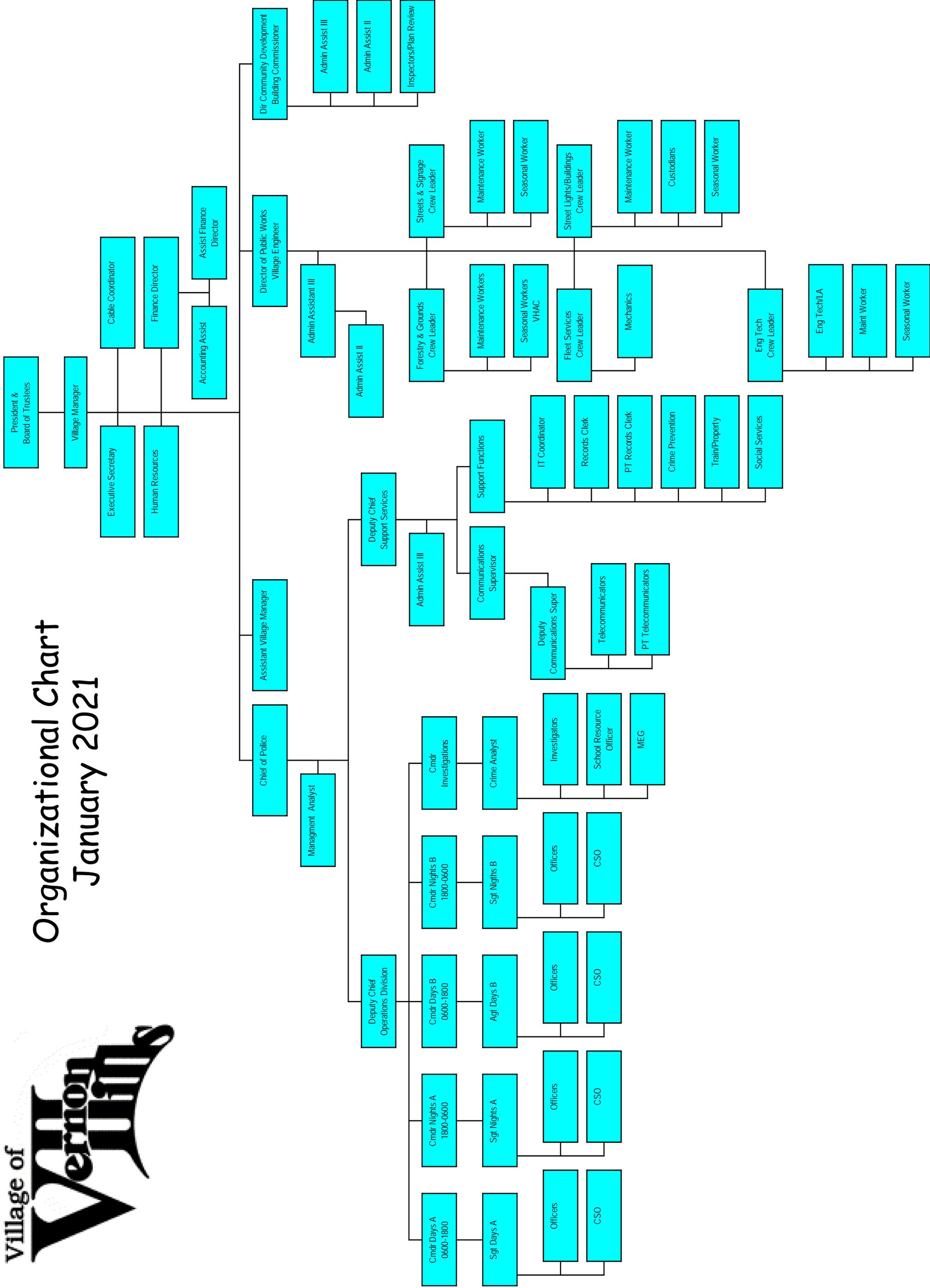
Kevin Timony
Village Manager



Lora Flori
Finance Director



Organizational Chart January 2021



**Village of Vernon Hills, Illinois
Principal Officials
April 30, 2022**

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

Lora Flori, 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, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

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p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

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

Report the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Vernon Hills, Illinois**, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages MD&A 1-14), the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General and major special revenue funds (pages 60-62), the multiyear schedules of changes in the employer's net OPEB liability and related ratios (page 63), the multiyear schedules of employer contributions (pages 64-67), the multiyear schedules of changes in the employer's net pension liability and related ratios (pages 68-71), and the multiyear schedule of investment returns (page 72) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, 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.

December 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

As management of the Village of Vernon Hills, Illinois (Village), we offer readers of the Village's financial statements a narrative overview and financial statement analysis for fiscal year ended April 30, 2022. We encourage readers to consider the information and data presented here in conjunction with the transmittal letter, financial statements, and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The Village's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$74.5 million, compared to \$64.0 million in the prior fiscal year. The \$10.5 million increase is primarily due to the following.
 - a. The Village's cash position increased \$8.3 million, as total revenues increased from prior year by \$6.6 million. While total expenses also increased, approximately \$1.1 million of the \$2.6 million increase was due to the increase in sales tax rebate expense, as sales tax revenues increased by \$4.7 million.
 - b. Net pension liability of the Police Pension Fund increased \$4.0 million due to differences between various actual results and expectations (assumptions used).
 - c. Total deferred inflows of resources decreased by \$3.8 million.
 - d. Illinois Municipal Retirement Fund pension assets exceeded pension liabilities by \$3.1 million due to a financial market increase in 2021.
- Governmental funds had a combined fund balance of \$44.7 million at April 30, 2022, representing an increase of \$8.1 million from prior fiscal year. Of the total combined fund balance, \$34.1 million, or 76%, is unassigned.
- General Fund actual revenues were \$9.3 million higher than budget primarily due to favorable variances of sales tax revenues (municipal and home rule) and state income tax revenues.
- General Fund expenditures were \$2.4 million more than budget due to an unfavorable variance of \$5.4 million, which resulted from budgeting sales tax revenues net of the sales tax expense, and a favorable variance of \$2.0 million due to deferring various capital projects.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This section is an introduction to the Village's basic financial statements. The reporting framework of the financial statements focuses on the Village as a whole (government-wide), and on the Village's individual funds. This framework provides the reader (1) an overview of the Village's finances, similar to that of a private sector business; (2) answers to meaningful questions about the Village's financial position and its activities and; (3) an understanding of the relationship between the Village as a whole and the Village's individual funds.

The Village's basic financial statements consist of the following three sections:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

In addition to the above, the *Annual Comprehensive Financial Report (ACFR)* includes Required Supplementary Information; Notes to Required Supplementary Information; Supplemental Information and; an (unaudited) Statistical Section.

Government-Wide Financial Statements

As mentioned above, the following Government-Wide Financial Statements are designed to provide the reader with an overview of the Village's finances, similar to that of a private sector business.

Statement of Net Position – The Statement of Net Position presents information on all Village assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The change in net position is a useful measure for determining if the Village's financial position has improved or deteriorated over a period of time. Non-financial factors, such as government rules and regulations, and the conditions of the Village's capital assets, need to also be considered when assessing the Village's overall financial health.

Statement of Activities – The Statement of Activities presents information on how the Village's net position changed during the fiscal year. All changes in net position are reported at the time the underlying event occurs without regard to the timing of the related cash flow; therefore, revenues and expenses may be reported in the statement for some transactions that provide cash flow only in future years, such as revenues for uncollected taxes, expenses for compensated absences earned not used, and expenses related to pension obligations.

The Government-Wide Financial Statements distinguish between functions of the Village that are primarily supported by taxes and intergovernmental revenues (Governmental Activities) from those that are intended to recover a significant portion, of its costs through user fees and charges (Business-Type Activities). The Government-Wide Financial Statements report the following activities and/or types of programs.

PRIMARY GOVERNMENT

Governmental Activities – Most services the Village provides are reported as governmental activities in the Government-Wide Financial Statements. The Village is responsible for providing the following types of services: a) public safety; (b) road, street, bridge, and other infrastructure construction and maintenance; (c) economic development and; (d) culture and recreation.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

General and administrative government functions and interest and fiscal charges are also reported as governmental activities in the Government-Wide Financial Statements. Some of the activities provided by these functions include managing Village facilities; maintaining official documents and records; and communicating with the Village community.

Business-Type Activities – The Vernon Hills Golf Course (Golf Course) is a business-type activity of the Village. The Golf Course was established as an Enterprise Fund to account for fees charged to customers for providing golf, driving range, and golf cart rental services. The fees are intended to cover a significant portion of the Golf Course's operating costs. An outside management company oversees the operations, financial planning, and policies and procedures of the Golf Course.

COMPONENT UNITS

A component unit is a legally separate entity for which a governmental unit is financially accountable, and, therefore, is required to be included in the governmental unit's *Annual Comprehensive Financial Report*. The Village is not financially accountable for another legally separate entity, and, therefore, does not report any component units in its Government-Wide Financial Statements.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements are designed to report groupings of related accounts used to account for resources that have been segregated for specific activities or programs. The Village uses fund accounting to ensure and show that it is following budgetary and other financial-related legal requirements. All Village funds are categorized into one of the three following fund classifications: governmental, proprietary, or custodial.

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

The focus of the Governmental Funds Financial Statements is more limited than the focus of the Government-Wide Financial Statements, and, so, the financial statements are most useful when comparing data and information for the governmental funds with similar data and information for governmental activities. This comparison allows the reader to more fully understand the long-term impact of the Village's short-term financing decisions. The Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation making this comparison between the governmental funds and the governmental activities more straightforward.

The Village has established five individual governmental funds that are categorized as either a Tax Incremental Financing Fund or Special Revenue Fund. The General Fund, one of the Village's major funds, is presented separately in the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Some of the Funds included in the General Fund are: Public Works Fund, Police Department Fund, Community Development Fund, and General Purpose Fund.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

The following additional major governmental funds are also reported separately in the Governmental Funds Financial Statements:

- Vernon Hills Town Center Tax Increment Financing Fund – The Vernon Hills Town Center Tax Increment Financing Fund accounts for incremental property tax revenue generated within the Vernon Hills Town Center District (District); bond costs incurred to issue bonds used to finance improvements within the District and; various other District-related activities.
- Milwaukee Avenue / Townline Road Tax Increment Financing Fund (Melody Farm Tax Increment Financing Fund) The Melody Farm Tax Increment Financing Fund accounts for incremental property tax revenue generated within the Melody Farm District (District); bond costs incurred to issue bonds used to finance improvements within the District and; various other District-related activities.

Data from the other governmental funds is combined and presented in a single column as Non-Major Governmental Funds. The data for each of the non-major governmental funds is provided in the Combining Balance Sheet; Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.

Proprietary Funds – Proprietary Funds account for services provided by the Village for which it charges a fee. The data and information presented in the Proprietary Funds is similar to the data and information presented in the Government-Wide Financial Statements; however, the data and information is presented in more detail. Two Proprietary Funds are presented in the Proprietary Funds Financial Statements – an Enterprise Fund that accounts for the operations of the Vernon Hills Golf Course and an Internal Service Fund that accounts for capital equipment provided to departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 used for fiduciary funds is much like that used for proprietary funds.

NOTES TO FINANCIAL STATEMENTS – The Notes to Financial Statements provide additional information needed for the reader to more fully understand the data and information presented in the Government-Wide Financial Statements and Fund Financial Statements.

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

The Budgetary Comparison Information Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the major funds are also presented in this section.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

SUPPLEMENTAL INFORMATION – The Supplemental Information section is a more detailed presentation of information that is included in the financial statements for the General Fund, Special Revenue Funds, Enterprise Fund, Internal Service Fund, and Schedule of Long-Term Debt Requirements.

(UNAUDITED) STATISTICAL SECTION – The (unaudited) Statistical Section presents operational, economic, and historical data that provides the reader with a framework for assessing the Village's economic condition.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted in the Overview of the Basic Financial Statements section of this narrative, the change in net position is a useful measure for determining the Village's long-term financial health and fiscal sustainability. The Village's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74.5 million at April 30, 2022, which represented an increase of \$10.6 million from prior year. Historical trends of the Village's net position can be found in the Statistical Section of the *Annual Comprehensive Financial Report*.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis
Fiscal Year Ended April 30, 2022

The following is a comparative Summary Statement of Net Position for the Village for FY2022 and FY2021.

Village of Vernon Hills
Summary Statement of Net Position
Fiscal Year Ended April 30
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current Assets	\$ 56.1	\$ 46.1	\$ -	\$ -	\$ 56.1	\$ 46.1
Net Pension Assets - noncurrent	3.1	-	-	-	3.1	-
Capital Assets, net	85.3	88.4	0.4	0.4	85.7	88.8
Total Assets	144.5	134.5	0.4	0.4	144.8	135.0
Deferred Outflows of Resources	7.6	8.8	-	-	7.6	8.8
Total Assets and Deferred Outflows	152.1	143.4	0.4	0.4	152.5	143.8
LIABILITIES						
Current Liabilities	11.6	9.5	0.1	-	11.7	9.5
Long-Term Liabilities	56.5	56.7	-	-	56.5	56.7
Total Liabilities	68.1	66.2	0.1	-	68.2	66.2
Deferred Inflows of Resources	9.9	13.7	-	-	9.9	13.7
Total Liabilities and Deferred Inflows	78.0	79.8	0.1	-	77.9	79.8
NET POSITION						
Net Investment in capital assets	73.4	74.7	0.4	0.4	73.8	75.1
Restricted	9.8	7.5	-	-	9.8	7.5
Unrestricted (Deficit)	(8.9)	(18.6)	(0.1)	-	(9.0)	(18.6)
TOTAL NET POSITION	\$ 74.2	\$ 63.6	\$ 0.3	\$ 0.4	\$ 74.5	\$ 64.0

Note: Columns may not foot and/or crossfoot due to rounding.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

As noted in the above schedule, the Village's net position is reported in the following three separate categories:

1. Net Investment in Capital Assets – The Village's net investment in capital assets represents its investment in capital assets at depreciated cost less any outstanding debt used to acquire capital assets, net of unspent debt proceeds. The decrease in the Village's net investment in capital assets of \$1.3 million was primarily due to depreciation of \$3.9 million and the \$2.8 million decrease in the outstanding balance of the general obligation bonds.

As the Village's investment in capital assets is net of capital-related debt, and also as capital assets are not available for spending, resources for debt service payments must be provided from other revenue sources.

Additional information on the Village's capital assets and long-term obligations can be found in Notes 3 & 4 to the Financial Statements.

2. Restricted Net Position – Restricted net position represents resources that are subject to substantive external restrictions as to how these resources are to be used. The Village's restricted net position at April 30, 2022, was \$9.8 million, or 13.2% of total net position. Nearly 60% of this restricted balance is to be used for economic development.
3. Unrestricted Net Position – The remaining balance of total net position at April 30, 2022, was a deficit of approximately \$9.0 million.

The following schedule of Revenues, Expenses, and Changes in Net Position is a comparative schedule for Governmental Activities and Business-Type Activities for FY2022 and FY2021.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

Village of Vernon Hills
Revenues, Expenses, and Changes in Net Position
For Fiscal Year Ending April 30
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
REVENUES						
<u>Program Revenues</u>						
Charges for Services	\$ 5.0	\$ 4.2	\$ 0.4	\$ 0.5	\$ 5.5	\$ 4.7
Operating Grants and Contributions	1.1	1.0	-	-	1.1	1.0
Capital Grants and Contributions	0.6	1.9	-	-	0.6	1.9
Total Program Revenues	6.8	7.1	0.4	0.5	7.2	7.6
<u>General Revenues</u>						
Taxes:						
Tax Increment	5.7	4.8	-	-	5.7	4.8
Home Rule Sales Tax	3.9	3.0	-	-	3.9	3.0
Utility Tax	1.2	1.2	-	-	1.2	1.2
Use Tax	1.0	1.1	-	-	1.0	1.1
Food & Beverage Tax	1.5	1.1	-	-	1.5	1.1
Other Taxes	1.9	1.5	-	-	1.9	1.5
State-Shared Program Revenues:						
Municipal Sales Tax	17.8	14.0	-	-	17.8	14.0
State Income Tax	3.7	2.9	-	-	3.7	2.9
Other General Revenues:						
Investment Income	-	0.1	-	-	-	0.1
Miscellaneous	0.8	1.0	-	-	0.8	1.0
Total General Revenues	37.6	30.6	-	-	37.6	30.6
TOTAL REVENUES	44.4	37.7	0.4	0.5	44.8	38.2
EXPENSES						
<u>Governmental Activities:</u>						
General and Administrative	10.9	10.0	-	-	10.9	10.0
Public Safety	12.1	11.0	-	-	12.1	11.0
Streets and Roads	9.4	8.9	-	-	9.4	8.9
Economic Development	0.2	0.1	-	-	0.2	0.1
Culture and Recreation	0.1	-	-	-	0.1	-
Interest and fees	1.0	1.1	-	-	1.0	1.1
<u>Business-Type Activities</u>						
Vernon Hills Golf Course	-	-	0.5	0.5	0.5	0.5
TOTAL EXPENSES	33.7	31.1	0.5	0.5	34.2	31.6
Net operating income (loss)	10.7	6.6	(0.1)	-	10.6	6.7
Transfers	-	(0.7)	-	0.7	-	-
Contributed Capital	-	-	-	0.1	-	0.1
Change in Net Position	10.6	6.0	(0.1)	0.8	10.6	6.8
Net Position - Beginning	63.6	57.6	0.4	(0.4)	64.0	57.2
Net Position - Ending	\$ 74.2	\$ 63.6	\$ 0.3	\$ 0.4	\$ 74.5	\$ 64.0

