



ANNUAL COMPREHENSIVE FINANCIAL
REPORT FOR THE YEAR ENDED APRIL 30, 2023

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VILLAGE OF VERNON HILLS, ILLINOIS

Annual Comprehensive Financial Report

For the Year Ended April 30, 2023

Prepared by:

Department of Finance

Thomas J. Lyons, Director of Finance

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INTRODUCTORY SECTION

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Officials
April 30, 2023

VILLAGE PRESIDENT

ROGER L. BYRNE

BOARD OF TRUSTEES

THOM KOCH

DAVID OPPENHEIM, MD

NANCY FORSTER

MICHAEL MARQUARDT

CRAIG TAKAOKA

MICHAEL SCHENK

VILLAGE MANAGER / VILLAGE CLERK

KEVIN TIMONY

DIRECTOR OF PUBLIC WORKS /VILLAGE ENGINEER

CHRIS VENATTA

CHIEF OF POLICE

PATRICK L. KREIS

DIRECTOR OF COMMUNITY DEVELOPMENT

ANDREW JENNINGS

ASSISTANT VILLAGE MANAGER /DEPUTY VILLAGE CLERK

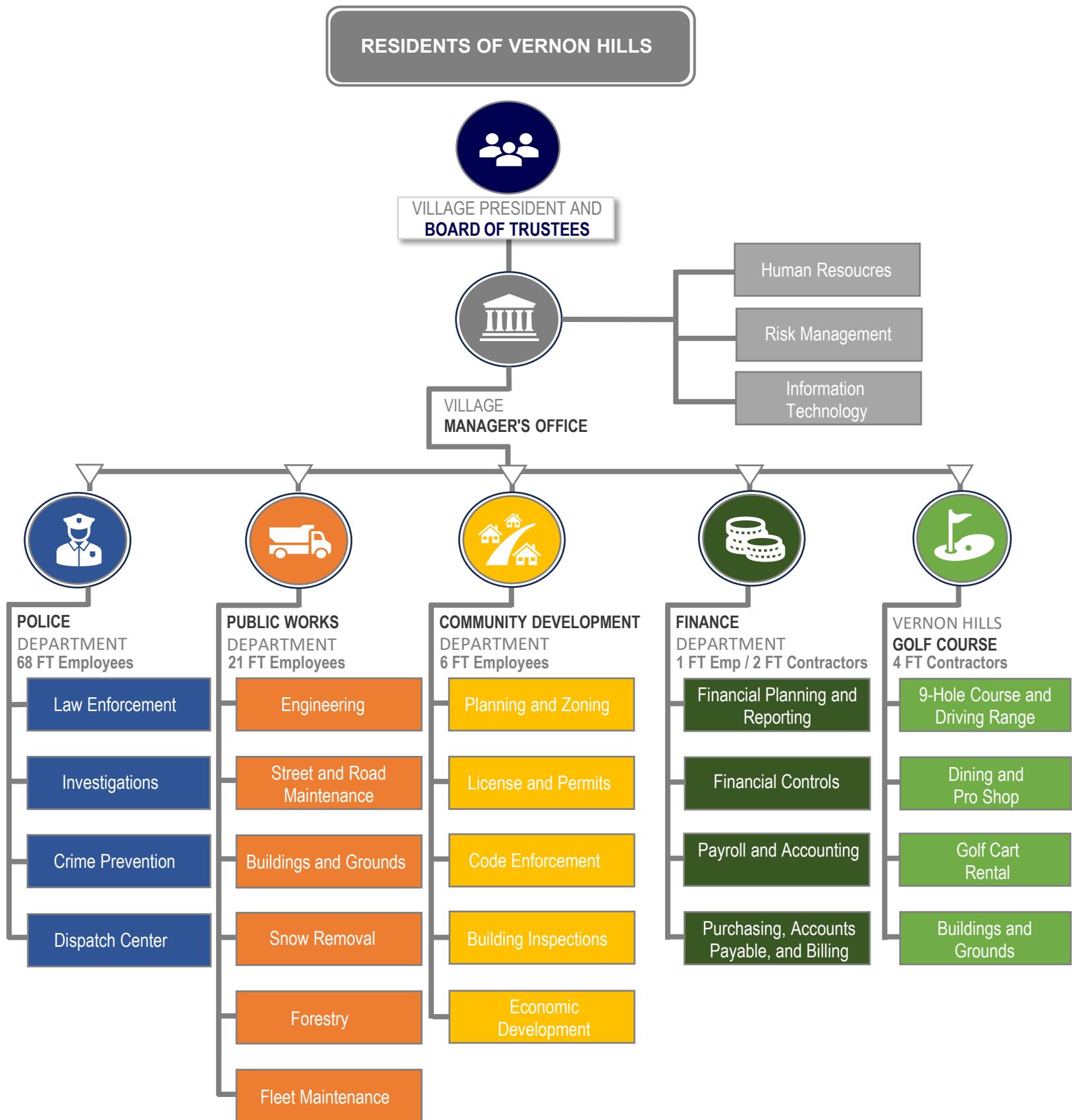
JON PETRILLO

VILLAGE ATTORNEY

JAMES V. FEROLO

DIRECTOR OF FINANCE /VILLAGE TREASURER

THOMAS J. LYONS





October 27, 2023

To the Honorable Roger Byrne, Village President, Members of the Village Board of Trustees, and Residents of the Village of Vernon Hills:

We are pleased to submit herewith the Annual Comprehensive Financial Report (ACFR) for the Village of Vernon Hills, Illinois (the Village) for the fiscal year ended April 30, 2023. This report provides a broad view of the Village's financial activities for the 2023 fiscal year and its financial position at April 30, 2023. Although addressed to the elected officials and residents of the Village, this report has a number of users. Foremost among these users are bondholders of the Village, financial institutions, credit rating agencies, educational institutions, and other government entities. Illinois statutes require that Illinois municipalities publish financial statements on an annual basis that are prepared in accordance with generally accepted accounting principles (GAAP) and are audited by independent accountants. In producing an ACFR, the Village of Vernon Hills has chosen to provide financial information that is significantly greater than that which is required under state law.

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

Selden Fox, LTD (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended April 30, 2023. The independent auditors' report is located at the front of the financial section of this report.

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

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

Profile of the Village of Vernon Hills

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

The Village is a home-rule unit by virtue of its population. As a home-rule unit, the Village has no tax rate or debt limitations, nor is it required to sponsor a referendum to issue debt or increase property taxes. The Village operates under a trustee-village form of government. Policy making and legislative authority are

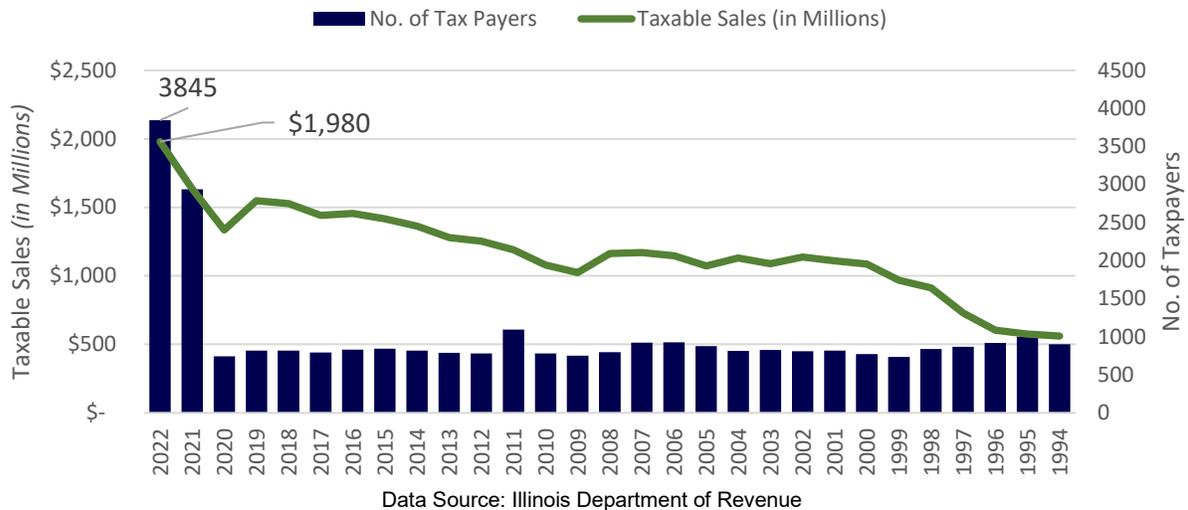
vested in the Village Board, which consists of a Village President and six trustees elected to four-year overlapping terms. A Village Manager is hired by the Village Board to carry out the policies and ordinances of the Board and to oversee the day-to-day operations of the Village. The Village provides a full range of municipal services, including public safety, roadway maintenance, public improvements, economic development, planning and zoning, inspections, cultural and recreation, and general administrative services. Additional demographic information about the Village can be found in the statistical section which is located at the end of this report.

Annual Budget Process

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

Local Economy

The Village of Vernon Hills continues to be the retail hub of Lake County and is the 16th highest taxable sales generating community in Illinois, with taxable sales greater than \$1.9 billion during the year. As the Village does not levy a property tax on residents and businesses, it relies heavily on sales tax revenue to fund governmental services. More than \$73,000 of taxable sales were generated per capita in the Village over the last year. This makes Vernon Hills the highest taxable sales generating community per capita in Illinois with a population greater than 15,000. The chart below shows the last 29 calendar years of taxable sales growth in the Village (green line) and the number of taxpayers generating those sales (blue bars). The number of taxpayers represents the number of businesses collecting and remitting the sales taxes to the state for distributions to municipalities.



As depicted in the chart above, taxable sales have bounced back beyond pre-pandemic levels to record highs. Taxable sales taking place in the Village in calendar year 2022 reached \$1.98 billion. In addition to the sales growth from strong consumer spending, the enactment of the “Leveling the Plying Field for Illinois Retail Act” (35 ILCS 185) effective January 1, 2021, assisted in this growth. This legislation provided additional taxable sales to the Village by including state and local sales tax on internet transactions. The chart reflects a spike in the number of taxpayers beginning in 2021 which is due largely to this legislation.

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

Through development and redevelopment efforts the Village continues to attract new restaurants such as Perry’s Steak House and Yard House which are scheduled to open in 2024 as well as new experiential venues including Urban Air and Pickleball. Some significant recent and ongoing (re)development projects include:

Hawthorn Mall is reinvesting \$350 million for mixed-use development of residential, retail, and restaurant properties. The development will include over 80,000 sq. ft. of restaurant and retail space and 500 luxury apartments.

Southlake Industrial Center is a 65-acre modern industrial park promoting four buildings of industrial warehouse and 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. Everleigh – Vernon Hills is currently leasing apartments.

Over the years, the Village has used various forms of financing to support (re)development projects and to attract and maintain retail businesses. The forms of financing used include economic incentive agreements including sales tax notes, which provide for the sharing of sales tax revenue and tax increment financing. The Village’s continued ability to finance its future without levying a property tax or issuing general obligation bonds has contributed to a growing local economy.

Economic Outlook

At the time of this writing, inflation is well off recent highs although still at levels above the Federal Reserve’s target of 2.0 percent. The Federal Reserve continues to monitor economic activity and may take additional action in the near term to keep inflation on a path back to 2 percent. The 12-month inflation rate (CPI) as of August 2023 was 3.7 percent, down from 8.3 percent the year prior. Amid the sentiment of higher for longer and increasing costs to service existing debt, higher interest rates may be around for at least the near-term. The one-year, five-year and ten-year U.S. Treasuries are currently at 5.35 percent, 4.61 percent and 4.66 percent respectively compared to one year ago rates of 4.26 percent, 4.11 percent, and 3.90 percent respectively.

The labor market continues to exemplify tight conditions as hiring surged this summer and small business owners are reporting labor shortages, specifically in construction, retail, manufacturing, and the service industries. The national unemployment rate unexpectedly remained at 3.8 percent in September 2023, matching the highest level of joblessness since February 2022. As of September 2023, year-over-year wages rose 4.2 percent, down from 4.3 percent annual gain in August 2023 and the weakest annual gain since June 2021.

International conflicts continue to keep geopolitical risks front and center while increasing the unknown potential longer-run implications for the international and domestic economy. The United Auto Workers (UAW) strike has recently expanded to over 30,000 members. The more prolonged and extensive, the larger the potential impact this strike may have in terms of lost wages and production such as vehicle shortages.

As all significant Village revenue sources are economically sensitive, reductions in local economic activity such as lower sales activity will negatively impact the Village’s revenues. Elevated inflation and labor and production shortages may continue to negatively impact the Village in terms of delays in receiving vehicle and equipment purchases, delays with service providers serving the Village, and higher costs to provide the same level of service to residents, businesses, and visitors of Vernon Hills.

Pensions

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

As of April 30, 2023, the Police Pension Plan carried an unfunded net pension liability of \$28.8 million, an increase of \$6.1 million or 27 percent over the prior year. The funded ratio was 71.86 percent, down from 72.31 percent in the prior year. The plan is on track to be 100 percent funded by 2040. State statutes require the plan to be 90 percent funded by 2040.

IMRF is reported on a calendar year basis. As of December 31, 2022, IMRF carried an unfunded net pension liability of \$4.4 million, an increase of \$7.5 million over the prior year. The funded ratio was 89.11 percent, down from 107.90 percent in the prior year.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the Village of Vernon Hills for its Annual Comprehensive Financial Report for the Fiscal Year ended April 30, 2022. This marks the twentieth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A certificate of achievement is valid for a period of one year. We believe that our current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate. The preparation of this Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire Village staff and particularly the staff of the Finance Department. Each staff member has our sincere appreciation for the contributions made in the preparation of this report.

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

Sincerely,



Kevin Timony
Village Manager



Thomas J. Lyons
Finance Director/Treasurer



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, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2023, 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, 2023, 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.

Emphasis of Matter

The Village adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as amended, during the year ended April 30, 2023. The implementation of this guidance resulted in changes to the assets, liabilities, deferred inflows of resources, revenues, expenditures and notes to the financial statements (see Note 3 for additional information). Our opinions are not modified with respect to this matter.

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 1-10), the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund (page 53), schedules of expenditures – budget and actual for the major special revenue funds (pages 54-55), the multiyear schedules of changes in the employer's net OPEB liability and related ratios (page 56), the multiyear schedules of employer contributions (pages 57-58), the multiyear schedules of changes in the employer's net pension liability and related ratios (pages 59-60), and the multiyear schedule of investment returns (page 61) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the Village of Vernon Hills, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Vernon Hills, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Vernon Hills, Illinois' internal control over financial reporting and compliance.

Selden Fox, Ltd.

October 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

As management of the Village of Vernon Hills, Illinois (Village), we offer readers of the Village's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2023. We encourage the readers to consider the information presented here in conjunction with information that we have furnished in our letter of transmittal at the beginning of this report and the Village's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The Village's total assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$86.4 million, compared to \$74.5 million in fiscal year 2022. The \$11.9 million increase is primarily due to an increased cash and investment position of \$12.3 million as economically sensitive revenues, such as sales taxes, and tax increment revenues continued to be strong. This was offset by an increase in actuarial determined expense for pension and other post-employment benefits (OPEB) of \$4.3 million.
- Governmental funds had a combined fund balance of \$57.9 million at April 30, 2023, representing an increase of \$13.1 million from the prior fiscal year. The General Fund finished the year with a fund balance of \$45.4 million, an increase of \$10.2 million over fiscal year 2022 due primarily to an increase in economically sensitive revenues as the economy and the consumer remained strong. This factor as well as a reduction in receivables resulted in an increase in the General Fund cash and investment position of \$9.4 million.
- General Fund actual revenues were \$6.5 million higher than budget, again due to positive variances in sales tax revenues (municipal and home rule) and state income tax revenues.
- General Fund expenditures were \$1.4 million less than budget largely due to actual capital outlay expenditures coming in \$1.3 million below budget due to delays of vehicle purchases related to economic factors outside of the Village's control. Other factors include certain capital projects that were deferred to future years and some completed projects that came in under budget.
- During the fiscal year, the Village implemented GASB Statement No. 87, *Leases* (GASB 87). Due to this implementation the Village has recorded a lease receivable and corresponding deferred inflow related to the Village's six cell tower leases. The lease receivable and deferred inflow as of April 30, 2023 were reported at equal amounts of \$4.2 million which is the net present value of related future cash flows. This event had a net zero impact on the Village's net position.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, using accounting methods like those used by private-sector companies. The statements provide both short-term and long-term information about the Village's financial position, which assists in assessing the Village's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

measurement focus and the accrual basis of accounting. This means such statements follow methods that are like those used by most businesses. They consider all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The government-wide financial statements include two statements:

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

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

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

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

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

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

The focus of the governmental funds is more limited than the focus of the government-wide financial statements, and, so, the financial statements are most useful when comparing data and information for the governmental funds with similar data and information for governmental activities. This comparison allows the reader to fully understand the long-term impact of the Village's near-term financing decisions.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

FINANCIAL ANALYSIS – GOVERNMENT-WIDE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86.4 million at April 30, 2023. Of this amount, \$72.8 million represents the Village's investment in capital assets (land, buildings, roads, etc.) less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows. An additional portion of the Village's net position, \$12.7 million, represents resources that are subject to external restrictions on how they may be used. Historical trends of the Village's net position can be found in the statistical section of this *Annual Comprehensive Financial Report*.

The following is a comparative summary statement of net position for the Village for fiscal year 2023 and fiscal year 2022.

**Village of Vernon Hills
Summary Statement of Net Position
(in millions)**

| As of April 30 | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------|--------------------------|--------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 72.0 | \$ 59.2 | \$ (0.1) | \$ - | \$ 71.9 | \$ 59.2 |
| Capital assets, net | 82.5 | 85.3 | 0.4 | 0.4 | 82.9 | 85.7 |
| Total Assets | 154.5 | 144.5 | 0.3 | 0.4 | 154.8 | 144.9 |
| Deferred outflows | 16.7 | 7.6 | - | - | 16.7 | 7.6 |
| Total Assets and Deferred Outflows | 171.2 | 152.1 | 0.3 | 0.4 | 171.5 | 152.5 |
| Current liabilities | 7.0 | 11.6 | - | 0.1 | 7.0 | 11.7 |
| Noncurrent liabilities | 69.9 | 56.5 | - | - | 69.9 | 56.5 |
| Total Liabilities | 76.9 | 68.1 | - | 0.1 | 76.9 | 68.2 |
| Deferred inflows | 8.2 | 9.9 | - | - | 8.2 | 9.9 |
| Total Liabilities and Deferred Inflows | 85.1 | 78.0 | - | 0.1 | 85.1 | 78.1 |
| Net Position | | | | | | |
| Net investment in capital assets | 72.4 | 73.4 | 0.4 | 0.4 | 72.8 | 73.8 |
| Restricted | 12.7 | 9.7 | - | - | 12.7 | 9.7 |
| Unrestricted (Deficit) | 1.0 | (8.9) | (0.1) | (0.1) | 0.9 | (9.0) |
| Total Net Position | \$ 86.1 | \$ 74.2 | \$ 0.3 | \$ 0.3 | \$ 86.4 | \$ 74.5 |

Governmental Activities. Net position of the Village's governmental activities increased \$11.9 million to a net position of \$86.1 million primarily due to an increase of cash and investments resulting from the recognition of \$3.6 million of grant revenue from the American Rescue Plan Act (ARPA) and an increase in economically sensitive revenues, such as sales taxes and income taxes, as the Village continued to recover from the impacts of the COVID-19 pandemic. Expenses increased in the areas of general government, public safety and streets and roads due to the increase in pension and other post-employment benefit expenses.

Revenues for all governmental activities in fiscal year 2023 were \$50.7 million, an increase of \$6.4 million or 14.6 percent over fiscal year 2022. As the Village's most significant revenue source, municipal sales taxes increased \$1.5 million to \$19.3 million. Approximately 58.5 percent of the Village's revenues were derived from sources other than municipal sales taxes and investment income, which increased by \$3.2 million or 12.1 percent. Unlike many municipal governments, the Village does not levy a property

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

tax. With no property tax revenue, the Village relies heavily on economically sensitive revenue sources. These revenues continued to recover during the year. Investment income increased \$1.7 million from fiscal year 2022 due to increased cash and investment balances as well as large rapid increases in interest rates.

The Village received revenues such as federal and state grants including \$3.6 million of ARPA funds applied to replace lost revenues due to the impacts of the COVID-19 pandemic. These revenues were applied to respond to the COVID-19 pandemic to provide public safety and essential government services.

