



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
APRIL 30, 2017**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
April 30, 2017

Prepared by Finance Department

Nikki Larson  
Finance Director

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## **INTRODUCTORY SECTION**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**LIST OF PRINCIPAL OFFICIALS**

**April 30, 2017**

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**ELECTED OFFICIALS**

**VILLAGE BOARD OF TRUSTEES**

Roger Byrne, Village President

Thomas Koch, Village Trustee

Cynthia Hebda, Village Trustee

Barbara Williams, Village Trustee

Michael Marquardt, Village Trustee

Tim Grieb, Village Trustee

James Schultz, Village Trustee

**APPOINTED OFFICIALS**

John Kalmar, Village Manager/Village Clerk

Joe Carey, Assistant Village Manager/Deputy Village Clerk

David Brown, Director of Public Works/Village Engineer

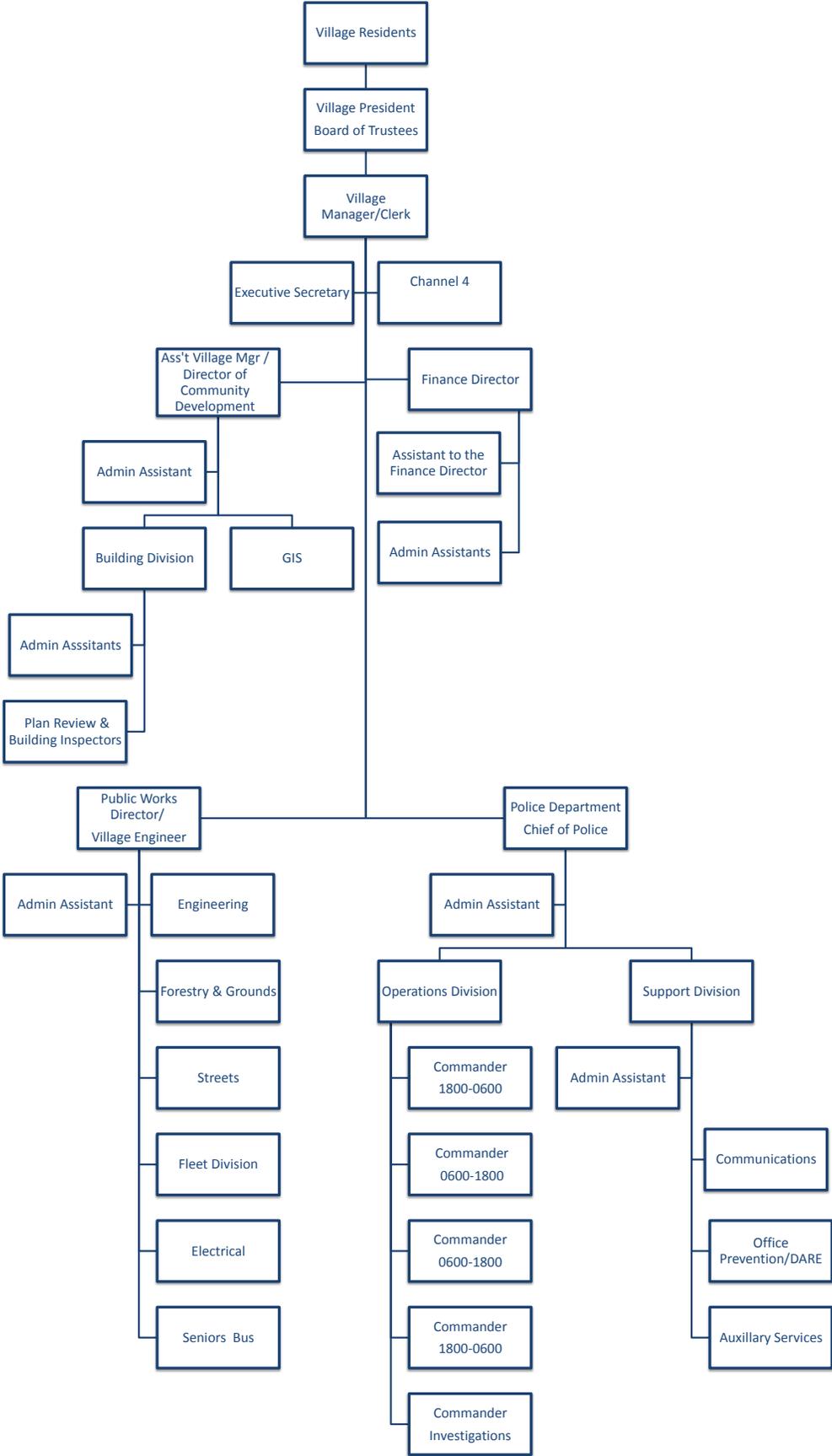
Mark Fleischhauer, Chief of Police

Michael Atkinson, Building Commissioner

Patrick Brankin, Village Attorney

Nikki Larson, Finance Director

# VILLAGE OF VERNON HILLS ORGANIZATIONAL STRUCTURE





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Village of Vernon Hills  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2016**

Executive Director/CEO

October 3, 2017

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year that ended on April 30, 2017.

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

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

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

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

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

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

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

In July of 2010, the Village signed an agreement with the Countryside Fire Protection District that provided for a joint dispatch center. The agreement provided for the relocation of Countryside's dispatchers to the Village's Police Communications Center. In March of 2012, a five-year agreement was reached between the three parties whereby the Village of Libertyville would pay the other two parties for police and fire dispatching services. The first year of the agreement which began August 1, 2012, when Libertyville moved its dispatch over to Vernon Hills. On October 1, 2013 the Village of Lincolnshire moved its dispatch function to Vernon Hills. The agreement with the Village of Libertyville was renewed in April 2017 for another three year term. In January 2015, the State of Illinois passed new legislation requiring the consolidation of local dispatch centers. As part of this new legislation, local agencies are required to consolidate their Emergency Telephone System Boards and participate in a joint dispatch center. Vernon Hills has completed this formal consolidation, which became effective in July 2017.

## ***Local Economy***

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

Lastly, the Mall renovations also included the addition of a 65,000 square foot 12 screen, digital, state of the art AMC Theatre, which opened in April 2015. Two restaurant spaces were also constructed adjacent to the Theatre, with which the Mall is currently in negotiations to fill. Each of these spaces are approximately 6,400 square feet.

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

In 2008, the Shoppes at Gregg's Landing opened, which included 206,000 square foot of retail with Lowe's and Staples stores. Additionally, in June of 2011, a 70,000 square foot Mariano's Fresh Market opened in this same location. In order to assist the developer with land costs to enable Mariano's to locate in Vernon Hills, the Village offered the developer 37% of the sales tax generated for fifteen years or until \$955,000 net present value is realized, whichever occurs first. Due to the success of the grocer, this agreement was terminated in 2016 upon full payment of the rebate. An AAA Car Care Center also opened in Gregg's Landing in August of 2014. A 286,000 square foot Menard's on the North parcel of the development received Board approval in 2014. The construction of the building is currently underway, with anticipated completion in spring of 2018. Also approved and under construction for this site is a 5,740 square foot Chase Bank branch.

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

41% in the last three years, until a net present value of \$600,000 is reached. Steinhafels opened in August of 2011.

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

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

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

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

taken over the lease for this space. Currently, Walmart is working on plans to relocate from Townline Commons to a location outside of Village limits. These negotiations may have an impact on the Village's sales tax revenue in future years.

Vernon Hills also has 837,000 square feet of freestanding retail. Freestanding retail includes a 170,000 square foot Super Target, a 128,000 square foot Sam's Club, an 87,000 square foot Kohl's, a 37,000 square foot Babies "R" US and a 37,000 square foot Walter E. Smithe Furniture. Sam's Club recently received approval to expand their footprint to include a fueling station adjacent to their existing store.

The March 2017 vacancy rate for all retail space in Vernon Hills was 4.4%, down from 9.9% in March of 2010.

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

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

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

All of the above mentioned economic incentive agreements are done in full compliance with State law including applicable prevailing wage laws. As a result of recent retail development and a continued economic recovery, sales tax continues to rebound past pre-recession levels. Sales tax in FY 2016-17 is 3.0% above FY 2015-16 levels.

### ***Corporate Environment***

In 1986, Van Vlssingen and Company developed a 320-acre office and manufacturing park now known as Corporate Woods. Among the largest buildings in Corporate Woods are the 130,000 square foot Richard Wolf Medical Instrument Corporation building, 235,000 square foot Mitsubishi building and the 161,000 square foot Z.F. Industries building. In 2008, a Lifetime Fitness facility opened in Corporate Woods. In 2016, Neil Enterprises began construction of a 106,000 square foot office/warehouse facility. Construction is expected to be completed in 2017.

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

The Village has four hotels to supplement the office parks and visitors: a 148-unit Hotel Indigo, a 119-unit Holiday Inn Express, a 124-unit Homestead Village and a 128-unit Extended Stay America. A 5% Hotel/Motel Tax was extended on these facilities on October 1, 1999. Hotel/Motel revenues have recovered from the deep decline it experienced after the 2008 recession. In FY 2016-17 Hotel/Motel revenue increased by 0.74% over the FY 2015-16 level. The Village also has an Amusement Tax that is imposed on two movie theatres, which have increased by 4.14% over the FY 2015-16 level.

### ***Residential Development***

In 1988, the Village annexed the Cuneo Estate, which was a 1,200-acre track of previously undeveloped land. It is zoned to include retail, office park and residential components. The residential and golf course component of this development is called Gregg's Landing. Of the 2,100 homes approved for the development, as of April 30, 2017, 1,948 were constructed or permitted for construction. The development includes an 18-hole golf course (White Deer Run) built on 320 acres of land donated by developers. The Village negotiated with Par Development to build and operate the golf course. The course began operation in 1998 and the lease agreement calls for the lease to terminate on December 31, 2024. The Village has the right to exercise a buyout option in 2018, and the Golf Course will automatically revert to the Village in 2024. The Village receives a share of gross revenues at an escalating rate of 0.25% from 2012 through 2019, 10% in 2020 and 2021, 15% in 2022 and, finally reaches 20% in 2023 and 2024.

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

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

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

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

For Calendar year 2009, the TIF District had a \$3,645,858 incremental assessed valuation resulting in a \$236,288 tax extension. For 2016, the most recent year, the incremental assessed valuation is \$15,399,479 resulting in a \$1,301,959 extension.

### ***Debt Service***

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

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

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

The Village also issued \$20,190,000 in General Obligation Bonds in May 2017, which is not reflected in the financial statements as of April 30, 2017. The proceeds of these bonds will be used to reimburse a portion of redevelopment costs incurred by developers as part of a redevelopment agreement for the construction of the Melody Farm mixed-use development at the northeast corner of Milwaukee Avenue and Townline Road. This development is part of a newly formed the Milwaukee and Townline Road Tax Increment District, and it is anticipated that these bonds will be paid from increment generated by the new development. Standard and Poor's confirmed the Village's Aaa rating on this bond issue.

### ***Economic Outlook***

The Illinois General Assembly adopted the FY 2018 State of Illinois budget during a special session that started on June 21, 2017 and ran through early July 2017. The Governor subsequently vetoed the budget, which was then overridden by the Senate and House in July 2017. The final budget consisted of three bills, including an appropriations bill, a revenue bill and a budget implementation bill. Unfortunately, the adopted budget negatively impacts the Village of Vernon Hills and its share of local revenue. The revenue portion of the bill provides for a 10% reduction in the local share of the Local Distributive Fund of Income Tax (LGDF) in the State's FY 18 budget year and a 2% administrative fee on the collections of Home Rule Sales Tax. It is estimated that these two changes will result in an estimated reduction of Village revenue of approximately \$275,242 for Fiscal Year 2018.

In consideration of this and any other upcoming economic development proposals, the Village must take into consideration the State of Illinois budget impact and the potential long term impacts to shared revenues. The State's Local Distributive Fund (LGDF)/income tax, which is provided to local governments, will continue to be scrutinized by the legislature as a possible source of revenue. Loss of any portion of LGDF will require use of alternative sources of revenue or a potential reduction in municipal services. The Village remains confident that it has the tools in place to react accordingly to any changes that may be passed down to municipalities, in both the short and long term.