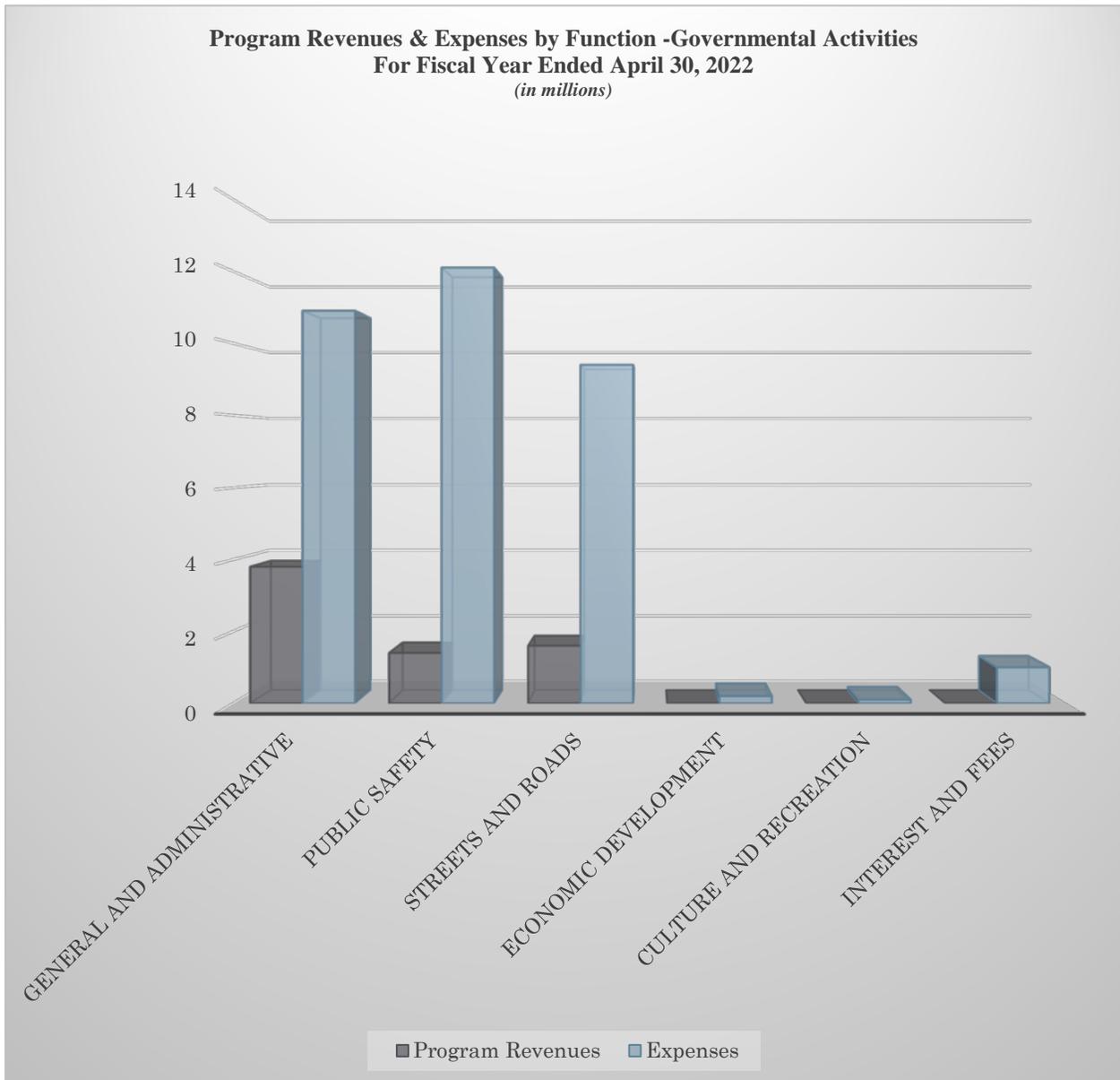
Note: Columns and /or rows may not foot / crossfoot due to rounding.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

Governmental Activities

The net position of governmental activities at April 30, 2022, was \$74.2 million, representing a \$10.6 million increase during the fiscal year. The following chart presents the Village's program revenues and expenses by function for governmental activities for fiscal year ended April 30, 2022.



Program revenues are revenues that originate from the program itself or from sources outside the Village's tax base that are directly related to the program. Program revenues reduce the costs of the function that would need to be funded by the Village's general revenues. The graph shows that all Village programs /

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

functions are primarily funded by the Village's general revenues. The following are the three sources of program revenue:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Program revenues decreased by \$0.3 million from prior year, and accounted for 15.3% of total revenues. The decrease in program revenues was due to the following.

- The Village received federal funding of approximately \$1.1 million in FY2021 in accordance with the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* signed into law on March 27, 2020. The funding provided emergency assistance and health care response to individuals, families, and businesses affected by the COVID-19 pandemic. The restricted funding was to be used for COVID-related expenses incurred over a three-year period.
- Increase in construction fees by approximately \$0.8 million.

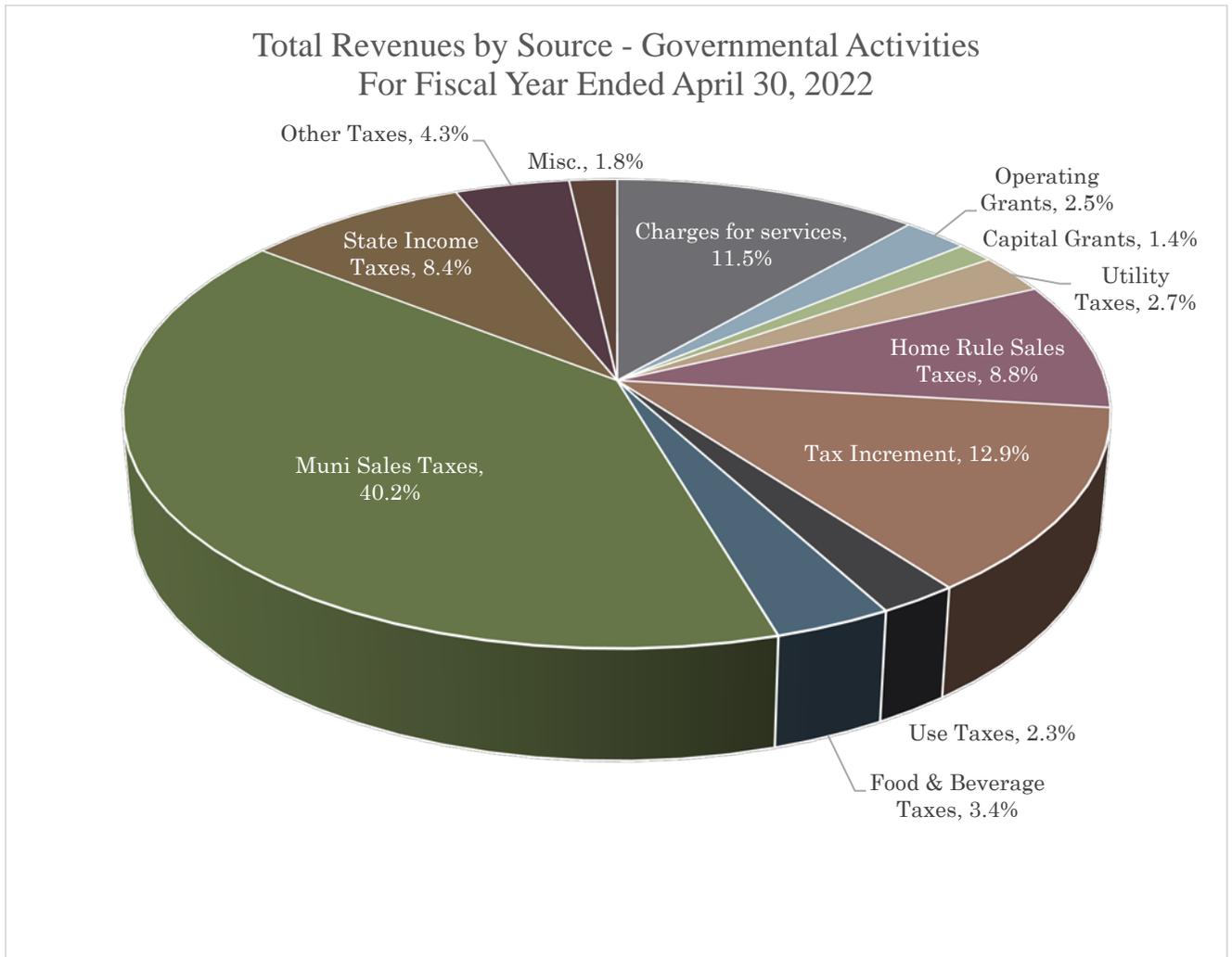
Charges for services accounted for 73.5% of total program revenue, and construction fees accounted for approximately 34% of total charges for services. The remaining charges for services revenue consisted of license fees, permits, and various other fees.

Total revenues for governmental activities increased by \$6.7 million from prior year. 70% of the increase was due to the increase in total municipal and home rule sales tax revenue of \$4.7 million. Retail sales steadily recovered from the sharp decline in April 2020, ultimately surviving the pandemic and surpassing pre-pandemic levels. The increase in incremental property tax and state income tax revenues of \$0.9 million and \$0.8 million, respectively, also contributed to the increase in FY2022 total revenues for governmental activities, when compared to FY2021.

The following chart presents revenues by source for governmental activities for fiscal year ended April 30, 2022.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis
Fiscal Year Ended April 30, 2022



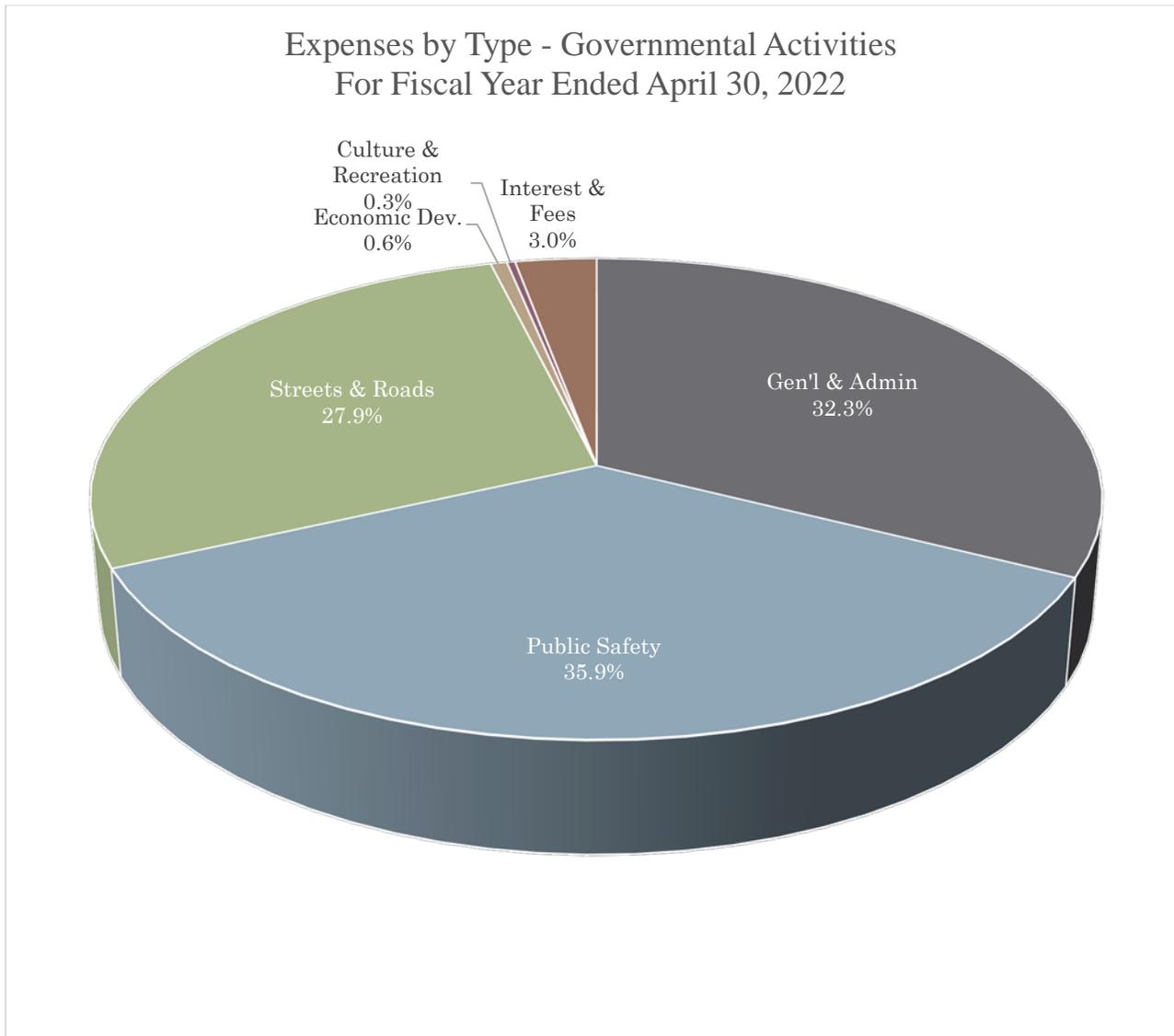
Municipal sales tax revenue, the Village's largest source of revenue, increased \$3.8 million, pushing the percentage of total revenue up by 3% from FY2021. The Village's second largest revenue source, incremental property tax revenue, was \$0.9 million, or 18.8%, more than FY2021. This source of revenue was approximately 13% of total revenue in both FY2022 and FY2021. 90% of the increase in incremental property tax revenue was accounted for by the Milwaukee Avenue / Townline Road Tax Increment Financing Fund.

Together, municipal sales tax and incremental property tax revenues accounted for 53.1% of total governmental activities revenue in FY2022.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis
Fiscal Year Ended April 30, 2022

The following chart presents expenses by type for governmental activities for fiscal year ended April 30, 2022.



Total expenses for governmental activities was \$33.7 million for FY2022, representing an increase of approximately \$2.6 million, or 8.4%, from prior year. Public Safety, which includes the Police Department and the Fire and Police Commission, was the largest type of governmental activities expense, accounting for 35.9% of the total. Total Public Safety expenses increased approximately \$1.1 million from prior year to \$12.1 million, primarily due to a \$0.9 million increase in salaries and benefit expense in FY2022.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

The Village's second largest type of governmental activities expense was General and Administrative, accounting for 32.3% of the total. The General and Administrative function includes the following divisions:

- Administration
- Judiciary
- President / Trustees
- Community Development
- Various Committees
- Board Grants
- General Purpose

Administration accounts for more than 80% of total general and administrative expenses of \$10.9 million. The increase of approximately \$0.9 million in total general and administrative expenses from prior year was primarily due to the \$1.1 million increase of sales tax rebate expense.

Together, public safety and general and administrative expenses accounted for almost 70% of total governmental activities expenses, and accounted for \$2.0 million of the \$2.6 million increase from prior year.

Business-Type Activities

The Village reports the Vernon Hills Golf Course (golf course) as a business-type activity. The golf course's net position was approximately \$0.3 million at April 30, 2022, a slight decline from prior year, as total revenues marginally decreased, while total operating expenses showed a moderate increase. It should be noted that the General Fund transferred approximately \$0.7 million in FY2021 to fund the golf course's recurring losses.

FINANCIAL ANALYSIS OF VILLAGE FUNDS

As noted in the Overview of the Basic Financial Statements section of this narrative, the Village uses fund accounting to ensure that the Village is compliant with budgetary and other financial-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on current inflows, current outflows, and current resources available for spending. This information is useful in assessing the Village's financing needs. The unassigned fund balance at year end can measure net resources available for discretionary future spending.

The Village reports the following governmental funds:

- General Fund
- Vernon Hills Town Center Tax Increment Fund
- Milwaukee Avenue / Townline Road Tax Increment Fund
- Non-Major Governmental Funds

At April 30, 2022, the Village's Governmental funds reported a combined fund balance of \$44.7 million. The combined fund balance increased \$8.1 million, or 22.1%, from prior year. Of the total combined fund balance, \$34.1 million is unassigned; \$9.8 million is restricted and; \$0.8 million is non-spendable.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

Total revenues for all governmental funds for FY2022 were \$44.1 million, which represented an increase of \$6.6 million, or a 17.8% increase over the prior fiscal year. Nearly 80% of total revenues are reported in the General Fund. Total revenue in the General Fund increased by 19.6% from prior year, primarily due to the significant increase in total municipal and home rule sales tax revenues of \$4.7 million, which represented a 27.6% increase.

Total expenditures for all governmental funds were \$36.0 million, an increase of approximately \$1.7 million, or 4.8%, from FY2021. The increase was primarily due to a \$1.1 million increase in sales tax rebate expense, which is directly related to the increase in sales tax revenues, as noted above.

The General Fund is the Village's operating fund used to account for all financial resources that are not accounted for in another fund. The fund balance of the General Fund at April 30, 2022, was \$35.2 million, which was nearly all of the unassigned fund balance. The balance represented an increase of \$5.7 million, or 19.3% from prior fiscal year. General Fund total revenues and total expenditures for FY2022 were \$35.1 million and \$28.7 million, respectively. Total revenues increased \$5.7 million and total expenditures increased \$1.3 million.

The following explanations summarize the various increases and decreases of the Village's Governmental Funds' revenues and expenses when compared to FY2021.

General Fund

Total municipal and home rule sales tax revenues increased by \$4.7 million from prior year, as retail sales began to steadily recover from the sharp decline in April 2020 surpassing pre-pandemic levels. This increase accounts for more than 80% of the increase in General Fund total revenues.

General Fund total expenditures for FY2022 were \$28.7 million, which represents a slight increase of \$1.3 million, or 4.9%, from prior fiscal year.

Other Major Governmental Funds

The Vernon Hills Town Center (VHTC) Tax Increment Financing Fund's total revenues and total expenditures for FY2022 remained relatively consistent with FY2021 at approximately \$2.0 million and \$1.5 million, respectively. The VHTC Fund's fund balance is restricted.

The Milwaukee Avenue / Townline Road Tax Increment Financing Fund's total revenues increased by approximately \$0.8 million from prior fiscal year due to increased incremental property tax revenues, while total expenditures remained relatively consistent at approximately \$1.7 million. Property values within the TIF District continue to increase with the ongoing redevelopment project. The Milwaukee Avenue / Townline Road Tax Increment Financing Fund's fund balance is restricted.

Non-Major Governmental Funds

While there were two Non-Major Governmental Special Revenue Funds added in FY2022 – (1) Hawthorn Mall Tax Increment Financing Fund and (2) State Seizure Fund, total revenues for FY2022 remained consistent with FY2021 total revenues at approximately \$3.3 million, as there was minimal activity in the two additional funds. Nearly 50% of total revenue for both fiscal years was from State motor fuel tax revenue.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

Total expenditures for the Non-Major Governmental Funds increased approximately \$0.2 million from the prior year, which was primarily due to the land acquisition for the Lakeview project.