Expenses governmental activities in 2023 were \$38.9 million, an increase of \$5.2 million or 15.3 percent over fiscal year 2022. Expenses increased by \$3.0 million in the public safety function, \$1.4 million in the streets and roads function, and \$0.7 million in the general government function. The increases in these three Village functions combined for \$5.1 million of the overall \$5.2 million increase in expenses. \$4.3 million of the \$5.1 million increases related directly to actuarially determined pension and other post-employment benefit (OPEB) expenses.

The following is a comparative summary of changes in net position for the Village for fiscal years ended, April 30, 2023 and April 30, 2022.

Village of Vernon Hills Changes in Net Position (in millions)

| For Fiscal Years Ended April 30 | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 3.6 | \$ 5.0 | \$ 0.5 | \$ 0.4 | \$ 4.1 | \$ 5.4 |
| Operating grants and contributions | 4.8 | 1.1 | - | - | 4.8 | 1.1 |
| Capital grants and contributions | 0.6 | 0.6 | - | - | 0.6 | 0.6 |
| General Revenues | | | | | | |
| Municipal sales taxes | 19.3 | 17.8 | - | - | 19.3 | 17.8 |
| Tax Increment | 6.1 | 5.7 | - | - | 6.1 | 5.7 |
| Other taxes | 14.5 | 13.2 | - | - | 14.5 | 13.2 |
| Other | 1.9 | 0.9 | - | - | 1.9 | 0.9 |
| Total Revenues | <u>50.8</u> | <u>44.3</u> | <u>0.5</u> | <u>0.4</u> | <u>51.3</u> | <u>44.7</u> |
| Expenses | | | | | | |
| General government | 11.6 | 10.9 | - | - | 11.6 | 10.9 |
| Public safety | 15.1 | 12.1 | - | - | 15.1 | 12.1 |
| Streets and roads | 10.8 | 9.4 | - | - | 10.8 | 9.4 |
| Economic development | 0.2 | 0.2 | - | - | 0.2 | 0.2 |
| Culture and recreation | 0.3 | 0.1 | - | - | 0.3 | 0.1 |
| Interest and fees on long-term debt | 0.9 | 1.0 | - | - | 0.9 | 1.0 |
| Golf course | - | - | 0.5 | 0.5 | 0.5 | 0.5 |
| Total Expenses | <u>38.9</u> | <u>33.7</u> | <u>0.5</u> | <u>0.5</u> | <u>39.4</u> | <u>34.2</u> |
| Change in net position | <u>11.9</u> | <u>10.6</u> | <u>0.0</u> | <u>(0.1)</u> | <u>11.9</u> | <u>10.5</u> |
| Net position, beginning of year | <u>74.2</u> | <u>63.6</u> | <u>0.3</u> | <u>0.4</u> | <u>74.5</u> | <u>64.0</u> |
| Net position, end of year | <u>\$ 86.1</u> | <u>\$ 74.2</u> | <u>\$ 0.3</u> | <u>\$ 0.3</u> | <u>\$ 86.4</u> | <u>\$ 74.5</u> |

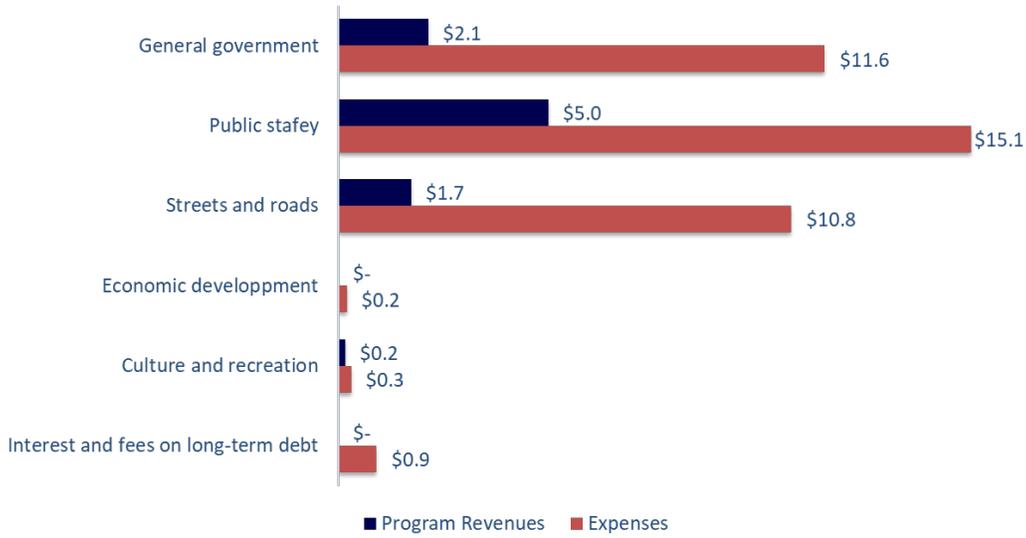
Program revenues are revenues that originate from the program itself or from sources outside the Village's tax base that are directly related to the program. Program revenues reduce the costs of the

VILLAGE OF VERNON HILLS, ILLINOIS

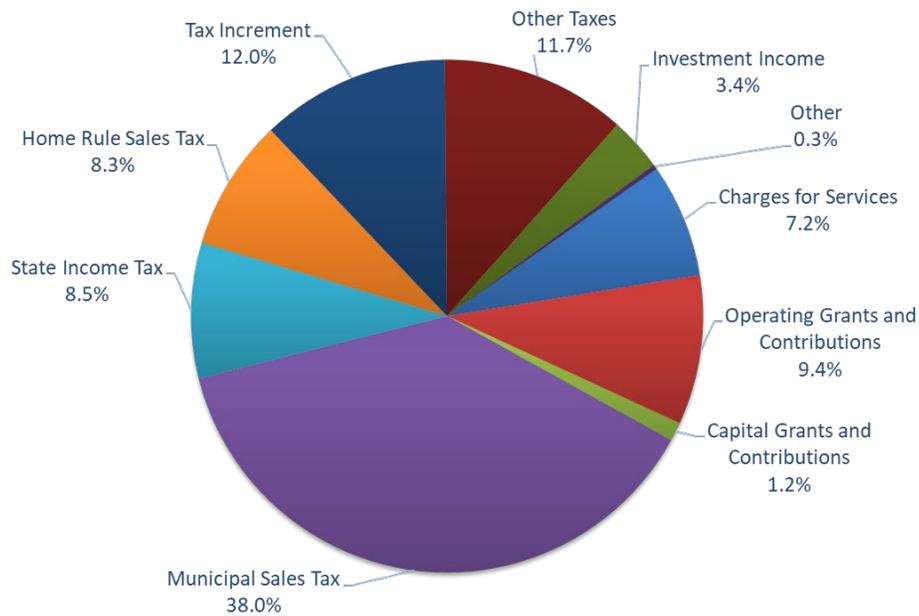
Management's Discussion and Analysis For the Year Ended April 30, 2023

function that would need to be funded by the Village's general revenues. The graph below shows that all Village programs / functions are primarily funded by the Village's general revenues.

Expenses and Program Revenues by Function – Government Activities For the Fiscal Year Ended April 30, 2023 (in millions)



Revenues by Source – Government Activities For the Fiscal Year Ended April 30, 2023 (in millions)



VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

Business-Type Activities. The Village reports the Vernon Hills Golf Course (golf course), a 9-hole course, as the sole business-type activity. Net position of the Village's golf course remained the same compared to the prior year at a net position of \$0.3 at April 30, 2023. Revenues remained flat and expenses were slightly lower compared to the prior year. This generated less of a loss than in the prior year. Due to the recurring losses of the golf course the Village's governmental activities subsidize the golf course.

FINANCIAL ANALYSIS - VILLAGE FUNDS

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

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

At April 30, 2023, the Village's governmental funds reported combined ending fund balances of \$57.9 million, an increase of \$13.1 million in comparison with the prior year. Of this total amount, \$12.7 million was restricted in use by legislation, \$44.2 million was unassigned, and \$1.0 million was nonspendable.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$44.3 million with a total fund balance of \$45.4 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 146.4 percent of total General Fund expenditures, an increase from the prior fiscal year's percentage of 122.2 percent. This increase is largely due to ARPA funding received during the year and the strong recovery of economically sensitive revenues, such as sales taxes, that were impacted in fiscal year 2021 due to the COVID-19 pandemic.

The Vernon Hills Town Center Tax Increment Financing (TIF) Fund ended the fiscal year with a fund balance of \$3.1 million, an increase of \$0.9 million or 41.7 percent over fiscal year 2022. The fund balance is restricted for economic development purposes. Total revenues increased \$0.3 over the prior year due to increased tax increment from increased property values within the TIF and from additional investment income earned. Total expenditures remained flat compared to the fiscal year 2022. As this development was substantially complete, minimal development expenditures were incurred and a majority of the \$1.6 million expenditures for the fund were for debt service payments.

The Milwaukee Avenue / Townline Road Tax Increment Financing (TIF) Fund ended the fiscal year with a fund balance of \$6.3 million, an increase of \$2.8 million or 77.9 percent over fiscal year 2022. The fund balance is restricted for economic development purposes. Total revenues increased \$0.4 over the prior year due to increased tax increment from increased property values within the TIF and from additional investment income earned. Total expenditures remained flat compared to the fiscal year 2022. Approximately, \$0.2 million was spent on economic development related costs and the remainder of the fund's total expenditure of \$1.7 during the year was used to fund debt service payments.

Changes in fund balance. The fund balance for the Village's governmental funds increased by \$13.1 million in fiscal year 2023. This was primarily due to increases in economically sensitive revenues, such as sales taxes, tax increments due to increased property values (TIF Funds), and ARPA funds received during the year.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

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

The net position of the Enterprise Fund was \$0.3 million at April 30, 2023, compared to \$0.3 million at April 30, 2022. The golf course generates recurring losses and is subsidized by the Village's General Fund. As of year-end, the golf course owed the General Fund advances of \$91,776. During fiscal year 2021, the General Fund had transferred funds of \$0.7 million to eliminate a deficit net position of the Golf Course Fund. Golf course operations were significantly impacted during COVID-19 and continued to recover during the year. Operating revenues remained flat, and operating expenses were down slightly over fiscal year 2022, resulting in less of an operating loss in the current year. For the fiscal year ended April 30, 2023, the operating loss was \$27,245 compared to a loss of \$76,953 in fiscal year 2022.

The net position of the Internal Service Fund was \$3.0 million at April 30, 2023, which represented an increase of \$0.2 million from the prior year's net position of \$2.8 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's Fiscal Year 2023 General Fund Budget (Budget) of \$31.7 million was adopted by the Village Board on April 19, 2022. General Fund revenues ended the year \$6.5 million over the Budget as a result of economically sensitive revenues (sales taxes, income taxes, etc.) exceeding expectations as the post-pandemic economy continued to gain strength nationwide. Expenditures were \$1.4 million less than budgeted amounts, largely as capital outlays came in less than expected. Several vehicles were deferred into the next fiscal year as a result of manufacturing and delivery time lags. In addition, some capital projects were deferred to future years and some projects were completed under budget.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Village's capital assets for its governmental and business-type activities as of April 30, 2023, amount to \$82.9 million, net of accumulated depreciation. These capital assets include land, land improvements, buildings and related improvements, equipment and vehicles and infrastructure.

The Village's capital assets, net of accumulated depreciation, for its governmental and business-type activities decreased \$2.8 million from the prior fiscal year. The decrease in net capital assets was due to the following.

- Depreciation expense reduced the net capital asset balance by \$3.9 million.
- Land acquisitions related to the Lakeview Parkway expansion project increased net capital asset balance by \$0.4 million.
- Equipment and vehicles placed into service during the year increased the net capital asset balance by \$0.4 million. Included information technology equipment, San server and Galaxy UPS as well as two new Ford F550 trucks for public works.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

- Construction in progress added \$0.3 to the net capital asset balance related to projects that were not yet complete and placed into service, Boiler replacement at Police Communication Center and new construction portions of the Lakeview Parkway expansion project.
- Disposal of warning sirens under Land improvement during the year reduced the net capital balance by \$7,837, the book value at the time of disposal.

Village of Vernon Hills Capital Assets, net of Depreciation (in millions)

| As of April 30 | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|-------------|--------------------------|------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 5.9 | \$ 5.5 | \$ 0.3 | \$ 0.3 | \$ 6.2 | \$ 5.8 |
| Construction in Progress | 0.7 | 0.4 | - | - | 0.7 | 0.4 |
| Land Improvements | 4.7 | 5.3 | - | - | 4.7 | 5.3 |
| Buildings and Improvements | 14.0 | 14.6 | - | - | 14.0 | 14.6 |
| Equipment and Vehicles | 2.7 | 2.5 | 0.1 | 0.1 | 2.8 | 2.6 |
| Infrastructure | 54.5 | 57.0 | - | - | 54.5 | 57.0 |
| Total | <u>82.5</u> | <u>85.3</u> | <u>0.4</u> | <u>0.4</u> | <u>82.9</u> | <u>85.7</u> |

Information on the Village's capital assets can be found in Note 4 to the financial statements.

Debt. At the end of the current fiscal year, the Village had \$27.6 million in bonds outstanding, a decrease of \$2.9 million or 9.6 percent. No new debt was issued during the fiscal year.

General Obligation Bonds. The Village's general obligation bonds have been rated AAA (the highest rating possible). As the Village does not levy a property tax, the Board of Trustees has historically passed ordinances abating the automatic property tax levy for the principal and interest payments on all of the Village's general obligation bonds. Four current general obligation bond issues have been issued for TIF purposes. The debt service on these TIF related bonds is paid with incremental property taxes received by the TIF funds.

Village of Vernon Hills Outstanding Debt, Net (in millions)

| As of April 30 | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|---------|--------------------------|------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General obligation bonds | \$ 27.6 | \$ 30.5 | \$ - | \$ - | \$ 27.6 | \$ 30.5 |

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

ECONOMIC FACTORS AND BUDGET OUTLOOK

The Village's elected and appointed officials considered many factors when setting the 2023 fiscal year budget, tax rates and fees to be charged for its governmental and business-type activities. Regional and national economies play a major role in the Village's finances and economic growth. There are continued signs of economic strength coupled with increased indications of an upcoming recession which creates additional uncertainty when planning. In the fiscal year 2022, the unemployment rate in Vernon Hills was 3.5 percent, an increase from 3.2 percent in the prior year. This was a slight uptick in unemployment year-over-year but the current unemployment rate is still well below the ten-year average of 4.6 percent. This indicates a continued strong job market moving into the next fiscal year. The interest

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis For the Year Ended April 30, 2023

rate market continues to be elevated over the ten-year average resulting in increased financing costs for any new debt issuances as well as higher yielding investments. There are no plans to issue new general obligation bonds in the upcoming fiscal year. Annual inflation has not yet met the 2.0 percent target but inflation is off its high of 7.0 percent in calendar year 2021.

The Village's 2024 General Fund Budget, totaling \$36.9 million, was adopted by the Board of Trustees on April 18, 2023. The 2024 General Fund Budget included a budgeted surplus of \$3.6 million.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position April 30, 2023

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and investments | \$ 59,479,737 | \$ 32,048 | \$ 59,511,785 |
| Receivables: | | | |
| Taxes | 6,108,277 | - | 6,108,277 |
| Intergovernmental | 160,355 | - | 160,355 |
| Accounts | 92,684 | 23,448 | 116,132 |
| Accrued interest | 12,015 | - | 12,015 |
| Other | 61,601 | - | 61,601 |
| Leases | 4,892,925 | - | 4,892,925 |
| Due from other governments | 506,492 | - | 506,492 |
| Internal balances | 142,549 | (142,549) | - |
| Inventory | - | 23,478 | 23,478 |
| Prepaid expenses | 566,323 | - | 566,323 |
| Capital assets: | | | |
| Nondepreciable assets | 6,535,367 | 302,282 | 6,837,649 |
| Depreciable assets, net of accumulated depreciation | 75,964,246 | 85,976 | 76,050,222 |
| Total assets | 154,522,571 | 324,683 | 154,847,254 |
| Deferred Outflows of Resources | | | |
| Unamortized loss on refunding | 178,358 | - | 178,358 |
| Asset retirement obligation | 368,000 | - | 368,000 |
| Pension related - IMRF | 3,566,186 | - | 3,566,186 |
| Pension related - Police Pension | 8,559,984 | - | 8,559,984 |
| OPEB related | 3,982,177 | - | 3,982,177 |
| Total deferred outflows of resources | 16,654,705 | - | 16,654,705 |
| Total assets and deferred outflows of resources | 171,177,276 | 324,683 | 171,501,959 |
| Liabilities | | | |
| Accounts payable | \$ 883,429 | \$ 29,099 | \$ 912,528 |
| Accrued payroll | 533,237 | - | 533,237 |
| Accrued interest payable | 101,320 | - | 101,320 |
| Deposits payable | 555,906 | - | 555,906 |
| Other payables | 4,731,902 | 933 | 4,732,835 |
| Due to other governments | 26,571 | - | 26,571 |
| Unearned revenues | 193,603 | 4,865 | 198,468 |
| Noncurrent liabilities: | | | |
| Due within one year | 4,619,515 | - | 4,619,515 |
| Due in more than one year | 65,224,227 | - | 65,224,227 |
| Total liabilities | 76,869,710 | 34,897 | 76,904,607 |
| Deferred Inflows of Resources | | | |
| Unearned revenue - Leases | 4,162,923 | - | 4,162,923 |
| Pension related - IMRF | 83,660 | - | 83,660 |
| Pension related - Police Pension | 2,108,325 | - | 2,108,325 |
| OPEB related | 1,866,451 | - | 1,866,451 |
| Total deferred inflows of resources | 8,221,359 | - | 8,221,359 |
| Total assets and deferred outflows of resources | 85,091,069 | 34,897 | 85,125,966 |
| Net Position | | | |
| Net investment in capital assets | 72,396,535 | 388,258 | 72,784,793 |
| Restricted for: | | | |
| Public safety | 689,712 | - | 689,712 |
| Streets and roads | 2,533,473 | - | 2,533,473 |
| Economic development | 9,420,471 | - | 9,420,471 |
| Metra parking | 42,377 | - | 42,377 |
| Unrestricted (deficit) | 1,003,639 | (98,472) | 905,167 |
| Total Net Position | \$ 86,086,207 | \$ 289,786 | \$ 86,375,993 |

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Activities For the Year Ended April 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---------------------------------------|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities | | | | | | | |
| General government | \$ 11,594,733 | \$ 2,134,562 | \$ - | \$ - | \$ (9,460,171) | \$ - | \$ (9,460,171) |
| Public safety | 15,046,833 | 1,356,565 | 3,645,317 | - | (10,044,951) | - | (10,044,951) |
| Streets and roads | 10,738,065 | - | 1,137,427 | 598,938 | (9,001,700) | - | (9,001,700) |
| Economic development | 239,822 | - | - | - | (239,822) | - | (239,822) |
| Culture and recreation | 324,787 | 152,701 | 5,000 | - | (167,086) | - | (167,086) |
| Interest and fees | 927,881 | - | - | - | (927,881) | - | (927,881) |
| Total governmental activities | 38,872,121 | 3,643,828 | 4,787,744 | 598,938 | (29,841,611) | - | (29,841,611) |
| Business-type activities | | | | | | | |
| Golf course | 472,761 | 445,471 | - | - | - | (27,290) | (27,290) |
| Total business-type activities | 472,761 | 445,471 | - | - | - | (27,290) | (27,290) |
| Total primary government | \$ 39,344,882 | \$ 4,089,299 | \$ 4,787,744 | \$ 598,938 | (29,841,611) | (27,290) | (29,868,901) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| | | | | | 1,211,295 | - | 1,211,295 |
| | | | | | 4,220,471 | - | 4,220,471 |
| | | | | | 256,387 | - | 256,387 |
| | | | | | 530,469 | - | 530,469 |
| | | | | | 221,732 | - | 221,732 |
| | | | | | 571,333 | - | 571,333 |
| | | | | | 6,078,328 | - | 6,078,328 |
| | | | | | 1,109,710 | - | 1,109,710 |
| | | | | | 1,713,567 | - | 1,713,567 |
| | | | | | 243,785 | - | 243,785 |
| Intergovernmental: | | | | | | | |
| | | | | | 19,344,132 | - | 19,344,132 |
| | | | | | 4,338,379 | - | 4,338,379 |
| | | | | | 1,718,770 | 45 | 1,718,815 |
| | | | | | 157,920 | - | 157,920 |
| | | | | | 41,716,278 | 45 | 41,716,323 |
| | | | | | 11,874,667 | (27,245) | 11,847,422 |
| | | | | | 74,211,540 | 317,031 | 74,528,571 |
| | | | | | \$ 86,086,207 | \$ 289,786 | \$ 86,375,993 |