### ***Pensions***

The Village has made a concerted effort to ensure a very realistic plan for funding its Police Pension Fund. The Fund continues to utilize the Entry Age Normal Cost Method to allocate the timing of pension cost and has lowered the investment rate assumptions from 7.0% to 6.0%. In FY 2015, the Fund returned to utilizing a retirement age assumption that has the distribution of retirement ages ending at age 57. In FY 2015-16, the Fund adopted the Academy of Actuaries standard that valuations be done using the 2015 Mortality Improvement Scale instead of the 2000 Mortality Table.

The actuarial assumptions and methods the Village uses resulted in the Police Pension Fund having a 66.1% funding level based on April 30, 2017 data when calculated using the actuarial value of assets. The Village's funding level for the Illinois Municipal Retirement Fund as of December 31, 2016 is 78.82% funded using an actuarial value for assets.

### *Awards and Acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Vernon Hills for its comprehensive annual financial report for the fiscal year ended April 30, 2016. This was the fifteenth consecutive year that the Village has received this prestigious award.

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

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Significant support was also provided by the staff of the Village Manager's Office, Assistant Village Manager/Director of Community Development Joe Carey and the Community Development Department, the Police Chief and the Police Department, as well as Public Works Director/Village Engineer Dave Brown and the Public Works Department.

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

Sincerely,



John Kalmar  
Village Manager



Nikki Larson, CPA, CPFO  
Finance Director / Treasurer

## **FINANCIAL SECTION**



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois, (the Village) as of and for the year ended April 30, 2017, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois as of April 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

*Sikich LLP*

Naperville, Illinois

October 3, 2017

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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Our discussion and analysis of the Village of Vernon Hills' financial performance provides an overview of the Village of Vernon Hills' financial activities for the fiscal year ended April 30, 2017. Please read it in conjunction with the transmittal letter which begins on page iii and the Village of Vernon Hills' financial statements, which begin on page 4.

#### FINANCIAL HIGHLIGHTS

- In FY 2016-17 the Village of Vernon Hills' net position declined by 2.43% or \$2,074,922 to \$83,212,806. This was a drop of \$678,893 less than FY 2015-16 when net position declined by \$25,621,121 or 23.06%. The major reason for last year's decline was the implementation of Governmental Accounting Standards Board (GASB) Statement number 68, which requires governmental agencies to report the entire net pension liability in their government-wide financial statements. The majority of the decrease in the current year was an increase in general government economic incentive expenditures, and expenditures related to public safety personnel.
- Revenues increased by \$1,059,680 or 3.5% from FY 2015-16 levels, while expenses increased by \$380,788 or 1.2%.
- A major factor that contributed to growth in revenues included \$671,985 of revenues generated in FY 2016-17 that resulted from a larger than anticipated growth in permit revenues.
- The expenses for General Government decreased by \$176,914 or 1.6% from FY 2015-16 levels. This is primarily related to conservative spending due to concerns of potential impacts of the State budget crisis.
- Public Safety expenses increased by \$1,690,549 or 14.25% from FY 2015-16 levels. The major contributors were Personal Services costs and equipment costs.
- Business-type Activity net position decreased by 27.6% or \$56,636 to \$148,402 as Golf Course revenues decreased by \$31,888 or by 7.2% from FY 2015-16 levels. Expenses also decreased by \$63,622 or by 12.0%.
- Within the General Fund, revenues exceeded expenditures by \$2,286,349; however, after \$1,406,888 of net transfers out of the fund, the fund balance increased by \$879,461. This was less than the FY 2015-16 increase of \$2,172,819 in the General Fund.
- Expenditures in the General Fund were up \$2,154,683 or 9.36% from FY 2015-16 levels. The increase in expenditure is primarily related to increases in expenditures for economic development incentives and personnel costs.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### FINANCIAL HIGHLIGHTS – Continued

- The General Fund Expenditure Category that experienced the most significant increase was General Government which was up \$1,395,307 or 17.0%, which was less than the prior year over year increase in the amount of \$4,371,065.
- Within the General Fund, revenues increased by \$1,001,318 or 3.8% from the FY 2015-16 level. The majority of this increase is attributable to larger than anticipated permit revenues from recent development activity.
- Within the Vernon Hills Town Center (VHTC) Tax Increment Fund, revenues and legally mandated transfers into the fund exceeded debt expenditures in the amount of \$154,284, bringing the fund balance to a surplus balance of \$495. This is up from the FY 2015-16 deficit balance of (\$153,789).
- In FY 2014-15, the Village created a Bond Construction Fund to account for the renovation of the Police Station and the Starcom Dispatch Radio Network. It was funded by a General Obligation Bond issued in 2015 and contributions from communities for which Vernon Hills provides dispatch. After final expenditures of \$318,247 in FY 2016-17, the fund balance has been depleted as planned as of April 30, 2017.

#### USING THIS ANNUAL REPORT

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

#### Government-Wide Financial Statements

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

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

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

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

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

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

#### Fund Financial Statements

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

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds

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

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

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

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

##### Proprietary Funds

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

# **VILLAGE OF VERNON HILLS, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2017**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

##### **Proprietary Funds – Continued**

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

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

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

##### **Fiduciary Funds**

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

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-54 of this report.

##### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Vernon Hills' Illinois Municipal Retirement Fund (IMRF), police employee pension, and other postemployment benefits obligations as well as budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 55 - 64 of this report. The budgetary comparison schedules for all other funds are presented immediately following the required supplementary information on pensions and can be found on pages 65 - 80 of this report.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Vernon Hills, assets exceeded liabilities by \$83.2 million. The prior year, assets/deferred outflows exceeded liabilities/deferred inflows by \$85.3 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 37.1	34.6	(0.3)	(0.2)	36.8	34.4
Capital Assets	99.2	102.3	0.5	0.5	99.7	102.8
Deferred Outflow of Resources	7.7	9.6	-	-	7.7	9.6
<b>Total Assets / Deferred Outflows</b>	<b>144.0</b>	<b>146.5</b>	<b>0.2</b>	<b>0.3</b>	<b>144.2</b>	<b>146.8</b>
Long-Term Debt Outstanding	(49.1)	(54.4)	-	-	(49.1)	(54.4)
Other Liabilities	(7.8)	(6.8)	-	-	(7.8)	(6.8)
Deferred Inflow of Resources	(3.8)	-	-	-	(3.8)	-
<b>Total Liabilities / Deferred Inflows</b>	<b>(60.7)</b>	<b>(61.2)</b>	<b>-</b>	<b>-</b>	<b>(60.7)</b>	<b>(61.2)</b>
<b>Net Position</b>						
Invested in Capital Assets, Net of Debt	77.7	79.6	0.5	0.5	78.2	80.1
Restricted	2.5	2.0	-	-	2.5	2.0
Unrestricted (Deficit)	3.0	3.7	(0.4)	(0.3)	2.6	3.4
<b>Total Net Position</b>	<b>83.2</b>	<b>85.3</b>	<b>0.1</b>	<b>0.2</b>	<b>83.3</b>	<b>85.5</b>

About 93.9 percent of the Village of Vernon Hills' net position, or a total of \$78.2 million reflect the Village's investment in capital assets government-wide (for example, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village of Vernon Hills uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Village of Vernon Hills' investment in its capital assets is reported net of related debt, it should be noted

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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.

An additional 3.0 percent or \$2.5 million, of the Village of Vernon Hills' net position represents resources that are subject to external restrictions on how they may be used. The remaining 3.6 percent, or \$3.0 million, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Changes in Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 4.6	3.2	0.4	0.4	5.0	3.6
Operating Grants/Contributions	0.7	0.7	-	-	0.7	0.7
Capital Grants/Contributions	-	0.2	-	-	-	0.2
General Revenues						
Sales Tax	14.4	14.0	-	-	14.4	14.0
Home Rule Sales Tax	3.3	3.2	-	-	3.3	3.2
Utility Tax	1.4	1.3	-	-	1.4	1.3
Intergovt. Unrestricted						
State Income Tax	2.4	2.7	-	-	2.4	2.7
Telecommunications Tax	1.0	1.2	-	-	1.0	1.2
Other Taxes and Fees	3.2	3.0	-	-	3.2	3.0
Interest Income	0.1	0.1	-	-	0.1	0.1
Total Revenues	31.1	29.6	0.4	0.4	31.5	30.0
Expenses:						
General Government	10.6	10.8	-	-	10.6	10.8
Public Safety	13.6	11.9	-	-	13.6	11.9
Streets and Roads	8.1	8.7	-	-	8.1	8.7
Economic Development	-	-	-	-	-	-
Culture and Recreation	0.3	0.2	-	-	0.3	0.2
Interest on Long-Term Debt	0.6	0.7	-	-	0.6	0.7
Golf Course	-	-	0.5	0.5	0.5	0.5
Total Expenses	33.2	32.3	0.5	0.5	33.7	32.8
Increase (Decrease) in Net Assets	(2.1)	(2.7)	(0.1)	(0.1)	(2.2)	(2.8)
Change in Accounting Principle/Adjustment	-	(22.8)	-	-	-	(22.8)
Net Position-Beginning	85.3	110.8	0.2	0.3	85.5	111.1
Net Position-Ending	83.2	85.3	0.1	0.2	83.3	85.5

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position fell by \$2.8 million to an ending net position totaling \$85.5 million. In FY 2015-16, net position fell by \$2.8 million. The net position for governmental activities fell by \$2.1 million total less than the \$2.7 million decline in FY 2015-16. Business-type activities fell by \$0.1 million, the same amount as in FY 2015-16.

#### Governmental Activities

The Village's \$2.1 million decrease in its governmental net position represented a 2.5% decrease; the decline is 22.2% less than the prior year. Revenues increased by \$1.5 million or 5.0%, while expenses increased by \$0.9 million or by 2.7%. Highlights of the changes from FY 2015-16 included:

- General Revenues increased by \$1,001,315 which is 3.8% above FY 2015-16 levels. This increase is attributable to the slow recovery of the economy and a slightly higher growth in sales taxes than expected.
- Charges for Services increased by \$1,342,607 or 36.49% from FY 2015-16 levels; a large portion of which can be attributed to an increase in the category of Licenses and Permits reflecting a recent increase in construction related revenues in Vernon Hills.
- Public Safety expenses increased by \$578,295 or 6.6% from FY 2016-17 levels, which is largely attributable to personnel costs.
- Streets and Roads expenses increased by \$502,408 or by 5.8% from FY 2015-16 levels, while program revenues decreased by \$5,803 or 0.9%.
- General Government expenses decreased by \$176,914 or (1.6%) from FY 2015-16 levels, due to conservative spending surrounding concerns regarding the state budget crisis. Program revenues increased by \$984,798 or 53.3%, this increase was driven by the Licenses and Permits activity.
- Interest expenses declined by \$61,984 or 9.2% from FY 2015-16 levels.

The \$2.1 million decline in Governmental Activities net position in FY 2016-17 was a smaller decline than the \$2.7 million decline in FY 2015-16, but larger than the \$0.9 million decline in FY 2014-15.