Proprietary Funds

The Village's Proprietary Funds Statements provide similar information as that found in the Government-Wide Business-Type Activities Financial Statements, although the information is in more detail. The net position of the Enterprise Fund was \$0.3 million at April 30, 2022, compared to \$0.4 million at April 30, 2021. The net position of the Internal Service Fund was \$2.8 million at April 30, 2022, which represented a decrease of \$0.1 million from the prior year's net position of \$2.9 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

On April 20, 2021, the Village Board adopted the *Village of Vernon Hills 2021 / 2022 Budget*. The Village's total operating budget for FY2022 was \$39.7 million, which remained the same as the FY2021 operating budget. The original budget for the General Fund, the Village's operating fund and primary funding source, totaled \$30.5 million, which was slightly above the FY2021 budget of \$29.4 million. The General Fund budget represented approximately 77% of the total operating budget for FY2022.

Actual revenues for the General Fund were \$ 9.3 million higher than budget. The variance was primarily due to total sales tax revenue (municipal and home rule) having a favorable variance of \$7.9 million and state income tax revenue having a favorable variance of \$1.0 million.

Total General Fund expenditures were \$2.4 million more than budget, which resulted primarily from the following.

- An unfavorable variance of \$5.4 million for Administration - contractual services expenditures resulted from budgeting sales tax revenues net of the sales tax rebate expense, which was approximately \$5.4 million.
- A favorable variance of approximately \$2.0 million of capital outlay expenditures resulted from deferring various Stormwater projects, HVAC replacement project and the golf course's irrigation pump upgrade to future years.

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

CAPITAL ASSETS

Infrastructure, such as streets, bridges, and recreation facilities, accounts for 67% of total Village net capital assets at April 30, 2022. As the Village uses capital assets to provide services to its residents, long-term capital assets are not available for future spending.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis
Fiscal Year Ended April 30, 2022

As noted in the following schedule, the Village's capital assets, net of accumulated depreciation, for its governmental and business-type activities decreased \$3.1 million from prior fiscal year. The decrease in net capital assets was due to the following.

- Depreciation expense of \$3.9 million.
- Equipment / vehicles placed into service of \$1.6 million.
- Construction in progress of \$1.2 million was completed and placed into service.
- Additions of \$0.4 million of capital assets added not depreciated.

Village of Vernon Hills, Illinois
Changes in Capital Assets, net
Year Ended April 30
(in millions)

DESCRIPTION	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2022	2021	2022	2021	2022	2021
Land and Land Right of Way	\$ 5.5	\$ 5.2	\$ 0.3	\$ 0.3	\$ 5.8	\$ 5.5
Land Improvements	5.3	5.8	-	-	5.3	5.8
Buildings and Improvements	14.6	15.2	-	-	14.6	15.2
Equipment / Vehicles	2.6	1.3	0.1	0.1	2.7	1.4
Infrastructure	57.0	59.4	-	-	57.0	59.4
Construction in Progress	0.4	1.5	-	-	0.4	1.5
Total Capital Assets, net of Accumulated Depreciation	\$ 85.3	\$ 88.4	\$ 0.4	\$ 0.4	\$ 85.7	\$ 88.8

Note: All amounts are net of accumulated depreciation.

Construction and maintenance of infrastructure account for a significant share of the Village's capital projects. Almost 70 % of the Village's FY2022 capital budget of \$ 3.1 million was for capital projects. A significant portion of the capital projects are funded by the General Fund.

Additional information on the Village's capital assets can be found in Note 3 to the Financial Statements.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

DEBT ADMINISTRATION

The Village's general obligation bonds are issued in accordance with the authorizing bond ordinances adopted by the Village Board. As the governing body of the Village, the Board has the authority to issue bonds. Each bond issue is sold to investors and the net sales proceeds are used to finance the engineering, construction, and improvement costs of long-term capital projects, and acquisition costs of capital equipment. The Board approves all long-term capital projects and capital equipment acquisitions through the annual budget process.

The debt service payments for the General Obligation Bonds, Series 2012B and General Obligation Bonds, Series 2015A are provided by lawfully available Village funds. The debt service payments for the (a) General Obligation Bonds, Series 2012A (b) General Obligation Bonds, Series 2015B (c) General Obligation Bonds, Series 2017, and (d) General Obligation Bonds, Series 2014 are provided by the pledged incremental property taxes and any lawfully available Village funds.

Each year, the Board passes an ordinance to abate the automatic property tax levy for the principal and interest payments on all of the General Obligation Bonds noted above.

The schedule below presents the FY2022 changes in the Village's long-term obligations. Total long-term obligations decreased by \$3.1 million from prior year due to the following.

- The \$4.0 million increase in the net pension liability of the Police Pension Plan was primarily due to the following actual results vs. expectations.
 - a. The actual return on investments at fair value was less than expected. Expected rate of return on investments was approximately \$4.0 million, while the actual return, net of expenses was a loss of approximately \$3.9 million, resulting in a negative swing of \$7.9 million.
 - b. The valuation software was updated to value the most accurate estimate of surviving spouse benefits, including the expected cost-of-living adjustments, as described under the Illinois State Statutes, resulted in a \$3.7 million decrease in the liability.
- The \$3.0 million decrease in the net pension liability of the IMRF Pension Plan was primarily due to a financial market increase in 2021 over 2020 markets. The boost in the market resulted mostly from:
 - a. a rebound of the economy from the COVID-19 pandemic;
 - b. increased consumer spending;
 - c. efforts to return to normal.

The increase in net investment income from prior year attributed to approximately \$1.6 million, or 53% of the decrease in the IMRF's net pension liability, while the difference between expected and actual experience increased the liability by approximately \$0.5 million.

- The \$2.8 million decrease in general obligation bonds was due to principal and interest payments on the outstanding bonds. The Village did not issue any new bonds during the fiscal year.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis
Fiscal Year Ended April 30, 2022

- The \$1.4 million decrease in the OPEB liability was due to a change in assumption with respect to the discount rate used. The discount rate was changed from 1.83% in FY2022 to 3.98% in FY2023, which is the Standard & Poor Municipal Bond 20-year high grade rate index as of April 30, 2022.

Village of Vernon Hills, Illinois
Changes in Long-Term Obligations
Year Ended April 30
(in millions)

DESCRIPTION	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 30.3	\$ 33.1	\$ -	\$ -	\$ 30.3	\$ 33.1
Asset Retirement Obligations	0.4	0.4	-	-	0.4	0.4
Compensated Absences	1.7	1.7	-	-	1.7	1.7
Net Pension Liability - IMRF	(3.1)	-	-	-	(3.1)	-
Net Pension Liability - Police	22.7	18.7	-	-	22.7	18.7
OPEB Liability	4.4	5.8	-	-	4.4	5.8
Unamortized Bond Premium	0.2	0.2	-	-	0.2	0.2
Advances from Other Funds	-	-	0.1	0.1	0.1	0.1
Total Long-Term Obligations	56.7	59.8	0.1	0.1	56.8	59.9
Amounts Due in One Year	(3.2)	(3.1)	-	-	(3.1)	(3.1)
Long-Term Obligations Due in More Than One Year	\$ 53.5	\$ 56.7	\$ 0.1	\$ 0.1	\$ 53.6	\$ 56.8

Note: Columns / rows may not foot / crossfoot due to rounding.

Additional information on the Village's long-term obligations can be found in Note 4.C. to the Financial Statements.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

ECONOMIC FACTORS AND BUDGET OUTLOOK

Economic Factors

The economic outlook continues to be defined by the unprecedented events that occurred in FY2020. In March 2020, the global COVID-19 pandemic plunged the national economy into a recession, creating widespread financial uncertainty. While travel restrictions, lockdowns, quarantines, social distancing, etc. helped to minimize the spread of the virus, these constraints significantly impacted the economy for more than a year.

In December 2020, the Federal and Drug Administration approved the first COVID-19 vaccine, and because of the vaccine, most of the above-mentioned restrictions had been lifted in late spring 2021. Economic conditions began slowly improving.

Progress toward economic recovery was subsequently impeded by mutations of the COVID-19 virus (Delta and Omicron variants), which were creating spikes in the number of COVID-19 cases. As the Center for Disease Control believed these variants to be more contagious, economic uncertainty was on the rise again in 2022. Ultimately, however, the variants were proven to be less deadly.

While increased vaccination rates helped mitigate the spread of the virus, two major stimulus packages helped fuel the recovery of the economy.

- The *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, a \$2.2 trillion aid package, was signed into law on March 27, 2020, and stands as the largest financial rescue package in U.S. history. The Village received approximately \$1.1 million of *CARES* funding in FY2021 to use for immediate COVID-19 response.
- The *American Rescue Plan Act (ARPA)*, a \$1.9 trillion aid package, was signed into law on March 11, 2021, the anniversary date when the World Health Organization declared COVID-19 a pandemic. The Village received a total of approximately \$3.6 million of *ARPA* funding in FY2022 and FY2023. *ARPA* shifted the focus from short-term to long-term economic recovery, allowing funding to be used for public infrastructure projects through December 31, 2026.

Economic recovery became apparent in the local economy, as unemployment fell in 2021. Unemployment rates dropped from a high of 14% in April 2020 to 3.2% in October 2021. Baseline employment numbers, however, did not return to pre-pandemic rates, a trend mirrored throughout the country and referred to as 'The Great Resignation'. While the labor force grew in 2021, and continued to grow in 2022, the demand for workers outpaced the supply.

Budget Outlook

The budget for FY2023 is conservative, yet positive. While the federal financial assistance received in FY2021, as noted above, lessened the strain the pandemic inflicted on the Village, management remained conservative in their revenue forecasts for FY2022 and FY2023. The current concern is that the steep rise in borrowing costs may push a weakened economy into a recession.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis Fiscal Year Ended April 30, 2022

Management's FY2023 forecast for total sales tax revenue (municipal and home rule) of \$20.2 million and income tax revenue of \$3.6 million are slightly below FY2022 actual revenues of \$21.7 million and \$3.7 million, respectively. Despite the economic impact of the unprecedented COVID-19 pandemic and rising prices, households continue to spend on consumer goods and services.

The Village, however, continues to face a future of uncertainty. Various areas of the world are still experiencing relatively high COVID-19 infection rates, which continues to disrupt the worldwide supply chain, causing rising prices on many durable goods. During the wake of the pandemic, inflation reached upwards of 8.5% (U.S. Bureau of Labor Statistics). The current rising costs of base materials have created stress on both budgets and bids. Higher consumer costs have equated to increased demand for higher salaries / wages, which, in turn, have escalated staffing shortages.

While the pandemic contributed to inflation, the following events compounded the impact on prices of essential consumer goods, like gas and food.

- The Russia-Ukraine war reduced the global food supply, resulting in higher food prices.
- U.S. sanctions on Russia and Saudi Arabia created major disruptions in the petroleum markets, causing significant rise in gas prices.
- The Federal Reserve increased interest rates for several months in an attempt to curb inflation, resulting in high housing prices.

The encouraging news is that economists are predicting that inflation is expected to come down to an average of 2.5%.to 3.0% in 2023.

The Village's overall outlook heading into 2023 is cautiously positive. The General Fund's fund balance remains strong, as reflected in its unassigned fund balance of \$34.1 million at April 30, 2022, equating to 118.7% of FY2022 total General Fund expenditures. Despite the Village's positive outlook and strong position, both national and international forces, such as (a) inflation; (b) Russia – Ukraine war; (c) political policies, and (d) continued outbreak of COVID-19 may impact the Village's future budgets and finances. Village management will continue to monitor developments both abroad and at home, and adjust the budget, as needed.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Village of Vernon Hills, Illinois
Statement of Net Position
April 30, 2022

Assets	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 47,198,849	\$ -	\$ 47,198,849
Receivables:			
Taxes	6,902,851	-	6,902,851
Intergovernmental	84,271	-	84,271
Accounts	157,470	22,619	180,089
Accrued interest	2,656	-	2,656
Other	41,712	-	41,712
Prepaid expenses	184,262	-	184,262
Inventory	-	22,623	22,623
Due from other governments	1,440,034	-	1,440,034
Internal balances	59,234	(59,234)	-
Total current assets	<u>56,071,339</u>	<u>(13,992)</u>	<u>56,057,347</u>
Noncurrent assets:			
Net pension asset	3,053,347	-	3,053,347
Capital assets:			
Nondepreciable assets	5,916,756	302,282	6,219,038
Depreciable assets	170,090,287	2,279,336	172,369,623
Accumulated depreciation	(90,666,712)	(2,188,303)	(92,855,015)
Total capital assets	<u>85,340,331</u>	<u>393,315</u>	<u>85,733,646</u>
Total assets	<u>144,465,017</u>	<u>379,323</u>	<u>144,844,340</u>
Deferred Outflows of Resources			
Pension related - IMRF	1,170,919	-	1,170,919
Pension related - Police Pension	3,708,314	-	3,708,314
OPEB related	2,130,431	-	2,130,431
Asset retirement obligation	376,000	-	376,000
Unamortized loss on refunding	240,363	-	240,363
Total deferred outflows of resources	<u>7,626,027</u>	<u>-</u>	<u>7,626,027</u>

See accompanying notes.

Liabilities	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 520,664	\$ 57,791	\$ 578,455
Accrued payroll	425,650	-	425,650
Deposits payable	547,057	-	547,057
Unearned revenues	1,986,692	3,565	1,990,257
Other payables	4,570,618	936	4,571,554
Due to other governments	148,185	-	148,185
Accrued interest payable	112,085	-	112,085
Compensated absences payable	349,875	-	349,875
General obligation bonds payable	2,860,000	-	2,860,000
Total current liabilities	<u>11,520,826</u>	<u>62,292</u>	<u>11,583,118</u>
Noncurrent liabilities:			
Compensated absences payable	1,399,498	-	1,399,498
Net pension liability - Police Pension	22,660,365	-	22,660,365
OPEB liability	4,432,693	-	4,432,693
Asset retirement obligation	400,000	-	400,000
Unamortized bond premium	158,386	-	158,386
General obligation bonds payable	27,445,000	-	27,445,000
Total noncurrent liabilities	<u>56,495,942</u>	<u>-</u>	<u>56,495,942</u>
Total liabilities	<u>68,016,768</u>	<u>62,292</u>	<u>68,079,060</u>
Deferred Inflows of Resources			
Pension related - IMRF	4,846,228	-	4,846,228
Pension related - Police Pension	2,800,652	-	2,800,652
OPEB related	2,215,856	-	2,215,856
Total deferred inflows of resources	<u>9,862,736</u>	<u>-</u>	<u>9,862,736</u>
Net Position			
Net investment in capital assets	73,397,308	393,315	73,790,623
Restricted - public safety	1,530,890	-	1,530,890
Restricted - streets and roads	2,421,853	-	2,421,853
Restricted - economic development	5,739,643	-	5,739,643
Restricted - Metra parking	70,193	-	70,193
Unrestricted (deficit)	(8,948,347)	(76,284)	(9,024,631)
Total net position	<u>\$ 74,211,540</u>	<u>\$ 317,031</u>	<u>\$ 74,528,571</u>

**Village of Vernon Hills, Illinois
Statement of Activities
For the Year Ended April 30, 2022**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General and administrative	\$ 10,886,946	\$ 3,735,625	\$ -
Public safety	12,134,889	1,306,988	2,784
Streets and roads	9,401,918	-	1,049,429
Economic development	212,612	-	-
Culture and recreation	67,270	-	-
Interest and fees	984,558	-	-
Total governmental activities	33,688,193	5,042,613	1,052,213
Business-type activities:			
Golf course	519,965	443,012	-
Total business-type activities	519,965	443,012	-
Total primary government	\$ 34,208,158	\$ 5,485,625	\$ 1,052,213

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

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
\$ 60,377	\$ (7,090,944)	\$ -	\$ (7,090,944)
-	(10,825,117)	-	(10,825,117)
566,619	(7,785,870)	-	(7,785,870)
-	(212,612)	-	(212,612)
-	(67,270)	-	(67,270)
-	(984,558)	-	(984,558)
626,996	(26,966,371)	-	(26,966,371)
-	-	(76,953)	(76,953)
-	-	(76,953)	(76,953)
\$ 626,996	(26,966,371)	(76,953)	(27,043,324)
	1,242,729	-	1,242,729
	3,909,365	-	3,909,365
	190,558	-	190,558
	726,173	-	726,173
	211,814	-	211,814
	577,639	-	577,639
	5,742,147	-	5,742,147
	1,014,543	-	1,014,543
	1,479,240	-	1,479,240
	195,711	-	195,711
	17,776,659	-	17,776,659
	3,721,465	-	3,721,465
	10,163	8	10,171
	813,263	-	813,263
	37,611,469	8	37,611,477
	10,645,098	(76,945)	10,568,153
	63,566,442	393,976	63,960,418
\$ 74,211,540	\$ 74,211,540	\$ 317,031	\$ 74,528,571

**Village of Vernon Hills, Illinois
Balance Sheet
Governmental Funds
April 30, 2022**

	General	Vernon Hills Town Center Tax Increment
Assets		
Cash and investments	\$ 35,639,424	\$ 2,179,492
Receivables:		
Taxes	6,563,757	-
Intergovernmental	-	-
Accounts	157,470	-
Accrued Interest	2,656	-
Other	26,112	-
Prepaid items	183,863	-
Due from other governments	1,440,034	-
Due from other funds	10,920	-
Advances to other funds	59,234	-
Total assets	\$ 44,083,470	\$ 2,179,492
Liabilities		
Accounts payable	\$ 457,006	\$ -
Accrued payroll	379,258	-
Deposits payable	547,057	-
Unearned revenue	1,986,692	-
Other payables	4,570,618	-
Due to other governments	148,185	-
Due to other funds	-	-
Total liabilities	8,088,816	-
Deferred Inflows of Resources		
Unavailable revenues	836,668	-
Total liabilities and deferred inflows of resources	8,925,484	-
Fund Balances		
Nonspendable:		
Advances	59,234	-
Prepaid items	183,863	-
Long-term receivable	593,716	-
Restricted:		
Metra parking	70,193	-
Streets and roads	124,884	-
Economic development	-	2,179,492
Public safety	-	-
Unassigned	34,126,096	-
Total fund balances	35,157,986	2,179,492
Total liabilities and fund balances	\$ 44,083,470	\$ 2,179,492

See independent auditor's report.

Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,594,430	\$ 3,464,665	\$ 44,878,011
-	339,094	6,902,851
-	84,271	84,271
-	-	157,470
-	-	2,656
15,600	-	41,712
-	399	184,262
-	-	1,440,034
-	-	10,920
-	-	59,234
\$ 3,610,030	\$ 3,888,429	\$ 53,761,421
\$ 49,879	\$ 13,779	\$ 520,664
-	46,392	425,650
-	-	547,057
-	-	1,986,692
-	-	4,570,618
-	-	148,185
-	10,920	10,920
49,879	71,091	8,209,786
-	-	836,668
49,879	71,091	9,046,454
-	-	59,234
-	399	184,262
-	-	593,716
-	-	70,193
-	2,296,969	2,421,853
3,560,151	-	5,739,643
-	1,530,890	1,530,890
-	(10,920)	34,115,176
3,560,151	3,817,338	44,714,967
\$ 3,610,030	\$ 3,888,429	\$ 53,761,421

Village of Vernon Hills, Illinois
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2022

Total fund balance - governmental funds (page 9)	\$ 44,714,967
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.	85,340,331
Less amount reported in internal service funds below	(492,418)
Unavailable revenue reported in the governmental funds that does not provide current financial resources is recognized as revenue for the government-wide financial statements.	836,668
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
General obligation bonds payable	(30,305,000)
Premium on bonds payable	(158,386)
Compensated absences payable	(1,749,373)
Interest payable	(112,085)
Unamortized loss on refunding	240,363
Net pension and OPEB asset (liabilities) are shown as an asset (liability) on the statement of net position.	
Illinois Municipal Retirement Fund	3,053,347
Police Pension Fund	(22,660,365)
OPEB	(4,432,693)
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	(3,675,309)
Police Pension Fund	907,662
OPEB	(85,425)
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.	376,000
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position.	2,813,256
Net position of governmental activities (page 5)	\$ 74,211,540

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, 2022

	General	Vernon Hills Town Center Tax Increment
Revenues:		
Taxes	\$ 8,821,599	\$ 2,002,229
Intergovernmental	21,515,845	-
Licenses, permits, and fees	2,642,583	-
Charges for services	1,261,279	-
Fines and forfeitures	160,878	-
Investment income (loss)	33,522	637
Miscellaneous	627,589	-
	35,063,295	2,002,866
Expenditures:		
Current:		
General government	10,472,057	-
Public safety	11,367,922	-
Streets and roads	5,116,200	-
Economic development	-	925
Culture and recreation	67,270	-
Capital outlay	1,133,410	-
Debt service:		
Principal retirement	450,000	1,375,000
Interest and fiscal charges	140,733	190,148
	28,747,592	1,566,073
	6,315,703	436,793
Other financing sources (uses):		
Transfers in	-	200,223
Transfers out	(619,971)	-
	(619,971)	200,223
	5,695,732	637,016
Fund balances, beginning of the year	29,462,254	1,542,476
Fund balances, end of the year	\$ 35,157,986	\$ 2,179,492

See independent auditor's report.

Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,739,918	\$ 726,173	\$ 15,289,919
-	1,601,111	23,116,956
-	-	2,642,583
-	977,874	2,239,153
-	-	160,878
1,013	(25,010)	10,162
-	-	627,589
3,740,931	3,280,148	44,087,240
-	-	10,472,057
-	2,422,774	13,790,696
-	-	5,116,200
200,767	10,920	212,612
-	-	67,270
-	1,461,650	2,595,060
965,000	-	2,790,000
629,958	-	960,839
1,795,725	3,895,344	36,004,734
1,945,206	(615,196)	8,082,506
373,992	45,756	619,971
-	-	(619,971)
373,992	45,756	-
2,319,198	(569,440)	8,082,506
1,240,953	4,386,778	36,632,461
\$ 3,560,151	\$ 3,817,338	\$ 44,714,967

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, 2022

Amounts reported for governmental activities in the statement of activities (pages 6 and 7) are different because:

Net changes in fund balances - total governmental funds (page 12)	\$ 8,082,506
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	817,210
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(3,798,325)
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	(92,959)
Principal repayment	2,790,000
Change in interest payable	11,336
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	3,026,288
Police Pension Fund	(3,965,744)
OPEB	1,340,966
The change in the deferred outflows and inflows of resources is reported only in the statement of activities.	
Illinois Municipal Retirement Fund	(1,270,713)
Police Pension Fund	5,418,224
OPEB	(1,497,817)
Asset retirement obligation	(8,000)
The change in net position of internal service funds is reported in governmental activities.	(66,153)
Change in net position of governmental activities (page 7)	<u>\$ 10,645,098</u>

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Net Position - Proprietary Funds
April 30, 2022

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ 2,320,838
Accounts receivable	22,619	-
Inventory	22,623	-
Total current assets	45,242	2,320,838
Noncurrent assets:		
Capital assets:		
Nondepreciable	302,282	-
Depreciable	2,279,336	1,971,810
Accumulated depreciation	(2,188,303)	(1,479,392)
Total noncurrent assets	393,315	492,418
Total assets	438,557	2,813,256
Liabilities		
Current liabilities:		
Accounts payable	57,791	-
Unearned revenue	3,565	-
Other payable	936	-
Total current liabilities	62,292	-
Noncurrent liabilities:		
Advances from other funds	59,234	-
Total liabilities	121,526	-
Net Position		
Net investment in capital assets	393,315	492,418
Unrestricted	(76,284)	2,320,838
Total net position	\$ 317,031	\$ 2,813,256

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, 2022

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
Operating revenues:		
Charges for services	\$ 443,012	\$ 402,690
Operating expenses:		
Operations	502,548	381,946
Depreciation	17,417	86,897
Total operating expenses	519,965	468,843
Operating loss	(76,953)	(66,153)
Nonoperating revenue (expense):		
Interest income	8	-
Total nonoperating revenue (expense)	8	-
Changes in net position	(76,945)	(66,153)
Net position, beginning of the year	393,976	2,879,409
Net position, end of the year	\$ 317,031	\$ 2,813,256

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Cash Flows - Proprietary Funds
For the Year Ended April 30, 2022

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
Cash flows from operating activities:		
Receipts from customers and users	\$ 443,638	\$ -
Receipts from internal service transactions	-	402,690
Payments to suppliers	(251,469)	(381,946)
Payments to employees	(218,855)	-
Net cash from operating activities	<u>(26,686)</u>	<u>20,744</u>
Cash flows from capital and related financing activities:		
Interfund transactions	(8,462)	-
Net cash from capital and related financing activities	<u>(8,462)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	8	-
Net cash from investing activities	<u>8</u>	<u>-</u>
Net change in cash and cash equivalents	(35,140)	20,744
Balance, beginning of the year	35,140	2,300,094
Balance, end of the year	<u>\$ -</u>	<u>\$ 2,320,838</u>

(cont'd)

Village of Vernon Hills, Illinois
Statement of Cash Flows - Proprietary Funds (cont'd)
For the Year Ended April 30, 2022

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (76,953)	\$ (66,153)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	17,417	86,897
Changes in assets and liabilities:		
Accounts receivable	(33)	-
Inventory	(248)	-
Accounts payable	32,963	-
Other payable	(491)	-
Unearned revenue	659	-
	<u>659</u>	<u>-</u>
Net cash from operating activities	\$ (26,686)	\$ 20,744

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Fiduciary Net Position
Pension Trust Fund
April 30, 2022

	<u>Police Pension Trust Fund</u>
Assets	
Cash and cash equivalents	\$ 3,936,524
Investments:	
U.S. Treasury securities	4,560,829
U.S. agency securities	5,541,003
Corporate bonds	8,256,433
Municipal bonds	133,280
Stock equities	8,473,897
Mutual funds	31,150,946
Receivables:	
Accrued interest	105,079
Prepays	<u>30,869</u>
Total assets	<u>62,188,860</u>
Liabilities	
Accounts payable	<u>13,451</u>
Total liabilities	<u>13,451</u>
Net Position	
Net position restricted for pensions	<u>\$ 62,175,409</u>

See accompanying notes.

Village of Vernon Hills, Illinois
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended April 30, 2022

Additions	
Contributions:	
Employer	\$ 3,036,000
Participant	589,463
Total contributions	<u>3,625,463</u>
Investment income (loss):	
Net depreciation in fair value of investments	(5,537,452)
Interest and dividend income	1,945,610
Less investment expenses	<u>(224,899)</u>
Net investment income (loss)	<u>(3,816,741)</u>
Total additions	<u>(191,278)</u>
Deductions	
Administration	56,622
Benefits and refunds - benefits	<u>3,313,020</u>
Total deductions	<u>3,369,642</u>
Net decrease in net position	(3,560,920)
Net position restricted for pensions:	
Beginning of the year	<u>65,736,329</u>
End of the year	<u>\$ 62,175,409</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 contribution 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

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 approximately 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 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, 2022, the entire amount of the bank balance of deposits was covered by collateral, federal depository, or equivalent insurance held by the pledging institution's trust department in the Village's name.

B. Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2022:

	Investment Maturities (in Years)				
	Fair Value	Less Than One Year	1 - 5 Years	6 – 10 Years	More Than 10 Years
Negotiable certificates of deposit	\$ 756,343	\$ 756,343	\$ -	\$ -	\$ -

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, 2022: 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 2 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.

Credit Risk – 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 and money market accounts 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, 2022, 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 includes the following as authorized and suitable investments: (1) Treasury obligations, including bills, notes, bonds and STRIP Treasuries, (2) obligations of the Government National Mortgage Association (GNMA), (3) Bonds, notes, debentures, and similar obligations issued by agencies of the United States government, (4) certificates of deposit issued by commercial banks that are FDIC insured, (5) the Illinois Public Treasurer’s Investment Pool (Illinois Funds), (6) the Illinois Metropolitan Investment Fund (IMET), and (7) any money market mutual fund permissible under State law.

Custodial Credit Risk – For investments, this 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, 2022, follows:

Cash on hand	\$	2,675
Carrying amount of deposits		1,368,449
Carrying amount of Illinois Funds		43,013,294
Carrying amount of IMET		551,359
Carrying amount of money market fund		1,506,729
Carrying amount of negotiable certificate of deposits		756,343
Statement of Net Position:		
Cash and investments	\$	47,198,849

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

3. Capital Assets

Capital asset activity for the year ended April 30, 2022, was as follows:

	<u>Balances May 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30, 2022</u>
Governmental Activities				
Capital assets not being depreciated:				
Land and land right of way	\$ 5,208,895	\$ 268,278	\$ -	\$ 5,477,173
Construction in progress	1,495,293	135,022	(1,190,732)	439,583
	<u>6,704,188</u>	<u>403,300</u>	<u>(1,190,732)</u>	<u>5,916,756</u>
Capital assets being depreciated:				
Land improvements	15,449,330	-	-	15,449,330
Buildings and improvements	25,778,627	-	-	25,778,627
Equipment/vehicles	6,286,724	1,604,642	(57,480)	7,833,886
Infrastructure	121,028,444	-	-	121,028,444
	<u>168,543,125</u>	<u>1,604,642</u>	<u>(57,480)</u>	<u>170,090,287</u>
Less accumulated depreciation:				
Land improvements	9,647,110	538,958	-	10,186,068
Buildings and improvements	10,550,978	603,905	-	11,154,883
Equipment/vehicles	5,014,830	296,796	(57,480)	5,254,146
Infrastructure	61,626,052	2,445,563	-	64,071,615
	<u>86,838,970</u>	<u>3,885,222</u>	<u>(57,480)</u>	<u>90,666,712</u>
Total capital assets being depreciated, net	<u>81,704,155</u>	<u>(2,280,580)</u>	<u>-</u>	<u>79,423,575</u>
Governmental activities, capital assets, net	<u>\$ 88,408,343</u>	<u>\$ (1,877,280)</u>	<u>\$ (1,190,732)</u>	<u>\$ 85,340,331</u>

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

General government	\$ 820,138
Public safety	386,557
Streets and roads	2,591,630
Equipment replacement	86,897
	<u>3,885,222</u>
Total depreciation – governmental activities	<u>\$ 3,885,222</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, 2022, was as follows:

	Balances May 1, 2021	Additions	Retirements	Balances April 30, 2022
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 302,282	\$ -	\$ -	\$ 302,282
	<u>302,282</u>	<u>-</u>	<u>-</u>	<u>302,282</u>
Capital assets being depreciated:				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	514,452	-	-	514,452
	<u>2,279,336</u>	<u>-</u>	<u>-</u>	<u>2,279,336</u>
Less accumulated depreciation:				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	406,002	17,417	-	423,419
	<u>2,170,886</u>	<u>17,417</u>	<u>-</u>	<u>2,188,303</u>
Total capital assets being depreciated, net	<u>108,450</u>	<u>(17,417)</u>	<u>-</u>	<u>91,033</u>
Business-type activities, capital assets, net	<u>\$ 410,732</u>	<u>\$ (17,417)</u>	<u>\$ -</u>	<u>\$ 393,315</u>

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, 2021	Additions	Reductions Refundings	Balances April 30, 2022	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>\$ 5,175,000</p>	<p>\$ -</p>	<p>\$ 725,000</p>	<p>\$ 4,450,000</p>	<p>\$ 750,000</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>735,000</p>	<p>-</p>	<p>140,000</p>	<p>595,000</p>	<p>145,000</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>2,585,000</p> <p>400,000</p> <p>735,000</p>	<p>-</p> <p>-</p> <p>-</p>	<p>170,000</p> <p>-</p> <p>175,000</p>	<p>2,415,000</p> <p>400,000</p> <p>560,000</p>	<p>175,000</p> <p>-</p> <p>180,000</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>1,360,000</p>	<p>-</p>	<p>140,000</p>	<p>1,220,000</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, 2021</u>	<u>Additions</u>	<u>Reductions Refundings</u>	<u>Balances April 30, 2022</u>	<u>Amounts Due Within One Year</u>
<p>\$5,255,000 General Obligation Refunding Bonds, Series 2015B due in annual installments of \$440,000 to \$575,000 with interest from 2.00% to 2.50%. The last payment is due December 30, 2026.</p>	<p>Vernon Hills Town Center Tax Increment</p>	<p>\$ 2,860,000</p>	<p>\$ -</p>	<p>\$ 475,000</p>	<p>\$ 2,385,000</p>	<p>\$ 485,000</p>
<p>\$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</p>	<p>Milwaukee Avenue/ Townline Road Tax Increment</p>	<p>19,245,000</p>	<p>-</p>	<p>965,000</p>	<p>18,280,000</p>	<p>985,000</p>
		<p><u>\$ 33,095,000</u></p>	<p><u>\$ -</u></p>	<p><u>\$ 2,790,000</u></p>	<p><u>\$ 30,305,000</u></p>	<p><u>\$ 2,860,000</u></p>

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>
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	<u>\$ 30,305,000</u>	<u>\$ 6,932,355</u>	<u>\$ 37,237,355</u>

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	\$ 33,095,000	\$ -	\$ 2,790,000	\$ 30,305,000	\$ 2,860,000
Asset retirement obligations	400,000	-	-	400,000	-
Compensated absences payable*	1,656,414	1,717,965	1,625,006	1,749,373	349,875
Net pension liability (asset) – IMRF*	(27,059)	-	3,026,288	(3,053,347)	-
Net pension liability – Police Pension *	18,694,621	3,965,744	-	22,660,365	-
OPEB liability*	5,773,659	-	1,340,996	4,432,693	-
Unamortized bond premium	185,336	-	26,950	158,386	-
Total Governmental activities	<u>\$ 59,777,971</u>	<u>\$ 5,683,709</u>	<u>\$ 8,809,240</u>	<u>\$ 56,652,440</u>	<u>\$ 3,209,875</u>

* 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 \$376,000 in deferred outflows as of April 30, 2022.

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.

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, 2022, was \$588,213 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
2023	\$ 84,031
2024	84,031
2025	84,031
2026	84,031
2027	84,031
2028	84,031
2029	84,027
	\$ 588,213

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, 2022, was \$836,668 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
2023	\$ 106,666
2024	106,666
2025	106,666
2026	106,666
2027	106,666
2028 – 2030	303,338
	\$ 836,668

8. Individual Fund Disclosures

A. Long-term Advances

Individual fund long-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf course	\$ 59,234

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.

B. Due From/Due To Other Funds

Individual fund short-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 10,920

The advance was made to meet short-term cash needs and is expected to be repaid within the next year.

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

8. Individual Fund Disclosures (cont'd)

C. Transfers In/Out

Individual fund transfers are as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
Milwaukee Avenue/ Townline Road TIF	\$ 373,992	General	\$ 373,992
Vernon Hills Town Center TIF	200,223	General	200,223
Nonmajor governmental	<u>45,756</u>	General	<u>45,756</u>
	<u>\$ 619,971</u>		<u>\$ 619,971</u>

The purposes of the significant transfers are as follows:

\$373,992 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.

\$200,223 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.

\$45,756 transferred from the General Fund to a Nonmajor Governmental Fund is to provide federal grant funds to the State Seizure fund. 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, 2021 (most recent information available), IMRF and membership consisted of:

Retirees and beneficiaries	60
Inactive, non-retired members	57
Active members	<u>61</u>
Total	<u>178</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 \$116,740 at January 1, 2021, and \$119,892 at January 1, 2022. 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 (cont'd)

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 2022 and 2021 was 10.30% and 12.09%, 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 \$633,564 in the fiscal year ended April 30, 2022, which was equal to its annual required contribution.