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

VILLAGE OF VERNON HILLS, ILLINOIS

Balance Sheet – Governmental Funds April 30, 2023

| | General | Vernon Hills Town Center Tax Increment | Milwaukee Avenue/ Townline Road Tax Increment | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and investments | \$ 45,044,328 | \$ 3,088,833 | \$ 6,321,704 | \$ 2,834,795 | \$ 57,289,660 |
| Receivables | | | | | |
| Taxes | 5,856,571 | - | - | 251,706 | 6,108,277 |
| Intergovernmental | - | - | - | 160,355 | 160,355 |
| Accounts | 92,684 | - | - | - | 92,684 |
| Accrued Interest | 11,050 | - | - | 965 | 12,015 |
| Other | 46,001 | - | 15,600 | - | 61,601 |
| Leases | 4,892,925 | - | - | - | 4,892,925 |
| Due from other governments | 506,492 | - | - | - | 506,492 |
| Due from other funds | 144,781 | - | - | - | 144,781 |
| Prepaid items | 407,064 | - | - | 39,001 | 446,065 |
| Advances to other funds | 50,773 | - | - | - | 50,773 |
| Total assets | 57,052,669 | 3,088,833 | 6,337,304 | 3,286,822 | 69,765,628 |
| Liabilities | | | | | |
| Accounts payable | 742,955 | - | 4,887 | 135,499 | 883,341 |
| Accrued payroll | 506,074 | - | - | 27,163 | 533,237 |
| Deposits payable | 555,906 | - | - | - | 555,906 |
| Unearned revenue | 193,603 | - | - | - | 193,603 |
| Other payables | 4,731,902 | - | - | - | 4,731,902 |
| Due to other governments | 26,571 | - | - | - | 26,571 |
| Due to other funds | - | - | - | 53,005 | 53,005 |
| Total liabilities | 6,757,011 | - | 4,887 | 215,667 | 6,977,565 |
| Deferred Inflows | | | | | |
| Unavailable revenues | 730,002 | - | - | 42,179 | 772,181 |
| Unearned revenues - leases | 4,162,923 | - | - | - | 4,162,923 |
| Total liabilities and deferred inflows | 11,649,936 | - | 4,887 | 257,846 | 11,912,669 |
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Advances | 50,773 | - | - | - | 50,773 |
| Prepaid items | 407,064 | - | - | 39,001 | 446,065 |
| Long-term receivable | 506,492 | - | - | - | 506,492 |
| Restricted | | | | | |
| Metra parking | 42,377 | - | - | - | 42,377 |
| Streets and roads | 138,026 | - | - | 2,395,447 | 2,533,473 |
| Economic development | - | 3,088,833 | 6,332,417 | - | 9,421,250 |
| Public safety | - | - | - | 647,533 | 647,533 |
| Unassigned | 44,258,001 | - | - | (53,005) | 44,204,996 |
| Total fund balance | 45,402,733 | 3,088,833 | 6,332,417 | 3,028,976 | 57,852,959 |
| Total liabilities and fund balances | \$ 57,052,669 | \$ 3,088,833 | \$ 6,337,304 | \$ 3,286,822 | \$ 69,765,628 |

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

VILLAGE OF VERNON HILLS, ILLINOIS
 Reconciliation of Total Governmental Fund Balance
 to the Statement of Net Position
 April 30, 2023

| | |
|---|----------------------|
| Total fund balance - governmental funds (page 6) | \$ 57,852,959 |
| 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. | 82,499,613 |
| Less amount reported in internal service funds below | (649,755) |
| Unavailable revenue reported in the governmental funds that does not provide current financial resources is recognized as revenue for the government-wide financial statements. | 772,181 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. | |
| General obligation bonds payable | (27,445,000) |
| Premium on bonds payable | (131,436) |
| Compensated absences payable | (1,667,565) |
| Interest payable | (101,320) |
| Unamortized loss on refunding | 178,358 |
| Net pension and OPEB asset (liabilities) are shown as an asset (liability) on the statement of net position. | |
| Illinois Municipal Retirement Fund | (4,408,515) |
| Police Pension Fund | (28,801,656) |
| OPEB | (6,989,570) |
| 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 | 3,482,526 |
| Police Pension Fund | 6,451,659 |
| OPEB | 2,115,726 |
| 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. | 368,000 |
| The net position of the Internal Service Fund is included in the governmental activities in the statement of net position. | <u>2,960,002</u> |
| Net position of governmental activities (page 4) | <u>\$ 86,086,207</u> |

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

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2023

| | General | Vernon Hills Town Center Tax Increment | Milwaukee Avenue/ Townline Road Tax Increment | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---|---|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 9,548,280 | \$ 2,130,160 | \$ 3,910,343 | \$ 526,115 | \$ 16,114,898 |
| Intergovernmental | 27,327,829 | - | - | 1,736,365 | 29,064,194 |
| Licenses, permits, and fees | 1,638,836 | - | - | - | 1,638,836 |
| Charges for services | 514,636 | - | - | 965,058 | 1,479,694 |
| Fines and forfeitures | 186,276 | - | - | 8,509 | 194,785 |
| Investment income | 1,254,721 | 145,417 | 219,624 | 98,431 | 1,718,193 |
| Miscellaneous | 607,935 | - | - | - | 607,935 |
| Total revenues | 41,078,513 | 2,275,577 | 4,129,967 | 3,334,478 | 50,818,535 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 10,731,177 | - | - | - | 10,731,177 |
| Public safety | 11,523,474 | - | - | 2,306,789 | 13,830,263 |
| Streets and roads | 5,587,241 | - | - | - | 5,587,241 |
| Economic development | - | 1,604 | 154,525 | 83,693 | 239,822 |
| Culture and recreation | 324,787 | - | - | - | 324,787 |
| Capital outlay | 1,467,521 | - | - | 1,736,141 | 3,203,662 |
| Debt service | | | | | |
| Principal retirement | 460,000 | 1,415,000 | 985,000 | - | 2,860,000 |
| Interest and fiscal charges | 131,733 | 162,648 | 609,210 | - | 903,591 |
| Total expenditures | 30,225,933 | 1,579,252 | 1,748,735 | 4,126,623 | 37,680,543 |
| Excess (deficiency) of revenues over (under) expenditures | 10,852,580 | 696,325 | 2,381,232 | (792,145) | 13,137,992 |
| Other financing sources (uses) | | | | | |
| Transfers in | - | 213,016 | 391,034 | 3,783 | 607,833 |
| Transfers out | (607,833) | - | - | - | (607,833) |
| Total other financing sources (uses) | (607,833) | 213,016 | 391,034 | 3,783 | - |
| Net changes in fund balance | 10,244,747 | 909,341 | 2,772,266 | (788,362) | 13,137,992 |
| Fund balances, beginning of the year | 35,157,986 | 2,179,492 | 3,560,151 | 3,817,338 | 44,714,967 |
| Fund balances, end of the year | \$ 45,402,733 | \$ 3,088,833 | \$ 6,332,417 | \$ 3,028,976 | \$ 57,852,959 |

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

VILLAGE OF VERNON HILLS, ILLINOIS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Statement of Activities – Governmental Activities
April 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|-----------------------------|
| Net changes in fund balances - total governmental funds (page 8) | \$ 13,137,992 |
| Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities. | 816,941 |
| Certain expenses do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds. | |
| Depreciation | (3,807,159) |
| Loss of disposal | (7,837) |
| Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the governmental funds. | (64,487) |
| 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 | 81,808 |
| Principal repayment | 2,860,000 |
| Change in interest payable | 10,765 |
| 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 | (7,461,862) |
| Police Pension Fund | (6,141,291) |
| OPEB | (2,556,877) |
| The change in the deferred outflows and inflows of resources is reported only in the statement of activities. | |
| Illinois Municipal Retirement Fund | 7,157,835 |
| Police Pension Fund | 5,543,997 |
| OPEB | 2,201,151 |
| Asset retirement obligation | (8,000) |
| The change in net position of internal service funds is reported in governmental activities. | <u>146,746</u> |
| Change in net position of governmental activities (page 5) | <u><u>\$ 11,874,667</u></u> |

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position – Proprietary Funds April 30, 2023

| | Business-Type Activities Golf Course | Governmental Activities Internal Service |
|----------------------------------|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 32,048 | \$ 2,190,077 |
| Accounts receivable | 23,448 | - |
| Inventory | 23,478 | - |
| Prepaid expenses | - | 120,258 |
| Total current assets | 78,974 | 2,310,335 |
| Noncurrent assets | | |
| Capital assets | | |
| Nondepreciable | 302,282 | - |
| Depreciable | 2,279,336 | 2,192,070 |
| Accumulated depreciation | (2,193,360) | (1,542,315) |
| Total noncurrent assets | 388,258 | 649,755 |
| Total assets | 467,232 | 2,960,090 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 29,099 | 88 |
| Unearned revenue | 4,865 | - |
| Other payable | 933 | - |
| Due to other funds | 91,776 | - |
| Total current liabilities | 126,673 | 88 |
| Noncurrent liabilities | | |
| Advances from other funds | 50,773 | - |
| Total liabilities | 177,446 | 88 |
| Net Position | | |
| Net investment in capital assets | 388,258 | 649,755 |
| Unrestricted | (98,472) | 2,310,247 |
| Total net position | \$ 289,786 | \$ 2,960,002 |

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

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Revenues, Expenses and Changes in
Net Position – Proprietary Funds
For the Year Ended April 30, 2023

| | Business-Type Activities | Governmental Activities |
|-------------------------------------|-----------------------------|----------------------------|
| | Golf Course | Internal Service |
| Operating revenues | | |
| Charges for services | \$ 445,471 | \$ 402,690 |
| Operating expenses | | |
| Operations | 467,704 | 193,598 |
| Depreciation | 5,057 | 62,923 |
| Total operating expenses | 472,761 | 256,521 |
| Operating gain/(loss) | (27,290) | 146,169 |
| Nonoperating revenue | | |
| Interest income | 45 | 577 |
| Total nonoperating revenue | 45 | 577 |
| Changes in net position | (27,245) | 146,746 |
| Net position, beginning of the year | 317,031 | 2,813,256 |
| Net position, end of the year | \$ 289,786 | \$ 2,960,002 |

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Cash Flows – Proprietary Funds For the Year Ended April 30, 2023

| | Business-Type Activities Golf Course | Governmental Activities Internal Service |
|--|---|---|
| Cash flows from operating activities | | |
| Receipts from customers and users | \$ 445,942 | \$ - |
| Receipts from internal service transactions | - | 402,690 |
| Payments to suppliers | (497,254) | (313,768) |
| Net cash from operating activities | (51,312) | 88,922 |
| Cash flows from capital and related financing activities | | |
| Acquisition of capital assets | - | (220,260) |
| Interfund transactions | 83,315 | - |
| Net cash from capital and related financing activities | 83,315 | (220,260) |
| Cash flows from investing activities | | |
| Interest received | 45 | 577 |
| Net cash from investing activities | 45 | 577 |
| Net change in cash and cash equivalents | 32,048 | (130,761) |
| Balance, beginning of the year | - | 2,320,838 |
| Balance, end of the year | 32,048 | 2,190,077 |
| Reconciliation of operating gain/(loss) to net cash from operating activities | | |
| Operating gain/(loss) | (27,290) | 146,169 |
| Adjustments to reconcile operating loss to net cash from operating activities: | | |
| Depreciation expense | 5,057 | 62,923 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (829) | - |
| Inventory | (855) | - |
| Prepaid expenses | - | (120,258) |
| Accounts payable | (28,692) | 88 |
| Other payable | (3) | - |
| Unearned revenue | 1,300 | - |
| Net cash from operating activities | \$ (51,312) | \$ 88,922 |

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

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Fiduciary Net Position
Pension Trust Fund
April 30, 2023

| | <u>Police Pension Trust Fund</u> |
|---|--------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 3,816,625 |
| Investments | |
| Illinois Public Officer's Pension Investment Fund | 58,163,666 |
| Prepays | <u>5,577</u> |
| Total assets | <u>61,985,868</u> |
| Liabilities | |
| Accounts payable | <u>345</u> |
| Total liabilities | <u>345</u> |
| Net Position | |
| Net position restricted for pensions | <u>\$ 61,985,523</u> |

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

VILLAGE OF VERNON HILLS, ILLINOIS
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended April 30, 2023

| | Police Pension Trust Fund |
|---|------------------------------|
| Additions | |
| Contributions | |
| Employer | \$ 2,800,000 |
| Participant | 596,419 |
| Total contributions | 3,396,419 |
| Investment income (loss) | |
| Net depreciation in fair value of investments | (584,085) |
| Interest and dividend income | 837,764 |
| Less investment expenses | (136,938) |
| Net investment income (loss) | 116,741 |
| Total additions | 3,513,160 |
| Deductions | |
| Administration | 48,418 |
| Benefits and refunds - benefits | 3,654,628 |
| Total deductions | 3,703,046 |
| Net decrease in net position | (189,886) |
| Net position restricted for pensions | |
| Beginning of the year | 62,175,409 |
| End of the year | \$ 61,985,523 |

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Village's financial reporting entity comprises the following:

Primary Government: Village of Vernon Hills

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

Police Pension Employees Retirement System

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

B. Basic Financial Statements – Government-Wide Statements

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

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

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

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

C. Basic Financial Statements – Fund Financial Statements

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

The following fund types are used by the Village:

1. Governmental Funds

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

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

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

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

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

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

2. Proprietary Fund Types

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

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

3. Fiduciary Fund Types

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

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

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

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

D. *Measurement Focus*

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

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

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

E. *Basis of Accounting*

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

1. Accrual

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

2. Modified Accrual

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

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

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

F. *Cash and Cash Equivalents and Investments*

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

G. *Receivables*

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

H. *Prepays and Inventories*

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

I. *Interfund Activity*

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

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

J. *Capital Assets*

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

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

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

K. *Deferred Outflows and Inflows of Resources*

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

L. *Compensated Absences*

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

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

M. *Long-Term Obligations*

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

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

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

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

P. Minimum Fund Balance Policy

The Village has established minimum fund balance targets for certain funds. Village policy states that the General Fund holds no less than 67 percent of the annual operating and debt service expenditures in unrestricted fund balance reserves. The Motor Fuel Tax Fund should maintain a minimum of 67 percent of the annual road program budget in its fund balance and the Golf Course Fund should maintain an unrestricted net position of no less than three months of operating expenses (excluding debt service and capitalized asset outlays) at the end of the golf season. Additionally, the Equipment Replacement Fund shall maintain 12 months of planned operating expense as its unrestricted net position, subject to the discretion of the Board of Trustees and management (excluding debt service and capitalized asset outlays). These reserves are intended to provide financial resources for the Village in the event of an emergency or due to the loss or reduction in a major revenue source and to provide adequate coverage for variations in cash flows due to the timing and receipts and disbursements.

Q. Property Tax Calendar and Revenues

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

R. Defining Operating Revenues and Expenses

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

S. Estimates

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Village

The Village's investment policy permits deposits/investments in commercial banks, savings and loan institutions, money market mutual funds, obligations of U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, credit union shares, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and Illinois Metropolitan Investment Fund (IMET).

Deposits

At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$3,844,251 and the bank balances totaled \$4,434,463.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires all deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits be secured by collateral held by an independent third party in the Village's name with a market value of 105 percent of balances required to be collateralized. As of April 30, 2023, the entire amount of the bank balance deposits was covered by collateral, federal depository, or equivalent insurance.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy does not address interest rate risk.

Credit Risk

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

As of April 30, 2023, the Village investments holdings were rated as follows:

| Investments | Credit Rating | Rating Source |
|--|---------------|---------------|
| Illinois Funds Investment Pool | AAAmmf | Fitch |
| Certificates of Deposit (negotiable) | Unavailable | n/a |
| First American Government Money Mkt Fund | AAAm/Aaa-mf | S&P/Moodys |
| U.S. Agency Obligations | AA+/Aaa | S&P/Moodys |

Custodial Credit Risk – Investments

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit exposure, the Village’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held, in the Village’s name, by a third party acting as the fund’s agent separate from where the investment was purchased.

Concentration of Credit Risk

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

As of April 30, 2023, the Village had the following cash, investments, and maturities:

| Investments | Fair Value | Investment Maturities (in Years) | | | |
|---|-------------------|----------------------------------|------------------|-----------------|-----------------------|
| | | Less Than One Year | 1 - 5 Years | 6 - 10 Years | More Than 10 Years |
| Illinois Funds Investment Pool | 50,707,982 | 50,707,982 | - | - | - |
| Certificates of Deposit (negotiable) | 2,693,258 | - | 2,693,258 | - | - |
| First American Government Money Mkt Fund | 267,750 | 267,750 | - | - | - |
| U.S. Agency Obligations | 1,995,170 | - | 1,995,170 | - | - |
| Total Investments | <u>55,664,160</u> | <u>50,975,732</u> | <u>4,688,428</u> | - | - |
| Deposits | 3,844,251 | | | | |
| Cash on Hand | 3,374 | | | | |
| Total cash and investments per Statement of Net Position | <u>59,511,785</u> | | | | |

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

First American Government Money Market Fund is a money market mutual fund managed by First American Funds. The fund seeks to provide maximum current income and daily liquidity by purchasing U.S. government securities and repurchase agreements collateralized by such obligations. The fund does not have any limitations or restrictions on participant withdrawals.

Fair Value Measurement

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

The Village has the following recurring fair value measurements as of April 30, 2023:

| Investments by Fair Value Level | Total | As of April 30, 2023 | | |
|--|------------|----------------------|-----------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Certificates of Deposit (negotiable) | 2,693,258 | - | 2,693,258 | - |
| U.S. Agency Obligations | 1,995,170 | - | 1,995,170 | - |
| Total Investments by Fair Value Level | 4,688,428 | - | 4,688,428 | - |
| <u>Investments Measured at the Net Asset Value (NAV)</u> | | | | |
| Illinois Funds Investment Pool | 50,707,982 | | | |
| First American Government Money Market Fund | 267,750 | | | |
| Total Investments by Net Asset Value (NAV) | 50,975,732 | | | |
| Total Investments Measured at Fair Value | 55,664,160 | | | |

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

Police Pension Fund

Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011, and up to fifty-five percent effective July 1, 2012.

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

Deposits

The Police Pension Fund retains available cash and cash equivalents to provide liquidity to cover current expenditures of the fund. The excess available cash is required to be transferred to IPOPIF for the purpose of the long-term investment for the Fund. At year-end, these cash and cash equivalents were held in money market funds and bank deposits totaling \$3,816,625. The carrying amount of the Fund's cash held as bank deposits totaled \$2,213,166 and the bank balances totaled \$2,213,166.

Custodial Credit Risk - Deposits

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

Investments

At year-end the Fund had \$58,163,666 invested in IPOPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org.

IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021, and last revised April 14, 2023. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Custodial Credit Risk – Investments

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

Investment Concentrations

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

Rate of Return

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.20 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

NOTE 3 – LOAN AND LEASE RECEIVABLES

Loan Receivable

During the fiscal year ended April 30, 2013, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District) to arrange for the purchase of a YMCA athletic and recreational facility. The Village agreed to provide the required funding for the Park District's purchase of the property which included earnest money of \$100,000 for the contract payable with the Park District's tender of the purchase agreement as well as \$1,925,000 at closing. As such, a loan receivable due from the Park District to the Village was established and was to be paid in instalments of \$202,500 commencing December 31, 2016, and ending December 31, 2025. On March 3, 2013, the agreement was amended whereby the Park District impact fee payments received in 2014 and 2015 from the Oaks Development Project would be applied to the principal amount of the loan balance, and all or any portion of the Park District impact fees from other developments during the years of 2014 through 2020 may be applied to the loan balance, and that the commencement of the scheduled loan payments would begin in 2020. The loan receivable balance as of April 30, 2023, was \$504,182 and was reported on the statement of net position and the governmental funds balance sheet as due from other governments.