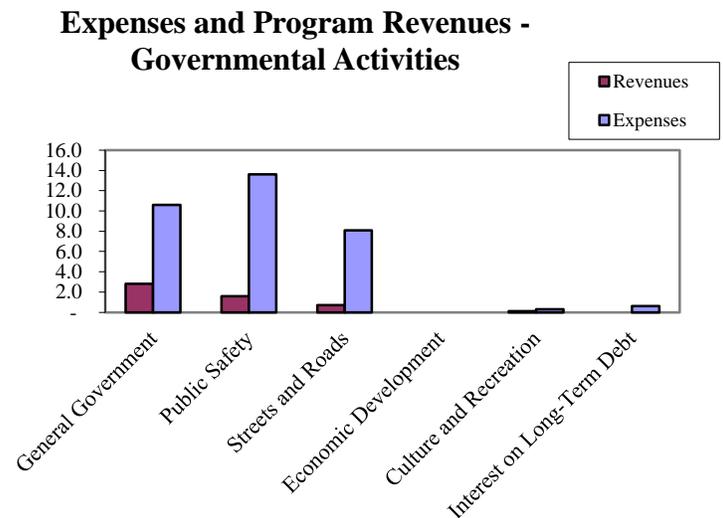
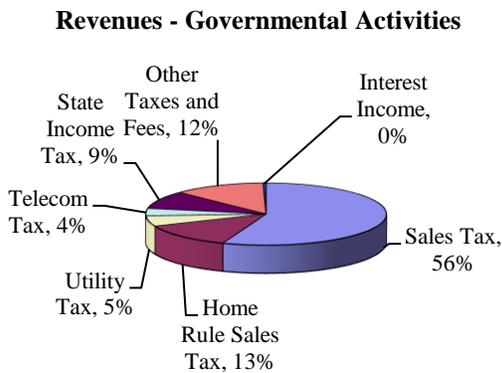
# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

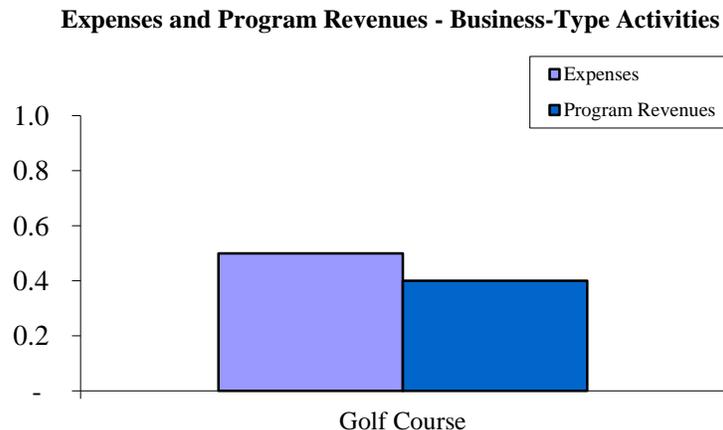
#### Governmental Activities – Continued

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



#### Business-Type Activities

As the graph below demonstrates, the \$466,552 of golf course expenses exceeded program revenues that amounted to \$408,651 for Charges for Services. Revenues decreased by \$31,888 from FY 2015-16 levels, while expenses decreased by \$63,622 from FY 2015-16 levels.



# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, the unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For all governmental funds, the Village revenues exceeded expenditures by \$1,406,477, which led to an overall increase in Fund Balance in the same amount. Several major factors contributed to this result:

- In FY 2016-17, the General Fund balance increased by \$879,461 to \$26,449,101. Revenues exceeded expenditures by \$2,286,349 but predominately due to license and permits fees in the amount of \$1,650,784, which was an increase of \$671,985 over the prior year, reflecting an increase in construction activity. This revenue category can vary widely from year to year, depending on economic development activity.
- Expenditures in the General Fund were up by \$2,154,683 or 9.4% from FY 2015-16 levels. This increase was largely attributable to an increase in personnel costs, capital outlay costs and a slight increase in debt payments.
- General Fund Public Safety costs increased \$578,295, or 6.6%; the largest component of the increase was an increase in Personal Service costs.
- A \$1,285,208 General Fund transfer was received by the Dispatch Center Fund. That amount approximately covered the Village's net cost for its share of the consolidated dispatch services.
- The General Fund transferred \$121,680 to the Tax Increment Fund to fulfill its contribution in lieu of a property tax, which is required under Illinois Compiled Statutes.
- Revenues in the General Fund increased by \$1,001,315 from the FY 2015-16 level. This change is partially attributable to the increase in licensing and building permit activity, and also due to higher sales tax revenue resulting from an early termination of an economic incentive agreement with a high performing tenant.
- Investment Income decreased by \$15,341 to \$92,084 largely because of market fluctuations.
- The fines and forfeitures category remained relatively flat, decreasing by \$1,965 or 0.6% from the prior year.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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

##### Governmental Funds – Continued

- Within the VHTC Tax Increment Fund, expenditures were less than revenues for the fund by \$32,604. However, after the legally mandated transfers into the fund, the fund balance increased to a surplus level of \$495. This is a positive result as compared to the \$153,789 deficit in FY 2015-16. Fund revenues were \$1,221,286 which is a 0.1% decrease from FY 2015-16 levels. Fund balance levels may fluctuate throughout the life of the VHTC TIF District due to the debt payment schedule.
- The Police Station Renovation Bond Construction Fund was established to account for the Renovation project and the addition of the Starcom Radio Network. General Obligation Bonds were issued in FY 2015-16 to fund these projects, and a portion of the radio network was funded by customers of the Communications Center. Both projects have now been completed. Expenditures in the amount of \$318,247 draw the ending fund balance down to zero.

##### Proprietary Funds

The Village of Vernon Hills' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Village's Golf Course Fund is the fund through which the Village's nine-hole golf course is operated. Resident weekday and weekend rates were \$16 and \$18 respectively (increased from \$15 and \$17 in 2012). For Calendar Year 2016, the equivalent nonresident rates were \$20 and \$22 respectively (increased from \$17 and \$19 in 2012 to \$18 and \$20 respectively for 2013 and 2014). There is also a season pass for residents, which was \$485 per year (increased from \$475 in 2015). The nonresident season pass rate is \$585 (increased from \$575 in 2015). In the Village's clubhouse, golf merchandise is sold and there is a food and beverage operation, which can be rented out for special functions. In FY 2016-17, the Golf Course Generated \$408,651 of revenues and had \$466,552 of expenses resulting in a loss. The decline in net position brought the net position to a level of \$148,402.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Transfers are routinely made between expenditure accounts during the year. Increases to the budget occur routinely early in the fiscal year as a result of the Village's policy of carrying forward into the current fiscal year encumbrances or commitments budgeted but not expended in the prior fiscal year. Overall, the General Fund FY 2016-17 original budget's net increase was \$437,691. Throughout the year, the largest increases occurred in the General Fund capital outlay budget and the Public Safety personnel budget. The capital budget was increased by \$245,075 in order to accommodate the timing of the annual road program, which was not fully anticipated at the time of budget adoption. Another \$298,947 was transferred from budgeted reserve funds to accommodate an increase in personnel costs in the Public Safety Division. Transfers into the General Judiciary budget totaled \$69,758 from budgeted reserves to cover unanticipated levels of legal costs. Finally, the Village budget process does not budget for depreciation.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

While many revenues surpassed projection in FY 2016-17, a few revenues fell short. The most significant shortfalls were in the General Fund's Utility Tax and Income Tax categories. For Utility Tax \$1,400,000 was budgeted and \$1,363,286 was recognized. For Income Tax, \$2,561,530 was budgeted, but only \$2,373,802 was recognized. Also in the Hotel/Motel Tax \$398,000 was budgeted and \$382,900 was recognized. Utility Tax and Hotel/Motel Tax revenues can vary seasonally, dependent on winter and summer climates. Fines and Forfeitures were budgeted at \$325,950, but came in at \$305,421.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4.6	4.6	0.3	0.3	4.9	4.9
Construction in Progress	0.2	-	-	-	0.2	-
Land Improvements	6.0	6.6	0.1	0.1	6.1	6.7
Buildings and Improvements	17.5	18.1	0.1	0.1	17.6	18.2
Equipment/Vehicles	1.9	1.5	-	-	1.9	1.5
Infrastructure	69.0	71.6	-	-	69.0	71.6
Total	\$ 99.2	102.4	0.5	0.5	99.7	102.9

This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, roads, sidewalks, storm sewers, water detention facilities and dams (net of accumulated depreciation). The Village of Vernon Hills' investment in capital assets for its governmental and business type activities as of April 30, 2017 was \$99.7 million. This change represented an increase of \$3.2 million, or 3.1% from FY 2015-16, which was largely attributable to depreciation of assets. Additional information on the Village of Vernon Hills' capital assets can be found in note 3 on pages 28 - 29 of this report.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

#### CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

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

Construction in Progress	\$ 0.48
Equipment/ Vehicles	1.08
Infrastructure	<u>0.00</u>
	<u>\$ 1.56</u>

#### Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$21.5 million as compared to \$22.9 million the previous year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding (in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 20.4	21.8	-	-	20.4	21.8
Alternate Revenue Bonds	1.1	1.1	-	-	1.1	1.1
TIF Revenue Bonds/Notes	-	-	-	-	-	-
<b>Total</b>	<u>21.5</u>	<u>22.9</u>	<u>-</u>	<u>-</u>	<u>21.5</u>	<u>22.9</u>

General Obligation debt began the year with a \$21,835,000 balance in General Obligation Bonds and \$1,115,000 in Alternate revenue Bonds. The amount of General Obligation Debt retired in FY 2016-17 was \$1,415,000 leaving an April 30, 2017 balance of \$20,420,000 for General Obligation Bonds. No principal was retired in FY 2016-17 for the Alternate Revenue Bonds. Additional information on the Village of Vernon Hills' debt administration can be found in note 4 on pages 29 - 33 of this report.

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

## **VILLAGE OF VERNON HILLS, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2017**

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

The Village's elected and appointed officials considered many factors when setting and revising the FY 2016-17 budget and fees charged for its services. One of those factors is the economy. Vernon Hills' average unemployment rate for calendar year 2016 was 4.3%. That was lower than Vernon Hills' average annual unemployment rates for 2015 (4.4%), 2014 (6.0%), 2013 (7.4%) and 2012 (6.6%), which reflects an economic recovery. The Vernon Hills' unemployment rate for 2016 compares favorably to the Lake County unemployment rate of 5.1%, as of April 30, 2017 and the State of Illinois unemployment rate of 4.7% as of April 2017. The U. S. Census Bureau 5-year (2011-2015) estimated household median income value for Vernon Hills is \$92,201, which is 118 percent of the Lake County level and 160 percent of the State of Illinois level. The Median Value of owner-occupied housing units (2011-2015) is estimated at \$318,900, 130% of the Lake County level and 183% of the State of Illinois level.

The Village does not levy a property tax. The Village's budget is heavily dependent on sales tax, the majority of which is generated by non-residents. For Calendar Year 2016, the total sales tax before economic incentive rebate was \$14.5 million. This was \$388,317 more than in Calendar Year 2015, representing a 2.8% increase. For Calendar Year 2016, the most significant category dollar amount increase was in Furniture and H.H. and Radio, which saw an increase of \$222,869, or 3.6%, from Calendar Year 2015 to a Calendar Year 2016 level of \$6.4 million. The most significant dollar amount reduction from Calendar Year 2015 was in the category of General Merchandise, which saw a decline of \$508,463, or 22.2% decline to a level of \$1.8 million in Calendar Year 2016.