B. Net Pension Liability (Asset)

The Village's net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2021, 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, 2021, 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, 2021, was 22 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	39%	4.50%
International equities	15%	5.75%
Fixed income	25%	2.00%
Real estate	10%	5.90%
Alternatives:	10%	
Private equity		8.10%
Hedge funds		N/A
Commodities		4.30%
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 1.84% (based on fixed income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31). 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 (Asset)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset) Liability</u>
Balance 12/31/20	\$ 36,231,123	\$ 36,258,182	\$ (27,059)
Changes for the year:			
Service cost	485,601	-	485,601
Interest	2,591,336	-	2,591,336
Differences between expected and actual experience	820,898	-	820,898
Changes in assumptions	-	-	-
Contributions - employer	-	673,159	(673,159)
Contributions - employee	-	248,267	(248,267)
Net investment income	-	5,987,299	(5,987,299)
Benefit payments, including refunds of employee contributions	(1,462,706)	(1,462,706)	-
Other changes	-	15,398	(15,398)
Net changes	<u>2,435,129</u>	<u>5,461,417</u>	<u>(3,026,288)</u>
Balances at 12/31/21	<u>\$ 38,666,252</u>	<u>\$ 41,719,599</u>	<u>\$ (3,053,347)</u>

Discount Rate Sensitivity – The following presents the net pension liability (asset) 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>\$ 1,593,349</u>	<u>\$ (3,053,347)</u>	<u>\$ (6,697,613)</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, 2022, the Village recognized pension income of \$840,383 in the government-wide financial statements. At April 30, 2022, 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	\$ 797,367	\$ 173,493	\$ 623,874
Changes in assumptions	172,841	221,383	(48,542)
Net difference between projected and actual earnings in pension plan investments	-	4,451,352	(4,451,352)
	970,208	4,846,228	(3,876,020)
Contributions made after measurement date	200,711	-	200,711
Total	\$ 1,170,919	\$ 4,846,228	\$ (3,675,309)

Village contributions subsequent to the measurement date (\$200,711) will be recognized as a reduction of the net pension liability in the year ended April 30, 2023. 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,	
2023	\$ (768,441)
2024	(1,470,709)
2025	(961,342)
2026	(675,528)
	\$ (3,876,020)

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, 2022, the Police Pension Plan membership consisted of:

Retirees and beneficiaries	34
Inactive, non-retired members	6
Active members	<u>43</u>
Total	<u>83</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, 2022, the Village's contribution was 62.35% 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
U.S. Large	23.00%	4.15%
U.S. Small	5.00%	4.54%
International Developed	18.00%	4.64%
International Developed Small	5.00%	-0.25%
Emerging Market	7.00%	5.31%
Private Equity (Direct)	7.00%	7.15%
Bank Loans	3.00%	2.48%
High Yield Corp. Credit	3.00%	2.48%
Emerging Market Debt	3.00%	2.82%
Private Credit	5.00%	4.37%
US TIPS	3.00%	-0.12%
Real Estate/Infrastructure	8.00%	4.00%
Cash	1.00%	-0.27%
Short-Term Gov't/Credit	3.00%	0.73%
U.S. Treasury	3.00%	1.90%
Core Plus Fixed Income	3.00%	0.73%

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 2022 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, 2022, are listed in the table above.

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 Valuations – 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.

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 common stock 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. treasury, agency, corporate debt, and municipal debt securities, which are categorized as Level 2 securities.

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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -5.88%. 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.

Transfer to Illinois Police Officers Pension Investment Fund – Subsequent to year end, substantially all assets of the Vernon Hills Police Office Pension Fund were transferred to the Illinois Police Officers' Pension Investment Fund, an investment fund created under Illinois Public Act 101-0610 providing for mandatory consolidation of the investment assets of the state's Article 3 police officer pension funds. The assets and liabilities of the Vernon Hills police pension fund remain under the ownership of the Vernon Hills police pension board, as the pension assets are combined for investment purposes only.

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 – The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2022:

	Fair Value	Investment Maturities (in Years)			
		Less Than One Year	1 - 5 Years	6 – 10 Years	More Than 10 Years
U.S. Treasury securities	\$ 4,560,829	\$ 349,965	\$ 3,350,111	\$ 831,161	\$ 29,592
U.S. agency securities	5,541,003	-	1,723,872	2,392,151	1,424,980
Municipal bonds	133,280	-	50,106	65,328	17,846
Corporate bonds	8,256,433	410,098	3,395,716	2,734,037	1,716,581
Common stock	8,473,897	8,473,897	-	-	-
Mutual funds - equity	31,150,946	31,150,947	-	-	-
	<u>\$ 58,116,388</u>	<u>\$ 40,384,907</u>	<u>\$ 8,519,805</u>	<u>\$ 6,022,677</u>	<u>\$ 3,188,999</u>

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.

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

The Police Pension Plan's net pension liability was measured as of April 30, 2022, 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 April 30, 2022, 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, 2022, 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 3.21% (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, 2021	\$ 84,430,950	\$ 65,736,329	\$ 18,694,621
Changes for the year:			
Service cost	1,500,825	-	1,500,825
Interest	4,802,689	-	4,802,689
Differences between expected and actual experience	(2,585,670)	-	(2,585,670)
Changes in assumptions	-	-	-
Contributions – employer	-	3,036,000	(3,036,000)
Contributions - employee	-	459,801	(459,801)
Contributions – other	-	129,663	(129,663)
Net investment income	-	(3,816,741)	3,816,741
Benefit payments, including refunds of employee contributions	(3,313,020)	(3,313,020)	-
Administrative expenses	-	(56,623)	56,623
Net changes	404,824	(3,560,920)	3,965,744
Balances, April 30, 2022	\$ 84,835,774	\$ 62,175,409	\$ 22,660,365

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	\$ 36,375,415	\$ 22,660,365	\$ 11,677,267

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, 2022, the Village recognized pension expense to the Police Pension Plan of \$1,583,520. On April 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,243,119	\$ (2,151,103)	\$ 92,016
Changes in assumptions	1,351,526	(649,549)	701,977
Net difference between projected and actual earnings pension plan investments	113,669	-	113,669
Total	\$ 3,708,314	\$ (2,800,652)	\$ 907,662

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,	
2023	\$ (85,615)
2024	8,775
2025	(521,170)
2026	1,683,220
2027	(177,548)
	\$ 907,662

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, 2022, is as follows:

	IMRF	Police Pension	Total
Net pension (asset) liabilities	\$ (3,053,347)	\$ 22,660,365	\$ 19,607,018
Deferred outflows of resources	1,170,919	3,708,314	4,879,233
Deferred inflows of resources	4,846,228	2,800,652	7,646,880
Pension (income) expense	(840,383)	1,583,520	743,137

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, 2022, 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 \$4,432,693 was measured as of April 30, 2022, and was determined by a valuation under GASB Statement 75 dated May 1, 2021.

Actuarial Valuation and Assumptions – The total OPEB liability was determined by an actuarial valuation as of April 30, 2021, using the following actuarial assumptions updated as of April 30, 2022, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	4.00%
Discount rate	3.98% (previously 1.83%)
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 3.98%, determined using the S&P Municipal Bond 20-Year High-Grade Rate Index at April 30, 2022, 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	\$ 5,773,659	\$ -	\$ 5,773,659
Changes for the year:			
Service cost	138,416	-	138,416
Interest	103,687	-	103,687
Differences between expected and actual experience	-	-	-
Changes in assumptions	(1,367,709)	-	(1,367,709)
Employer contributions	-	215,360	(215,360)
Benefit payments, including refunds of employee contributions	(215,360)	(215,360)	-
Administrative expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net changes	(1,340,966)	-	(1,340,966)
Balances at 4/30/21	<u>\$ 4,432,693</u>	<u>\$ -</u>	<u>\$ 4,432,693</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 3.98%, 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability	<u>\$ 4,988,554</u>	<u>\$ 4,432,693</u>	<u>\$ 3,978,496</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>\$ 3,932,257</u>	<u>\$ 4,432,693</u>	<u>\$ 5,045,096</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, 2022, the Village recognized OPEB expense of \$332,511. On April 30, 2022, 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	\$ -	\$ 127,460	\$ 127,460
Changes in assumptions	2,130,431	2,088,396	(42,035)
Total	\$ 2,130,431	\$ 2,215,856	\$ 85,425

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,	
2023	\$ 50,708
2024	90,408
2025	90,408
2026	30,208
2027	(119,975)
Thereafter	(227,182)
	\$ 85,425

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, 2022, 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, 2022, was \$5,312,068. A liability of \$4,129,593 has been recorded as of April 30, 2022, 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, 2022, was \$396,683. A liability of \$68,455 has been recorded as of April 30, 2022, 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. 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.

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.

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

12. New Accounting Pronouncements (cont'd)

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.

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

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

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

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 7,254,000	\$ 7,254,000	\$ 8,821,599	\$ 1,567,599
Intergovernmental	14,030,400	14,030,400	21,515,845	7,485,445
Licenses, permits and fees	2,282,050	2,282,050	2,642,583	360,533
Charges for services	1,470,540	1,470,540	1,261,279	(209,261)
Fines and forfeitures	207,000	207,000	160,878	(46,122)
Investment income	175,000	175,000	33,522	(141,478)
Miscellaneous	305,031	305,031	627,589	322,558
Total revenues	25,724,021	25,724,021	35,063,295	9,339,274
Expenditures:				
Current:				
General government	5,287,898	5,292,368	10,472,057	(5,179,689)
Public safety	11,105,446	11,105,446	11,367,922	(262,476)
Streets and roads	5,948,147	5,943,677	5,116,200	827,477
Culture and recreation	276,100	276,100	67,270	208,830
Capital outlay	3,110,052	3,110,052	1,133,410	1,976,642
Debt service:				
Principal retirement	450,000	450,000	450,000	-
Interest and fiscal charges	140,955	140,955	140,733	222
Total expenditures	26,318,598	26,318,598	28,747,592	(2,428,994)
Excess of revenues over expenditures before other financing sources (uses)	(594,577)	(594,577)	6,315,703	6,910,280
Other financing sources (uses):				
Transfers out	(478,300)	(478,300)	(619,971)	(141,671)
Net changes in fund balance	\$ (1,072,877)	\$ (1,072,877)	5,695,732	\$ 6,768,609
Fund balance, beginning of year			29,462,254	
Fund balance, end of year			\$ 35,157,986	

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
Vernon Hills Town Center Tax Increment Fund
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Economic development:				
Contractual services:				
Other	\$ 1,800	\$ 1,800	\$ 925	\$ 875
Debt service:				
Principal retirement	1,375,000	1,375,000	1,375,000	-
Interest and fiscal charges	191,820	191,820	190,148	1,672
Total debt service	1,566,820	1,566,820	1,565,148	1,672
Total expenditures	\$ 1,568,620	\$ 1,568,620	\$ 1,566,073	\$ 2,547

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Economic development:				
Contractual services:				
Economic development initiative	\$ -	\$ -	\$ 86,334	\$ (86,334)
Subscriptions and dues	1,800	1,800	114,433	(112,633)
Total contractual services	1,800	1,800	200,767	(198,967)
Debt service:				
Principal retirement	965,000	965,000	965,000	-
Interest and fiscal charges	630,208	630,208	629,958	250
Total debt service	1,595,208	1,595,208	1,594,958	250
Total expenditures	\$ 1,597,008	\$ 1,597,008	\$ 1,795,725	\$ (198,717)

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:				
Service cost	\$ 138,415	\$ 111,845	\$ 97,123	\$ 89,251
Interest	103,687	149,873	158,449	124,734
Differences between expected and actual experience	-	(633,192)	-	1,391,894
Changes in assumptions	(1,367,709)	989,756	270,623	89,244
Other changes	-	-	2,024	-
Benefit payments	(215,360)	(206,649)	(204,618)	(185,792)
Net change in total OPEB liability	(1,340,967)	411,633	323,601	1,509,331
Total OPEB liability, beginning of year	<u>5,773,659</u>	<u>5,362,026</u>	<u>5,038,425</u>	<u>3,529,094</u>
Total OPEB liability, end of year	<u>\$ 4,432,692</u>	<u>\$ 5,773,659</u>	<u>\$ 5,362,026</u>	<u>\$ 5,038,425</u>
Plan fiduciary net position:				
Contributions - employer	\$ 215,360	\$ 206,649	\$ 204,618	\$ 185,792
Benefit payments, including refunds of member contributions	(215,360)	(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>	<u>\$ -</u>
Employer's net OPEB liability	<u>\$ 4,432,692</u>	<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>	<u>0.00%</u>
Covered employee payroll	<u>\$ 9,298,704</u>	<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>47.67%</u>	<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>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 633,564	\$ 704,630
Contributions in relation to actuarially determined contribution	<u>633,564</u>	<u>704,630</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,555,001</u>	<u>\$ 5,536,421</u>
Contributions as a percentage of covered payroll	<u>11.41%</u>	<u>12.73%</u>

Note to Required Supplementary Information:

Actuarial Cost Method - Aggregate Entry Age Normal
Amortization Method - Level % of Pay (Closed)
Remaining Amortization Period - 22 Years
Asset Valuation Method - 5-Year Smoothed Market; 20% Corridor
Wage Growth - 3.25%
Price Inflation - 2.50%
Salary Increases - 3.35% to 14.25% Including Inflation
Investment Rate of Return - 7.25%
Retirement Age - Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 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.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 631,922	\$ 616,580	\$ 791,560	\$ 703,870	\$ 665,535
<u>631,922</u>	<u>616,580</u>	<u>791,560</u>	<u>703,870</u>	<u>665,535</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 5,371,844</u>	<u>\$ 5,262,019</u>	<u>\$ 5,809,592</u>	<u>\$ 5,510,521</u>	<u>\$ 5,325,915</u>
<u>11.76%</u>	<u>11.72%</u>	<u>13.63%</u>	<u>12.77%</u>	<u>12.50%</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 3,035,886	\$ 2,621,944	\$ 2,058,450	\$ 1,950,286
Contributions in relation to actuarially determined contribution	3,036,000	2,622,000	2,060,100	1,950,286
Contribution deficiency (excess)	\$ (114)	\$ (56)	\$ (1,650)	\$ -
Covered payroll	\$ 4,869,323	\$ 4,778,580	\$ 4,628,165	\$ 4,543,805
Contributions as a percentage of covered payroll	62.35%	54.87%	44.51%	42.92%

N/A - Information not available.

The information presented was determined as part of the actuarial valuations as of May 1 of the fiscal year. Additional information as of the latest actuarial valuation is as follows: The actuarial cost method was entry age normal; the amortization method was level percentage of pay, closed, and the amortization period was 19 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,059,961	\$ 1,775,629	\$ 1,541,713	\$ 1,431,746	\$ 1,291,079	\$ 1,175,962
<u>2,059,961</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ (1,580)</u>	<u>\$ (39)</u>	<u>\$ (88)</u>
\$ 4,193,131	\$ 4,304,378	\$ 4,240,142	\$ 4,113,314	\$ 4,150,950	\$ 3,939,001
49.13%	41.25%	36.36%	34.85%	31.10%	29.86%

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>2021</u>	<u>2020</u>
Total pension liability:		
Service cost	\$ 485,601	\$ 538,225
Interest	2,591,336	2,475,602
Changes in benefit terms	-	-
Differences between expected and actual experience	820,898	320,947
Changes in assumptions	-	(300,477)
Benefit payments, including refunds of member contributions	<u>(1,462,706)</u>	<u>(1,360,591)</u>
Net change in total pension liability	2,435,129	1,673,706
Total pension liability, beginning of year	<u>36,231,123</u>	<u>34,557,417</u>
Total pension liability, end of year	<u>\$ 38,666,252</u>	<u>\$ 36,231,123</u>
Plan fiduciary net position:		
Contributions - employer	\$ 673,159	\$ 714,826
Contributions - member	248,267	237,850
Net investment income	5,987,299	4,398,057
Benefit payments, including refunds of member contributions	<u>(1,462,706)</u>	<u>(1,360,591)</u>
Administrative expense	<u>15,398</u>	<u>354,129</u>
Net changes in plan fiduciary net position	5,461,417	4,344,271
Plan fiduciary net position, beginning of year	<u>36,258,182</u>	<u>31,913,911</u>
Plan fiduciary net position, end of year	<u>\$ 41,719,599</u>	<u>\$ 36,258,182</u>
Employer's net pension liability	<u>\$ (3,053,347)</u>	<u>\$ (27,059)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.90%	100.07%
Covered payroll	<u>\$ 5,517,060</u>	<u>\$ 5,285,566</u>
Employer's net pension liability as a percentage of covered payroll	<u>-55.34%</u>	<u>-0.51%</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
\$ 520,710	\$ 569,758	\$ 588,523	\$ 604,101	\$ 569,084
2,397,073	2,257,572	2,204,482	2,118,040	1,977,263
-	-	-	-	-
(556,622)	319,139	(177,925)	(641,937)	165,305
-	969,337	(892,374)	(113,887)	74,515
(1,212,917)	(1,045,423)	(965,487)	(873,281)	(823,589)
1,148,244	3,070,383	757,219	1,093,036	1,962,578
33,409,173	30,338,790	29,581,571	28,488,535	26,525,957
<u>\$ 34,557,417</u>	<u>\$ 33,409,173</u>	<u>\$ 30,338,790</u>	<u>\$ 29,581,571</u>	<u>\$ 28,488,535</u>
\$ 556,470	\$ 766,830	\$ 720,713	\$ 689,922	\$ 638,252
234,249	282,587	253,971	261,885	247,974
4,913,615	(1,254,327)	4,127,952	1,578,014	115,926
(1,212,917)	(1,045,423)	(965,487)	(873,281)	(823,589)
(63,531)	537,745	(482,203)	62,779	(508,180)
4,427,886	(712,588)	3,654,946	1,719,319	(329,617)
27,486,025	28,198,613	24,543,667	22,824,348	23,153,965
<u>\$ 31,913,911</u>	<u>\$ 27,486,025</u>	<u>\$ 28,198,613</u>	<u>\$ 24,543,667</u>	<u>\$ 22,824,348</u>
<u>\$ 2,643,506</u>	<u>\$ 5,923,148</u>	<u>\$ 2,140,177</u>	<u>\$ 5,037,904</u>	<u>\$ 5,664,187</u>
92.35%	82.27%	92.95%	82.97%	80.12%
<u>\$ 5,205,520</u>	<u>\$ 5,572,599</u>	<u>\$ 5,643,789</u>	<u>\$ 5,428,185</u>	<u>\$ 5,546,865</u>
<u>50.78%</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>2022</u>	<u>2021</u>
Total pension liability:		
Service cost	\$ 1,500,825	\$ 1,536,424
Interest	4,802,689	4,771,777
Changes in benefit terms	-	-
Differences between expected and actual experience	(2,585,670)	1,226,105
Changes in assumptions	-	-
Benefit payments, including refunds of member contributions	(3,313,020)	(2,825,674)
Net changes in total pension liability	404,824	4,708,632
Total pension liability, beginning of year	<u>84,430,950</u>	<u>79,722,318</u>
Total pension liability, end of year	<u>\$ 84,835,774</u>	<u>\$ 84,430,950</u>
Plan fiduciary net position:		
Contributions - employer	\$ 3,036,000	\$ 2,622,000
Contributions - member	459,801	467,509
Contributions - other	129,663	46,070
Net investment income	(3,816,741)	14,888,438
Benefit payments, including refunds of member contributions	(3,313,020)	(2,825,674)
Administrative expense	(56,623)	(70,473)
Net changes in plan fiduciary net position	(3,560,920)	15,127,870
Plan fiduciary net position, beginning of year	<u>65,736,329</u>	<u>50,608,459</u>
Plan fiduciary net position, end of year	<u>\$ 62,175,409</u>	<u>\$ 65,736,329</u>
Employer's net pension liability	<u>\$ 22,660,365</u>	<u>\$ 18,694,621</u>
Plan fiduciary net position as a percentage of the total pension liability	73.29%	77.86%
Covered payroll	<u>\$ 4,869,323</u>	<u>\$ 4,778,580</u>
Employer's net pension liability as a percentage of covered payroll	<u>465.37%</u>	<u>391.22%</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.