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

| Fiscal Year Ending April 30, | Principal |
|---------------------------------|-------------------|
| 2024 | \$ 84,031 |
| 2025 | 84,031 |
| 2026 | 84,031 |
| 2027 | 84,031 |
| 2028 | 84,031 |
| 2029 | 84,027 |
| | <u>\$ 504,182</u> |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

VHAC Turf Field Lease Receivable

During the fiscal year ended April 30, 2020, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District), SMP Development LLC (the Company), and the Vernon Hills Soccer Club (the Soccer Club) for the purchase and installation of turf fields at the Vernon Hills Athletic Complex (VHAC). The Village agreed to purchase the new turf fields for \$1,766,736 and lease the use of the fields to the abovementioned parties. As such, a lease receivable due from these parties was established and was to be paid in installments ranging from \$16,666 to \$90,000, commencing January 10, 2020, through February 1, 2030. The lease receivable balance as of April 30, 2023, was \$730,002 and was reported on the statement of net position as leases receivable and reported on the governmental funds balance sheet as leases receivable and unavailable revenue.

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

| Fiscal Year Ending April 30, | Principal |
|---------------------------------|------------|
| 2024 | \$ 106,666 |
| 2025 | 106,666 |
| 2026 | 106,666 |
| 2027 | 106,666 |
| 2028 | 106,666 |
| 2029 | 106,666 |
| 2030 | 90,006 |
| | \$ 730,002 |

For the fiscal year ended April 30, 2023, the Village implemented GASB Statement No. 87, *Leases*. With the implementation, the Village is required to record beginning balances for a lease receivable and an offsetting deferred inflow of resources as of May 1, 2022. The Village recorded a beginning lease receivable balance of \$4,229,843 and a beginning deferred inflow of resources balance of \$4,229,843 related to the tower leases. The tower leases are described below.

Tower Lease Receivable

The Village owns four towers specifically built to accommodate wireless carriers. As of April 30, 2023, the Village has six current lease agreements with wireless carriers. The Village is a lessor on the following tower leases at year end:

| Lease | Term | Start Date | Annual Payments | Payment Increase | Interest Rate |
|-----------------------|----------|------------------|--------------------|------------------|------------------|
| Village Hall Tower #1 | 30 years | January 1, 2009 | \$34,495 | 4.00% per year | 3.54% |
| Police Tower #1 | 30 years | June 1, 2016 | \$30,270 | 4.00% per year | 2.32% |
| Public Works Tower #1 | 30 years | November 1, 2009 | \$33,193 | 4.00% per year | 2.68% |
| Police Tower #2 | 30 years | October 27, 2010 | \$43,690 | 4.00% per year | 3.69% |
| Police Tower #3 | 30 years | May 15, 2015 | \$31,582 | 4.00% per year | 3.11% |
| Metra Lot Tower #1 | 30 years | February 1, 2011 | \$27,987 | 4.00% per year | 4.38% |

During the fiscal year, the Village recognized \$201,217 of lease revenue.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

| Fiscal Year Ending April 30 | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 77,765 | \$ 131,981 | \$ 209,746 |
| 2025 | 89,320 | 129,295 | 218,615 |
| 2026 | 101,623 | 126,218 | 227,841 |
| 2027 | 114,713 | 122,722 | 237,435 |
| 2028 | 128,632 | 118,781 | 247,413 |
| 2029-2033 | 884,167 | 517,093 | 1,401,260 |
| 2034-2038 | 1,384,510 | 333,333 | 1,717,843 |
| 2039-2043 | 1,026,572 | 107,985 | 1,134,557 |
| 2044-2047 | 355,621 | 12,758 | 368,379 |
| | <u>\$ 4,162,923</u> | <u>\$ 1,600,166</u> | <u>\$ 5,763,089</u> |

NOTE 4 - CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended April 30, 2023, was as follows:

| | Balance May 1, 2022 | Additions | Disposals | Balance April 30, 2023 |
|---|------------------------|-----------------------|-----------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets not being depreciated: | | | | |
| Land and Right of Ways | \$ 5,477,173 | \$ 382,459 | \$ - | \$ 5,859,632 |
| Construction in Progress | 439,583 | 236,152 | - | 675,735 |
| Total Capital Assets not being depreciated | <u>5,916,756</u> | <u>618,611</u> | <u>-</u> | <u>6,535,367</u> |
| Capital Assets being depreciated: | | | | |
| Land Improvements | 15,449,330 | - | 50,381 | 15,398,949 |
| Buildings and Improvements | 25,778,627 | - | - | 25,778,627 |
| Equipment and Vehicles | 7,833,886 | 418,590 | - | 8,252,476 |
| Infrastructure | 121,028,444 | - | - | 121,028,444 |
| Total Capital Assets being depreciated | <u>170,090,287</u> | <u>418,590</u> | <u>50,381</u> | <u>170,458,496</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 10,186,068 | 538,960 | 42,544 | 10,682,484 |
| Buildings and Improvements | 11,154,883 | 603,906 | - | 11,758,789 |
| Equipment and Vehicles | 5,254,146 | 281,650 | - | 5,535,796 |
| Infrastructure | 64,071,615 | 2,445,566 | - | 66,517,181 |
| Total Accumulated Depreciation | <u>90,666,712</u> | <u>3,870,082</u> | <u>42,544</u> | <u>94,494,250</u> |
| Capital Assets being depreciated, Net | <u>79,423,575</u> | <u>(3,451,492)</u> | <u>7,837</u> | <u>75,964,246</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 85,340,331</u> | <u>\$ (2,832,881)</u> | <u>\$ 7,837</u> | <u>\$ 82,499,613</u> |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

| | |
|--|----------------------------|
| General Government | \$ 821,444 |
| Public Safety | 379,555 |
| Streets and Roads | <u>2,669,083</u> |
| Total Depreciation - Governmental Activities | <u><u>\$ 3,870,082</u></u> |

Business-Type Activities

Capital asset activity for the year ended April 30, 2023, was as follows:

| | Balance May 1, 2022 | Additions | Disposals | Balance April 30, 2023 |
|--|--------------------------|--------------------------|--------------------|---------------------------|
| Business-Type Activities | | | | |
| Capital Assets not being depreciated: | | | | |
| Land | \$ 302,282 | \$ - | \$ - | \$ 302,282 |
| Construction in Progress | - | - | - | - |
| Total Capital Assets not being depreciated | <u>302,282</u> | <u>-</u> | <u>-</u> | <u>302,282</u> |
| Capital Assets being depreciated: | | | | |
| Land Improvements | 745,882 | - | - | 745,882 |
| Buildings and Improvements | 1,019,002 | - | - | 1,019,002 |
| Equipment and Vehicles | 514,452 | - | - | 514,452 |
| Total Capital Assets being depreciated | <u>2,279,336</u> | <u>-</u> | <u>-</u> | <u>2,279,336</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 745,882 | - | - | 745,882 |
| Buildings and Improvements | 1,019,002 | - | - | 1,019,002 |
| Equipment and Vehicles | 423,419 | 5,057 | - | 428,476 |
| Total Accumulated Depreciation | <u>2,188,303</u> | <u>5,057</u> | <u>-</u> | <u>2,193,360</u> |
| Capital Assets being depreciated, Net | <u>91,033</u> | <u>(5,057)</u> | <u>-</u> | <u>85,976</u> |
| Business-Type Activities Capital Assets, Net | <u><u>\$ 393,315</u></u> | <u><u>\$ (5,057)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 388,258</u></u> |

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

| | |
|-------------|------------------------|
| Golf Course | <u><u>\$ 5,057</u></u> |
|-------------|------------------------|

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2023, was as follows:

| | Balance May 1, 2022 | Additions | Retirements | Balance April 30, 2023 | Amounts Due Within One Year |
|--|------------------------|---------------------|---------------------|---------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | \$30,305,000 | \$ - | \$ 2,860,000 | \$27,445,000 | \$ 2,925,000 |
| Unamortized Bond Premium | 158,386 | - | 26,950 | 131,436 | 26,950 |
| Other Long-Term Liabilities | | | | | |
| Compensated Absences | 1,749,373 | 1,345,198 | 1,427,006 | 1,667,565 | 1,667,565 |
| Asset Retirement Obligations | 400,000 | - | - | 400,000 | - |
| Net Pension Liability/(Asset) - IMRF | (3,053,347) | 7,461,862 | - | 4,408,515 | - |
| Net Pension Liability - Police Pension | 22,660,365 | 6,141,291 | - | 28,801,656 | - |
| OPEB Liability | 4,432,693 | 2,556,877 | - | 6,989,570 | - |
| Total Other Long-Term Liabilities | <u>26,189,084</u> | <u>17,505,228</u> | <u>1,427,006</u> | <u>42,267,306</u> | <u>1,667,565</u> |
| Total Governmental Activities Long-Term Obligations | <u>\$56,652,470</u> | <u>\$17,505,228</u> | <u>\$ 4,313,956</u> | <u>\$69,843,742</u> | <u>\$ 4,619,515</u> |

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

Asset Retirement Obligations

The 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 \$368,000 in deferred outflows as of April 30, 2023.

Legal Debt Margin

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

General Obligation Bonds

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

| | <u>Fund Debt Retired by</u> | <u>Balance May 1, 2022</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance April 30, 2023</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------------|--------------------------------|------------------|--------------------|-----------------------------------|--|
| \$7,850,000 General Obligation Bonds, Serices 2012A due in annual installments of \$300,000 to \$1,000,000 with interest from 2.00% to 2.25%. The last payment is due December 30, 2026. | Vernon Hills Town Center TIF | \$ 4,450,000 | \$ - | \$ 750,000 | \$ 3,700,000 | \$ 800,000 |
| \$1,625,000 General Obligation Bonds, Serices 2012B due in annual installments of \$15,000 to \$155,000 with interest from 2.00% to 2.40%. The last payment is due March 30, 2026. | General | 595,000 | - | 145,000 | 450,000 | 145,000 |
| \$5,630,000 General Obligation Bonds, Serices 2014 due in annual installments of \$195,000 to \$820,000 with interest from 2.00% to 3.50%. The last payment is due March 30, 2034. | General (Police Station) | 2,415,000 | - | 175,000 | 2,240,000 | 180,000 |
| | General (Com. Center) | 400,000 | - | - | 400,000 | - |
| | Vernon Hills Town Center TIF | 560,000 | - | 180,000 | 380,000 | 190,000 |
| \$2,005,000 General Obligation Bonds, Serices 2015A due in annual installments of \$80,000 to \$150,000 with interest from 2.00% to 3.25%. The last payment is due March 30, 2034. | General | 1,220,000 | - | 140,000 | 1,080,000 | 150,000 |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

| | Fund Debt Retired by | Balance May 1, 2022 | Additions | Retirements | Balance April 30, 2023 | Amounts Due Within One Year |
|--|--|------------------------|-----------|--------------|---------------------------|-----------------------------------|
| \$5,255,000 General Obligation Refunding Bonds, Serices 2015B due in annual installments of \$440,000 to \$575,000 with interest from 2.00% to 2.50%. The last payment is due December 30, 2026. | Vernon Hills Town Center TIF | \$ 2,385,000 | \$ - | \$ 485,000 | \$ 1,900,000 | \$ 455,000 |
| \$20,190,000 General Obligation Bonds, Serices 2017 due in annual installments of \$945,000 to \$1,530,000 with interest from 2.00% to 3.90%. The last payment is due March 30, 2037. | Milwaukee Avenue/ Townline Road TIF | 18,280,000 | - | 985,000 | 17,295,000 | 1,005,000 |
| | | \$30,305,000 | \$ - | \$ 2,860,000 | \$27,445,000 | \$ 2,925,000 |

As of April 30, 2023, the annual debt service requirements to service all general obligation bonds attributable to governmental activities are as follows:

| Year Ending April 30 | Principal | Interest | Total |
|----------------------|---------------|--------------|---------------|
| 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 |
| 2029-2033 | 7,745,000 | 1,983,185 | 9,728,185 |
| 2034-2037 | 6,135,000 | 584,343 | 6,719,343 |
| Total | \$ 27,445,000 | \$ 6,032,619 | \$ 33,477,619 |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Sales Tax Revenue Note

Pursuant to the Redevelopment Agreement dated July 6, 2021, on December 17, 2021, the Village issued a 20-year \$4,000,000 Taxable Sales Tax Revenue Note bearing interest at 6.00 percent to incentivize the developers of a redevelopment project in the Village. This note will be used to reimburse the developers for eligible costs and other redevelopment costs. Annual note payments will be made each February 1st subsequent to the issuance and funded by the Village's pledged revenues. This Note, together with the interest thereon, is a limited obligation of the Village; the pledged revenues include 40 percent of the Village's state sales tax revenues and 40 percent of the home rule sales tax revenues from retailers located within the redevelopment area, less the Village's 10 percent TIF contribution and any prior sales tax deficiencies as described in the redevelopment agreement. The Village will use the remaining sales tax pledged funds to satisfy principal and interest payment obligations coming due until all such obligations have been paid in full or the Note maturity date is reached. This Note will be a "cash flow" note. There will be no amortization schedule issued for this Note and no limit on the Village's right to prepay. As of April 30, 2023, the outstanding Sales Tax Revenue Note balance was \$3,757,269.

NOTE 6 – SALES TAX REBATE AGREEMENTS

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

The Village has an agreement with a retailer to rebate up to 56.30 percent (depending on certain sales benchmarks) of its share of sales taxes to reimburse the retailer for the cost of extraordinary site and redevelopment costs having an initial size of approximately 28.825 acres of land to be used as its corporate headquarters and direct marketing sales operation center. The agreement requires the Village to rebate pledged sales taxes to the retailer annually, after certain benchmarks are achieved, for a term of 15 years. The total rebates incurred during the year ended April 30, 2023, was \$5,991,935. A liability of \$4,416,283 has been recorded as of April 30, 2023, and is included in other payables.

The Village has an agreement with a developer to rebate 40 percent of its share of specific sales taxes less the Village's 10 percent TIF contribution required by statute. This rebate is to reimburse the developer for the cost to expand and renovate a site having an initial size of approximately 65,000 square feet to be used as retail sales space. Pursuant to this agreement the Village will issue up to three separate sales tax notes bearing interest and paid with the Village's sales tax revenue as described above. Each sales tax note will be issued based on the developer meeting various project milestones. The agreement requires the Village to rebate to the developer the designated sales taxes annually until either the principal and interest of the sales tax notes have been paid or for a term of up to the earlier of 20 years or December 31, 2043. The first of the three sales tax notes have been issued, see *Sales Tax Revenue Note* under Note 5 Long-Term Liabilities for further details. The total rebate incurred during the year ended April 30, 2023, was \$181,817. A liability of \$118,251 has been recorded as of April 30, 2023, and is included in other payables.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Long-Term Advances

As of April 30, 2023, the Village had the following long-term advances between funds:

| Advance From | Advance To | Balance |
|--------------|-------------|-----------|
| General | Golf Course | \$ 50,773 |

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

Interfund Balances

As of April 30, 2023, the Village had the following interfund balances:

| Due To | Due From | Balance |
|---------|-----------------------|-----------|
| General | Golf Course | \$ 91,776 |
| General | Nonmajor Governmental | 53,005 |

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

Interfund Transfers

As of April 30, 2023, the Village had the following interfund transfers:

| Transfer In | Transfer Out | Amount |
|--|--------------|------------|
| Milwaukee Avenue/ Townline Road TIF | General | \$ 391,034 |
| Vernon Hills Town Center TIF | General | 213,016 |
| Nonmajor Governmental | General | 3,783 |
| | Total | \$ 607,833 |

The purposes of the interfund transfers are as follows:

\$391,034 transferred from the General Fund to the Milwaukee Avenue/Townline Road TIF Fund is to provide a 10 percent revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.

\$213,016 transferred from the General Fund to the Vernon Hills Town Center TIF Fund is to provide a 10 percent revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.

\$3,783 transferred from the General Fund to Hawthorn Mall TIF (Nonmajor Governmental) Fund is to provide a 10 percent revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 8 – NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital assets was comprised of the following as of April 30, 2023:

Governmental Activities

| | |
|---|----------------------|
| Capital Assets - Net Accumulated Depreciation | \$ 82,499,613 |
| Plus Unamortized Loss on Refunding | 178,358 |
| Less Capital Related Debt: | |
| General Obligation Bonds, Series 2012A | (3,700,000) |
| General Obligation Bonds, Series 2012B | (450,000) |
| General Obligation Bonds, Series 2014 | (3,020,000) |
| General Obligation Bonds, Series 2015A | (1,080,000) |
| General Obligation Bonds, Series 2015B | (1,900,000) |
| Unamortized Bond Premium | <u>(131,436)</u> |
| Net Investment in Capital Assets | <u>\$ 72,396,535</u> |

Business-Type Activities

| | |
|---|-------------------|
| Capital Assets - Net Accumulated Depreciation | \$ 388,258 |
| Net Investment in Capital Assets | <u>\$ 388,258</u> |

NOTE 9 - DEFERRED COMPENSATION PLAN

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

NOTE 10 - RISK MANAGEMENT

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

NOTE 11 - CONTINGENCIES

Litigation

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

material adverse effect on the financial condition of the Village.

Grants

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows or resources, and pension expense recorded in the government-wide financial statements for each pension plan for the year ended April 30, 2023, is as follows:

| | IMRF | Police Pension | Total |
|--------------------------------|--------------|-------------------|---------------|
| Net Pension Liabilities | \$ 4,408,515 | \$ 28,801,656 | \$ 33,210,171 |
| Deferred Outflows of Resources | 3,566,186 | 8,559,984 | 12,126,170 |
| Deferred Inflows of Resources | 83,660 | 2,108,325 | 2,191,985 |
| Pension Expense | 887,238 | 3,397,294 | 4,284,532 |

Illinois Municipal Retirement Fund (IMRF)

Plan Description

The Village's defined benefit agent multiple-employer pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

of their final rate of earnings. The final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2022, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Retirees and beneficiaries currently receiving benefits | 65 |
| Inactive Plan Members entitles to but not yet receiving benefits | 60 |
| Active Plan Members | <u>60</u> |
| Total | <u>185</u> |

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for the calendar years 2022 and 2023 were 10.30 percent and 8.77 percent, respectively. For the fiscal year ended April 30, 2023, the Village contributed \$563,626 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2022, and a measurement date as of December 31, 2022, calculated in accordance with GASB Statement No. 68, were as follows:

| | | |
|---|----|------------|
| Total Pension Liability | \$ | 40,495,289 |
| IMRF Fiduciary Net Position | | 36,086,774 |
| Village's Net Pension (Asset)/Liability | | 4,408,515 |
| IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability | | 89.11% |

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

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability as of December 31, 2022:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Fair Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using 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.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

| Asset Class | Portfolio Target Percentage | Long-Term Expected Real Rate of Return |
|-------------------------|------------------------------------|---|
| Domestic Equity | 35.5% | 6.50% |
| International Equity | 18.0% | 7.60% |
| Fixed Income | 25.5% | 4.90% |
| Real Estate | 10.5% | 6.20% |
| Alternative Investments | 9.5% | 6.25-9.90% |
| Cash Equivalents | 1.0% | 4.00% |
| Total | 100.0% | |

Single Discount Rate

A Single Discount Rate of 7.25 percent was used to measure the total pension liability as of December 31, 2022. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability. The Single Discount Rate reflects:

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25 percent; the municipal bond rate is 4.05 percent; and resulting single discount rate is 7.25 percent.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Changes in the Net Pension (Asset)/Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension (Asset)/Liability (A) - (B) |
|--|--|--|--|
| Balances at December 31, 2021 | \$ 38,666,252 | \$ 41,719,599 | \$ (3,053,347) |
| Changes for the year: | | | |
| Service Cost | 524,014 | - | 524,014 |
| Interest on the Total Pension Liability | 2,764,927 | - | 2,764,927 |
| Changes of Benefits Terms | - | - | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | 122,770 | - | 122,770 |
| Changes of Assumptions * | - | - | - |
| Contributions - Employer | - | 604,396 | (604,396) |
| Contributions - Employees | - | 263,755 | (263,755) |
| Net Investment Income | - | (4,905,242) | 4,905,242 |
| Benefit Payments, including Refunds of Employee Contributions | (1,582,674) | (1,582,674) | - |
| Other (Net Transfer) | - | (13,060) | 13,060 |
| Net Changes | 1,829,037 | (5,632,825) | 7,461,862 |
| Balances at December 31, 2022 | \$ 40,495,289 | \$ 36,086,774 | \$ 4,408,515 |

Notes to the Schedule – For fiscal year 2022, the Net Pension Asset was included as an asset in the Statement of Net Position.