#### **REQUESTS FOR INFORMATION**

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

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2017

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 30,135,471	\$ 24	\$ 30,135,495
Receivables			
Taxes	4,980,731	-	4,980,731
Accounts	405,201	3,323	408,524
Accrued interest	32,650	-	32,650
Other	108,725	-	108,725
Prepaid expenses	204,727	-	204,727
Inventory	-	24,470	24,470
Due from other governments	841,562	-	841,562
Internal balances	358,216	(358,216)	-
Capital assets not being depreciated	4,808,213	302,282	5,110,495
Capital assets being depreciated (net of accumulated depreciation)	94,416,559	215,849	94,632,408
<b>Total assets</b>	<b>136,292,055</b>	<b>187,732</b>	<b>136,479,787</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items - IMRF	1,442,309	-	1,442,309
Pension items - Police Pension	5,630,737	-	5,630,737
Unamortized loss on refunding	593,883	-	593,883
<b>Total deferred outflows of resources</b>	<b>7,666,929</b>	<b>-</b>	<b>7,666,929</b>
<b>Total assets and deferred outflows of resources</b>	<b>143,958,984</b>	<b>187,732</b>	<b>144,146,716</b>
<b>LIABILITIES</b>			
Accounts payable	701,537	31,865	733,402
Accrued payroll	552,536	-	552,536
Deposits payable	566,961	-	566,961
Unearned revenue	267,351	7,465	274,816
Other payables	3,247,208	-	3,247,208
Accrued interest payable	81,091	-	81,091
Long-term liabilities			
Due within one year	1,667,092	-	1,667,092
Due in more than one year	49,102,549	-	49,102,549
<b>Total liabilities</b>	<b>56,186,325</b>	<b>39,330</b>	<b>56,225,655</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items - IMRF	610,314	-	610,314
Pension items - Police Pension	3,202,379	-	3,202,379
<b>Total deferred inflows of resources</b>	<b>3,812,693</b>	<b>-</b>	<b>3,812,693</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>59,999,018</b>	<b>39,330</b>	<b>60,038,348</b>
<b>NET POSITION</b>			
Net investment in capital assets	77,689,771	518,131	78,207,902
Restricted for			
Public safety	1,132,250	-	1,132,250
Streets and roads	1,246,524	-	1,246,524
Metra parking	116,486	-	116,486
Unrestricted (deficit)	3,774,935	(369,729)	3,405,206
<b>TOTAL NET POSITION</b>	<b>\$ 83,959,966</b>	<b>\$ 148,402</b>	<b>\$ 84,108,368</b>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 10,031,695	\$ 2,841,747	\$ -	\$ -
Public safety	13,557,140	1,632,547	1,780	4,131
Roads and streets	8,000,396	-	666,252	-
Economic development	-	-	-	-
Culture and recreation	250,870	139,418	-	-
Interest and fees	615,693	-	-	-
Total governmental activities	32,455,794	4,613,712	668,032	4,131
Business-Type Activities				
Golf Course	508,552	408,651	-	-
Total business-type activities	508,552	408,651	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 32,964,346</b>	<b>\$ 5,022,363</b>	<b>\$ 668,032</b>	<b>\$ 4,131</b>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
	\$ (7,189,948)	\$ -	\$ (7,189,948)
	(11,918,682)	-	(11,918,682)
	(7,334,144)	-	(7,334,144)
	-	-	-
	(111,452)	-	(111,452)
	(615,693)	-	(615,693)
	(27,169,919)	-	(27,169,919)
	-	(99,901)	(99,901)
	-	(99,901)	(99,901)
	(27,169,919)	(99,901)	(27,269,820)
General Revenues			
Taxes			
Utility	1,363,286	-	1,363,286
Home rule sales	3,304,832	-	3,304,832
Hotel/motel	382,900	-	382,900
911 surcharge	372,116	-	372,116
Road and bridge	216,312	-	216,312
Telecommunication	1,016,451	-	1,016,451
Tax increment	1,216,865	-	1,216,865
Other	918,874	-	918,874
Intergovernmental			
Sales tax	14,435,680	-	14,435,680
State income tax	2,373,802	-	2,373,802
Investment income	105,285	1,265	106,550
Miscellaneous	135,754	42,000	177,754
Total	25,842,157	43,265	25,885,422
CHANGE IN NET POSITION	(1,327,762)	(56,636)	(1,384,398)
NET POSITION, MAY 1	85,287,728	205,038	85,492,766
<b>NET POSITION, APRIL 30</b>	<b>\$ 83,959,966</b>	<b>\$ 148,402</b>	<b>\$ 84,108,368</b>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2017

	General	Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 25,484,981	\$ 668,444	\$ 160,818	\$ 2,227,490	\$ 28,541,733
Receivables					
Taxes	4,820,192	-	-	160,539	4,980,731
Accounts	112,175	-	-	293,026	405,201
Accrued interest	30,599	2,051	-	-	32,650
Other	92,603	-	-	16,122	108,725
Prepaid items	203,647	-	-	1,080	204,727
Due from other governments	841,562	-	-	-	841,562
Due from other funds	175,075	-	-	-	175,075
Advances to other funds	262,362	-	-	-	262,362
<b>TOTAL ASSETS</b>	<b>\$ 32,023,196</b>	<b>\$ 670,495</b>	<b>\$ 160,818</b>	<b>\$ 2,698,257</b>	<b>\$ 35,552,766</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 275,264	\$ -	\$ -	\$ 344,676	\$ 619,940
Accrued payroll	470,151	-	-	82,385	552,536
Deposits payable	566,961	-	-	-	566,961
Due to other funds	-	670,000	-	-	670,000
Unearned revenue	267,351	-	-	-	267,351
Other payables	3,247,208	-	-	-	3,247,208
Advances from other funds	-	-	160,818	-	160,818
<b>TOTAL LIABILITIES</b>	<b>4,826,935</b>	<b>670,000</b>	<b>160,818</b>	<b>427,061</b>	<b>6,084,814</b>
<b>FUND BALANCES</b>					
Nonspendable					
Advances	262,362	-	-	-	262,362
Prepaid items	203,647	-	-	-	203,647
Long-term receivable	840,307	-	-	-	840,307
Restricted					
Metra parking	116,486	-	-	-	116,486
Streets and roads	-	495	-	1,246,029	1,246,524
Public safety	107,083	-	-	1,025,167	1,132,250
Unassigned	25,666,376	-	-	-	25,666,376
Total fund balances	27,196,261	495	-	2,271,196	29,467,952
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,023,196</b>	<b>\$ 670,495</b>	<b>\$ 160,818</b>	<b>\$ 2,698,257</b>	<b>\$ 35,552,766</b>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2017

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 29,467,952
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	99,224,772
Less amount reported in internal service funds below	(655,016)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds payable	(20,420,000)
Tax increment revenue note	(1,115,000)
Premium on bonds payable	(297,666)
Compensated absences payable	(985,458)
Other postemployment benefit obligation	(222,806)
Interest payable	(81,091)
Unamortized loss on refunding	593,883
Net pension liability for the is shown as a liability on the statement of net position	
Illinois Municipal Retirement Fund	(5,037,904)
Police Pension Fund	(22,690,807)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	831,995
Police Pension Fund	2,428,358
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position	<u>2,918,754</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 83,959,966</u></u>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>General</b>	<b>Tax Increment</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 9,576,457	\$ 1,216,865	\$ 372,116	\$ 11,165,438
Intergovernmental	14,441,590	-	666,252	15,107,842
Licenses permits, and fees	1,650,784	-	-	1,650,784
Charges for services	1,323,591	-	1,327,126	2,650,717
Fines and forfeitures	305,422	-	-	305,422
Investment income	92,084	4,421	8,780	105,285
Miscellaneous	76,624	-	65,920	142,544
<b>Total revenues</b>	<b>27,466,552</b>	<b>1,221,286</b>	<b>2,440,194</b>	<b>31,128,032</b>
<b>EXPENDITURES</b>				
Current				
General government	8,862,203	-	-	8,862,203
Public safety	9,295,906	-	2,338,105	11,634,011
Streets and roads	4,409,098	-	-	4,409,098
Economic development	-	-	-	-
Culture and recreation	250,870	-	-	250,870
Capital outlay	814,365	-	1,014,565	1,828,930
Debt service				
Principal retirement	540,000	875,000	-	1,415,000
Interest and fiscal charges	260,601	313,682	-	574,283
<b>Total expenditures</b>	<b>24,433,043</b>	<b>1,188,682</b>	<b>3,352,670</b>	<b>28,974,395</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,033,509</b>	<b>32,604</b>	<b>(912,476)</b>	<b>2,153,637</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	121,680	1,470,716	1,592,396
Transfers (out)	(1,406,888)	-	(185,508)	(1,592,396)
<b>Total other financing sources (uses)</b>	<b>(1,406,888)</b>	<b>121,680</b>	<b>1,285,208</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,626,621</b>	<b>154,284</b>	<b>372,732</b>	<b>2,153,637</b>
<b>FUND BALANCES (DEFICIT), MAY 1</b>	<b>25,569,640</b>	<b>(153,789)</b>	<b>1,898,464</b>	<b>27,314,315</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 27,196,261</b>	<b>\$ 495</b>	<b>\$ 2,271,196</b>	<b>\$ 29,467,952</b>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 2,153,637</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized on the statement of net position and depreciated on the statement of activities	556,550
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(3,777,129)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	
Compensated absences	(54,124)
Net other postemployment benefit obligation	(24,056)
Principal repayment	1,415,000
Change in interest payable	7,009
Amortization of bond premium	28,086
Amortization of the loss on refunding is reported as interest expense on the statement of activities	(76,505)
The change in the net pension liability is reported only in the statement of activities	
Illinois Municipal Retirement Fund	626,283
Police Pension Fund	3,250,257
The change in deferred outflows and inflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(853,722)
Police Pension Fund	(4,754,432)
The change in net position of internal service funds is reported in governmental activities	<u>175,384</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (1,327,762)</u></b>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

April 30, 2017

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 24	\$ 1,593,738
Accounts receivable	3,323	-
Inventory	24,470	-
Due from other funds	-	670,000
Advances to other funds	-	81,597
	27,817	2,345,335
<b>NONCURRENT ASSETS</b>		
Capital assets		
Capital assets not being depreciated	302,282	-
Capital assets being depreciated		
Cost	2,178,188	1,979,406
Accumulated depreciation	(1,962,339)	(1,324,390)
	215,849	655,016
Net capital assets being depreciated		
Net capital assets	518,131	655,016
Total noncurrent assets	518,131	655,016
Total assets	545,948	3,000,351
<b>CURRENT LIABILITIES</b>		
Accounts payable	31,865	81,597
Unearned revenue	7,465	-
Due to other funds	175,075	-
	214,405	81,597
<b>LONG-TERM LIABILITIES</b>		
Advances from other funds	183,141	-
	183,141	-
Total long-term liabilities		
Total liabilities	397,546	81,597
<b>NET POSITION</b>		
Net investment in capital assets	518,131	-
Unrestricted (deficit)	(369,729)	2,918,754
	\$ 148,402	\$ 2,918,754

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 408,651	\$ 278,217
Total operating revenues	408,651	278,217
<b>OPERATING EXPENSES</b>		
Operations	446,071	34,124
Total operating expenses excluding depreciation	446,071	34,124
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(37,420)	244,093
Depreciation	62,481	95,709
OPERATING INCOME (LOSS)	(99,901)	148,384
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	1,265	-
Gain on sale of capital assets	42,000	27,000
Total non-operating revenues (expenses)	43,265	27,000
CHANGE IN NET POSITION	(56,636)	175,384
NET POSITION, MAY 1	205,038	2,743,370
<b>NET POSITION, APRIL 30</b>	<b>\$ 148,402</b>	<b>\$ 2,918,754</b>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended April 30, 2017

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 414,195	\$ -
Receipts from internal service transactions	-	278,217
Payments to suppliers	(204,085)	(34,124)
Payments to employees	(230,905)	-
	(20,795)	244,093
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund transactions	19,554	-
	19,554	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
None	-	-
	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	-	(200,700)
Interest received	1,265	-
	1,265	(200,700)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	24	43,393
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	-	1,550,345
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	\$ 24	\$ 1,593,738
<b>CASH</b>		
Cash and cash equivalents	\$ 24	\$ 1,593,738
<b>TOTAL CASH</b>	\$ 24	\$ 1,593,738

(This statement is continued on the following page.)