2020	2019	2018	2017	2016	2015
\$ 1,517,345	\$ 1,126,772	\$ 1,324,117	\$ 1,307,135	\$ 1,279,519	\$ 1,225,860
4,329,159	4,080,911	3,919,894	3,878,427	3,440,787	3,075,506
329,593	-	-	-	-	-
535,132	(445,779)	1,623,968	(380,977)	(99,578)	47,689
2,147,787	1,844,891	(1,938,349)	(2,118,471)	4,445,251	3,339,164
(2,578,692)	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
6,280,324	4,246,823	2,797,578	828,157	7,379,995	6,173,803
73,441,994	69,195,171	66,397,593	65,569,436	58,189,441	52,015,638
<u>\$ 79,722,318</u>	<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>
\$ 2,060,100	\$ 1,950,286	\$ 2,059,961	\$ 1,775,629	\$ 1,541,722	\$ 1,433,326
462,849	442,371	444,283	440,410	424,846	424,420
-	-	-	-	-	-
273,085	3,300,676	3,135,098	3,783,704	(439,143)	2,597,567
(2,578,692)	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
(46,044)	(49,506)	(60,770)	(63,372)	(78,032)	(73,458)
171,298	3,283,855	3,446,520	4,078,414	(236,591)	2,867,439
50,437,161	47,153,306	43,706,786	39,628,372	39,864,963	36,997,524
<u>\$ 50,608,459</u>	<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>\$ 29,113,859</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>
63.48%	68.68%	68.15%	65.83%	60.44%	68.51%
<u>\$ 4,628,165</u>	<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>629.06%</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 Eight Fiscal Years**

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

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

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. No budget was adopted for the State Seizure and Hawthorn Mall TIF Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

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

2. Individual Fund Disclosures

The following funds had expenditures in excess of budget:

Fund Name	Final Budget	Actual
General	\$ 26,318,598	\$ 28,747,592
Golf Course	464,564	519,965
Milwaukee Avenue/ Town Line Road TIF	1,597,008	1,795,725

The Hawthorn Mall TIF Fund had a deficit fund balance of \$10,920 at April 30, 2022. Funding of the deficit is expected to come from future property tax revenues.

SUPPLEMENTAL INFORMATION

Village of Vernon Hills, Illinois
Combining Balance Sheet - By Subfund
General Fund
April 30, 2022

	General	Summer Celebration	Metra Parking
Assets			
Cash and investments	\$ 33,824,194	\$ 107,249	\$ 73,284
Receivables:			
Taxes	6,563,757	-	-
Accounts	157,470	-	-
Accrued interest	2,656	-	-
Other	24,710	-	-
Prepaid items	171,257	11,646	-
Due from other governments	593,716	-	-
Due from other funds	10,920	-	-
Advances to other funds	59,234	-	-
Total assets	41,407,914	118,895	73,284
Liabilities			
Accounts payable	412,067	-	3,091
Accrued payroll	379,258	-	-
Deposits payable	547,057	-	-
Unearned revenue	1,966,692	20,000	-
Other payables	4,570,618	-	-
Due to other governments	-	-	-
Total liabilities	7,875,692	20,000	3,091
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total liabilities and deferred inflows of resources	7,875,692	20,000	3,091
Fund Balances			
Nonspendable:			
Advances	59,234	-	-
Prepaid items	171,257	11,646	-
Long-term receivable	593,716	-	-
Restricted:			
Metra parking	-	-	70,193
Public safety	-	-	-
Unassigned	32,708,015	87,249	-
Total fund balances	33,532,222	98,895	70,193
Total liabilities, deferred inflows of resources and fund balances	\$ 41,407,914	\$ 118,895	\$ 73,284

See independent auditor's report.

DUI	Drug Forfeiture	Capital	Development	Eliminations	Total
\$ 122,482	\$ 1,000	\$ 1,359,602	\$ 151,613	\$ -	\$ 35,639,424
-	-	-	-	-	6,563,757
-	-	-	-	-	157,470
-	-	-	-	-	2,656
1,402	-	-	-	-	26,112
-	-	960	-	-	183,863
-	-	846,318	-	-	1,440,034
-	-	-	-	-	10,920
-	-	-	-	-	59,234
123,884	1,000	2,206,880	151,613	-	44,083,470
-	-	38,420	3,428	-	457,006
-	-	-	-	-	379,258
-	-	-	-	-	547,057
-	-	-	-	-	1,986,692
-	-	-	-	-	4,570,618
-	-	-	148,185	-	148,185
-	-	38,420	151,613	-	8,088,816
-	-	836,668	-	-	836,668
-	-	875,088	151,613	-	8,925,484
-	-	-	-	-	59,234
-	-	960	-	-	183,863
-	-	-	-	-	593,716
-	-	-	-	-	70,193
123,884	1,000	-	-	-	124,884
-	-	1,330,832	-	-	34,126,096
123,884	1,000	1,331,792	-	-	35,157,986
\$ 123,884	\$ 1,000	\$ 2,206,880	\$ 151,613	\$ -	\$ 44,083,470

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, 2022

	General	Summer Celebration	Metra Parking
Revenues:			
Taxes	\$ 8,609,785	\$ -	\$ -
Intergovernmental	21,515,845	-	-
Licenses, permits, and fees	2,642,583	-	-
Charges for services	1,251,791	-	9,488
Fines and forfeitures	151,705	-	-
Investment income	33,438	-	84
Miscellaneous	460,546	-	-
Total revenues	34,665,693	-	9,572
Expenditures:			
Current:			
General government	10,472,057	-	-
Public safety	11,367,922	-	-
Streets and roads	5,037,177	-	79,023
Culture and recreation	56,927	10,343	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	450,000	-	-
Interest and fiscal charges	140,733	-	-
Total expenditures	27,524,816	10,343	79,023
Excess (deficiency) of revenues over expenditures	7,140,877	(10,343)	(69,451)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(4,059,215)	-	-
Total other financing sources (uses)	(4,059,215)	-	-
Net changes in fund balance	3,081,662	(10,343)	(69,451)
Fund balances (deficit), beginning of the year	30,450,560	109,238	139,644
Fund balances, end of the year	\$ 33,532,222	\$ 98,895	\$ 70,193

See independent auditor's report.

DUI	Drug Forfeiture	Capital	Development	Eliminations	Total
\$ -	\$ -	\$ 211,814	\$ -	\$ -	\$ 8,821,599
-	-	-	-	-	21,515,845
-	-	-	-	-	2,642,583
-	-	-	-	-	1,261,279
9,173	-	-	-	-	160,878
-	-	-	-	-	33,522
-	-	167,043	-	-	627,589
9,173	-	378,857	-	-	35,063,295
-	-	-	-	-	10,472,057
-	-	-	-	-	11,367,922
-	-	-	-	-	5,116,200
-	-	-	-	-	67,270
-	-	1,133,410	-	-	1,133,410
-	-	-	-	-	450,000
-	-	-	-	-	140,733
-	-	1,133,410	-	-	28,747,592
9,173	-	(754,553)	-	-	6,315,703
-	-	3,485,000	-	(3,485,000)	-
-	(45,756)	-	-	3,485,000	(619,971)
-	(45,756)	3,485,000	-	-	(619,971)
9,173	(45,756)	2,730,447	-	-	5,695,732
114,711	46,756	(1,398,655)	-	-	29,462,254
\$ 123,884	\$ 1,000	\$ 1,331,792	\$ -	\$ -	\$ 35,157,986

Village of Vernon Hills, Illinois
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes:				
Utility taxes	\$ 1,270,000	\$ 1,270,000	\$ 1,242,729	\$ (27,271)
Telecommunication tax	665,000	665,000	577,639	(87,361)
Home rule sales tax	2,440,000	2,440,000	3,909,365	1,469,365
Other taxes	1,039,000	1,039,000	1,210,254	171,254
Hotel/motel tax	320,000	320,000	190,558	(129,442)
Road and bridge tax	220,000	220,000	211,814	(8,186)
Food and beverage tax	1,300,000	1,300,000	1,479,240	179,240
	<u>7,254,000</u>	<u>7,254,000</u>	<u>8,821,599</u>	<u>1,567,599</u>
Intergovernmental:				
Sales tax	11,300,000	11,300,000	17,776,659	6,476,659
State income tax	2,703,000	2,703,000	3,721,465	1,018,465
Grants	27,400	27,400	17,721	(9,679)
	<u>14,030,400</u>	<u>14,030,400</u>	<u>21,515,845</u>	<u>7,485,445</u>
Licenses, permits, and fees	2,282,050	2,282,050	2,642,583	360,533
Charges for services:				-
Fees and charges for services	1,397,540	1,397,540	1,261,279	(136,261)
Summer celebration fees	73,000	73,000	-	(73,000)
Fines and forfeitures	207,000	207,000	160,878	(46,122)
Investment income	175,000	175,000	33,522	(141,478)
Miscellaneous	305,031	305,031	627,589	322,558
	<u>25,724,021</u>	<u>25,724,021</u>	<u>35,063,295</u>	<u>9,339,274</u>
Total revenues	\$ 25,724,021	\$ 25,724,021	\$ 35,063,295	\$ 9,339,274

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures:				
General government:				
Administration:				
Personal services	\$ 871,840	\$ 871,840	\$ 915,279	\$ (43,439)
Contractual services	2,471,062	2,475,532	7,891,202	(5,415,670)
Commodities	63,735	63,735	34,370	29,365
Equipment	232,000	232,000	94,065	137,935
Total administration	<u>3,638,637</u>	<u>3,643,107</u>	<u>8,934,916</u>	<u>(5,291,809)</u>
Judiciary:				
Contractual services	474,000	474,000	342,213	131,787
President/trustee:				
Personal services	54,902	54,902	54,902	-
Contractual services	26,590	26,590	7,445	19,145
Commodities	2,650	2,650	320	2,330
Total president/trustee	<u>84,142</u>	<u>84,142</u>	<u>62,667</u>	<u>21,475</u>
Community development:				
Personal services	780,388	780,388	774,042	6,346
Contractual services	115,250	115,250	189,993	(74,743)
Commodities	12,700	12,700	10,730	1,970
Equipment	4,981	4,981	4,981	-
Total community development	<u>913,319</u>	<u>913,319</u>	<u>979,746</u>	<u>(66,427)</u>
Committees:				
Contractual services	29,800	29,800	6,350	23,450
Commodities	5,800	5,800	8,230	(2,430)
Equipment	250	250	81	169
Total committees	<u>35,850</u>	<u>35,850</u>	<u>14,661</u>	<u>21,189</u>

(cont'd)

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund (cont'd)
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):				
General government (cont'd):				
Resident direct benefit:				
Contractual services	\$ 37,000	\$ 37,000	\$ 40,000	\$ (3,000)
General purpose:				
Personnel services	104,950	104,950	97,854	7,096
Total general government	5,287,898	5,292,368	10,472,057	(5,179,689)
Public safety:				
Police department:				
Personal services	10,311,057	10,311,057	10,620,923	(309,866)
Contractual services	375,615	375,615	345,873	29,742
Commodities	210,200	210,200	207,703	2,497
Equipment	190,674	190,674	157,779	32,895
Total police department	11,087,546	11,087,546	11,332,278	(244,732)
Fire and police commission:				
Contractual services	17,700	17,700	35,644	(17,944)
Commodities	200	200	-	200
Total fire and police commission	17,900	17,900	35,644	(17,744)
Total public safety	11,105,446	11,105,446	11,367,922	(262,476)
Streets and roads:				
Public works:				
Personal services	3,030,755	3,030,755	2,823,139	207,616
Contractual services	1,561,403	1,556,933	1,095,121	461,812
Commodities	961,770	961,770	836,930	124,840
Equipment	288,259	288,259	281,987	6,272
Total public works	5,842,187	5,837,717	5,037,177	800,540

(cont'd)

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund (cont'd)
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):				
Streets and roads (cont'd):				
Metra parking:				
Contractual services	\$ 95,860	\$ 95,860	\$ 77,349	\$ 18,511
Commodities	10,100	10,100	1,674	8,426
Total Metra parking	105,960	105,960	79,023	26,937
Total streets and roads	5,948,147	5,943,677	5,116,200	827,477
Culture and recreation:				
Events:				
Contractual services	82,195	82,195	54,051	28,144
Commodities	13,745	13,745	2,876	10,869
Total events	95,940	95,940	56,927	39,013
Summer celebration:				
Contractual services	150,660	150,660	10,250	140,410
Commodities	29,500	29,500	93	29,407
Total summer celebration	180,160	180,160	10,343	169,817
Total culture and recreation	276,100	276,100	67,270	208,830
Capital outlay:				
Community infrastructure development:				
Street construction	588,000	588,000	394,540	193,460
Land	-	-	35,377	(35,377)
Fixed equipment	453,500	453,500	33,363	420,137
Remodel	550,000	550,000	312,010	237,990
Construction	1,518,552	1,518,552	357,240	1,161,312
Engineering/architecture	-	-	880	(880)
Total capital outlay	3,110,052	3,110,052	1,133,410	1,976,642

(cont'd)

Village of Vernon Hills, Illinois
Schedule of Expenditures - Budget and Actual
General Fund (cont'd)
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):				
Debt service:				
Principal retirement	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Interest and fiscal charges	140,955	140,955	140,733	222
Total debt service	590,955	590,955	590,733	222
Total expenditures	\$ 26,318,598	\$ 26,318,598	\$ 28,747,592	\$ (2,428,994)

See independent auditor's report.

**Village of Vernon Hills, Illinois
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2022**

	Special Revenue		
	Motor Fuel Tax	Dispatch Center	State Seizure
Assets			
Cash and investments	\$ 2,219,110	\$ 1,219,474	\$ 26,081
Receivables:			
Taxes	-	339,094	-
Intergovernmental	84,271	-	-
Prepaid items	-	399	-
Total assets	\$ 2,303,381	\$ 1,558,967	\$ 26,081
Liabilities			
Accounts payable	\$ 6,412	\$ 7,367	\$ -
Accrued payroll	-	46,392	-
Due to other funds	-	-	-
Total liabilities	6,412	53,759	-
Fund Balances (Deficit)			
Nonspendable:			
Prepaid items	-	399	-
Restricted:			
Streets and roads	2,296,969	-	-
Public safety	-	1,504,809	26,081
Unassigned	-	-	-
Total fund balances (deficit)	2,296,969	1,505,208	26,081
Total liabilities and fund balances (deficit)	\$ 2,303,381	\$ 1,558,967	\$ 26,081

See independent auditor's report.

Hawthorn Mall TIF	Total
\$ -	\$ 3,464,665
-	339,094
-	84,271
-	399
<u>\$ -</u>	<u>\$ 3,888,429</u>
\$ -	\$ 13,779
-	46,392
10,920	10,920
<u>10,920</u>	<u>71,091</u>
-	399
-	2,296,969
-	1,530,890
(10,920)	(10,920)
<u>(10,920)</u>	<u>3,817,338</u>
<u>\$ -</u>	<u>\$ 3,888,429</u>

Village of Vernon Hills, Illinois
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended April 30, 2022

	Special Revenue		
	Motor Fuel Tax	Dispatch Center	State Seizure
Revenues:			
Taxes	\$ -	\$ 726,173	\$ -
Intergovernmental - taxes	1,049,429	-	-
Intergovernmental - grants	551,682	-	-
Charges for services	-	977,549	325
Investment income (loss)	(25,020)	10	-
Total revenues	1,576,091	1,703,732	325
Expenditures:			
Current:			
Public safety	-	2,402,774	20,000
Economic development	-	-	-
Capital outlay	1,461,650	-	-
Total expenditures	1,461,650	2,402,774	20,000
Revenues over (under) expenditures before other financing sources	114,441	(699,042)	(19,675)
Other financing sources - transfer in	-	-	45,756
Net changes in fund balances	114,441	(699,042)	26,081
Fund balances, beginning of the year	2,182,528	2,204,250	-
Fund balances (deficit), end of the year	\$ 2,296,969	\$ 1,505,208	\$ 26,081

See independent auditor's report.

Hawthorn Mall TIF	Total
\$ -	\$ 726,173
-	1,049,429
-	551,682
-	977,874
-	(25,010)
-	3,280,148
-	2,422,774
10,920	10,920
-	1,461,650
10,920	3,895,344
(10,920)	(615,196)
-	45,756
(10,920)	(569,440)
-	4,386,778
\$ (10,920)	\$ 3,817,338

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental - taxes	\$ 876,700	\$ 876,700	\$ 1,049,429	\$ 172,729
Intergovernmental - grants	550,000	550,000	551,682	1,682
Investment income (loss)	7,000	7,000	(25,020)	(32,020)
Total revenues	<u>1,433,700</u>	<u>1,433,700</u>	<u>1,576,091</u>	<u>142,391</u>
Expenditures:				
Capital outlay	1,885,050	1,885,050	1,461,650	423,400
Total expenditures	<u>1,885,050</u>	<u>1,885,050</u>	<u>1,461,650</u>	<u>423,400</u>
Changes in fund balance	<u>\$ (451,350)</u>	<u>\$ (451,350)</u>	<u>114,441</u>	<u>\$ 565,791</u>
Fund balance, beginning of year			<u>2,182,528</u>	
Fund balance, end of year			<u>\$ 2,296,969</u>	

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Dispatch Center Fund
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes:				
911 surcharge	\$ 565,380	\$ 565,380	\$ 726,173	\$ 160,793
Charges for services	977,860	977,860	977,549	(311)
Interest	500	500	10	(490)
Total revenues	1,543,740	1,543,740	1,703,732	159,992
Expenditures:				
Public safety:				
Personal services	1,859,850	1,859,850	1,780,477	79,373
Contractual services	760,625	760,625	611,616	149,009
Commodities	5,950	5,950	6,425	(475)
Equipment	241,600	241,600	4,256	237,344
Total expenditures	2,868,025	2,868,025	2,402,774	465,251
Changes in fund balance	\$ (1,324,285)	\$ (1,324,285)	(699,042)	\$ 625,243
Fund balance, beginning of year			2,204,250	
Fund balance, end of year			\$ 1,505,208	

See independent auditor's report.