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

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

| | 1% Lower 6.25% | Current Discount Rate 7.25% | 1% Higher 8.25% |
|-----------------------|-------------------|-----------------------------------|--------------------|
| Net Pension Liability | \$ 9,177,205 | \$ 4,408,515 | \$ 656,757 |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

For the year ended April 30, 2023, the Village recognized pension expense of \$887,238. At April 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to the IMRF pension from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows/(Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|--|
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | | | |
| Differences between expected and actual experience | \$ 512,612 | \$ 24,110 | \$ 488,502 |
| Changes of assumptions | - | 59,550 | (59,550) |
| Net difference between projected and actual earnings on pension plan investments | 2,874,048 | - | 2,874,048 |
| Total Deferred Amounts to be recognized in pension expense in future periods | 3,386,660 | 83,660 | 3,303,000 |
| <i>Pension Contributions made subsequent to the Measurement Date</i> | | | |
| | 179,526 | - | 179,526 |
| Total Deferred Amounts Related to Pensions | \$ 3,566,186 | \$ 83,660 | \$ 3,482,526 |

Village contributions subsequent to the measurement date of \$179,526, will be recognized as a reduction of the net pension liability in the year ended April 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending April 30 | | |
|-------------------------|----|-----------|
| 2024 | \$ | 145,020 |
| 2025 | | 654,387 |
| 2026 | | 922,887 |
| 2027 | | 1,580,706 |
| 2028 | | - |
| Thereafter | | - |
| Total | \$ | 3,303,000 |

Police Pension Plan

Plan Description

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

Plan Membership

At May 1, 2022, the date of the latest actuarial valuation, Plan participation consisted of:

| | |
|---|-----------|
| Inactive Plan Members or Beneficiaries currently receiving benefits | 40 |
| Inactive Plan Members entitled to but not yet receiving benefits | 6 |
| Active Plan Members | <u>43</u> |
| Total | <u>89</u> |

Benefits Provided

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

Covered employees hired before January 1, 2011 (Tier 1) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2) attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter by the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary of each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91 percent of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90 percent of the past service cost for the Plan. For the year ended April 30, 2023, the Village's contribution was 58.12 percent of covered payroll.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Net Pension Liability

The components of the net pension liability of the Plan as of April 30, 2023, calculated in accordance with GASB Statement No. 68, were as follows:

| | | |
|---|----|------------|
| Total Pension Liability | \$ | 90,787,179 |
| Police Pension Fiduciary Net Position | | 61,985,523 |
| Village's Net Pension Liability | | 28,801,656 |
| IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability | | 68.28% |

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

Actuarial Assumptions

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

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

Single Discount Rate

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Changes in Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension (Asset)/Liability (A) - (B) |
|--|--|--|--|
| Balances at April 30, 2022 | \$ 84,835,774 | \$ 62,175,409 | \$ 22,660,365 |
| Changes for the year: | | | |
| Service Cost | 1,438,281 | - | 1,438,281 |
| Interest on the Total Pension Liability | 5,162,416 | - | 5,162,416 |
| Changes of Benefits Terms | (53,349) | - | (53,349) |
| Differences Between Expected and Actual Experience of the Total Pension Liability | 3,058,685 | - | 3,058,685 |
| Contributions - Employer | - | 2,800,000 | (2,800,000) |
| Contributions - Employees | - | 477,759 | (477,759) |
| Contributions - Other | - | 118,660 | (118,660) |
| Net Investment Income | - | 116,742 | (116,742) |
| Benefit Payments, including Refunds of Employee Contributions | (3,654,628) | (3,654,628) | - |
| Other (Net Transfer) | - | (48,419) | 48,419 |
| Net Changes | 5,951,405 | (189,886) | 6,141,291 |
| Balances at April 30, 2023 | \$ 90,787,179 | \$ 61,985,523 | \$ 28,801,656 |

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

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

| | 1% Lower 5.00% | Current Discount Rate 6.00% | 1% Higher 7.00% |
|-----------------------|-------------------|-----------------------------------|--------------------|
| Net Pension Liability | \$ 43,448,441 | \$ 28,801,656 | \$ 17,088,967 |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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

For the year ended April 30, 2023, the Village recognized pension expense to the Police Pension Plan of \$3,397,294. At April 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows of Resources |
|--|---|--|---|
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | | | |
| Differences between expected and actual experience | \$ 4,163,005 | \$ 1,716,536 | \$ 2,446,469 |
| Changes of assumptions | 1,040,037 | 391,789 | 648,248 |
| Net difference between projected and actual earnings on pension plan investments | <u>3,356,942</u> | <u>-</u> | <u>3,356,942</u> |
| Total Deferred Amounts to be recognized in pension expense in future periods | <u>\$ 8,559,984</u> | <u>\$ 2,108,325</u> | <u>\$ 6,451,659</u> |

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

| Year Ending April 30 | | |
|---------------------------------|-----------|------------------|
| 2024 | \$ | 1,213,662 |
| 2025 | | 683,717 |
| 2026 | | 2,888,107 |
| 2027 | | 1,027,338 |
| 2028 | | 483,970 |
| 2029 | | 154,865 |
| Total | <u>\$</u> | <u>6,451,659</u> |

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

Benefits Provided

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

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

Membership

Membership in the plan consisted of the following at April 30, 2023:

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

Contributions

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

Total OPEB Liability

The Village's total OPEB liability of \$6,989,570 was measured as of April 30, 2023, and was determined by a valuation under GASB Statement 75 dated May 1, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of April 30, 2022, using the following actuarial assumptions updated as of April 30, 2023, applied to all periods included in the measurement, unless otherwise specified:

- **Salary Increases** were expected to be 4.00%.
- The **Discount Rate** was 4.14% (previously 3.98).
- The **Investment Rate of Return** was not applicable.
- The **Health Care Trend Rate** for the plan is 6.50% and decreases by 0.14% every year to an ultimate rate of 4.5%. The mortality rates had the same basis as the respective pension plans.
- **Election at Retirement** assumed 50% of active employees will elect medical coverage at retirement.
- **Coverage Status** of active employees was assumed to continue into retirement in their current

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

medical plan. Actual information is used for retirees.

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

Discount Rate

The discount rate used to measure the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. The Village does not have a trust dedicated exclusively to the payment of OPEB benefits, so the discount rate equals the municipal bond rate of 4.14 percent determined using the S&P Municipal Bond 20-Year High-Grade Rate Index at April 30, 2023, as the underlying index.

Changes in Net OPEB Liability

| | Total OPEB Liability (A) | Plan Fiduciary Net Position (B) | Net OPEB Liability (A) - (B) |
|---|-----------------------------------|---------------------------------------|------------------------------------|
| Balances at April 30, 2022 | \$ 4,432,693 | \$ - | \$ 4,432,693 |
| Changes for the year: | | | |
| Service Cost | 148,818 | - | 148,818 |
| Interest on the Total OPEB Liability | 169,697 | - | 169,697 |
| Differences Between Expected and Actual Experience of the Total OPEB Liability | 2,312,283 | - | 2,312,283 |
| Changes in Assumptions | 263,974 | - | 263,974 |
| Contributions - Employer | - | 337,895 | (337,895) |
| Benefit Payments, including Refunds of Employee Contributions | (337,895) | (337,895) | - |
| Other (Net Transfer) | - | - | - |
| Net Changes | <u>2,556,877</u> | <u>-</u> | <u>2,556,877</u> |
| Balances at April 30, 2023 | <u>\$ 6,989,570</u> | <u>\$ -</u> | <u>\$ 6,989,570</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 a discount rate of 4.14 percent, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

| | 1% Lower 3.14% | Current Discount Rate 4.14% | 1% Higher 5.14% |
|--------------------|---------------------|-----------------------------------|---------------------|
| Net OPEB Liability | <u>\$ 7,796,879</u> | <u>\$ 6,989,570</u> | <u>\$ 6,321,096</u> |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

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 current rate:

| | 1% Lower Varies | Current Discount Rate Varies | 1% Higher Varies |
|--------------------|--------------------|------------------------------------|---------------------|
| Net OPEB Liability | \$ 6,259,906 | \$ 6,989,570 | \$ 7,871,800 |

OPEB Expense, Deferred Inflows of Resources, Related to OPEB

For the year ended April 30, 2023, the Village recognized OPEB expense of \$733,323. At April 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows of Resources |
|---|---|--|---|
| <i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i> | | | |
| Differences between expected and actual experience | \$ 2,021,124 | \$ 673,796 | \$ 1,347,328 |
| Changes of assumptions | 1,961,053 | 1,192,655 | 768,398 |
| Total Deferred Amounts to be recognized in OPEB expense in future periods | <u>\$ 3,982,177</u> | <u>\$ 1,866,451</u> | <u>\$ 2,115,726</u> |

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

| Year Ending April 30 | | | |
|---------------------------------|----|------------------|--|
| 2024 | \$ | 414,808 | |
| 2025 | | 414,808 | |
| 2026 | | 354,608 | |
| 2027 | | 204,424 | |
| 2028 | | 163,489 | |
| 2029 | | 258,129 | |
| 2030 | | 305,460 | |
| Total | \$ | <u>2,115,726</u> | |

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2023

NOTE 14 – 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. 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. 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 No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency of application in practice. Statement No. 100 is effective for the fiscal year ending April 30, 2025.

GASB Statement No. 101, *Compensated Absences*, improves financial reporting by establishing a unified recognition and measurement model for compensated absences that more appropriately reflects when a government incurs 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, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ 8,294,233 | \$ 8,294,233 | \$ 9,548,280 | \$ 1,254,047 |
| Intergovernmental | 21,919,955 | 21,919,955 | 27,327,829 | 5,407,874 |
| Licenses, permits and fees | 3,006,200 | 3,006,200 | 1,638,836 | (1,367,364) |
| Charges for services | 537,020 | 537,020 | 514,636 | (22,384) |
| Fines and forfeitures | 221,500 | 221,500 | 186,276 | (35,224) |
| Investment income | 50,000 | 50,000 | 1,254,721 | 1,204,721 |
| Miscellaneous | 525,666 | 525,666 | 607,935 | 82,269 |
| Total revenues | <u>34,554,574</u> | <u>34,554,574</u> | <u>41,078,513</u> | <u>6,523,939</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 10,352,988 | 10,352,988 | 10,731,177 | (378,189) |
| Public safety | 11,460,360 | 11,460,360 | 11,523,474 | (63,114) |
| Streets and roads | 6,272,061 | 6,272,061 | 5,587,241 | 684,820 |
| Culture and recreation | 279,960 | 279,960 | 324,787 | (44,827) |
| Capital outlay | 2,713,500 | 2,713,500 | 1,467,521 | 1,245,979 |
| Debt service | | | | |
| Principal retirement | 460,000 | 460,000 | 460,000 | - |
| Interest and fiscal charges | 131,955 | 131,955 | 131,733 | 222 |
| Total expenditures | <u>31,670,824</u> | <u>31,670,824</u> | <u>30,225,933</u> | <u>1,444,891</u> |
| Excess of revenues over expenditures | 2,883,750 | 2,883,750 | 10,852,580 | 7,968,830 |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(892,820)</u> | <u>(892,820)</u> | <u>(607,833)</u> | <u>(284,987)</u> |
| Net changes in fund balance | <u>\$ 1,990,930</u> | <u>\$ 1,990,930</u> | 10,244,747 | <u>\$ 7,683,843</u> |
| Fund balance, beginning of year | | | <u>35,157,986</u> | |
| Fund balance, end of year | | | <u>\$45,402,733</u> | |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures – Budget and Actual
Vernon Hills Town Center Tax Increment Fund
For the Year Ended April 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-----------------------------|----------------------------|-------------------------|---------------------|---|
| Economic development: | | | | |
| Contractual services: | | | | |
| Other | \$ 51,075 | \$ 51,075 | \$ 1,604 | \$ 49,471 |
| Debt service | | | | |
| Principal retirement | 1,415,000 | 1,415,000 | 1,415,000 | - |
| Interest and fiscal charges | 162,720 | 162,720 | 162,648 | 72 |
| Total debt service | <u>1,577,720</u> | <u>1,577,720</u> | <u>1,577,648</u> | <u>72</u> |
| Total expenditures | <u>\$ 1,628,795</u> | <u>\$ 1,628,795</u> | <u>\$ 1,579,252</u> | <u>\$ 49,543</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures – Budget and Actual
Milwaukee Avenue/Townline Road Tax Increment Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|---------------------|---------------------|---------------------|------------------------------------|
| Economic development | | | | |
| Contractual services | | | | |
| Economic development initiative | 50,000 | 50,000 | 40,316 | 9,684 |
| Subscriptions and dues | 125,975 | 125,975 | 114,209 | 11,766 |
| Total contractual services | <u>175,975</u> | <u>175,975</u> | <u>154,525</u> | <u>21,450</u> |
| Debt service | | | | |
| Principal retirement | 985,000 | 985,000 | 985,000 | - |
| Interest and fiscal charges | 608,460 | 608,460 | 609,210 | (750) |
| Total debt service | <u>1,593,460</u> | <u>1,593,460</u> | <u>1,594,210</u> | <u>(750)</u> |
| Total expenditures | <u>\$ 1,769,435</u> | <u>\$ 1,769,435</u> | <u>\$ 1,748,735</u> | <u>\$ 20,700</u> |

See independent auditor's report.

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

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

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

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

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

See independent auditor's report.

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

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

Note to Required Supplementary Information:

- Actuarial Cost Method - Aggregate Entry Age Normal
- Amortization Method - Level % of Pay (Closed)
- Remaining Amortization Period - 21 Years
- Asset Valuation Method - 5-Year Smoothed Market; 20% Corridor
- Wage Growth - 2.75%
- Price Inflation - 2.25%
- Salary Increases - 2.85% to 13.75% Including Inflation
- Investment Rate of Return - 7.25%
- Retirement Age - Experienced-based table of rates that are specific to the type of eligibility condition.
Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
- Mortality - For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted %) and Female (adjusted %) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-medium income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) table, and future mortality improvements projected using scale MP-2020.

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

See independent auditor's report.

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

| Fiscal Year Ended April 30 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 2,930,166 | \$ 3,035,886 | \$ 2,621,944 | \$ 2,058,450 | \$ 1,950,286 | \$ 2,059,961 | \$ 1,775,629 | \$ 1,541,713 | \$ 1,431,746 | \$ 1,291,079 |
| Contributions in relation to actuarially determined contribution | 2,800,000 | 3,036,000 | 2,622,000 | 2,060,100 | 1,950,286 | 2,059,961 | 1,775,629 | 1,541,722 | 1,433,326 | 1,291,118 |
| Contribution deficiency (excess) | \$ 130,166 | \$ (114) | \$ (56) | \$ (1,650) | \$ - | \$ - | \$ - | \$ (9) | \$ (1,580) | \$ (39) |
| Covered payroll | \$ 4,817,295 | \$ 4,869,323 | \$ 4,778,580 | \$ 4,628,165 | \$ 4,543,805 | \$ 4,193,131 | \$ 4,304,378 | \$ 4,240,142 | \$ 4,113,314 | \$ 4,150,950 |
| Contributions as a percentage of covered payroll | 58.12% | 62.35% | 54.87% | 44.51% | 42.92% | 49.13% | 41.25% | 36.36% | 34.85% | 31.10% |

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.

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

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

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

See independent auditor's report.

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

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

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

See independent auditor's report.

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

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

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

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.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Required Supplementary Information April 30, 2023

NOTE 1 – BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the Golf Course and Replacement Funds. The Golf Course and Replacement Funds are adopted on a modified basis in that depreciation is not budgeted and capital outlay and debt principal retirements, if any, are budgeted. Annual budgets are adopted for all Village funds, except for funds specifically identified otherwise. There were no budgets adopted for the State Seizure Fund, a special revenue fund or the Police Pension Fund, a fiduciary fund.

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

The annual budget ordinance was approved, and the annual budget adopted by the governing body on April 19, 2022, and there were no amendments for fiscal year 2023.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2023, the Hawthorn Mall TIF Fund expenditures were over budget by \$83,693. The Hawthorn Mall TIF Fund had a deficit fund balance of \$53,005 at April 30, 2023. Funding of the deficit is expected to come from future property tax increment revenues.

SUPPLEMENTAL INFORMATION

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Balance Sheet by Subfund
General Fund
April 30, 2023

| | General | Summer Celebration | Metra Parking | DUI | Drug Forfeiture | Capital | Development | Eliminations | Total |
|--|----------------------|-----------------------|------------------|-------------------|--------------------|---------------------|-------------------|--------------|----------------------|
| Assets | | | | | | | | | |
| Cash and investments | \$ 41,991,791 | \$ 34,073 | \$ 43,724 | \$ 137,026 | \$ 9,747 | \$ 2,522,851 | \$ 305,116 | \$ - | \$ 45,044,328 |
| Receivables | | | | | | | | | |
| Taxes | 5,856,571 | - | - | - | - | - | - | - | 5,856,571 |
| Accounts | 92,684 | - | - | - | - | - | - | - | 92,684 |
| Accrued interest | 11,050 | - | - | - | - | - | - | - | 11,050 |
| Other | 46,001 | - | - | - | - | - | - | - | 46,001 |
| Leases | 4,162,923 | - | - | - | - | 730,002 | - | - | 4,892,925 |
| Due from other governments | 506,492 | - | - | - | - | - | - | - | 506,492 |
| Due from other funds | 144,781 | - | - | - | - | - | - | - | 144,781 |
| Prepaid items | 406,104 | - | - | - | - | 960 | - | - | 407,064 |
| Advances to other funds | 50,773 | - | - | - | - | - | - | - | 50,773 |
| Total assets | 53,269,170 | 34,073 | 43,724 | 137,026 | 9,747 | 3,253,813 | 305,116 | - | 57,052,669 |
| Liabilities | | | | | | | | | |
| Accounts payable | 345,353 | - | 1,347 | - | - | 117,710 | 278,545 | - | 742,955 |
| Accrued payroll | 506,074 | - | - | - | - | - | - | - | 506,074 |
| Deposits payable | 555,906 | - | - | - | - | - | - | - | 555,906 |
| Unearned revenue | 164,856 | 20,000 | - | - | 8,747 | - | - | - | 193,603 |
| Other payables | 4,731,902 | - | - | - | - | - | - | - | 4,731,902 |
| Due to other governments | - | - | - | - | - | - | 26,571 | - | 26,571 |
| Total liabilities | 6,304,091 | 20,000 | 1,347 | - | 8,747 | 117,710 | 305,116 | - | 6,757,011 |
| Deferred Inflows | | | | | | | | | |
| Unavailable revenues | - | - | - | - | - | 730,002 | - | - | 730,002 |
| Unearned revenue - leases | 4,162,923 | - | - | - | - | - | - | - | 4,162,923 |
| Total liabilities and deferred inflows of resources | 10,467,014 | 20,000 | 1,347 | - | 8,747 | 847,712 | 305,116 | - | 11,649,936 |
| Fund Balances | | | | | | | | | |
| Nonspendable | | | | | | | | | |
| Advances | 50,773 | - | - | - | - | - | - | - | 50,773 |
| Prepaid items | 406,104 | - | - | - | - | 960 | - | - | 407,064 |
| Long-term receivable | 506,492 | - | - | - | - | - | - | - | 506,492 |
| Restricted | | | | | | | | | |
| Metra parking | - | - | 42,377 | - | - | - | - | - | 42,377 |
| Public safety | - | - | - | 137,026 | 1,000 | - | - | - | 138,026 |
| Unassigned | 41,838,787 | 14,073 | - | - | - | 2,405,141 | - | - | 44,258,001 |
| Total fund balances | 42,802,156 | 14,073 | 42,377 | 137,026 | 1,000 | 2,406,101 | - | - | 45,402,733 |
| Total liabilities, deferred inflows and fund balances | \$ 53,269,170 | \$ 34,073 | \$ 43,724 | \$ 137,026 | \$ 9,747 | \$ 3,253,813 | \$ 305,116 | \$ - | \$ 57,052,669 |

See independent auditor's report.