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
 PROPRIETARY FUNDS

For the Year Ended April 30, 2016

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Golf Course</b>	<b>Internal Service</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (99,901)	\$ 148,384
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	62,481	95,709
Changes in current assets and liabilities		
Accounts receivable	4,712	-
Inventory	(8,091)	-
Prepaid expenses	1,519	-
Accounts payable	17,653	-
Unearned revenue	832	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (20,795)</b>	<b>\$ 244,093</b>
<b>NONCASH TRANSACTIONS</b>		
Purchase of capital assets through accounts payable	\$ -	\$ 81,597
Capital assets transferred to other fund through advance	81,597	(81,597)
<b>TOTAL NONCASH TRANSACTIONS</b>	<b>\$ 81,597</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS**

April 30, 2017

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	<u>Pension Trust</u>	<u>Agency</u>
	<u>Police Pension</u>	<u>Development</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ 882,448	\$ 29,318
Investments at fair value		
U.S. Treasury securities	996,471	-
U.S. agency securities	957,345	-
Municipal bonds	267,557	-
Corporate bonds	12,282,666	-
Mutual funds	21,800,430	-
Equities	6,518,382	-
	<hr/>	<hr/>
Total investments at fair value	42,822,851	-
	<hr/>	<hr/>
Receivables		
Member receivable	1,449	-
Accrued interest	38	-
	<hr/>	<hr/>
Total receivables	1,487	-
	<hr/>	<hr/>
Total assets	43,706,786	\$ 29,318
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Deposits payable	\$ -	\$ 29,318
	<hr/>	<hr/>
Total liabilities	-	\$ 29,318
	<hr/>	<hr/>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 43,706,786</u>	

See accompanying notes to financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

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**ADDITIONS**

Contributions	
Employer	\$ 1,784,146
Employee	440,410
	<hr/>
Total contributions	2,224,556
	<hr/>
Investment income	
Net appreciation in fair value of investments	3,031,029
Interest	896,395
	<hr/>
Total investment income	3,927,424
Less investment expenses	152,237
	<hr/>
Net investment income	3,775,187
	<hr/>
Total additions	5,999,743

**DEDUCTIONS**

Benefits and refunds	1,857,957
Administrative expenses	63,372
	<hr/>
Total deductions	1,921,329

NET INCREASE 4,078,414

**NET POSITION RESTRICTED  
FOR PENSIONS**

MAY 1	<hr/>
	39,628,372
APRIL 30	<hr/>
	\$ 43,706,786

See accompanying notes to financial statements.

# VILLAGE OF VERNON HILLS, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

April 30, 2017

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Reporting Entity

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

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

#### b. Fund Accounting

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

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

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

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

b. Fund Accounting (Continued)

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds to account for the single-employer defined benefit police pension plan. The Village utilizes agency funds to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

The Village reports the following major governmental funds:

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

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

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

The Village reports the following major proprietary fund:

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

Additionally, the Village reports the following internal service fund:

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

The Village reports the following fiduciary fund:

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

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

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

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

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

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

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

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

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

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

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

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

e. Cash and Investments

Cash and Cash Equivalents

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

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

Investments

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

f. Property Taxes

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

g. Capital Assets

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

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

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

g. Capital Assets (Continued)

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

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

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

h. Compensated Absences

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

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

i. Prepays/Inventories

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

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

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

j. Short-Term Interfund Receivables/Payables

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

k. Fund Balances/Net Position

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

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

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

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

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

l. Deferred Outflows/Inflows of Resources

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

m. Use of Estimates

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

**2. DEPOSITS AND INVESTMENTS**

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

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

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

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. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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

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

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

a. Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that collateralization will be required for all deposits, with the collateralization level at 102% of the market value of principal and accrued interest. Collateral will be limited to direct obligations of the United States of America, agencies of the United States of America and Collateral Mortgage Obligations derived solely from those agencies, and obligations of any governmental agency within the United States of America with a Moody's rating of Aa or better or a Standard and Poor's rating of AA or better. Collateral will always be held by an independent third party with whom the Village has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Village and retained. At April 30, 2017, the entire amount of the bank balance of deposits was covered by collateral, federal depository, or equivalent insurance.

b. Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 533,645	\$ -	\$ 533,645	\$ -	\$ -
U.S. agency obligations	8,467,233	1,998,260	6,468,973	-	-
Negotiable certificates of deposit	250,978	-	250,978	-	-
<b>TOTAL</b>	<b>\$ 9,251,856</b>	<b>\$ 1,998,260</b>	<b>\$ 7,253,596</b>	<b>\$ -</b>	<b>\$ -</b>

The Village and Police Pension Funds categorize the 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; and Level 3 inputs are significant unobservable inputs.

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

b. Investments (Continued)

The Village has the following recurring fair value measurements as of April 30, 2017.

The IMET general fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input). The U.S. agency obligations and negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs).

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. At April 30, 2017, the Village did not have greater than 5% of its overall portfolio invested in any one investment. This is in accordance with the Village's investment policy, which limits investments as follows: There is no limit as to the amount of the Village's portfolio that can be invested in

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

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

b. Investments (Continued)

U.S. Treasuries. No more than 60% of the Village's portfolio may be invested in U.S. Government agencies, and no more than 20% of the Village's portfolio may be invested in the obligations of a single government agency. No more than 10% of the Village's portfolio may be invested in GNMA's. No more than 30% of the Village's portfolio may be invested in certificates of deposit; and no more than 8% of the Village's portfolio may be invested in the certificate of deposit in a single issuer. No more than 10% of the Village's portfolio may be invested in commercial paper; and no more than 3% of the Village's portfolio may be invested in the commercial paper of a single issuer. No more than 20% of the Village's portfolio may be invested in the Illinois Public Treasurer's Investment pool. No more than 10% of the Village's portfolio may be invested in a money market mutual fund registered under the Investment Company Act of 1940.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2017 was as follows:

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land and land right of way	\$ 4,568,623	\$ -	\$ -	\$ 4,568,623
Construction in progress	410,780	481,776	652,966	239,590
Total capital assets not being depreciated	<u>4,979,403</u>	<u>481,776</u>	<u>652,966</u>	<u>4,808,213</u>
Capital assets being depreciated				
Land improvements	13,636,530	-	-	13,636,530
Buildings and improvements	26,600,777	-	-	26,600,777
Equipment/vehicles	5,081,095	955,439	91,030	5,945,504
Infrastructure	120,839,798	-	-	120,839,798
Total capital assets being depreciated	<u>166,158,200</u>	<u>955,439</u>	<u>91,030</u>	<u>167,022,609</u>
Less accumulated depreciation for				
Land improvements	7,041,385	533,861	-	7,575,246
Buildings and improvements	8,530,867	594,176	-	9,125,043
Equipment/vehicles	3,899,815	290,552	91,030	4,099,337
Infrastructure	49,352,176	2,454,248	-	51,806,424
Total accumulated depreciation	<u>68,824,243</u>	<u>3,872,837</u>	<u>91,030</u>	<u>72,606,050</u>
Total capital assets being depreciated, net	<u>97,333,957</u>	<u>(2,917,398)</u>	<u>-</u>	<u>94,416,559</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 102,313,360</u>	<u>\$ (2,435,622)</u>	<u>\$ 652,966</u>	<u>\$ 99,224,772</u>

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

**3. CAPITAL ASSETS (Continued)**

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 302,282	\$ -	\$ -	\$ 302,282
Total capital assets not being depreciated	<u>302,282</u>	<u>-</u>	<u>-</u>	<u>302,282</u>
Capital assets being depreciated				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	362,583	123,597	72,876	413,304
Total capital assets being depreciated	<u>2,127,467</u>	<u>123,597</u>	<u>72,876</u>	<u>2,178,188</u>
Less accumulated depreciation for				
Land improvements	697,864	19,631	-	717,495
Buildings and improvements	912,287	30,490	-	942,777
Equipment/vehicles	362,583	12,360	72,876	302,067
Total accumulated depreciation	<u>1,972,734</u>	<u>62,481</u>	<u>72,876</u>	<u>1,962,339</u>
Total capital assets being depreciated, net	<u>154,733</u>	<u>61,116</u>	<u>-</u>	<u>215,849</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 457,015</u>	<u>\$ 61,116</u>	<u>\$ -</u>	<u>\$ 518,131</u>

The Village's construction in progress, equipment/vehicles, and infrastructure balances as of May 1, 2016 were reclassified, which did not change the net balance of the governmental activities capital assets.

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 777,041
Public safety	405,711
Streets and road	2,594,376
Equipment replacement	<u>95,709</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u>\$ 3,872,837</u>

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

**4. LONG-TERM DEBT**

a. General Obligation Bonds

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

	Fund Debt Retired By	Balances May 1, Reclassified	Additions	Reductions/ Refundings	Balances April 30	Due Within One Year
\$7,850,000 General Obligation Bonds, Series 2012A due in annual installments of \$300,000 to \$1,000,000 with interest from 2.00% to 2.25%. The last payment is due December 30, 2026.	Tax Increment	\$ 7,850,000	\$ -	\$ 300,000	\$ 7,550,000	\$ 450,000
\$1,625,000 General Obligation Bonds, Series 2012B due in annual installments of \$15,000 to \$155,000 with interest from 2.00% to 2.40%. The last payment is due March 30, 2026.	General	1,365,000	-	120,000	1,245,000	125,000
\$5,630,000 General Obligation Bonds, Series 2014 due in annual installments of \$195,000 to \$820,000 with interest from 2.00% to 3.50%. The last payment is due March 30, 2034.	General (Police Station)	3,390,000	-	155,000	3,235,000	160,000
	General (Communication Center)	975,000	-	155,000	820,000	165,000
	Tax Increment	995,000	-	-	995,000	-
\$2,005,000 General Obligation Bonds, Series 2015A due in annual installments of \$80,000 to \$150,000 with interest from 2.00% to 3.25%. The last payment is due March 30, 2034.	General	2,005,000	-	110,000	1,895,000	130,000
\$5,255,000 General Obligation Refunding Bonds, Series 2015B due in annual installments of \$440,000 to \$575,000 with interest from 2.00% to 2.50%. The last payment is due December 30, 2026.	Tax Increment	5,255,000	-	575,000	4,680,000	440,000
<b>TOTAL</b>		<b>\$ 21,835,000</b>	<b>\$ -</b>	<b>\$ 1,415,000</b>	<b>\$ 20,420,000</b>	<b>\$ 1,470,000</b>

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

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

b. Alternate Revenue Bonds

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

	Fund Debt Retired By	Balances May 1, Reclassified	Additions	Reductions/ Refundings	Balances April 30	Due Within One Year
\$3,790,000 Alternate Revenue Refunding Bonds, Series 2005 due in annual installments of \$15,000 to \$390,000 with interest from 3.000% to 4.125%. The last payment is due March 30, 2021.	General	\$ 1,115,000	\$ -	\$ -	\$ 1,115,000	\$ -
<b>TOTAL</b>		<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115,000</u>	<u>\$ -</u>

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 1,470,000	\$ 459,177	\$ 1,929,177
2019	1,630,000	429,776	2,059,776
2020	1,715,000	397,177	2,112,177
2021	1,755,000	362,875	2,117,875
2022	1,825,000	327,776	2,152,776
2023	1,875,000	291,276	2,166,276
2024	1,920,000	252,953	2,172,953
2025	1,895,000	210,515	2,105,515
2026	2,140,000	168,562	2,308,562
2027	2,010,000	117,563	2,127,563
2028	285,000	68,400	353,400
2029	290,000	59,850	349,850
2030	305,000	51,150	356,150
2031	310,000	42,000	352,000
2032	320,000	32,700	352,700
2033	335,000	23,100	358,100
2034	340,000	11,638	351,638
<b>TOTAL</b>	<u>\$ 20,420,000</u>	<u>\$ 3,306,488</u>	<u>\$ 23,726,488</u>

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

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

c. Debt Service Requirements to Maturity (Continued)

Fiscal Year	Governmental Activities		
	Alternate Revenue Bonds		
	Principal	Interest	Total
2018	\$ -	\$ 45,905	\$ 45,905
2019	355,000	45,905	400,905
2020	370,000	31,350	401,350
2021	390,000	16,087	406,087
<b>TOTAL</b>	<b>\$ 1,115,000</b>	<b>\$ 139,247</b>	<b>\$ 1,254,247</b>

d. Changes in Long-Term Liabilities

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

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
General obligation bonds	\$ 21,835,000	\$ -	\$ 1,415,000	\$ 20,420,000	\$ 1,470,000
Alternate revenue bonds	1,115,000	-	-	1,115,000	-
Compensated absences payable*	931,334	108,248	54,124	985,458	197,092
Net pension liability - IMRF*	5,664,187	-	626,283	5,037,904	-
Net pension liability - Police* Pension	25,941,064	-	3,250,257	22,690,807	-
Net other postemployment benefit obligations*	198,750	24,056	-	222,806	-
Unamortized bond premium	325,752	-	28,086	297,666	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 56,011,087</b>	<b>\$ 132,304</b>	<b>\$ 5,373,750</b>	<b>\$ 50,769,641</b>	<b>\$ 1,667,092</b>

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

e. Pledged Revenues

The Village issued the Series 2005 General Obligation Refunding Bonds (Alternate Revenue Source), payable from a pledge of the Village's sales and use taxes, to advance refund a portion of the Village's General Obligation Bonds, (Alternate Revenue Source), Series 2001, and are being repaid by the General Fund. The remaining pledge of sales and use taxes is displayed in Note 4d, debt service requirements to maturity, with the pledge expiring March 30, 2021, when the bonds are paid off. During the current fiscal year, the pledged revenue of sales and use taxes of \$45,905 was approximately .30% of the pledged debt service.