Village of Vernon Hills, Illinois
Schedule of Revenues, Expenses and Changes in
Net Position - Budget and Actual
Golf Course Fund
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Charges for services	\$ 365,562	\$ 365,562	\$ 443,012	\$ 77,450
Total operating revenues	<u>365,562</u>	<u>365,562</u>	<u>443,012</u>	<u>77,450</u>
Operating expenses:				
Operations	464,564	464,564	502,548	(37,984)
Operating loss before depreciation	(99,002)	(99,002)	(59,536)	39,466
Depreciation	-	-	17,417	(17,417)
Operating loss	(99,002)	(99,002)	(76,953)	22,049
Non-operating revenues:				
Interest income	-	-	8	8
Changes in net position	<u>\$ (99,002)</u>	<u>\$ (99,002)</u>	<u>(76,945)</u>	<u>\$ 22,057</u>
Net position, beginning of the year			<u>393,976</u>	
Net position, end of the year			<u>\$ 317,031</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenue:				
Vehicle lease revenue	\$ 387,690	\$ 387,690	\$ 402,690	\$ 15,000
Total operating revenues	387,690	387,690	402,690	15,000
Operating expenses:				
Operations	728,000	758,054	381,946	376,108
Operating income (loss) before depreciation	(340,310)	(370,364)	20,744	391,108
Depreciation	-	-	86,897	(86,897)
Changes in net position	\$ (340,310)	\$ (370,364)	(66,153)	\$ 304,211
Net position, beginning of year			2,879,409	
Net position, end of year			\$ 2,813,256	

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2012A
April 30, 2022**

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
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>\$ 4,450,000</u>	<u>\$ 303,500</u>	<u>\$ 4,753,500</u>		<u>\$ 151,750</u>		<u>\$ 151,750</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2012B
April 30, 2022**

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
2023	\$ 145,000	\$ 13,700	\$ 158,700	2022	\$ 6,850	2023	\$ 6,850
2024	145,000	10,510	155,510	2023	5,255	2024	5,255
2025	150,000	7,320	157,320	2024	3,660	2025	3,660
2026	155,000	3,720	158,720	2025	1,860	2026	1,860
	<u>\$ 595,000</u>	<u>\$ 35,250</u>	<u>\$ 630,250</u>		<u>\$ 17,625</u>		<u>\$ 17,625</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2014 - Police Station
April 30, 2022

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
2023	\$ 175,000	\$ 69,823	\$ 244,823	2022	\$ 34,912	2023	\$ 34,912
2024	180,000	66,060	246,060	2023	33,030	2024	33,030
2025	180,000	61,920	241,920	2024	30,960	2025	30,960
2026	185,000	57,510	242,510	2025	28,755	2026	28,755
2027	190,000	52,700	242,700	2026	26,350	2027	26,350
2028	195,000	47,475	242,475	2027	23,738	2028	23,738
2029	200,000	41,625	241,625	2028	20,813	2029	20,813
2030	210,000	35,625	245,625	2029	17,813	2030	17,813
2031	215,000	29,325	244,325	2030	14,663	2031	14,663
2032	220,000	22,875	242,875	2031	11,438	2032	11,438
2033	230,000	16,275	246,275	2032	8,138	2033	8,138
2034	235,000	8,225	243,225	2033	4,113	2034	4,113
	<u>\$ 2,415,000</u>	<u>\$ 509,438</u>	<u>\$ 2,924,438</u>		<u>\$ 254,723</u>		<u>\$ 254,723</u>

See independent auditor's report.

Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2014 - Communication Center
April 30, 2022

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
2023	\$ -	\$ 10,707	\$ 10,707	2022	\$ 5,354	2023	\$ 5,354
2024	-	10,707	10,707	2023	5,354	2024	5,354
2025	-	10,707	10,707	2024	5,354	2025	5,354
2026	195,000	10,707	205,707	2025	5,354	2026	5,354
2027	205,000	5,638	210,638	2026	2,819	2027	2,819
	<u>\$ 400,000</u>	<u>\$ 48,466</u>	<u>\$ 448,466</u>		<u>\$ 24,235</u>		<u>\$ 24,235</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, 2022**

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
2023	\$ 180,000	\$ 12,895	\$ 192,895	2022	\$ 6,448	2023	\$ 6,448
2024	190,000	9,025	199,025	2023	4,513	2024	4,513
2025	190,000	4,655	194,655	2024	2,328	2025	2,328
	<u>\$ 560,000</u>	<u>\$ 26,575</u>	<u>\$ 586,575</u>		<u>\$ 13,289</u>		<u>\$ 13,289</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2015A
April 30, 2022**

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
2023	\$ 140,000	\$ 35,725	\$ 175,725	2022	\$ 17,863	2023	\$ 17,863
2024	150,000	32,925	182,925	2023	16,463	2024	16,463
2025	80,000	28,425	108,425	2024	14,213	2025	14,213
2026	85,000	26,025	111,025	2025	13,013	2026	13,013
2027	85,000	23,475	108,475	2026	11,738	2027	11,738
2028	90,000	20,925	110,925	2027	10,463	2028	10,463
2029	90,000	18,225	108,225	2028	9,113	2029	9,113
2030	95,000	15,525	110,525	2029	7,763	2030	7,763
2031	95,000	12,675	107,675	2030	6,338	2031	6,338
2032	100,000	9,825	109,825	2031	4,913	2032	4,913
2033	105,000	6,825	111,825	2032	3,413	2033	3,413
2034	105,000	3,412	108,412	2033	1,706	2034	1,706
	<u>\$ 1,220,000</u>	<u>\$ 233,987</u>	<u>\$ 1,453,987</u>		<u>\$ 116,999</u>		<u>\$ 116,999</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2015B
April 30, 2022**

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
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>\$ 2,385,000</u>	<u>\$ 172,488</u>	<u>\$ 2,557,488</u>		<u>\$ 86,245</u>		<u>\$ 86,245</u>

See independent auditor's report.

**Village of Vernon Hills, Illinois
Long-term Debt Requirements
General Obligation Bonds, Series 2017
April 30, 2022**

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
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>\$ 18,280,000</u>	<u>\$ 5,602,649</u>	<u>\$ 23,882,649</u>		<u>\$ 2,801,323</u>		<u>\$ 2,801,323</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.	100 - 113
Revenue Capacity These schedules contain information to help the reader assess the Village’s most significant local revenue source, the sales tax.	114 – 123
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.	124 – 127
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.	128 – 129
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.	130 – 135

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental activities:				
Net investment in capital assets	\$ 73,397,308	\$ 74,675,375	\$ 75,273,762	\$ 74,727,114
Restricted	9,762,579	7,470,592	6,648,264	7,085,698
Unrestricted	<u>(8,948,347)</u>	<u>(18,579,525)</u>	<u>(24,346,352)</u>	<u>(23,355,194)</u>
Total governmental activities	<u>\$ 74,211,540</u>	<u>\$ 63,566,442</u>	<u>\$ 57,575,674</u>	<u>\$ 58,457,618</u>
Business-type activities:				
Net investment in capital assets	\$ 393,315	\$ 410,732	\$ 339,361	\$ 379,326
Restricted	-	-	-	-
Unrestricted	<u>(76,284)</u>	<u>(16,756)</u>	<u>(718,038)</u>	<u>(540,128)</u>
Total business-type activities	<u>\$ 317,031</u>	<u>\$ 393,976</u>	<u>\$ (378,677)</u>	<u>\$ (160,802)</u>
Primary government:				
Net investment in capital assets	\$ 73,790,623	\$ 75,086,107	\$ 75,613,123	\$ 75,106,440
Restricted	9,762,579	7,470,592	6,648,264	7,085,698
Unrestricted	<u>(9,024,631)</u>	<u>(18,596,281)</u>	<u>(25,064,390)</u>	<u>(23,895,322)</u>
Total primary government	<u>\$ 74,528,571</u>	<u>\$ 63,960,418</u>	<u>\$ 57,196,997</u>	<u>\$ 58,296,816</u>

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,						
2018	2017	2016	2015	2014	2013	
\$ 75,753,586	\$ 77,689,771	\$ 79,574,960	\$ 82,205,307	\$ 83,986,644	\$ 85,102,245	
8,840,827	2,495,260	1,989,778	6,391,658	2,831,873	2,627,039	
(18,494,359)	3,774,935	3,722,990	22,222,353	24,907,019	24,665,002	
<u>\$ 66,100,054</u>	<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>	
\$ 443,291	\$ 518,131	\$ 457,015	\$ 521,711	\$ 586,405	\$ 651,621	
-	-	-	-	-	-	
(439,127)	(369,729)	(251,977)	(227,142)	(222,509)	(241,159)	
<u>\$ 4,164</u>	<u>\$ 148,402</u>	<u>\$ 205,038</u>	<u>\$ 294,569</u>	<u>\$ 363,896</u>	<u>\$ 410,462</u>	
\$ 76,196,877	\$ 78,207,902	\$ 80,031,975	\$ 82,727,018	\$ 84,573,049	\$ 85,753,866	
8,840,827	2,495,260	1,989,778	6,391,658	2,831,873	2,627,039	
(18,933,486)	3,405,206	3,471,013	21,995,211	24,684,510	24,423,843	
<u>\$ 66,104,218</u>	<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>	

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses:				
Governmental activities:				
General government	\$ 10,886,946	\$ 9,976,962	\$ 10,573,818	\$ 11,671,187
Public safety	12,134,889	10,996,673	14,555,920	13,829,273
Roads and streets	9,401,918	8,912,071	9,001,587	7,794,339
Economic development	212,612	99,016	1,663,589	4,000,769
Culture and recreation	67,270	31,532	292,421	268,706
Interest and fees	984,558	1,058,565	1,078,062	1,180,996
Total governmental activities expenses	33,688,193	31,074,819	37,165,397	38,745,270
Business-type activities:				
Golf course	519,965	483,922	468,730	507,997
Total primary government expenses	\$ 34,208,158	\$ 31,558,741	\$ 37,634,127	\$ 39,253,267
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 3,735,625	\$ 3,025,548	\$ 2,438,566	\$ 2,326,947
Public safety	1,306,988	1,148,232	1,243,380	1,512,387
Culture and recreation	-	-	78,507	98,124
Operating grants and contributions	1,052,213	969,194	937,891	666,373
Capital grants and contributions	626,996	1,948,924	38,783	194,124
Total governmental activities program revenues	6,721,822	7,091,898	4,737,127	4,797,955
Business-type activities:				
Charges for services:				
Golf course	443,012	505,210	248,649	342,163
Total primary government program revenues	\$ 7,164,834	\$ 7,597,108	\$ 4,985,776	\$ 5,140,118
Net revenues (expenses):				
Governmental activities	\$ (26,966,371)	\$ (23,982,921)	\$ (32,428,270)	\$ (33,947,315)
Business-type activities	(76,953)	21,288	(220,081)	(165,834)
Total primary government net revenues (expenses)	\$ (27,043,324)	\$ (23,961,633)	\$ (32,648,351)	\$ (34,113,149)

(cont'd)

Fiscal Year Ended April 30,					
2018	2017	2016	2015	2014	2013
\$ 10,465,391	\$ 10,031,695	\$ 10,785,366	\$ 5,105,742	\$ 4,619,060	\$ 4,410,123
15,152,449	13,557,140	11,866,591	11,202,863	10,507,422	10,113,838
8,202,028	8,000,396	8,673,207	8,427,086	7,802,713	7,452,181
14,389,807	-	1,488	-	4,463	-
261,213	250,870	287,664	258,590	277,671	270,889
1,500,369	615,693	677,677	852,718	901,283	954,884
<u>49,971,257</u>	<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>526,194</u>	<u>508,552</u>	<u>530,174</u>	<u>518,417</u>	<u>514,147</u>	<u>493,135</u>
<u>\$ 50,497,451</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>
\$ 3,292,044	\$ 2,841,747	\$ 1,856,949	\$ 2,326,412	\$ 2,595,479	\$ 2,015,985
1,459,367	1,632,547	1,258,030	1,288,454	1,195,253	1,028,096
138,968	139,418	124,238	300,789	226,199	225,229
670,447	668,032	672,244	847,934	751,035	724,013
3,474	4,131	159,065	28,902	5,358	6,121
<u>5,564,300</u>	<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>376,044</u>	<u>408,651</u>	<u>440,539</u>	<u>449,077</u>	<u>467,568</u>	<u>469,562</u>
<u>\$ 5,940,344</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>
\$ (44,406,957)	\$ (27,169,919)	\$ (28,221,467)	\$ (21,054,508)	\$ (19,339,288)	\$ (19,202,471)
(150,150)	(99,901)	(89,635)	(69,340)	(46,579)	(23,573)
<u>\$ (44,557,107)</u>	<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>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Utility	\$ 1,242,729	\$ 1,213,494	\$ 1,279,489	\$ 1,331,718
Home rule sales	3,909,365	3,008,154	3,288,904	3,476,618
Hotel/motel	190,558	72,700	329,380	382,495
911 surcharge	726,173	531,591	548,262	540,117
Road and bridge	211,814	217,396	217,285	212,953
Telecommunication	577,639	625,548	734,250	775,922
Tax increment	5,742,147	4,812,319	2,677,872	2,155,111
Other	2,689,494	2,216,635	2,436,428	1,926,599
Intergovernmental:				
Sales tax	17,776,659	13,955,122	14,861,729	15,443,815
State income tax	3,721,465	2,878,887	2,721,856	2,438,196
Investment income	10,163	87,056	880,832	711,434
Miscellaneous	813,263	1,004,787	1,570,039	197,249
Transfers	-	(650,000)	-	-
Total governmental activities	37,611,469	29,973,689	31,546,326	29,592,227
Business-type activities:				
Investment income	8	217	2,206	868
Miscellaneous	-	-	-	-
Transfers	-	650,000	-	-
Capital contribution	-	101,148	-	-
Total business-type activities	8	751,365	2,206	868
Total primary government	\$ 37,611,477	\$ 30,725,054	\$ 31,548,532	\$ 29,593,095
Change in net position:				
Governmental activities	\$ 10,645,098	\$ 5,990,768	\$ (881,944)	\$ (4,355,088)
Business-type activities	(76,945)	772,653	(217,875)	(164,966)
Total primary government change in net position	\$ 10,568,153	\$ 6,763,421	\$ (1,099,819)	\$ (4,520,054)

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.

Fiscal Year Ended April 30,					
2018	2017	2016	2015	2014	2013
\$ 1,305,235	\$ 1,363,286	\$ 1,334,151	\$ 1,345,000	\$ 1,404,549	\$ 1,418,186
3,373,171	3,304,832	3,197,930	727,413	-	-
371,175	382,900	380,093	369,509	351,087	323,334
398,726	372,116	309,960	325,797	319,399	343,609
219,958	216,312	212,406	201,923	205,572	200,903
898,686	1,016,451	1,190,196	1,117,728	1,258,098	1,335,120
1,301,846	1,216,865	1,221,604	1,174,513	1,281,321	1,048,583
918,219	918,874	871,620	581,481	534,105	486,456
14,933,056	14,435,680	14,006,145	11,426,650	10,773,512	10,547,878
2,277,294	2,373,802	2,676,354	2,530,028	2,398,252	2,376,128
344,004	105,285	115,636	295,485	73,881	98,374
205,675	135,754	41,088	55,764	67,762	44,992
-	-	-	-	-	-
26,547,045	25,842,157	25,557,183	20,151,291	18,667,538	18,223,563
5,912	1,265	104	13	13	55
-	42,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,912	43,265	104	13	13	55
\$ 26,552,957	\$ 25,885,422	\$ 25,557,287	\$ 20,151,304	\$ 18,667,551	\$ 18,223,618
\$ (17,859,912)	\$ (1,327,762)	\$ (2,664,284)	\$ (903,217)	\$ (671,750)	\$ (978,908)
(144,238)	(56,636)	(89,531)	(69,327)	(46,566)	(23,518)
\$ (18,004,150)	\$ (1,384,398)	\$ (2,753,815)	\$ (972,544)	\$ (718,316)	\$ (1,002,426)

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:				
Nonspendable	\$ 836,813	\$ 878,256	\$ 1,771,573	\$ 1,676,713
Restricted	195,077	301,111	373,030	331,751
Committed	-	-	-	-
Unassigned	<u>34,126,096</u>	<u>28,282,887</u>	<u>25,866,681</u>	<u>25,962,612</u>
Total General Fund	<u>\$ 35,157,986</u>	<u>\$ 29,462,254</u>	<u>\$ 28,011,284</u>	<u>\$ 27,971,076</u>
All other governmental funds:				
Nonspendable	\$ 399	\$ 726	\$ -	\$ -
Restricted	9,567,502	7,169,481	6,275,234	6,753,947
Unassigned	<u>(10,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>9,556,981</u>	<u>7,170,207</u>	<u>6,275,234</u>	<u>6,753,947</u>
Total governmental funds	<u>\$ 44,714,967</u>	<u>\$ 36,632,461</u>	<u>\$ 34,286,518</u>	<u>\$ 34,725,023</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,					
2018	2017	2016	2015	2014	2013
\$ 1,289,082	\$ 1,306,316	\$ 1,484,993	\$ 458,220	\$ 429,650	\$ 409,080
285,836	223,569	156,265	94,738	168,098	258,942
-	-	-	14,075	16,398	58,561
26,204,170	25,666,376	23,928,382	23,282,038	23,432,516	23,937,297
<u>\$ 27,779,088</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,554,991	2,271,691	1,898,464	6,296,920	2,663,775	2,368,097
-	-	(153,789)	-	-	(498,253)
8,554,991	2,271,691	1,744,675	6,296,920	2,663,775	1,869,844
<u>\$ 36,334,079</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>

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

	2022	2021	2020	2019
Sales tax	\$ 17,776,659	\$ 13,955,122	\$ 14,861,729	\$ 15,443,815
Other tax	15,289,919	12,697,837	11,511,870	10,801,533
Intergovernmental	5,340,297	5,797,005	3,698,530	3,298,693
Licenses, permits, and fees, fines, and forfeitures, and charges for services	5,042,614	4,173,782	3,760,454	3,937,458
Investment income	10,162	87,057	880,832	711,434
Miscellaneous	627,589	727,540	520,038	197,249
	<u>\$ 44,087,240</u>	<u>\$ 37,438,343</u>	<u>\$ 35,233,453</u>	<u>\$ 34,390,182</u>