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, 2023

| | General | Vernon Hills Days | Metra Parking | DUI | Drug Forfeiture | Capital | Development | Eliminations | Total |
|--|--------------------|----------------------|------------------|---------------|--------------------|--------------------|-------------|--------------|-------------------|
| Revenues | | | | | | | | | |
| Taxes | \$ 9,326,548 | \$ - | \$ - | \$ - | \$ - | \$ 221,732 | \$ - | \$ - | \$ 9,548,280 |
| Intergovernmental | 27,327,829 | - | - | - | - | - | - | - | 27,327,829 |
| Licenses, permits, and fees | 1,615,430 | - | 23,406 | - | - | - | - | - | 1,638,836 |
| Charges for services | 514,636 | - | - | - | - | - | - | - | 514,636 |
| Fines and forfeitures | 163,369 | - | - | 13,860 | 9,047 | - | - | - | 186,276 |
| Investment income | 1,238,447 | 9 | 2,801 | 32 | - | 13,432 | - | - | 1,254,721 |
| Miscellaneous | 343,569 | 157,700 | - | - | - | 106,666 | - | - | 607,935 |
| Total revenues | 40,529,828 | 157,709 | 26,207 | 13,892 | 9,047 | 341,830 | - | - | 41,078,513 |
| Expenditures | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 10,731,177 | - | - | - | - | - | - | - | 10,731,177 |
| Public safety | 11,513,677 | - | - | 750 | 9,047 | - | - | - | 11,523,474 |
| Streets and roads | 5,533,218 | - | 54,023 | - | - | - | - | - | 5,587,241 |
| Culture and recreation | 82,256 | 242,531 | - | - | - | - | - | - | 324,787 |
| Capital outlay | - | - | - | - | - | 1,467,521 | - | - | 1,467,521 |
| Debt service | | | | | | | | | |
| Principal retirement | 460,000 | - | - | - | - | - | - | - | 460,000 |
| Interest and fiscal charges | 131,733 | - | - | - | - | - | - | - | 131,733 |
| Total expenditures | 28,452,061 | 242,531 | 54,023 | 750 | 9,047 | 1,467,521 | - | - | 30,225,933 |
| Excess (deficiency) of revenues over expenditures | 12,077,767 | (84,822) | (27,816) | 13,142 | - | (1,125,691) | - | - | 10,852,580 |
| Other financing sources (uses) | | | | | | | | | |
| Transfers in | - | - | - | - | - | 2,200,000 | - | (2,200,000) | - |
| Transfers out | (2,807,833) | - | - | - | - | - | - | 2,200,000 | (607,833) |
| Total other financing sources (uses) | (2,807,833) | - | - | - | - | 2,200,000 | - | - | (607,833) |
| Net changes in fund balance | 9,269,934 | (84,822) | (27,816) | 13,142 | - | 1,074,309 | - | - | 10,244,747 |
| Fund balances, beginning of the year | 33,532,222 | 98,895 | 70,193 | 123,884 | 1,000 | 1,331,792 | - | - | 35,157,986 |
| Fund balances, end of the year | \$ 42,802,156 | \$ 14,073 | \$ 42,377 | \$ 137,026 | \$ 1,000 | \$ 2,406,101 | \$ - | \$ - | \$ 45,402,733 |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|-----------------------------|--------------------|-------------------|-------------------|------------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Utility taxes | \$ 1,275,000 | \$ 1,275,000 | \$ 1,211,295 | \$ (63,705) |
| Telecommunication tax | 514,000 | 514,000 | 571,333 | 57,333 |
| Home rule sales tax | 3,629,000 | 3,629,000 | 4,220,471 | 591,471 |
| Other taxes | 1,238,233 | 1,238,233 | 1,353,495 | 115,262 |
| Hotel/motel tax | 178,000 | 178,000 | 256,387 | 78,387 |
| Road and bridge tax | 220,000 | 220,000 | 221,732 | 1,732 |
| Food and beverage tax | 1,240,000 | 1,240,000 | 1,713,567 | 473,567 |
| Total taxes | <u>8,294,233</u> | <u>8,294,233</u> | <u>9,548,280</u> | <u>1,254,047</u> |
| Intergovernmental | | | | |
| Sales tax | 16,560,000 | 16,560,000 | 19,344,132 | 2,784,132 |
| State income tax | 3,552,255 | 3,552,255 | 4,338,379 | 786,124 |
| Grants | 1,807,700 | 1,807,700 | 3,645,318 | 1,837,618 |
| Total intergovernmental | <u>21,919,955</u> | <u>21,919,955</u> | <u>27,327,829</u> | <u>5,407,874</u> |
| Licenses, permits, and fees | | | | |
| Charges for services | 3,006,200 | 3,006,200 | 1,638,836 | (1,367,364) |
| Fines and forfeitures | 537,020 | 537,020 | 514,636 | (22,384) |
| Investment income | 221,500 | 221,500 | 186,276 | (35,224) |
| Miscellaneous | 50,000 | 50,000 | 1,254,721 | 1,204,721 |
| Total revenues | <u>34,554,574</u> | <u>34,554,574</u> | <u>41,078,513</u> | <u>6,523,939</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures – Budget and Actual
General Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|----------------------------------|--------------------|-------------------|-------------------|------------------------------------|
| Expenditures | | | | |
| General government | | | | |
| Administration | | | | |
| Personal services | \$ 863,110 | \$ 863,110 | \$ 912,725 | \$ (49,615) |
| Contractual services | 2,336,845 | 2,336,845 | 2,072,431 | 264,414 |
| Commodities | 71,465 | 71,465 | 32,290 | 39,175 |
| Equipment | 269,215 | 269,215 | 38,405 | 230,810 |
| Total administration | <u>3,540,635</u> | <u>3,540,635</u> | <u>3,055,851</u> | <u>484,784</u> |
| Judiciary | | | | |
| Contractual services | 445,000 | 445,000 | 297,776 | 147,224 |
| Total judiciary | <u>445,000</u> | <u>445,000</u> | <u>297,776</u> | <u>147,224</u> |
| President/trustee | | | | |
| Personal services | 54,902 | 54,902 | 54,902 | - |
| Contractual services | 26,590 | 26,590 | 3,690 | 22,900 |
| Commodities | 2,650 | 2,650 | 632 | 2,018 |
| Total president/trustee | <u>84,142</u> | <u>84,142</u> | <u>59,224</u> | <u>24,918</u> |
| Community development | | | | |
| Personal services | 785,860 | 785,860 | 906,654 | (120,794) |
| Contractual services | 113,620 | 113,620 | 38,681 | 74,939 |
| Commodities | 11,100 | 11,100 | 7,802 | 3,298 |
| Equipment | 4,981 | 4,981 | 5,426 | (445) |
| Total community development | <u>915,561</u> | <u>915,561</u> | <u>958,563</u> | <u>(43,002)</u> |
| Committees | | | | |
| Contractual services | 14,600 | 14,600 | 10,345 | 4,255 |
| Commodities | 5,800 | 5,800 | 6,201 | (401) |
| Equipment | 250 | 250 | - | 250 |
| Total committees | <u>20,650</u> | <u>20,650</u> | <u>16,546</u> | <u>4,104</u> |
| Resident direct benefit: | | | | |
| Contractual services | 37,000 | 37,000 | 41,500 | (4,500) |
| Total resident direct benefit | <u>37,000</u> | <u>37,000</u> | <u>41,500</u> | <u>(4,500)</u> |
| General purpose | | | | |
| Personnel services | - | - | 93,550 | (93,550) |
| Contractual services | 5,310,000 | 5,310,000 | 6,208,167 | (898,167) |
| Total general purpose | <u>5,310,000</u> | <u>5,310,000</u> | <u>6,301,717</u> | <u>(991,717)</u> |
| Total general government | <u>10,352,988</u> | <u>10,352,988</u> | <u>10,731,177</u> | <u>(378,189)</u> |
| Public safety | | | | |
| Police department | | | | |
| Personal services | 10,692,530 | 10,692,530 | 10,817,996 | (125,466) |
| Contractual services | 371,180 | 371,180 | 352,961 | 18,219 |
| Commodities | 193,550 | 193,550 | 183,990 | 9,560 |
| Equipment | 186,400 | 186,400 | 151,043 | 35,357 |
| Total police department | <u>11,443,660</u> | <u>11,443,660</u> | <u>11,505,990</u> | <u>(62,330)</u> |
| Fire and police commission | | | | |
| Contractual services | 16,500 | 16,500 | 17,484 | (984) |
| Commodities | 200 | 200 | - | 200 |
| Total fire and police commission | <u>16,700</u> | <u>16,700</u> | <u>17,484</u> | <u>(784)</u> |
| Total public safety | <u>11,460,360</u> | <u>11,460,360</u> | <u>11,523,474</u> | <u>(63,114)</u> |

(Continued)

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Expenditures – Budget and Actual
General Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|---------------------|---------------------|---------------------|------------------------------------|
| Expenditures (Continued) | | | | |
| Streets and roads | | | | |
| Public works | | | | |
| Personal services | 3,109,690 | 3,109,690 | 3,046,839 | 62,851 |
| Contractual services | 1,740,882 | 1,740,882 | 1,306,558 | 434,324 |
| Commodities | 1,043,270 | 1,043,270 | 888,461 | 154,809 |
| Equipment | 291,659 | 291,659 | 291,360 | 299 |
| Total public works | <u>6,185,501</u> | <u>6,185,501</u> | <u>5,533,218</u> | <u>652,283</u> |
| Metra parking | | | | |
| Contractual services | 76,460 | 76,460 | 50,945 | 25,515 |
| Commodities | 10,100 | 10,100 | 3,078 | 7,022 |
| Total Metra parking | <u>86,560</u> | <u>86,560</u> | <u>54,023</u> | <u>32,537</u> |
| Total streets and roads | <u>6,272,061</u> | <u>6,272,061</u> | <u>5,587,241</u> | <u>684,820</u> |
| Culture and recreation | | | | |
| Events | | | | |
| Contractual services | 68,155 | 68,155 | 74,260 | (6,105) |
| Commodities | 13,745 | 13,745 | 7,996 | 5,749 |
| Total events | <u>81,900</u> | <u>81,900</u> | <u>82,256</u> | <u>(356)</u> |
| Vernon Hills Days | | | | |
| Contractual services | 166,960 | 166,960 | 218,475 | (51,515) |
| Commodities | 31,100 | 31,100 | 24,056 | 7,044 |
| Total Vernon Hills Days | <u>198,060</u> | <u>198,060</u> | <u>242,531</u> | <u>(44,471)</u> |
| Total culture and recreation | <u>279,960</u> | <u>279,960</u> | <u>324,787</u> | <u>(44,827)</u> |
| Capital outlay | | | | |
| Community infrastructure development | | | | |
| Street construction | 535,000 | 535,000 | 387,255 | 147,745 |
| Fixed equipment | 593,000 | 593,000 | 312,615 | 280,385 |
| Remodel | 540,000 | 540,000 | 190,235 | 349,765 |
| Construction | 1,015,500 | 1,015,500 | 568,439 | 447,061 |
| Engineering/architecture | 30,000 | 30,000 | 8,977 | 21,023 |
| Total capital outlay | <u>2,713,500</u> | <u>2,713,500</u> | <u>1,467,521</u> | <u>1,245,979</u> |
| Debt service | | | | |
| Principal retirement | 460,000 | 460,000 | 460,000 | - |
| Interest and fiscal charges | 131,955 | 131,955 | 131,733 | 222 |
| Total debt service | <u>591,955</u> | <u>591,955</u> | <u>591,733</u> | <u>222</u> |
| Total expenditures | <u>\$31,670,824</u> | <u>\$31,670,824</u> | <u>\$30,225,933</u> | <u>\$ 1,444,891</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2023

| | Special Revenue | | | | Total |
|---|---------------------|--------------------|------------------|----------------------|---------------------|
| | Motor Fuel Tax | Dispatch Center | State Seizure | Hawthorn Mall TIF | |
| Assets | | | | | |
| Cash and investments | \$ 2,286,720 | \$ 539,485 | \$ 8,590 | \$ - | \$ 2,834,795 |
| Receivables: | | | | | |
| Taxes | - | 251,706 | - | - | 251,706 |
| Intergovernmental | 160,355 | - | - | - | 160,355 |
| Accrued interest | 965 | - | - | - | 965 |
| Prepaid items | - | 39,001 | - | - | 39,001 |
| Total assets | <u>2,448,040</u> | <u>830,192</u> | <u>8,590</u> | <u>-</u> | <u>3,286,822</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 52,593 | \$ 82,906 | \$ - | \$ - | \$ 135,499 |
| Accrued payroll | - | 27,163 | - | - | 27,163 |
| Due to other funds | - | - | - | 53,005 | 53,005 |
| Total liabilities | <u>52,593</u> | <u>110,069</u> | <u>-</u> | <u>53,005</u> | <u>215,667</u> |
| Deferred Inflows | | | | | |
| Unavailable revenues | - | 42,179 | - | - | 42,179 |
| Total liabilities and deferred inflows | <u>52,593</u> | <u>152,248</u> | <u>-</u> | <u>53,005</u> | <u>257,846</u> |
| Fund Balances (Deficit) | | | | | |
| Nonspendable | | | | | |
| Prepaid items | - | 39,001 | - | - | 39,001 |
| Restricted | | | | | |
| Streets and roads | 2,395,447 | - | - | - | 2,395,447 |
| Public safety | - | 638,943 | 8,590 | - | 647,533 |
| Unassigned | - | - | - | (53,005) | (53,005) |
| Total fund balances (deficit) | <u>2,395,447</u> | <u>677,944</u> | <u>8,590</u> | <u>(53,005)</u> | <u>3,028,976</u> |
| Total liabilities and fund balances (deficit) | <u>\$ 2,448,040</u> | <u>\$ 830,192</u> | <u>\$ 8,590</u> | <u>\$ -</u> | <u>\$ 3,286,822</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended April 30, 2023

| | Special Revenue | | | | Total |
|--|---------------------|--------------------|------------------|----------------------|---------------------|
| | Motor Fuel Tax | Dispatch Center | State Seizure | Hawthorn Mall TIF | |
| Revenues | | | | | |
| Taxes | \$ - | \$ 488,290 | \$ - | \$ 37,825 | \$ 526,115 |
| Intergovernmental - taxes | 1,137,427 | - | - | - | 1,137,427 |
| Intergovernmental - grants | 598,938 | - | - | - | 598,938 |
| Charges for services | - | 965,058 | - | - | 965,058 |
| Fines and forfeitures | - | - | 8,509 | - | 8,509 |
| Investment income | 98,254 | 177 | - | - | 98,431 |
| Total revenues | <u>1,834,619</u> | <u>1,453,525</u> | <u>8,509</u> | <u>37,825</u> | <u>3,334,478</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Public safety | - | 2,280,789 | 26,000 | - | 2,306,789 |
| Economic development | - | - | - | 83,693 | 83,693 |
| Capital outlay | 1,736,141 | - | - | - | 1,736,141 |
| Total expenditures | <u>1,736,141</u> | <u>2,280,789</u> | <u>26,000</u> | <u>83,693</u> | <u>4,126,623</u> |
| Excess (deficiency) of revenues over (under) expenditures | 98,478 | (827,264) | (17,491) | (45,868) | (792,145) |
| Other financing sources - transfer in | - | - | - | 3,783 | 3,783 |
| Net changes in fund balances | 98,478 | (827,264) | (17,491) | (42,085) | (788,362) |
| Fund balances (deficit), beginning of the year | <u>2,296,969</u> | <u>1,505,208</u> | <u>26,081</u> | <u>(10,920)</u> | <u>3,817,338</u> |
| Fund balances (deficit), end of the year | <u>\$ 2,395,447</u> | <u>\$ 677,944</u> | <u>\$ 8,590</u> | <u>\$ (53,005)</u> | <u>\$ 3,028,976</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Motor Fuel Tax
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|---------------------|---------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Intergovernmental - taxes | \$ 1,148,000 | \$ 1,148,000 | \$ 1,137,427 | \$ (10,573) |
| Intergovernmental - grants | 552,000 | 552,000 | 598,938 | 46,938 |
| Investment income (loss) | (5,000) | (5,000) | 98,254 | 103,254 |
| Total revenues | <u>1,695,000</u> | <u>1,695,000</u> | <u>1,834,619</u> | <u>139,619</u> |
| Expenditures | | | | |
| Capital outlay | <u>2,464,000</u> | <u>2,464,000</u> | <u>1,736,141</u> | <u>727,859</u> |
| Total expenditures | <u>2,464,000</u> | <u>2,464,000</u> | <u>1,736,141</u> | <u>727,859</u> |
| Changes in fund balance | <u>\$ (769,000)</u> | <u>\$ (769,000)</u> | 98,478 | <u>\$ 867,478</u> |
| Fund balance, beginning of year | | | <u>2,296,969</u> | |
| Fund balance, end of year | | | <u>\$ 2,395,447</u> | |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual
Dispatch Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|-----------------------|-----------------------|-------------------|------------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| 911 surcharge | \$ 514,900 | \$ 514,900 | \$ 488,290 | \$ (26,610) |
| Charges for services | 970,700 | 970,700 | 965,058 | (5,642) |
| Interest | - | - | 177 | 177 |
| Total revenues | <u>1,485,600</u> | <u>1,485,600</u> | <u>1,453,525</u> | <u>(32,075)</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Personal services | 1,787,730 | 1,787,730 | 1,591,531 | 196,199 |
| Contractual services | 679,316 | 679,316 | 652,372 | 26,944 |
| Commodities | 5,950 | 5,950 | 5,587 | 363 |
| Equipment | 105,600 | 105,600 | 31,299 | 74,301 |
| Total expenditures | <u>2,578,596</u> | <u>2,578,596</u> | <u>2,280,789</u> | <u>297,807</u> |
| Changes in fund balance | <u>\$ (1,092,996)</u> | <u>\$ (1,092,996)</u> | (827,264) | <u>\$ 265,732</u> |
| Fund balance, beginning of year | | | 1,505,208 | |
| Fund balance, end of year | | | <u>\$ 677,944</u> | |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual
Hawthorn Mall Tax Increment Financing Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|--------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ 37,100 | \$ 37,100 | \$ 37,825 | \$ 725 |
| Total revenues | <u>37,100</u> | <u>37,100</u> | <u>37,825</u> | <u>725</u> |
| Expenditures | | | | |
| Economic development: | | | | |
| Contractual services | 35,000 | 35,000 | 83,693 | (48,693) |
| Total expenditures | <u>35,000</u> | <u>35,000</u> | <u>83,693</u> | <u>(48,693)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 2,100 | 2,100 | (45,868) | (47,968) |
| Other financing sources | | | | |
| Transfer in | 3,710 | 3,710 | 3,783 | 73 |
| Changes in fund balance | <u>\$ 5,810</u> | <u>\$ 5,810</u> | (42,085) | <u>\$ (47,895)</u> |
| Fund balance, beginning of year | | | <u>(10,920)</u> | |
| Fund balance, end of year | | | <u>\$ (53,005)</u> | |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual
Golf Course Fund
For the Year Ended April 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------------|--------------------|--------------------|-------------------|------------------------------------|
| Operating revenues | | | | |
| Charges for services | \$ 453,559 | \$ 453,559 | \$ 445,471 | \$ (8,088) |
| Total operating revenues | <u>453,559</u> | <u>453,559</u> | <u>445,471</u> | <u>(8,088)</u> |
| Operating expenses | | | | |
| Operations | 509,477 | 509,477 | 467,704 | 41,773 |
| Total operating expenses | <u>509,477</u> | <u>509,477</u> | <u>467,704</u> | <u>41,773</u> |
| Operating loss before depreciation | (55,918) | (55,918) | (22,233) | 33,685 |
| Depreciation | <u>-</u> | <u>-</u> | <u>5,057</u> | <u>(5,057)</u> |
| Operating loss | (55,918) | (55,918) | (27,290) | 28,628 |
| Non-operating revenues | | | | |
| Interest income | <u>7</u> | <u>7</u> | <u>45</u> | <u>38</u> |
| Changes in net position | <u>\$ (55,911)</u> | <u>\$ (55,911)</u> | <u>(27,245)</u> | <u>\$ 28,666</u> |
| Net position, beginning of the year | | | <u>317,031</u> | |
| Net position, end of the year | | | <u>\$ 289,786</u> | |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2012A
 April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 3,700,000</u> | <u>\$ 209,500</u> | <u>\$ 3,909,500</u> | | <u>\$ 104,750</u> | | <u>\$ 104,750</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2012B
 April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 450,000</u> | <u>\$ 21,550</u> | <u>\$ 471,550</u> | | <u>\$ 10,775</u> | | <u>\$ 10,775</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
Long-Term Debt Requirements
General Obligation Bonds, Series 2014 – Police Station
April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 2,240,000</u> | <u>\$ 439,615</u> | <u>\$ 2,679,615</u> | | <u>\$ 219,811</u> | | <u>\$ 219,811</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2014 - Communication Center
 April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 37,759</u> | <u>\$ 437,759</u> | | <u>\$ 18,881</u> | | <u>\$ 18,881</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, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 380,000</u> | <u>\$ 13,680</u> | <u>\$ 393,680</u> | | <u>\$ 6,841</u> | | <u>\$ 6,841</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2015A
 April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 1,080,000</u> | <u>\$ 198,262</u> | <u>\$ 1,278,262</u> | | <u>\$ 99,136</u> | | <u>\$ 99,136</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2015B
 April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 1,900,000</u> | <u>\$ 118,063</u> | <u>\$ 2,018,063</u> | | <u>\$ 59,032</u> | | <u>\$ 59,032</u> |

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2017
 April 30, 2023

| | |
|-------------------------|---|
| 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 |
| 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>\$ 17,295,000</u> | <u>\$ 4,994,189</u> | <u>\$ 22,289,189</u> | | <u>\$ 2,497,093</u> | | <u>\$ 2,497,093</u> |

See independent auditor's report.