**5. RISK MANAGEMENT**

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

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

**6. CONTINGENT LIABILITIES**

a. Litigation

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

b. Grants

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

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

**7. LOAN RECEIVABLE**

During the fiscal year ended April 30, 2013, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District) to arrange for the purchase of a YMCA athletic and recreational facility. The Village agreed to provide the required funding for the Park District's purchase of the property which included earnest money of \$100,000 for the contract payable with the Park District's tender of the purchase agreement as well as \$1,925,000 at closing. As such, a loan receivable due from the Park District to the Village was established, and was to be paid in installments of \$202,500 commencing December 31, 2016 and ending December 31, 2025. On March 3, 2013, the agreement was amended whereby the Park District impact fee payments received in 2014 and 2015 from the Oaks Development Project would be applied to the principal amount of the loan balance, and all or any portion of the Park District impact fees from other developments during the years of 2014 through 2018 may be applied to the loan balance, and that the commencement of the scheduled loan payments would begin in 2019. The loan receivable balance as of April 30, 2017 was \$840,307 and was included as part of due from other governments.

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

<u>Year Ending April 30,</u>	<u>Amount</u>
2018	\$ -
2019	28,010
2020	84,031
2021	84,031
2022-2026	420,153
2027-2031	<u>224,082</u>
<b>TOTAL</b>	<b><u>\$ 840,307</u></b>

**8. INDIVIDUAL FUND DISCLOSURES**

a. Interfund Receivables/Payables

Individual fund interfund receivables/payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$ 175,075
Internal Service	Tax Increment	<u>670,000</u>
<b>TOTAL</b>		<b><u>\$ 845,075</u></b>

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

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

a. Interfund Receivables/Payables (Continued)

The purposes of the significant interfund receivable/payables to other funds are as follows:

- \$175,075 due from the Golf Course Funds to the General Fund is to fund development and/or debt expenditures. The Golf Course Funds will pay this back when sufficient funds are available.
- \$670,000 due from the Tax Increment Fund to the Internal Service Fund is to fund development and/or debt expenditures. The Village will pay this back at the end of the TIF if sufficient funds are available.

b. Long-Term Advances

Individual fund long-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 101,544
Internal Service	Golf Course	81,597
General	Milwaukee Avenue/Townline Road TIF	160,818
<b>TOTAL</b>		<b>\$ 343,959</b>

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

- \$101,544 advanced to the Golf Course Fund from the General Fund is for a well loan. Repayment is not expected within one year.
- \$81,597 advanced to the Golf Course Fund from the Internal Service Fund is for golf cart loan. Repayment is not expected within one year.
- \$160,818 advanced to the Milwaukee Avenue/Townline Road Tax Increment Fund from the General Fund is for legal fees related to the establishment of the TIF. Repayment is not expected within one year.

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

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

c. Transfers In/Out

Individual fund transfers are as follows:

	Transfers In	Transfers Out
	<u>          </u>	<u>          </u>
General	\$ -	\$ 1,406,888
Tax Increment	121,680	-
Nonmajor Governmental	<u>1,470,716</u>	<u>185,508</u>
 TOTAL	 <u>\$ 1,592,396</u>	 <u>\$ 1,592,396</u>

The purposes of the significant transfers are as follows:

- \$121,680 transferred from the Tax Increment Fund to the General Fund is to provide a 10% revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.
- \$1,285,208 transferred from the General Fund to a Nonmajor Governmental Fund is to fund operations as E911 and dispatch service revenues are not sufficient to cover dispatch operations. This amount will not be repaid.
- \$185,508 transferred from a Nonmajor Governmental to a Nonmajor Governmental Fund is to resolve cash deficit balances. This amount will not be repaid.

**9. EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Membership*

At December 31, 2016 (most recent information available), IMRF and membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>70</u>
 TOTAL	 <u><u>150</u></u>

*Benefits Provided*

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Contributions*

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contributions for the calendar year ended December 31, 2016 was 12.71% of covered payroll.

*Actuarial Assumptions*

The Village's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2041 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the IMRF total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Village's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% equals the discount rate of 7.5% used to determine the total pension liability.

*Change in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 28,488,535	\$ 22,824,348	\$ 5,664,187
Changes for the period			
Service cost	604,101	-	604,101
Interest	2,118,040	-	2,118,040
Difference between expected and actual experience	(641,937)	-	(641,937)
Changes in assumptions	(113,887)	-	(113,887)
Employer contributions	-	689,922	(689,922)
Employee contributions	-	261,885	(261,885)
Net investment income	-	1,578,014	(1,578,014)
Benefit payments and refunds	(873,281)	(873,281)	-
Other (net transfer)	-	62,779	(62,779)
Net changes	1,093,036	1,719,319	(626,283)
BALANCES AT DECEMBER 31, 2016	\$ 29,581,571	\$ 24,543,667	\$ 5,037,904

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2017, the Village recognized pension expense of \$928,858.

At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 102,703	\$ 518,352
Changes in assumption	46,295	91,962
Net difference between projected and actual earnings on pension plan investments	1,073,637	-
Contributions made after measurement date	219,674	-
	<u>                    </u>	<u>                    </u>
<b>TOTAL</b>	<b>\$ 1,442,309</b>	<b>\$ 610,314</b>

\$219,674 reported as deferred outflows of pensions result from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	
2018	\$ 248,506
2019	248,506
2020	248,505
2021	(104,922)
2022	(28,274)
Thereafter	<u>                    </u>
<b>TOTAL</b>	<b>\$ 612,321</b>

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

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

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.5% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 9,155,789	\$ 5,037,904	\$ 1,673,913

Police Pension Plan

*Plan Administration*

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

*Plan Membership*

At April 30, 2017, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	43
<b>TOTAL</b>	<b>68</b>

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided*

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Contributions*

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. The Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the Village has adopted a pension funding policy that funds 100% of the past service cost on a closed basis by the year 2040. For the year ended April 30, 2017, the Village's contribution was 41.25% of covered payroll.

*Investment Policy*

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Fixed Income	33.40%	3.10%
High Yield	1.70%	7.00%
U.S. Large Cap Growth Equity	16.60%	8.40%
U.S. Large Cap Value Equity	16.50%	8.10%
U.S. Mid Cap Growth Equity	2.40%	9.40%
U.S. Mid Cap Value Equity	5.40%	8.70%

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

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

a. Plan Administration (Continued)

Police Pension Plan (Continued)

*Investment Policy (Continued)*

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Small Cap Growth Equity	2.20%	10.30%
U.S. Small Cap Value Equity	1.20%	9.50%
Europe Equity	7.30%	7.00%
Japan Equity	1.70%	7.50%
Emerging Markets Equity	2.20%	10.90%
Real Estate Investment Trusts	2.20%	7.10%
Infrastructure	2.60%	6.50%
Equity Return Assets	1.20%	5.70%

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in March 2017 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2017 are listed in the table above.

*Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, mutual funds, and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Concentrations*

There were no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments, except for four mutual funds that represented 9%, 6%, 6%, and 6% of the Fund's investments at April 30, 2017.

*Investment Rate of Return*

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deposits with Financial Institutions*

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

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury securities	\$ 996,471	\$ -	\$ 493,088	\$ 208,121	\$ 295,262
U.S. agency securities	957,345	-	166,964	294,961	495,420
Municipal bonds	267,557	-	267,557	-	-
Corporate bonds	12,282,666	724,855	5,866,120	4,767,022	924,669
<b>TOTAL</b>	<b>\$ 14,504,039</b>	<b>\$ 724,855</b>	<b>\$ 6,793,729</b>	<b>\$ 5,270,104</b>	<b>\$ 1,715,351</b>

The Fund categorize the 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; and Level 3 inputs are significant unobservable inputs.

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Interest Rate Risk* (Continued)

The Fund has the following recurring fair value measurements as of April, 30, 2017. The U.S. Treasury obligations and equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency securities, municipal bonds, corporate bonds, equity mutual funds, and fixed income mutual funds are valued using quoted matrix pricing models based on various market and industry inputs (Level 2 inputs).

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

*Credit Risk*

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and requiring that municipal and corporate bonds must be rated as investment grade by one of the two largest rating services at the time of purchase. The U.S. Treasury securities were rated Aaa, the U.S. agency securities were rated Aaa to Aa3, the municipal bonds were rated Aa1 to Aa2 and the corporate bonds were rated Aaa to Baa3 by Moody's.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2017
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of pay
Remaining amortization period	24 years
Assumptions	
Inflation	2.50%
Salary increases	4.75%
Investment rate of return	6.00%
Retirement age	50 to 57
Asset valuation method	Market value

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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

*Discount Rate*

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

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Discount Rate Sensitivity*

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

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Net pension liability	\$ 32,832,465	\$ 22,690,807	\$ 14,460,945

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2016	\$ 65,569,436	\$ 39,628,372	\$ 25,941,064
Changes for the period			
Service cost	1,307,135	-	1,307,135
Interest	3,878,427	-	3,878,427
Difference between expected and actual experience	(380,977)	-	(380,977)
Changes in assumptions	(2,118,471)	-	(2,118,471)
Employer contributions	-	1,775,629	(1,775,629)
Employee contributions	-	440,410	(440,410)
Net investment income	-	3,783,704	(3,783,704)
Benefit payments and refunds	(1,857,957)	(1,857,957)	-
Administrative expense	-	(63,372)	63,372
Net changes	828,157	4,078,414	(3,250,257)
BALANCES AT APRIL 30, 2017	\$ 66,397,593	\$ 43,706,786	\$ 22,690,807

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

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

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2017, the Village recognized pension expense of \$1,504,175. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ -	\$ 381,567
Changes in assumption	3,361,043	1,703,085
Net difference between projected and actual earnings on pension plan investments	<u>2,269,694</u>	<u>1,117,727</u>
<b>TOTAL</b>	<u>\$ 5,630,737</u>	<u>\$ 3,202,379</u>

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

<u>Year Ending April 30,</u>	
2018	\$ 857,825
2019	857,825
2020	857,825
2021	(96,104)
2022	<u>(49,013)</u>
<b>TOTAL</b>	<u>\$ 2,428,358</u>

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

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**10. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and any employer contributions are governed by ILCS and by the Village. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund and governmental activities.

b. Benefits Provided

The Village provides postemployment health care benefits 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.