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2018	2017	2016	2015	2014	2013
\$ 14,933,056	\$ 14,435,680	\$ 14,006,145	\$ 11,426,650	\$ 10,680,015	\$ 10,503,422
11,064,312	11,165,438	11,394,315	7,931,917	7,752,383	7,532,319
673,921	672,162	831,309	876,836	756,393	730,134
4,878,822	4,606,923	3,239,217	3,915,655	4,016,931	3,269,310
344,004	105,285	115,636	295,485	73,881	98,374
217,230	142,544	41,088	55,764	67,762	44,992
<u>\$ 32,111,345</u>	<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>

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

	2022	2021	2020	2019
General government	\$ 10,472,057	\$ 9,284,377	\$ 9,687,597	\$ 9,647,854
Public safety	13,790,696	12,883,073	12,569,810	11,978,282
Streets and roads	5,116,200	4,993,737	4,952,499	4,551,301
Economic development	212,612	99,016	1,663,589	4,000,769
Culture and recreation	67,270	31,532	292,421	268,706
Capital outlay	2,595,060	3,337,173	3,739,407	1,677,466
Debt service:				
Principal retirement	2,790,000	2,700,000	1,715,000	2,745,000
Interest and fiscal charges	960,839	1,014,840	1,049,139	1,129,860
	<u>\$ 36,004,734</u>	<u>\$ 34,343,748</u>	<u>\$ 35,669,462</u>	<u>\$ 35,999,238</u>

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2018	2017	2016	2015	2014	2013
\$ 9,073,246	\$ 8,862,203	\$ 8,214,056	\$ 3,842,991	\$ 3,668,619	\$ 3,498,692
12,150,938	11,634,011	11,050,969	10,932,262	10,254,629	9,778,906
4,742,456	4,409,098	4,560,218	5,883,011	5,234,011	4,796,985
14,389,807	-	1,488	-	4,463	-
261,213	250,870	287,664	258,590	277,671	270,899
1,944,919	1,828,930	7,170,422	1,108,942	385,859	331,657
1,470,000	1,415,000	645,000	1,720,000	2,435,000	1,315,000
1,402,639	574,283	768,087	808,478	910,400	935,048
\$ 45,435,218	\$ 28,974,395	\$ 32,697,904	\$ 24,554,274	\$ 23,170,652	\$ 20,927,187

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

	2022	2021	2020	2019
Revenues:				
Taxes	\$ 15,289,919	\$ 12,697,837	\$ 11,511,870	\$ 10,801,533
Intergovernmental	23,116,956	19,752,127	18,560,259	18,742,508
Licenses, permits, and fees, fines and forfeitures, and charges for services	5,042,614	4,173,782	3,760,454	3,937,458
Investment income	10,162	87,057	880,832	711,434
Miscellaneous	627,589	727,540	520,038	197,249
Total revenues	44,087,240	37,438,343	35,233,453	34,390,182
Expenditures:				
General government	10,472,057	9,284,377	9,687,597	9,647,854
Public safety	13,790,696	12,883,073	12,569,810	11,978,282
Streets and roads	5,116,200	4,993,737	4,952,499	4,551,301
Economic development	212,612	99,016	1,663,589	4,000,769
Culture and recreation	67,270	31,532	292,421	268,706
Capital outlay	2,595,060	3,337,173	3,739,407	1,677,466
Debt service				
Principal	2,790,000	2,700,000	1,715,000	2,745,000
Interest and fiscal charges	960,839	1,014,840	1,049,139	1,129,860
Total expenditures	36,004,734	34,343,748	35,669,462	35,999,238
Excess (deficiency) of revenues over expenditures	8,082,506	3,094,595	(436,009)	(1,609,056)
Other financing sources (uses):				
Transfers in	619,971	3,803,426	1,537,787	2,356,670
Transfers (out)	(619,971)	(4,554,574)	(1,537,787)	(2,356,670)
Proceeds from bonds	-	-	-	-
Premium on debt issuance	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	-	(751,148)	-	-
Net changes in fund balances	\$ 8,082,506	\$ 2,343,447	\$ (436,009)	\$ (1,609,056)
Debt service as a percentage of noncapital expenditures	10.66%	11.33%	8.32%	10.84%

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,		2016	2015	2014	2013
2018	2017				
\$ 11,064,312	\$ 11,165,438	\$ 11,394,315	\$ 7,931,917	\$ 7,752,383	\$ 7,532,319
15,606,977	15,107,842	14,837,454	12,303,486	11,436,408	11,233,556
4,878,822	4,606,923	3,239,217	3,915,655	4,016,931	3,269,310
344,004	105,285	115,636	295,485	73,881	98,374
217,230	142,544	41,088	55,764	67,762	44,992
32,111,345	31,128,032	29,627,710	24,502,307	23,347,365	22,178,551
9,073,246	8,862,203	8,214,056	3,842,991	3,668,619	3,498,692
12,150,938	11,634,011	11,050,969	10,932,262	10,254,629	9,778,906
4,742,456	4,409,098	4,560,218	5,883,011	5,234,011	4,796,985
14,389,807	-	1,488	-	4,463	-
261,213	250,870	287,664	258,590	277,671	270,899
1,944,919	1,828,930	7,170,422	1,108,942	385,859	331,657
1,470,000	1,415,000	645,000	1,720,000	2,435,000	1,315,000
1,402,639	574,283	768,087	808,478	910,400	935,048
45,435,218	28,974,395	32,697,904	24,554,274	23,170,652	20,927,187
(13,323,873)	2,153,637	(3,070,194)	(51,967)	176,713	1,251,364
2,259,650	1,592,396	1,515,383	1,804,752	1,255,093	2,288,015
(2,259,650)	(1,592,396)	(1,515,383)	(1,804,752)	(1,255,093)	(2,288,015)
20,190,000	-	7,260,000	5,630,000	-	-
-	-	187,651	-	-	-
-	-	(5,301,500)	(2,142,479)	-	-
20,190,000	-	2,146,151	3,487,521	-	-
\$ 6,866,127	\$ 2,153,637	\$ (924,043)	\$ 3,435,554	\$ 176,713	\$ 1,251,364
6.40%	4.92%	10.63%	14.49%	10.83%	13.35%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General merchandise	\$ 1,339,153	\$ 1,119,488	\$ 1,363,593	\$ 1,547,821	\$ 1,672,883
Food	1,808,867	1,681,385	1,554,637	1,307,951	1,087,522
Drinking and eating places	1,111,994	804,850	1,114,359	1,030,560	1,002,073
Apparel	652,692	396,081	640,384	677,801	681,766
Furniture, H.H., and radio	1,438,597	1,305,744	2,687,754	7,058,665	6,492,509
Lumber, building hardware	966,350	925,039	760,388	721,690	500,489
Automobile and filling stations	362,427	274,441	348,014	348,836	325,882
Drugs and miscellaneous retail	1,622,796	996,557	1,021,543	1,003,181	1,024,032
Agriculture and all others	7,934,652	6,030,210	5,706,666	1,601,380	1,520,703
Manufacturers	84,318	58,674	73,420	79,937	101,103
Total*	<u>\$17,321,846</u>	<u>\$ 13,592,469</u>	<u>\$ 15,270,758</u>	<u>\$ 15,377,822</u>	<u>\$ 14,408,962</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.

2016	2015	2014	2013	2012
\$ 1,851,726	\$ 2,402,181	\$ 2,488,384	\$ 2,597,897	\$ 2,720,545
1,130,577	788,727	901,265	925,373	916,744
1,052,840	1,029,264	960,573	881,340	883,552
743,051	736,300	742,882	775,480	771,836
6,410,014	6,269,676	5,610,887	4,776,995	4,644,807
488,392	493,422	486,962	450,455	401,030
316,570	333,588	360,241	321,049	346,563
1,073,993	1,043,187	1,141,888	1,164,654	1,127,572
1,374,503	958,057	831,229	793,580	703,322
117,278	100,010	111,466	110,329	104,649
<u>\$ 14,558,944</u>	<u>\$ 14,154,412</u>	<u>\$ 13,635,777</u>	<u>\$ 12,797,152</u>	<u>\$ 12,620,620</u>
<u>1.25%</u>	<u>1.25%</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
2013	6.25%	0.75%	N/A	7.00%
2014	6.25%	0.75%	N/A	7.00%
2015	6.25%	0.75%	0.25%	7.25%
2016	6.25%	0.75%	0.25%	7.25%
2017	6.25%	0.75%	0.25%	7.25%
2018	6.25%	0.75%	0.25%	7.25%
2019	6.25%	0.75%	0.25%	7.25%
2020	6.25%	0.75%	0.25%	7.25%
2021	6.25%	0.75%	0.25%	7.25%
2022	6.25%	0.75%	0.25%	7.25%

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
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
2021	884,004,944	186,923	388,019,398	704,254

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)
\$ 1,096,352,536	\$ 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
1,272,915,519	172,184	1,273,087,703

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CLC Joint Action Water	\$ -	\$ -	\$ -	\$ -	\$ 0.045
Grade School 73	3.916	3.851	3.740	3.847	3.825
High School 128	2.674	2.603	2.513	2.502	2.494
Jr. College 532	0.293	0.290	0.282	0.282	0.281
Libertyville Township	0.129	0.127	0.123	0.122	0.122
Lake County	0.598	0.598	0.597	0.612	0.622
Lake County Forest Preserve	0.179	0.182	0.180	-	0.187
Vernon Hills Park District	0.446	0.434	0.420	0.411	0.416
Cook Memorial Library	0.291	0.286	0.283	0.284	0.284
Countryside Fire District	0.610	0.596	0.566	0.564	0.560
Village of Vernon Hills	-	-	-	-	-
Total	<u>\$ 9.136</u>	<u>\$ 8.967</u>	<u>\$ 8.704</u>	<u>\$ 8.624</u>	<u>\$ 8.836</u>

Source: Office of the County Clerk

See independent auditor's report.

2016	2015	2014	2013	2012	2011
\$ 0.046	\$ 0.054	\$ 0.056	\$ 0.055	\$ 0.052	\$ 0.047
3.871	4.033	4.118	3.997	3.678	3.306
2.532	2.732	2.687	2.919	2.800	2.399
0.285	0.299	0.306	0.296	0.272	0.240
0.124	0.131	0.134	0.131	0.122	0.111
0.632	0.663	0.683	0.663	0.608	0.554
0.193	0.208	0.210	0.218	0.212	0.201
0.419	0.458	0.455	0.445	0.496	0.450
0.289	0.304	0.312	0.303	0.282	0.254
0.570	0.598	0.613	0.597	0.552	0.495
-	-	-	-	-	-
<u>\$ 8.961</u>	<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	2022			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	\$ 25,861,672	1	2.03%	\$ 20,431,765	1	1.86%
Passco Melody Farm DST Trust	24,361,684	2	1.91%	-		-
Mesirow Financial Revf II Reit LLC	19,670,724	3	1.55%	-		-
Melody Farm LLC	18,564,400	4	1.46%	-		-
Azure Partners LLC	17,362,432	5	1.36%	-		-
IRC Retail Centers	8,333,294	6	0.65%			-
CDW Computer Centers, Inc.	8,234,614	7	0.65%	9,249,573	5	0.84%
Hawthorn Hills Square, LLC	8,110,099	8	0.64%	8,715,430	6	0.79%
HCP HB2 Park Vernon Hills, LLC	7,886,364	9	0.62%			-
PWA Continental Executive Park, LP	7,151,054	10	0.56%			-
Van Vlissingen & Co.				15,086,143	2	1.38%
Inland Real Estate	-		-	12,975,289	3	1.18%
Museum Gardens II LLC	-		-	11,972,187	4	1.09%
PAC / SIB, LLC	-		-	6,920,114	7	0.63%
VHTC Lot 3, LLC	-		-	5,966,191	8	0.54%
Walmart Stores, Inc.	-		-	5,660,676	9	0.52%
Leahy Vernon Hills Development	-		-	5,601,748	10	0.51%
	\$ 145,536,337		11.43%	\$ 102,579,116		9.34%

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>
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	64,696,876	5,752,192	5,742,147	99.83%
2022	2021	66,509,796	6,048,767	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 Levies 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
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%
2022	2021	-	-	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			Unamortized Premium	Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Alternate Revenue Bonds	TIF Revenue Bonds/Notes				
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
2022	30,305,000	-	-	158,387	30,463,387	2.30%	1,137.29

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, 2022

Governmental Unit	Gross Debt	Applicable to the Village	
		Percent	Amount
Village	\$ 30,463,387	100.00 %	\$ 30,463,387
School District Number 73	77,867,313	67.19	52,319,048
School District Number 76	10,025,000	25.00	2,506,250
School District Number 103	6,595,000	20.17	1,330,212
High School District Number 120	7,165,000	0.96	68,784
High School District Number 125	47,840,000	9.08	4,343,872
Community College Number 532	90,210,000	4.85	4,375,185
Lake County	137,310,000	4.62	6,343,722
Lake County Forest Preserve District	181,865,000	4.62	8,402,163
Countryside Fire Protection District	1,755	62.59	1,098
Mundelein Park District	2,375,000	0.001	24
Vernon Hills Park District	7,578,155	100.00	7,578,155
Total overlapping debt	\$ 568,832,223		87,268,513
Total direct and overlapping debt	\$ 599,295,610		\$ 117,731,900

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 Bonded 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				
2013	\$ 16,415,000	\$ -	\$ -	\$ 16,415,000	1.50%	\$ 641
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
2022	30,305,000	158,387	-	30,463,387	2.39%	1,137.29

(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, 2022

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%
2022	26,786	1,326,978	49,540	40.2	N/A	3.20%

N/A - Not Applicable

Population Data Sources:

2010/2020 U.S. Census data; the census data is used to estimate future years.

Income Data Sources:

2010/2020 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	2022			2013		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Westfield Hawthorn	2,519	1	9.40%	5,030	1	19.64%
American Hotel Register Co.	504	2	1.88%	805	3	3.14%
Mitsubishi Electric Automation, Inc.	402	3	1.50%	705	4	2.75%
CDW Computer Centers, Inc.	352	4	1.31%	705	4	2.75%
Rust-Oleum Corp.	352	5	1.31%	362	10	1.41%
Becton Dickinson	303	6	1.13%	300	9	1.19%
Cole-Palmer Instrument Co.	303	7	1.13%	605	6	2.36%
ZFAftermarket	303	8	1.13%	485	7	1.89%
Richard Wolf Medical Instruments Corp.	201	9	0.75%	-	-	0.00%
Neil Enterprises	160	10	0.60%	-	-	0.00%
Zebra Technologies Corp.	-	-	0.00%	1,810	2	7.07%
ETA/Cuisenaire	-	-	0.00%	401	8	1.57%
	5,399		20.14%	11,208		43.77%

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Government:					
Management Services	5.30	5.30	5.00	4.00	3.58
Human Resources	-	-	-	**1.85	4.37
Public Works	20.60	24.09	22.74	25.01	24.20
Public Safety	72.25	74.42	69.09	71.54	72.61
Community Development	6.80	6.91	7.80	7.82	8.04
	<u>104.95</u>	<u>110.72</u>	<u>104.63</u>	<u>108.37</u>	<u>112.80</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
3.50	3.54	3.54	2.50	2.50
4.09	4.09	4.08	4.08	3.87
24.60	23.85	25.47	24.83	23.54
73.20	72.28	70.63	70.71	66.88
<u>7.57</u>	<u>7.57</u>	<u>7.54</u>	<u>7.53</u>	<u>7.50</u>
<u>112.96</u>	<u>111.33</u>	<u>111.26</u>	<u>109.65</u>	<u>104.29</u>

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

Function/Program	2022	2021	2020	2019
Public Works:				
Forestry:				
Number of parkway trees planted*	109	65	96	108
Number of parkway trees trimmed*	859	918	1,038	927
Fleet Services:				
Number of cars/SUVs/vans maintained*	37	33	41	34
Number of light trucks maintained*	17	17	18	19
Number of heavy trucks maintained*	11	11	10	10
Number of loaders/backhoes maintained*	6	6	6	5
Number of small tractors maintained*	4	4	3	2
Number of sweepers maintained*	-	-	-	1
Number of buses maintained*	-	-	1	1
Public Safety:				
Police:				
Part I crime*	328	331	470	384
Part II crime*	431	625	622	606
Calls for service*	27,287	26,704	30,458	30,736
State tickets issued*	1,145	1,090	2,339	2,309
Compliance tickets issued*	115	313	568	787
Parking tickets issues*	548	767	1,796	2,309
Community Development:				
Number of building permits issued	1,389	2,162	1,274	2,409
Number of building inspections	4,509	4,092	2,988	6,745
Highways and Streets:				
Sidewalk/bike trial programs	78,875	78,400	72,614	74,411
Annual resurfacing program	1,074,530	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	
108	392	876	1,235	603	291	
927	669	1,009	1,165	1,050	1,066	
36	36	35	35	43	37	
20	19	18	18	17	17	
10	11	10	10	10	10	
5	5	5	5	4	4	
2	2	1	1	2	2	
1	1	1	1	1	1	
1	1	1	1	1	1	
528	473	574	544	535	635	
576	633	603	628	551	557	
29,693	26,349	23,684	23,358	22,903	21,170	
2,876	2,602	2,273	3,271	3,480	3,414	
992	903	587	1,102	1,038	458	
2,509	2,286	2,419	3,407	2,974	2,259	
1,275	1,470	1,525	1,798	1,344	1,354	
3,585	3,744	3,312	5,105	3,067	2,703	
48,963	72,610	93,096	55,662	55,910	42,554	
359,989	676,688	1,265,502	1,148,696	624,565	811,685	

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

Function/Program	2022	2021	2020	2019	2018
Public safety:					
Police:					
Stations	1	1	1	1	1
Communications/training center	1	1	1	1	1
Patrol units	27	26	31	28	30
Public works:					
Streets (lane miles)	160.4	160.4	164.3	141.7	141.7
Sidewalks (miles)	108.8	108.2	108.2	108.2	108.2
Streetlights	2,286	2,286	2,305	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
Administration					
Village Hall	1	1	1	1	1

Data Source: Village records

Data Source: Village Records.

See independent auditor's report.

2017	2016	2015	2014	2013	2012
1	1	1	1	1	1
1	1	1	1	1	1
27	27	29	30	31	34
141.7	141.7	141.7	141.7	141.7	141.7
108.2	108.2	108.2	108.2	108.2	108.2
2,258	2,258	2,258	2,258	2,258	2,258
5	5	5	5	5	5
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1