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 72,396,535 | \$ 73,397,308 | \$ 74,675,375 | \$ 75,273,762 | \$ 74,727,114 | \$ 75,753,586 | \$ 77,689,771 | \$ 79,574,960 | \$ 82,205,307 | \$ 83,986,644 |
| Restricted | 12,686,033 | 9,762,579 | 7,470,592 | 6,648,264 | 7,085,698 | 8,840,827 | 2,495,260 | 1,989,778 | 6,391,658 | 2,831,873 |
| Unrestricted | 1,003,639 | (8,948,347) | (18,579,525) | (24,346,352) | (23,355,194) | (18,494,359) | 3,774,935 | 3,722,990 | 22,222,353 | 24,907,019 |
| Total governmental activities net position | \$ 86,086,207 | \$ 74,211,540 | \$ 63,566,442 | \$ 57,575,674 | \$ 58,457,618 | \$ 66,100,054 | \$ 83,959,966 | \$ 85,287,728 | \$ 110,819,318 | \$ 111,725,536 |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 388,258 | \$ 393,315 | \$ 410,732 | \$ 339,361 | \$ 379,326 | \$ 443,291 | \$ 518,131 | \$ 457,015 | \$ 521,711 | \$ 586,405 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | (98,472) | (76,284) | (16,756) | (718,038) | (540,128) | (439,127) | (369,729) | (251,977) | (227,142) | (222,509) |
| Total Business-Type Activities Net Position | \$ 289,786 | \$ 317,031 | \$ 393,976 | \$ (378,677) | \$ (160,802) | \$ 4,164 | \$ 148,402 | \$ 205,038 | \$ 294,569 | \$ 363,896 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 72,784,793 | \$ 73,790,623 | \$ 75,086,107 | \$ 75,613,123 | \$ 75,106,440 | \$ 76,196,877 | \$ 78,207,902 | \$ 80,031,975 | \$ 82,727,018 | \$ 84,573,049 |
| Restricted | 12,686,033 | 9,762,579 | 7,470,592 | 6,648,264 | 7,085,698 | 8,840,827 | 2,495,260 | 1,989,778 | 6,391,658 | 2,831,873 |
| Unrestricted | 905,167 | (9,024,631) | (18,596,281) | (25,064,390) | (23,895,322) | (18,933,486) | 3,405,206 | 3,471,013 | 21,995,211 | 24,684,510 |
| Total Primary Government Net Position | \$ 86,375,993 | \$ 74,528,571 | \$ 63,960,418 | \$ 57,196,997 | \$ 58,296,816 | \$ 66,104,218 | \$ 84,108,368 | \$ 85,492,766 | \$ 111,113,887 | \$ 112,089,432 |

Data Source

Audited financial statements

See independent auditor's report.

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

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 11,594,733 | \$ 10,886,946 | \$ 9,976,962 | \$ 10,573,818 | \$ 11,671,187 | \$ 10,465,391 | \$ 10,031,695 | \$ 10,785,366 | \$ 5,105,742 | \$ 4,619,060 |
| Public safety | 15,046,833 | 12,134,889 | 10,996,673 | 14,555,920 | 13,829,273 | 15,152,449 | 13,557,140 | 11,866,591 | 11,202,863 | 10,507,422 |
| Streets and roads | 10,738,065 | 9,401,918 | 8,912,071 | 9,001,587 | 7,794,339 | 8,202,028 | 8,000,396 | 8,673,207 | 8,427,086 | 7,802,713 |
| Economic development | 239,822 | 212,612 | 99,016 | 1,663,589 | 4,000,769 | 14,389,807 | - | 1,488 | - | 4,463 |
| Culture and recreation | 324,787 | 67,270 | 31,532 | 292,421 | 268,706 | 261,213 | 250,870 | 287,664 | 258,590 | 277,671 |
| Interest and fees | 927,881 | 984,558 | 1,058,565 | 1,078,062 | 1,180,996 | 1,500,369 | 615,693 | 677,677 | 852,718 | 901,283 |
| Total governmental activities expenses | <u>38,872,121</u> | <u>33,688,193</u> | <u>31,074,819</u> | <u>37,165,397</u> | <u>38,745,270</u> | <u>49,971,257</u> | <u>32,455,794</u> | <u>32,291,993</u> | <u>25,846,999</u> | <u>24,112,612</u> |
| Business-type activities | | | | | | | | | | |
| Golf course | <u>472,761</u> | <u>519,965</u> | <u>483,922</u> | <u>468,730</u> | <u>507,997</u> | <u>526,194</u> | <u>508,552</u> | <u>530,174</u> | <u>518,417</u> | <u>514,147</u> |
| Total primary government expenses | <u>\$ 39,344,882</u> | <u>\$ 34,208,158</u> | <u>\$ 31,558,741</u> | <u>\$ 37,634,127</u> | <u>\$ 39,253,267</u> | <u>\$ 50,497,451</u> | <u>\$ 32,964,346</u> | <u>\$ 32,822,167</u> | <u>\$ 26,365,416</u> | <u>\$ 24,626,759</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 2,134,562 | \$ 3,735,625 | \$ 3,025,548 | \$ 2,438,566 | \$ 2,326,947 | \$ 3,292,044 | \$ 2,841,747 | \$ 1,856,949 | \$ 2,326,412 | \$ 2,595,479 |
| Public safety | 1,356,565 | 1,306,988 | 1,148,232 | 1,243,380 | 1,512,387 | 1,459,367 | 1,632,547 | 1,258,030 | 1,288,454 | 1,195,253 |
| Culture and recreation | 152,701 | - | - | 78,507 | 98,124 | 138,968 | 139,418 | 124,238 | 300,789 | 226,199 |
| Operating grants and contributions | 4,787,744 | 1,052,213 | 969,194 | 937,891 | 666,373 | 670,447 | 668,032 | 672,244 | 847,934 | 751,035 |
| Capital grants and contributions | 598,938 | 626,996 | 1,948,924 | 38,783 | 194,124 | 3,474 | 4,131 | 159,065 | 28,902 | 5,358 |
| Total governmental activities program revenues | <u>9,030,510</u> | <u>6,721,822</u> | <u>7,091,898</u> | <u>4,737,127</u> | <u>4,797,955</u> | <u>5,564,300</u> | <u>5,285,875</u> | <u>4,070,526</u> | <u>4,792,491</u> | <u>4,773,324</u> |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Golf course | <u>445,471</u> | <u>443,012</u> | <u>505,210</u> | <u>248,649</u> | <u>342,163</u> | <u>376,044</u> | <u>408,651</u> | <u>440,539</u> | <u>449,077</u> | <u>467,568</u> |
| Total primary government program revenues | <u>\$ 9,475,981</u> | <u>\$ 7,164,834</u> | <u>\$ 7,597,108</u> | <u>\$ 4,985,776</u> | <u>\$ 5,140,118</u> | <u>\$ 5,940,344</u> | <u>\$ 5,694,526</u> | <u>\$ 4,511,065</u> | <u>\$ 5,241,568</u> | <u>\$ 5,240,892</u> |
| Net (Expenses) Revenue | | | | | | | | | | |
| Governmental activities | \$ (29,841,611) | \$ (26,966,371) | \$ (23,982,921) | \$ (32,428,270) | \$ (33,947,315) | \$ (44,406,957) | \$ (27,169,919) | \$ (28,221,467) | \$ (21,054,508) | \$ (19,339,288) |
| Business-type activities | (27,290) | (76,953) | 21,288 | (220,081) | (165,834) | (150,150) | (99,901) | (89,635) | (69,340) | (46,579) |
| Total primary government net (expenses) revenues | <u>\$ (29,868,901)</u> | <u>\$ (27,043,324)</u> | <u>\$ (23,961,633)</u> | <u>\$ (32,648,351)</u> | <u>\$ (34,113,149)</u> | <u>\$ (44,557,107)</u> | <u>\$ (27,269,820)</u> | <u>\$ (28,311,102)</u> | <u>\$ (21,123,848)</u> | <u>\$ (19,385,867)</u> |

(Continued)

See independent auditor's report.

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

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 ^(b) | 2018 | 2017 | 2016 ^(c) | 2015 | 2014 |
|---|---------------|---------------|---------------|----------------|---------------------|-----------------|----------------|---------------------|---------------|---------------|
| <i>(Continued)</i> | | | | | | | | | | |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Home rule sales | \$ 4,220,471 | \$ 3,909,365 | \$ 3,008,154 | \$ 3,288,904 | \$ 3,476,618 | \$ 3,373,171 | \$ 3,304,832 | \$ 3,197,930 | \$ 727,413 | \$ - |
| Food and beverage ^(a) | 1,713,567 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Utility | 1,211,295 | 1,242,729 | 1,213,494 | 1,279,489 | 1,331,718 | 1,305,235 | 1,363,286 | 1,334,151 | 1,345,000 | 1,404,549 |
| Use ^(a) | 1,109,710 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Telecommunication | 571,333 | 577,639 | 625,548 | 734,250 | 775,922 | 898,686 | 1,016,451 | 1,190,196 | 1,117,728 | 1,258,098 |
| Hotel/motel | 256,387 | 190,558 | 72,700 | 329,380 | 382,495 | 371,175 | 382,900 | 380,093 | 369,509 | 351,087 |
| 911 surcharge | 530,469 | 726,173 | 531,591 | 548,262 | 540,117 | 398,726 | 372,116 | 309,960 | 325,797 | 319,399 |
| Road and bridge | 221,732 | 211,814 | 217,396 | 217,285 | 212,953 | 219,958 | 216,312 | 212,406 | 201,923 | 205,572 |
| Tax increment | 6,078,328 | 5,742,147 | 4,812,319 | 2,677,872 | 2,155,111 | 1,301,846 | 1,216,865 | 1,221,604 | 1,174,513 | 1,281,321 |
| Other | 243,785 | 2,689,494 | 2,216,635 | 2,436,428 | 1,926,599 | 918,219 | 918,874 | 871,620 | 581,481 | 534,105 |
| Intergovernmental | | | | | | | | | | |
| Sales tax | 19,344,132 | 17,776,659 | 13,955,122 | 14,861,729 | 15,443,815 | 14,933,056 | 14,435,680 | 14,006,145 | 11,426,650 | 10,773,512 |
| State income tax | 4,338,379 | 3,721,465 | 2,878,887 | 2,721,856 | 2,438,196 | 2,277,294 | 2,373,802 | 2,676,354 | 2,530,028 | 2,398,252 |
| Investment income | 1,718,770 | 10,163 | 87,056 | 880,832 | 711,434 | 344,004 | 105,285 | 115,636 | 295,485 | 73,881 |
| Miscellaneous | 157,920 | 813,263 | 1,004,787 | 1,570,039 | 197,249 | 205,675 | 135,754 | 41,088 | 55,764 | 67,762 |
| Transfers | - | - | (650,000) | - | - | - | - | - | - | - |
| Total governmental activities | 41,716,278 | 37,611,469 | 29,973,689 | 31,546,326 | 29,592,227 | 26,547,045 | 25,842,157 | 25,557,183 | 20,151,291 | 18,667,538 |
| Business-type activities: | | | | | | | | | | |
| Investment income | 45 | 8 | 217 | 2,206 | 868 | 5,912 | 1,265 | 104 | 13 | 13 |
| Miscellaneous | - | - | - | - | - | - | 42,000 | - | - | - |
| Transfers | - | - | 650,000 | - | - | - | - | - | - | - |
| Capital contribution | - | - | 101,148 | - | - | - | - | - | - | - |
| Total business-type activities | 45 | 8 | 751,365 | 2,206 | 868 | 5,912 | 43,265 | 104 | 13 | 13 |
| Total primary government | \$ 41,716,323 | \$ 37,611,477 | \$ 30,725,054 | \$ 31,548,532 | \$ 29,593,095 | \$ 26,552,957 | \$ 25,885,422 | \$ 25,557,287 | \$ 20,151,304 | \$ 18,667,551 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 11,874,667 | \$ 10,645,098 | \$ 5,990,768 | \$ (881,944) | \$ (4,355,088) | \$ (17,859,912) | \$ (1,327,762) | \$ (2,664,284) | \$ (903,217) | \$ (671,750) |
| Business-type activities | (27,245) | (76,945) | 772,653 | (217,875) | (164,966) | (144,238) | (56,636) | (89,531) | (69,327) | (46,566) |
| Total primary government change in net position | \$ 11,847,422 | \$ 10,568,153 | \$ 6,763,421 | \$ (1,099,819) | \$ (4,520,054) | \$ (18,004,150) | \$ (1,384,398) | \$ (2,753,815) | \$ (972,544) | \$ (718,316) |

Data Source

Audited financial statements

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

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

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

See independent auditor's report.

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

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 964,329 | \$ 836,813 | \$ 878,256 | \$ 1,771,573 | \$ 1,676,713 | \$ 1,289,082 | \$ 1,306,316 | \$ 1,484,993 | \$ 458,220 | \$ 429,650 |
| Restricted | 180,403 | 195,077 | 301,111 | 373,030 | 331,751 | 285,836 | 223,569 | 156,265 | 94,738 | 168,098 |
| Committed | - | - | - | - | - | - | - | - | 14,075 | 16,398 |
| Unassigned | 44,258,001 | 34,126,096 | 28,282,887 | 25,866,681 | 25,962,612 | 26,204,170 | 25,666,376 | 23,928,382 | 23,282,038 | 23,432,516 |
| Total general fund | \$ 45,402,733 | \$ 35,157,986 | \$ 29,462,254 | \$ 28,011,284 | \$ 27,971,076 | \$ 27,779,088 | \$ 27,196,261 | \$ 25,569,640 | \$ 23,849,071 | \$ 24,046,662 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 39,001 | \$ 399 | \$ 726 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 12,464,230 | 9,567,502 | 7,169,481 | 6,275,234 | 6,753,947 | 8,554,991 | 2,271,691 | 1,898,464 | 6,296,920 | 2,663,775 |
| Unassigned | (53,005) | (10,920) | - | - | - | - | - | (153,789) | - | - |
| Total all other governmental funds | 12,450,226 | 9,556,981 | 7,170,207 | 6,275,234 | 6,753,947 | 8,554,991 | 2,271,691 | 1,744,675 | 6,296,920 | 2,663,775 |
| Total governmental funds | \$ 57,852,959 | \$ 44,714,967 | \$ 36,632,461 | \$ 34,286,518 | \$ 34,725,023 | \$ 36,334,079 | \$ 29,467,952 | \$ 27,314,315 | \$ 30,145,991 | \$ 26,710,437 |

Data Source

Audited financial statements

See independent auditor's report.

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

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|--------------|--------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 16,114,898 | \$ 15,289,919 | \$ 12,697,837 | \$ 11,511,870 | \$ 10,801,533 | \$ 11,064,312 | \$ 11,165,438 | \$ 11,394,315 | \$ 7,931,917 | \$ 7,752,383 |
| Intergovernmental | 29,064,194 | 23,116,956 | 19,752,127 | 18,560,259 | 18,742,508 | 15,606,977 | 15,107,842 | 14,837,454 | 12,303,486 | 11,436,408 |
| Licenses, permits, and fees | 1,638,836 | 2,642,583 | 2,059,703 | 1,350,676 | 1,213,770 | 2,106,354 | 1,650,784 | 978,799 | 1,332,717 | 1,672,668 |
| Charges for services | 1,479,694 | 2,239,153 | 1,940,975 | 2,169,168 | 2,453,114 | 2,473,417 | 2,650,717 | 1,953,031 | 2,212,165 | 1,984,712 |
| Fines and forfeitures | 194,785 | 160,878 | 173,104 | 240,610 | 270,574 | 299,051 | 305,422 | 307,387 | 370,773 | 359,551 |
| Investment income | 1,718,193 | 10,162 | 87,057 | 880,832 | 711,434 | 344,004 | 105,285 | 115,636 | 295,485 | 73,881 |
| Miscellaneous | 607,935 | 627,589 | 727,540 | 520,038 | 197,249 | 217,230 | 142,544 | 41,088 | 55,764 | 67,762 |
| Total revenues | 50,818,535 | 44,087,240 | 37,438,343 | 35,233,453 | 34,390,182 | 32,111,345 | 31,128,032 | 29,627,710 | 24,502,307 | 23,347,365 |
| Expenditures | | | | | | | | | | |
| General government | 10,731,177 | 10,472,057 | 9,284,377 | 9,687,597 | 9,647,854 | 9,073,246 | 8,862,203 | 8,214,056 | 3,842,991 | 3,668,619 |
| Public safety | 13,830,263 | 13,790,696 | 12,883,073 | 12,569,810 | 11,978,282 | 12,150,938 | 11,634,011 | 11,050,969 | 10,932,262 | 10,254,629 |
| Streets and roads | 5,587,241 | 5,116,200 | 4,993,737 | 4,952,499 | 4,551,301 | 4,742,456 | 4,409,098 | 4,560,218 | 5,883,011 | 5,234,011 |
| Economic development | 239,822 | 212,612 | 99,016 | 1,663,589 | 4,000,769 | 14,389,807 | - | 1,488 | - | 4,463 |
| Culture and recreation | 324,787 | 67,270 | 31,532 | 292,421 | 268,706 | 261,213 | 250,870 | 287,664 | 258,590 | 277,671 |
| Capital outlay | 3,203,662 | 2,595,060 | 3,337,173 | 3,739,407 | 1,677,466 | 1,944,919 | 1,828,930 | 7,170,422 | 1,108,942 | 385,859 |
| Debt service | | | | | | | | | | |
| Principal | 2,860,000 | 2,790,000 | 2,700,000 | 1,715,000 | 2,745,000 | 1,470,000 | 1,415,000 | 645,000 | 1,720,000 | 2,435,000 |
| Interest and fiscal charges | 903,591 | 960,839 | 1,014,840 | 1,049,139 | 1,129,860 | 1,402,639 | 574,283 | 768,087 | 808,478 | 910,400 |
| Total expenditures | 37,680,543 | 36,004,734 | 34,343,748 | 35,669,462 | 35,999,238 | 45,435,218 | 28,974,395 | 32,697,904 | 24,554,274 | 23,170,652 |
| Excess (deficiency) of revenues over (under) expenditures | 13,137,992 | 8,082,506 | 3,094,595 | (436,009) | (1,609,056) | (13,323,873) | 2,153,637 | (3,070,194) | (51,967) | 176,713 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 607,833 | 619,971 | 3,803,426 | 1,537,787 | 2,356,670 | 2,259,650 | 1,592,396 | 1,515,383 | 1,804,752 | 1,255,093 |
| Transfers (out) | (607,833) | (619,971) | (4,554,574) | (1,537,787) | (2,356,670) | (2,259,650) | (1,592,396) | (1,515,383) | (1,804,752) | (1,255,093) |
| Proceeds from bonds | - | - | - | - | - | 20,190,000 | - | 7,260,000 | 5,630,000 | - |
| Premium on debt issuance | - | - | - | - | - | - | - | 187,651 | - | - |
| Payment to escrow agent | - | - | - | - | - | - | - | (5,301,500) | (2,142,479) | - |
| Total other financing sources (uses) | - | - | (751,148) | - | - | 20,190,000 | - | 2,146,151 | 3,487,521 | - |
| Net changes in fund balances | \$ 13,137,992 | \$ 8,082,506 | \$ 2,343,447 | \$ (436,009) | \$ (1,609,056) | \$ 6,866,127 | \$ 2,153,637 | \$ (924,043) | \$ 3,435,554 | \$ 176,713 |
| Debt service as a percentage of noncapital expenditures | 10.21% | 10.66% | 11.33% | 8.32% | 10.84% | 6.40% | 4.92% | 10.63% | 14.49% | 10.83% |

Data Source

Audited financial statements

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Taxable Sales by Category Last Ten Calendar Years

| Calendar Year | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Category^(a) | | | | | | | | | | |
| General merchandise | \$ 137,205 | \$ 132,164 | \$ 110,910 | \$ 140,349 | \$ 159,538 | \$ 167,288 | \$ 185,173 | \$ 240,218 | \$ 248,838 | \$ 259,790 |
| Food | 213,230 | 177,460 | 165,510 | 151,913 | 124,155 | 108,752 | 113,058 | 78,873 | 90,126 | 92,537 |
| Drinking and eating places | 118,962 | 103,295 | 84,066 | 114,671 | 100,453 | 100,207 | 105,284 | 102,926 | 96,057 | 88,134 |
| Apparel | 68,920 | 62,303 | 38,653 | 67,996 | 67,434 | 68,177 | 74,305 | 73,630 | 74,288 | 77,548 |
| Furniture, H.H., and radio | 128,711 | 142,216 | 125,576 | 413,518 | 700,564 | 649,251 | 641,001 | 626,968 | 561,089 | 477,700 |
| Lumber, building hardware | 100,823 | 95,263 | 88,773 | 75,979 | 68,559 | 50,049 | 48,839 | 49,342 | 48,696 | 45,045 |
| Automobile and filling stations | 39,899 | 33,768 | 27,462 | 35,030 | 35,682 | 32,588 | 31,657 | 33,359 | 36,024 | 32,105 |
| Drugs and miscellaneous retail | 168,155 | 155,909 | 87,144 | 104,800 | 101,702 | 102,403 | 107,399 | 104,319 | 114,189 | 116,465 |
| Agriculture and all others | 997,323 | 725,469 | 602,260 | 436,002 | 162,302 | 152,070 | 137,450 | 95,806 | 83,123 | 79,358 |
| Manufacturers | 6,550 | 8,426 | 5,648 | 7,813 | 8,154 | 10,110 | 11,728 | 10,001 | 11,147 | 11,033 |
| Total taxable sales | \$ 1,979,778 | \$ 1,636,273 | \$ 1,336,002 | \$ 1,548,071 | \$ 1,528,543 | \$ 1,440,895 | \$ 1,455,894 | \$ 1,415,442 | \$ 1,363,577 | \$ 1,279,715 |
| Village direct sales tax rate ^(b) | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.00% | 1.00% | 1.00% |

Data Source

Illinois Department of Revenue

Notes

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

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

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Direct Sales Tax Rates | | | | | | | | | | |
| Village of Vernon Hills Home Rule ^(a) | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | N/A |
| State of Illinois Municipal Tax | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Total direct sales tax rate | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.00% |
| Overlapping Sales Tax Rates | | | | | | | | | | |
| State of Illinois excluding 1% Municipal Tax | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% |
| Regional Transportation Authority (RTA) | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% |
| Total overlapping sales tax rate | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Total Direct and Overlapping Sales Tax Rates | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% | 7.00% |

Data Source

Illinois Department of Revenue
Village records

Notes

Reported sales tax rates are applicable to general merchandise.