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.

c. Membership

At April 30, 2016, which was the date of the most recent actuarial valuation, membership consisted of:

Retirees and beneficiaries currently receiving benefits	22
Terminated employees entitled to benefits but not yet receiving them	-
Active vested employees	11
Active nonvested employees	86
	<hr/>
TOTAL	119
	<hr/> <hr/>
Participating employers	1
	<hr/> <hr/>

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

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

d. Funding Policy

The Village provides the contribution percentages between the Village and employees through the union contracts and personnel policy. All retirees contribute 100% of the premium to the plan to cover the cost of providing the benefits to the retirees via the plan (pay as you go) which results in an implicit subsidy to the Village as defined by GASB Statement No. 45. For the fiscal year ended April 30, 2017, the Village contributed \$173,870. The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the last three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 127,800	\$ 104,646	81.88%	\$ 160,261
2016	197,669	159,180	80.53%	198,750
2017	197,926	173,870	87.85%	222,806

The net OPEB obligation (NOPEBO) as of April 30, 2017 was calculated as follows:

Annual required contribution	\$ 196,601
Interest on net OPEB obligation	7,950
Adjustment to annual required contribution	<u>(6,625)</u>
Annual OPEB cost	197,926
Contributions made	<u>173,870</u>
Increase in net OPEB obligation	24,056
Net OPEB obligation, beginning of year	<u>198,750</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b><u>\$ 222,806</u></b>

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

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

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2016, which was the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 3,235,469
Actuarial value of plan position	-
Unfunded actuarial accrued liability (UAAL)	3,235,469
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 8,317,352
UAAL as a percentage of covered payroll	38.90%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2016 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), 4% salary increase, an initial annual healthcare cost trend rate of 7% with an ultimate rate of 5%, which includes a 3% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll on an open 30-year basis.

**11. TAX REBATES**

The Village rebates sales taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned. The Village has specifically disclosed those agreements that generated greater than \$100,000 in sales tax rebates during the fiscal year ending April 30, 2017 below.

The Village has an agreement with a retailer to rebate up to 56.3% (depending on certain sales benchmarks) of its share of sales taxes to reimburse the retailer for the cost of extraordinary site and redevelopment costs having an initial size of approximately 28.825 acres of land to be used as its corporate headquarters and direct marketing sales operation center. The agreement requires the Village to rebate to the retailer (after certain benchmarks are achieved) of the sales taxes once annually for a term of 15 years. The total rebates incurred during the year ended April 30, 2017 was \$3,889,332. A liability of \$2,611,658 has been recorded as of April 30, 2017, and is included in accounts payable.

The Village has an agreement with a developer to rebate 100% of its share of specific sales taxes to reimburse the developer for the cost to expand and renovate a site having an initial size of approximately 65,000 square feet to be used as retail sales space. The agreement requires the Village to rebate to the developer the sales taxes each quarter for a term of ten years. The total rebates incurred during the year ended April 30, 2017 was \$807,972. A liability of \$339,119 has been recorded as of April 30, 2017, and is included in accounts payable.

**12. SUBSEQUENT EVENTS**

On June 1, 2017, the Village issued \$20,190,000 Taxable General Obligation Bonds, Series 2017 to finance redevelopment costs associated within the Milwaukee Avenue/Townline Road Tax Increment Fund District. The bonds mature annually on March 30, beginning March 30, 2021 through March 30, 2037, with maturities from \$945,000 to \$1,530,000. Interest is due semiannually on March 30 and September 30, with rates ranging from 2.0% to 3.9 %.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 9,399,883	\$ 9,399,883	\$ 9,576,457
Intergovernmental	10,692,190	10,692,190	14,441,590
Licenses, permits, and fees	688,100	688,100	1,650,784
Charges for services	1,125,740	1,125,740	1,323,591
Fines and forfeitures	325,950	325,950	305,422
Investment income	319,200	319,200	92,084
Miscellaneous	51,001	51,001	76,624
	<hr/>		
Total revenues	22,602,064	22,602,064	27,466,552
<b>EXPENDITURES</b>			
Current			
General government	4,703,912	4,430,880	8,862,203
Public safety	9,505,709	9,692,418	9,295,906
Streets and roads	5,074,926	5,125,171	4,409,098
Culture and recreation	272,800	272,800	250,870
Capital outlay	1,332,000	1,333,000	814,365
Debt service			
Principal retirement	540,000	540,000	540,000
Interest and fiscal charges	259,810	259,810	260,601
	<hr/>		
Total expenditures	21,689,157	21,654,079	24,433,043
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	912,907	947,985	3,033,509
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(1,377,350)	(1,411,210)	(1,406,888)
	<hr/>		
Total other financing sources (uses)	(1,377,350)	(1,411,210)	(1,406,888)
<b>NET CHANGE IN FUND BALANCES</b>			
	<u>\$ (464,443)</u>	<u>\$ (463,225)</u>	1,626,621
<b>FUND BALANCES, MAY 1</b>			
			25,569,640
<b>FUND BALANCES, APRIL 30</b>			
			<u>\$ 27,196,261</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
TAX INCREMENT FUND**

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 1,260,000	\$ 1,260,000	\$ 1,216,865
Interest	-	-	4,421
Total revenues	1,260,000	1,260,000	1,221,286
<b>EXPENDITURES</b>			
Economic development			
Contractual services	1,800	1,800	-
Debt Service			
Principal retirement	875,000	875,000	875,000
Interest and fiscal charges	322,600	322,600	313,682
Total expenditures	1,199,400	1,199,400	1,188,682
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	60,600	60,600	32,604
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	126,000	126,000	121,680
Total other financing sources (uses)	126,000	126,000	121,680
<b>CHANGE IN FUND BALANCE</b>	\$ 186,600	\$ 186,600	154,284
<b>FUND BALANCE (DEFICIT), MAY 1</b>			(153,789)
<b>FUND BALANCE, APRIL 30</b>			\$ 495

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2017

<b>Actuarial Valuation Date April 30,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age Normal</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2012	\$ -	\$ 2,354,030	0.00%	\$ 2,354,030	\$ 8,153,057	28.87%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	2,495,272	0.00%	2,495,272	10,403,109	23.99%
2016	-	3,235,469	0.00%	3,235,469	8,317,352	38.90%
2017	N/A	N/A	N/A	N/A	N/A	N/A

N/A - information not available

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

Last Two Fiscal Years

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

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

Last Eight Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$ 1,042,676	\$ 1,172,743	\$ 1,235,724	\$ 1,175,962	\$ 1,291,079	\$ 1,431,746	\$ 1,541,713	\$ 1,775,629
Contribution in relation to the actuarially determined contribution	1,082,676	1,173,015	1,235,740	1,176,050	1,291,118	1,433,326	1,541,722	1,775,629
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (40,000)</b>	<b>\$ (272)</b>	<b>\$ (16)</b>	<b>\$ (88)</b>	<b>\$ (39)</b>	<b>\$ (1,580)</b>	<b>\$ (9)</b>	<b>\$ -</b>
Covered-employee payroll	\$ 3,930,392	\$ 3,841,881	\$ 3,896,995	\$ 3,939,001	\$ 4,150,950	\$ 4,113,314	\$ 4,240,142	\$ 4,304,378
Contributions as a percentage of covered-employee payroll	27.55%	30.53%	31.71%	29.86%	31.10%	34.85%	36.36%	41.25%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 24 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 6.00% annually, projected salary increase assumption of 4.75% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN**

April 30, 2017

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<b><u>Fiscal Year</u></b>	<b><u>Employer Contributions</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Percentage Contributed</u></b>
2012	\$ 29,280	\$ 36,742	79.69%
2013	93,135	131,481	70.84%
2014	149,016	210,370	70.84%
2015	104,646	147,732	70.84%
2016	159,180	196,601	80.97%
2017	173,870	196,601	88.44%

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

Last Two Fiscal Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2016</b>	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 604,101	\$ 569,084
Interest	2,118,040	1,977,263
Changes of benefit terms	-	-
Differences between expected and actual experience	(641,937)	165,305
Changes of assumptions	(113,887)	74,515
Benefit payments, including refunds of member contributions	(873,281)	(823,589)
Net change in total pension liability	1,093,036	1,962,578
Total pension liability - beginning	28,488,535	26,525,957
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 29,581,571</b>	<b>\$ 28,488,535</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 689,922	\$ 638,252
Contributions - member	261,885	247,974
Net investment income	1,578,014	115,926
Benefit payments, including refunds of member contributions	(873,281)	(823,589)
Other (net transfer)	62,779	(508,180)
Net change in plan fiduciary net position	1,719,319	(329,617)
Plan fiduciary net position - beginning	22,824,348	23,153,965
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 24,543,667</b>	<b>\$ 22,824,348</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 5,037,904</b>	<b>\$ 5,664,187</b>
Plan fiduciary net position as a percentage of the total pension liability	82.97%	80.12%
Covered-employee payroll	\$ 5,428,185	\$ 5,546,865
Employer's net pension liability as a percentage of covered-employee payroll	92.81%	102.12%

Changes in assumptions related to retirement age and mortality were made in 2015.

The discount rate assumption was changed from 7.47% to 7.50% in 2016.

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

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

Last Three Fiscal Years

<b>MEASUREMENT DATE APRIL 30,</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 1,307,135	\$ 1,279,519	\$ 1,225,860
Interest	3,878,427	3,440,787	3,075,506
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(380,977)	(99,578)	47,689
Changes in mortality assumptions	(2,118,471)	4,445,251	3,339,164
Benefit payments, including refunds of member contributions	(1,857,957)	(1,685,984)	(1,514,416)
Net change in total pension liability	828,157	7,379,995	6,173,803
Total pension liability - beginning	65,569,436	58,189,441	52,015,638
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 66,397,593</b>	<b>\$ 65,569,436</b>	<b>\$ 58,189,441</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 1,775,629	\$ 1,541,722	\$ 1,433,326
Contributions - member	440,410	424,846	424,420
Net investment income	3,783,704	(439,143)	2,597,567
Benefit payments, including refunds of member contributions	(1,857,957)	(1,685,984)	(1,514,416)
Administrative expense	(63,372)	(78,032)	(73,458)
Net change in plan fiduciary net position	4,078,414	(236,591)	2,867,439
Plan fiduciary net position - beginning	39,628,372	39,864,963	36,997,524
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 43,706,786</b>	<b>\$ 39,628,372</b>	<b>\$ 39,864,963</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 22,690,807</b>	<b>\$ 25,941,064</b>	<b>\$ 18,324,478</b>
Plan fiduciary net position as a percentage of the total pension liability	65.83%	60.44%	68.51%
Covered-employee payroll	\$ 4,304,378	\$ 4,240,142	\$ 4,113,314
Employer's net pension liability as a percentage of covered-employee payroll	527.16%	611.80%	445.49%

Note: The changes in assumptions relate to the change in mortality rates used.