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

N/A Not applicable

See independent auditor's report.

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

| <u>Tax Levy Year</u> | <u>Residential Property</u> | <u>Farm Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Total Taxable Assessed Value</u> | <u>Railroad Property</u> | <u>Total Assessed Value</u> | <u>Estimated Actual Value of Property</u> | <u>Total Direct Tax Rate</u> |
|----------------------|-----------------------------|----------------------|----------------------------|----------------------------|-------------------------------------|--------------------------|-----------------------------|---|------------------------------|
| 2013 | \$ 710,262 | \$ 56 | \$ 326,597 | \$ 595 | \$ 1,037,510 | \$ 127 | \$ 1,037,638 | \$ 3,112,913 | \$ - |
| 2014 | 708,727 | 57 | 324,566 | 590 | 1,033,941 | 149 | 1,034,090 | 3,102,270 | - |
| 2015 | 746,990 | 58 | 331,137 | 598 | 1,078,783 | 180 | 1,078,963 | 3,236,889 | - |
| 2016 | 800,235 | 63 | 352,783 | 631 | 1,153,712 | 199 | 1,153,911 | 3,461,732 | - |
| 2017 | 836,188 | 67 | 361,915 | 665 | 1,198,836 | 164 | 1,199,001 | 3,597,002 | - |
| 2018 | 852,359 | 558 | 374,093 | 687 | 1,227,697 | 173 | 1,227,870 | 3,683,609 | - |
| 2019 | 893,278 | 226 | 400,328 | 695 | 1,294,526 | 174 | 1,294,700 | 3,884,101 | - |
| 2020 | 882,668 | 225 | 393,035 | 692 | 1,276,621 | 172 | 1,276,793 | 3,830,379 | - |
| 2021 | 884,005 | 187 | 388,019 | 704 | 1,272,916 | 172 | 1,273,088 | 3,819,263 | - |
| 2022 | 907,561 | 191 | 406,883 | 720 | 1,315,356 | 158 | 1,315,514 | 3,946,541 | - |

Data Source

Office of the Lake County Clerk

Notes

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

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

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

See independent auditor's report.

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

| Tax Levy Year | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Overlapping Property Tax Rates | | | | | | | | | | |
| Central Lake County Joint Action Water Agency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.045 | \$ 0.046 | \$ 0.054 | \$ 0.056 | \$ 0.055 |
| Hawthorn School District No. 73 | 4.017 | 3.916 | 3.851 | 3.740 | 3.847 | 3.825 | 3.871 | 4.033 | 4.118 | 3.997 |
| Community High School District No. 128 | 2.750 | 2.674 | 2.603 | 2.513 | 2.502 | 2.494 | 2.532 | 2.732 | 2.687 | 2.919 |
| College of Lake County No. 532 | 0.296 | 0.293 | 0.290 | 0.282 | 0.282 | 0.281 | 0.285 | 0.299 | 0.306 | 0.296 |
| Libertyville Township | 0.129 | 0.129 | 0.127 | 0.123 | 0.122 | 0.122 | 0.124 | 0.131 | 0.134 | 0.131 |
| Lake County | 0.589 | 0.598 | 0.598 | 0.597 | 0.612 | 0.622 | 0.632 | 0.663 | 0.683 | 0.663 |
| Lake County Forest Preserve | 0.173 | 0.179 | 0.182 | 0.180 | - | 0.187 | 0.193 | 0.208 | 0.210 | 0.218 |
| Vernon Hills Park District | 0.460 | 0.446 | 0.434 | 0.420 | 0.411 | 0.416 | 0.419 | 0.458 | 0.455 | 0.445 |
| Cook Memorial Public Library District | 0.288 | 0.291 | 0.286 | 0.283 | 0.284 | 0.284 | 0.289 | 0.304 | 0.312 | 0.303 |
| Countryside Fire Protection District | 0.633 | 0.610 | 0.596 | 0.566 | 0.564 | 0.560 | 0.570 | 0.598 | 0.613 | 0.597 |
| Total overlapping property tax rate | 9.335 | 9.136 | 8.967 | 8.704 | 8.624 | 8.836 | 8.961 | 9.480 | 9.574 | 9.624 |
| Village Direct Property Tax Rate | | | | | | | | | | |
| Village of Vernon Hills | - | - | - | - | - | - | - | - | - | - |
| Total direct and overlapping property tax rate | \$ 9.335 | \$ 9.136 | \$ 8.967 | \$ 8.704 | \$ 8.624 | \$ 8.836 | \$ 8.961 | \$ 9.480 | \$ 9.574 | \$ 9.624 |

Data Source

Office of the Lake County Clerk

Notes

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

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Property Taxpayers Current Year and Nine Years Ago

| Taxpayer | 2023 | | | 2014 | | |
|-------------------------------------|-----------------------|------|--|----------------------|------|--|
| | Taxable Assessed | Rank | Percent of Total Village Taxable Assessed | Taxable Assessed | Rank | Percent of Total Village Taxable Assessed |
| | Value | | Value | Value | | Value |
| Hawthorn LP | \$ 26,625,876 | 1 | 2.02% | \$ 20,250,467 | 1 | 1.95% |
| Passco Melody Farm DST Trust | 24,897,641 | 2 | 1.89% | | | - |
| Mesirow Financial Revf III Reit LLC | 20,118,492 | 3 | 1.53% | | | - |
| Melody Farm LLC | 19,120,598 | 4 | 1.45% | | | - |
| Azure Partners LLC | 17,679,710 | 5 | 1.34% | | | - |
| Van Missingen & Co. | 10,473,509 | 6 | 0.80% | 14,694,838 | 2 | 1.42% |
| IRC Retail Centers | 8,424,127 | 7 | 0.64% | 12,198,780 | 3 | 1.18% |
| CDW Computer Centers, Inc. | 8,324,372 | 8 | 0.63% | 7,892,107 | 6 | 0.76% |
| Hawthorn Hills Square, LLC | 8,204,100 | 9 | 0.62% | 6,791,882 | 8 | 0.65% |
| 700 LLC | 7,823,364 | 10 | 0.59% | - | | 0.65% |
| PWA Continental Executive Park, LP | - | | - | 7,118,368 | 7 | 0.69% |
| Museum Gardens II LLC | - | | - | 11,968,661 | 4 | 1.15% |
| Leahy Vernon Hills Development | - | | - | 8,929,422 | 5 | 0.86% |
| Walmart Stores, Inc. | - | | - | 5,227,678 | 9 | 0.50% |
| Corporate Woods Associates, LLC | - | | - | 5,208,038 | 10 | 0.50% |
| Total | \$ 151,691,789 | | 11.51% | \$100,280,241 | | 10.31% |

Data Source

Office of the Lake County Clerk

Notes

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

| Fiscal Year | General Activities | | | | Total Primary Government | Percentage of Personal Income ^(a) | Per Capita ^(a) |
|-------------|--------------------------|-------------------------|-------------------------|---------------------|--------------------------|--|---------------------------|
| | General Obligation Bonds | Alternate Revenue Bonds | TIF Revenue Bonds/Notes | Unamortized Premium | | | |
| 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 |
| 2023 | 27,445,000 | - | - | 131,436 | 27,576,436 | 1.93% | 1,031.94 |

Data Source

Audited financial statements

Notes

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

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

| Fiscal Year | General Activities | | | Total | Percentage ^(a) of Total Taxable Sales | Per ^(b) Capita |
|-------------|--------------------------------|------------------------|--|---------------|--|------------------------------|
| | General Obligation Bonds | Unamortized Premium | Less Amounts Restricted for Debt Service | | | |
| 2014 | \$ 14,070,000 | \$ - | \$ - | \$ 14,070,000 | 1.10% | \$ 549 |
| 2015 | 16,075,000 | 156,025 | - | 16,231,025 | 1.19% | 626 |
| 2016 | 22,950,000 | 325,752 | - | 23,275,752 | 1.64% | 885 |
| 2017 | 21,535,000 | 297,666 | - | 21,832,666 | 1.50% | 829 |
| 2018 | 40,255,000 | 269,581 | - | 40,524,581 | 2.81% | 1,544 |
| 2019 | 37,510,000 | 239,236 | - | 37,749,236 | 2.47% | 1,420 |
| 2020 | 35,795,000 | 212,286 | - | 36,007,286 | 2.33% | 1,371 |
| 2021 | 33,095,000 | 185,336 | - | 33,280,336 | 2.49% | 1,239 |
| 2022 | 30,305,000 | 158,387 | - | 30,463,387 | 1.86% | 1,137 |
| 2023 | 27,445,000 | 131,436 | - | 27,576,436 | 1.39% | 1,032 |

Data Source

Village records

Notes

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

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

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

See Taxable Sales by Category schedule for taxable sales data.

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Direct and Overlapping Governmental Activities Debt April 30, 2023

| Governmental Unit | Gross Debt | Applicable to the Village | |
|---|-----------------------|---------------------------|-----------------------|
| | | Percent ^(a) | Amount |
| Direct Governmental Activities Debt | | | |
| Village | \$ 27,445,000 | 100.00 % | \$ 27,445,000 |
| Overlapping Debt | | | |
| Lake County | 155,595,000 | 4.57 | 7,110,692 |
| Lake County Forest Preserve District | 167,700,000 | 4.57 | 7,663,890 |
| College of Lake County No. 532 | 84,145,000 | 4.79 | 4,030,546 |
| Hawthorn School District No. 73 | 76,917,313 | 67.08 | 51,596,134 |
| Diamond Lake School District No. 76 | 9,520,000 | 24.54 | 2,336,208 |
| Lincolnshire-Prairie View School District No. 103 | 6,395,000 | 21.32 | 1,363,414 |
| Mundelein High School District No. 120 | 53,265,000 | 0.93 | 495,365 |
| Stevenson High School District No. 125 | 43,525,000 | 9.40 | 4,091,350 |
| Countryside Fire Protection District | 1,340,000 | 62.45 | 836,830 |
| Vernon Hills Park District | 7,098,930 | 99.94 | 7,094,671 |
| Total overlapping debt | \$ 605,501,243 | | \$ 86,619,100 |
| Total direct and overlapping debt | \$ 632,946,243 | | \$ 114,064,100 |

Data Source

Office of the Lake County Clerk

Notes

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

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Legal Debt Margin Information April 30, 2023

The Village is a home rule municipality

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

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

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Demographic and Economic Statistics Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income (in Thousands) | Per Capita Personal Income | Median Age | School Enrollment (K-12) | Unemployment Rate |
|-------------|------------|-----------------------------------|----------------------------|------------|--------------------------|-------------------|
| 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% |
| 2023 | 26,723 | 1,429,253 | 53,484 | 40.5 | 5,615 | 3.50% |

Data Source

Population, median age, personal income, school enrollment and unemployment rate information for last ten fiscal years obtained from U.S. Census Bureau - 2020 Decennial Census and the 2011-2021 American Community Surveys

Notes

N/A Not available

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Employers Current Year and Nine Years Ago

| Employer | 2023 | | | 2014 | | |
|---------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | % of Total Village Population | Employees | Rank | % of Total Village Population |
| Becton Dickinson | 600 | 1 | 2.25% | | | |
| Mitsubishi Electric Automation, Inc. | 425 | 2 | 1.59% | 400 | 4 | 1.56% |
| CDW, LLC | 350 | 3 | 1.31% | 350 | 5 | 1.37% |
| Rust-Oleum Corp. | 350 | 3 | 1.31% | 180 | 10 | 0.70% |
| Antylia Scientific (FKA Cole-Palmer) | 300 | 5 | 1.12% | 300 | 6 | 1.17% |
| ZFAftermarket | 300 | 5 | 1.12% | 240 | 7 | 0.94% |
| Target | 300 | 5 | 1.12% | | | |
| Mercer | 250 | 8 | 0.94% | | | |
| Wurth Baer Supply Company | 250 | 8 | 0.94% | | | |
| Tuson Corporation | 225 | 10 | 0.84% | | | |
| Westfield Shoppingtown Hawthorn | | | | 2,500 | 1 | 9.76% |
| Zebra Technologoes Corp. | | | | 900 | 2 | 3.52% |
| American Hotel Register | | | | 400 | 3 | 1.56% |
| Richard Wolf Medical Instruments Corp | | | | 200 | 8 | 0.78% |
| ETA/Cuisenaire | | | | 200 | 8 | 0.78% |
| Total | 3,350 | | 12.54% | 5,670 | | 22.14% |

Data Source

Lake County Partners

2023 Illinois Manufacturer's Directory and Illinois Services Directory

Village ACFR for the fiscal year ended April 30, 2014

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Full-Time Equivalent Employees by Function Last Ten Fiscal Years

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Function/Program | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Management Services | 6.00 | 5.00 | 5.30 | 5.00 | 4.00 | 3.58 | 3.50 | 3.54 | 3.54 | 2.50 |
| Human Resources ^(a) | - | - | - | - | 1.85 | 4.37 | 4.09 | 4.09 | 4.08 | 4.08 |
| Public Works | 20.60 | 20.60 | 24.09 | 22.74 | 25.01 | 24.20 | 24.60 | 23.85 | 25.47 | 24.83 |
| Public Safety | 70.00 | 72.25 | 74.42 | 69.09 | 71.54 | 72.61 | 73.20 | 72.28 | 70.63 | 70.71 |
| Community Development | 6.80 | 6.80 | 6.91 | 7.80 | 7.82 | 8.04 | 7.57 | 7.57 | 7.54 | 7.53 |
| Total | 103.40 | 104.65 | 110.72 | 104.63 | 110.22 | 112.80 | 112.96 | 111.33 | 111.26 | 109.65 |

Data Source

Village records

Notes

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

^(a) Human Resources and Finance were combined into Management Services beginning infiscal year 2020.

VILLAGE OF VERNON HILLS, ILLINOIS

Operating Indicators by Function/Program Last Ten Fiscal Years

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------|----------|----------|--------|----------|--------|--------|----------|----------|--------|
| Function/Program | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Forestry | | | | | | | | | | |
| Number of parkway trees planted ^(a) | 132 | 109 | 65 | 96 | 108 | 108 | 392 | 876 | 1,235 | 603 |
| Number of parkway trees trimmed ^(a) | 1,200 | 859 | 918 | 1,038 | 927 | 927 | 669 | 1,009 | 1,165 | 1,050 |
| Fleet Services | | | | | | | | | | |
| Number of cars/SUVs/vans maintained ^(a) | 35 | 37 | 33 | 41 | 34 | 36 | 36 | 35 | 35 | 43 |
| Number of light trucks maintained ^(a) | 18 | 17 | 17 | 18 | 19 | 20 | 19 | 18 | 18 | 17 |
| Number of heavy trucks maintained ^(a) | 11 | 11 | 11 | 10 | 10 | 10 | 11 | 10 | 10 | 10 |
| Number of loaders/backhoes maintained ^(a) | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 4 |
| Number of small tractors maintained ^(a) | 4 | 4 | 4 | 3 | 2 | 2 | 2 | 1 | 1 | 2 |
| Number of sweepers maintained ^(a) | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of buses maintained ^(a) | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Part I crime ^(a) | 429 | 328 | 331 | 470 | 384 | 528 | 473 | 574 | 544 | 535 |
| Part II crime ^(a) | 675 | 431 | 625 | 622 | 606 | 576 | 633 | 603 | 628 | 551 |
| Calls for service ^(a) | 28,280 | 27,287 | 26,704 | 30,458 | 30,736 | 29,693 | 26,349 | 23,684 | 23,358 | 22,903 |
| State tickets issued ^(a) | 1,292 | 1,145 | 1,090 | 2,339 | 2,309 | 2,876 | 2,602 | 2,273 | 3,271 | 3,480 |
| Compliance tickets issued ^{(a)(b)} | - | - | - | - | 787 | 992 | 903 | 587 | 1,102 | 1,038 |
| Parking tickets issues ^{(a)(b)} | - | - | - | - | 2,309 | 2,509 | 2,286 | 2,419 | 3,407 | 2,974 |
| Administration adjudication citations issued ^{(a)(b)} | 770 | 663 | 1,080 | 2,364 | 2,309 | 2,509 | 2,286 | 2,419 | 3,407 | 2,974 |
| Economic Development | | | | | | | | | | |
| Number of building permits issued | 1,415 | 1,389 | 2,162 | 1,274 | 2,409 | 1,275 | 1,470 | 1,525 | 1,798 | 1,344 |
| Number of building inspections | 4,095 | 4,509 | 4,092 | 2,988 | 6,745 | 3,585 | 3,744 | 3,312 | 5,105 | 3,067 |
| Streets and Roads | | | | | | | | | | |
| Sidewalk/bike trails programs <i>(in Thousands)</i> | \$ 75 | \$ 79 | \$ 78 | \$ 73 | \$ 74 | \$ 49 | \$ 73 | \$ 93 | \$ 56 | \$ 56 |
| Annual resurfacing program <i>(in Thousands)</i> | \$ 1,093 | \$ 1,075 | \$ 1,075 | \$ 988 | \$ 1,020 | \$ 360 | \$ 677 | \$ 1,266 | \$ 1,149 | \$ 625 |

Data Source

Village records

Notes

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

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

See independent auditor's report.

VILLAGE OF VERNON HILLS, ILLINOIS

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Function/Program | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Village Hall | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Communications/training center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 27 | 27 | 26 | 31 | 28 | 30 | 27 | 27 | 29 | 30 |
| Streets and Roads | | | | | | | | | | |
| Streets (lane miles) | 165 | 160 | 160 | 164 | 142 | 142 | 142 | 142 | 142 | 142 |
| Sidewalks (miles) | 109 | 109 | 108 | 108 | 108 | 108 | 108 | 108 | 108 | 108 |
| Streetlights | 2,152 | 2,286 | 2,286 | 2,305 | 2,258 | 2,258 | 2,258 | 2,258 | 2,258 | 2,258 |
| Traffic lights (Village owned) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Culture and Recreation | | | | | | | | | | |
| Athletic complex | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community center | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |

Data Source

Village records

See independent auditor's report.