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

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Three Fiscal Years

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

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

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2016

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**1. BUDGETARY INFORMATION**

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

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

**2. INDIVIDUAL FUND DISCLOSURES**

The following funds had expenditures in excess of budget:

Fund	Final Budget	Actual
General	\$ 22,120,748	\$ 25,180,203
Golf Course	423,331	446,071

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

## **MAJOR GOVERNMENTAL FUNDS**

### **GENERAL FUND**

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

### **TAX INCREMENT FUND**

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

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

COMBINING BALANCE SHEET - BY SUBFUND  
GENERAL FUND

For the Year Ended April 30, 2017

	General	Summer Celebration	Metra Parking	DUI	Drug Forfeiture	Capital	Eliminations	Total
<b>ASSETS</b>								
Cash and investments	\$ 25,256,586	\$ -	\$ 123,359	\$ 67,102	\$ 37,934	\$ -	\$ -	\$ 25,484,981
Receivables								
Taxes	4,820,192	-	-	-	-	-	-	4,820,192
Accounts	109,790	-	338	2,047	-	-	-	112,175
Accrued interest	30,599	-	-	-	-	-	-	30,599
Other	92,603	-	-	-	-	-	-	92,603
Prepaid items	171,647	32,000	-	-	-	-	-	203,647
Due from other governments	841,562	-	-	-	-	-	-	841,562
Due from other funds	5,960,245	-	-	-	-	-	(5,785,170)	175,075
Advances to other funds	262,362	-	-	-	-	-	-	262,362
<b>TOTAL ASSETS</b>	<b>37,545,586</b>	<b>32,000</b>	<b>123,697</b>	<b>69,149</b>	<b>37,934</b>	<b>-</b>	<b>(5,785,170)</b>	<b>32,023,196</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 214,914	\$ 850	\$ 7,211	\$ -	\$ -	\$ 52,289	\$ -	\$ 275,264
Accrued payroll	470,151	-	-	-	-	-	-	470,151
Deposits payable	566,961	-	-	-	-	-	-	566,961
Unearned revenue	232,351	35,000	-	-	-	-	-	267,351
Other payables	3,247,208	-	-	-	-	-	-	3,247,208
Due to other funds	-	38,462	-	-	-	5,746,708	(5,785,170)	-
Total liabilities	4,731,585	74,312	7,211	-	-	5,798,997	(5,785,170)	4,826,935
<b>FUND BALANCES</b>								
Nonspendable								
Advances	262,362	-	-	-	-	-	-	262,362
Prepaid items	171,647	32,000	-	-	-	-	-	203,647
Long-term receivable	840,307	-	-	-	-	-	-	840,307
Restricted								
Metra parking	-	-	116,486	-	-	-	-	116,486
Public safety	-	-	-	69,149	37,934	-	-	107,083
Unassigned (deficit)	31,539,685	(74,312)	-	-	-	(5,798,997)	-	25,666,376
Total fund balances (deficit)	32,814,001	(42,312)	116,486	69,149	37,934	(5,798,997)	-	27,196,261
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 37,545,586</b>	<b>\$ 32,000</b>	<b>\$ 123,697</b>	<b>\$ 69,149</b>	<b>\$ 37,934</b>	<b>\$ -</b>	<b>\$ (5,785,170)</b>	<b>\$ 32,023,196</b>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2017

	General	Summer Celebration	Metra Parking	DUI	Drug Forfeiture	Capital	Eliminations	Total
<b>REVENUES</b>								
Taxes	\$ 9,360,145	\$ -	\$ -	\$ -	\$ -	\$ 216,312	\$ -	\$ 9,576,457
Intergovernmental	14,441,590	-	-	-	-	-	-	14,441,590
Licenses, permits, and fees	1,650,784	-	-	-	-	-	-	1,650,784
Charges for services	1,082,182	138,868	102,541	-	-	-	-	1,323,591
Fines and forfeitures	287,356	-	-	18,066	-	-	-	305,422
Investment income	90,755	271	-	-	1,058	-	-	92,084
Miscellaneous	63,612	-	-	-	13,012	-	-	76,624
Total revenues	26,976,424	139,139	102,541	18,066	14,070	216,312	-	27,466,552
<b>EXPENDITURES</b>								
Current								
General government	8,862,203	-	-	-	-	-	-	8,862,203
Public safety	9,295,906	-	-	-	-	-	-	9,295,906
Streets and roads	4,341,901	-	67,197	-	-	-	-	4,409,098
Culture and recreation	91,418	159,452	-	-	-	-	-	250,870
Capital outlay	-	-	-	-	176	814,189	-	814,365
Debt service								
Principal retirement	540,000	-	-	-	-	-	-	540,000
Interest and fiscal charges	260,601	-	-	-	-	-	-	260,601
Total expenditures	23,392,029	159,452	67,197	-	176	814,189	-	24,433,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,584,395	(20,313)	35,344	18,066	13,894	(597,877)	-	3,033,509
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers (out)	(1,406,888)	-	-	-	-	-	-	(1,406,888)
Total other financing sources (uses)	(1,406,888)	-	-	-	-	-	-	(1,406,888)
NET CHANGE IN FUND BALANCES	2,177,507	(20,313)	35,344	18,066	13,894	(597,877)	-	1,626,621
FUND BALANCES (DEFICIT), MAY 1	30,636,494	(21,999)	81,142	51,083	24,040	(5,201,120)	-	25,569,640
<b>FUND BALANCES (DEFICIT), APRIL 30</b>	<b>\$ 32,814,001</b>	<b>\$ (42,312)</b>	<b>\$ 116,486</b>	<b>\$ 69,149</b>	<b>\$ 37,934</b>	<b>\$ (5,798,997)</b>	<b>\$ -</b>	<b>\$ 27,196,261</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Utility tax	\$ 1,400,000	\$ 1,400,000	\$ 1,363,286
Telecommunication tax	1,068,000	1,068,000	1,016,451
State income tax	2,561,530	2,561,530	2,373,802
Home rule sales tax	2,875,000	2,875,000	3,304,832
Other taxes	894,650	894,650	918,874
Hotel/motel taxes	398,000	398,000	382,900
Road and bridge tax	202,703	202,703	216,312
Intergovernmental			
Sales tax	10,683,190	10,683,190	14,435,680
Grants	9,000	9,000	5,911
Licenses, permits, and fees	688,100	688,100	1,650,784
Charges for services			
Fees and charges for services	971,390	971,390	1,184,174
Event fees and charges for services	-	-	550
Summer celebration fees	154,350	154,350	138,868
Fines and forfeitures	325,950	325,950	305,421
Investment income	319,200	319,200	92,084
Miscellaneous	51,001	51,001	76,626
<b>TOTAL REVENUES</b>	<b>\$ 22,602,064</b>	<b>\$ 22,602,064</b>	<b>\$ 27,466,555</b>

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(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES</b>			
General government			
Administration			
Personal services	\$ 1,035,016	\$ 1,057,413	\$ 1,022,172
Contractual services	1,681,088	1,288,314	5,987,466
Commodities	48,750	47,258	27,903
Equipment	47,895	47,895	30,585
Total administration	<u>2,812,749</u>	<u>2,440,880</u>	<u>7,068,126</u>
Judiciary			
Contractual services	<u>507,500</u>	<u>567,500</u>	<u>551,684</u>
Total judiciary	<u>507,500</u>	<u>567,500</u>	<u>551,684</u>
President/trustee			
Personal services	54,901	54,901	58,069
Contractual services	20,875	20,875	14,473
Commodities	9,150	9,150	6,185
Total president/trustee	<u>84,926</u>	<u>84,926</u>	<u>78,727</u>
Community development			
Personal services	915,649	935,486	888,706
Contractual services	45,189	56,189	36,986
Commodities	16,850	15,850	7,352
Equipment	31,981	30,981	25,150
Total community development	<u>1,009,669</u>	<u>1,038,506</u>	<u>958,194</u>
Committees			
Personal services	3,200	3,200	1,970
Contractual services	19,375	19,201	6,157
Commodities	7,100	6,722	5,391
Equipment	1,200	1,752	972
Total committees	<u>30,875</u>	<u>30,875</u>	<u>14,490</u>
Resident direct benefit			
Contractual services	122,500	122,500	82,936
Commodities	83,200	83,200	39,045
Total resident direct benefit	<u>205,700</u>	<u>205,700</u>	<u>121,981</u>

(This schedule is continued on the following pages.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>			
General government (Continued)			
General purpose			
Personal services	\$ 52,493	\$ 52,493	\$ 46,199
Contractual services	-	10,000	22,802
Total general purpose	52,493	62,493	69,001
Total general government	4,703,912	4,430,880	8,862,203
Public safety			
Police department			
Personal services	8,764,526	8,951,235	8,718,593
Contractual services	339,215	335,015	250,145
Commodities	181,533	185,733	157,359
Equipment	209,585	209,585	162,633
Total police department	9,494,859	9,681,568	9,288,730
Fire and police commission			
Personal services	500	500	-
Contractual services	10,150	10,150	7,176
Commodities	200	200	-
Total fire and police commission	10,850	10,850	7,176
Total public safety	9,505,709	9,692,418	9,295,906
Streets and roads			
Public works			
Personal services	2,751,977	2,802,222	2,649,958
Contractual services	1,088,633	1,098,686	882,845
Commodities	847,330	836,230	534,941
Equipment	278,586	278,586	274,157
Total public works	4,966,526	5,015,724	4,341,901
Metra parking			
Contractual services	102,300	103,347	63,729
Commodities	6,100	6,100	3,468
Total metra parking	108,400	109,447	67,197
Total streets and roads	5,074,926	5,125,171	4,409,098

(This schedule is continued on the following page.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>EXPENDITURES (Continued)</b>			
Culture and recreation			
Events			
Contractual services	\$ 85,395	\$ 87,314	\$ 82,077
Commodities	16,345	14,426	9,341
Total events	<u>101,740</u>	<u>101,740</u>	<u>91,418</u>
Summer celebration			
Contractual services	134,060	134,060	125,725
Commodities	37,000	37,000	33,727
Total summer celebration	<u>171,060</u>	<u>171,060</u>	<u>159,452</u>
Total culture and recreation	<u>272,800</u>	<u>272,800</u>	<u>250,870</u>
Capital outlay			
Drug forfeiture	-	-	176
Community infrastructure development			
Street construction	389,000	404,559	359,099
Land	-	-	363
Fixed equipment	112,000	127,000	52,008
Information technology equipment	-	1,000	13,322
Machinery	160,000	160,000	86,004
Remodel	190,000	190,000	97,606
Construction	406,000	375,441	112,308
Engineering/architecture	75,000	75,000	93,479
Total capital outlay	<u>1,332,000</u>	<u>1,333,000</u>	<u>814,365</u>
Debt service			
Principal retirement	540,000	540,000	540,000
Interest and fiscal charges	259,810	259,810	260,601
Total debt service	<u>799,810</u>	<u>799,810</u>	<u>800,601</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 21,689,157</u></u>	<u><u>\$ 21,654,079</u></u>	<u><u>\$ 24,433,043</u></u>

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

### **CAPITAL PROJECTS FUNDS**

The Bond Construction Fund is used to account for the costs of the project to renovate the Police Station.

VILLAGE OF VERNON HILLS, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2017

	Special Revenue		Capital	Total
	Motor Fuel	Dispatch	Projects	
	Tax	Center	Bond Construction	
<b>ASSETS</b>				
Cash and investments	\$ 1,432,437	\$ 795,053	\$ -	\$ 2,227,490
Receivables				
Taxes	54,984	105,555	-	160,539
Accounts	-	293,026	-	293,026
Other	-	16,122	-	16,122
Prepaid expenses	-	1,080	-	1,080
<b>TOTAL ASSETS</b>	<b>\$ 1,487,421</b>	<b>\$ 1,210,836</b>	<b>\$ -</b>	<b>\$ 2,698,257</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 241,392	\$ 103,284	\$ -	\$ 344,676
Accrued payroll	-	82,385	-	82,385
Total liabilities	241,392	185,669	-	427,061
<b>FUND BALANCES</b>				
Restricted				
Streets and roads	1,246,029	-	-	1,246,029
Public safety	-	1,025,167	-	1,025,167
Total fund balances	1,246,029	1,025,167	-	2,271,196
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,487,421</b>	<b>\$ 1,210,836</b>	<b>\$ -</b>	<b>\$ 2,698,257</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	Special Revenue		Capital Projects	Total
	Motor Fuel Tax	Dispatch Center	Bond Construction	
<b>REVENUES</b>				
Taxes	\$ -	\$ 372,116	\$ -	\$ 372,116
Intergovernmental	666,252	-	-	666,252
Charges for services	-	1,327,126	-	1,327,126
Interest	5,876	1,036	1,868	8,780
Miscellaneous	-	-	65,920	65,920
<b>Total revenues</b>	<b>672,128</b>	<b>1,700,278</b>	<b>67,788</b>	<b>2,440,194</b>
<b>EXPENDITURES</b>				
Current				
Public safety	-	2,338,105	-	2,338,105
Capital outlay	696,318	-	318,247	1,014,565
<b>Total expenditures</b>	<b>696,318</b>	<b>2,338,105</b>	<b>318,247</b>	<b>3,352,670</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(24,190)</b>	<b>(637,827)</b>	<b>(250,459)</b>	<b>(912,476)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,285,208	185,508	1,470,716
Transfers (out)	-	(185,508)	-	(185,508)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,099,700</b>	<b>185,508</b>	<b>1,285,208</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(24,190)</b>	<b>461,873</b>	<b>(64,951)</b>	<b>372,732</b>
<b>FUND BALANCES, MAY 1</b>	<b>1,270,219</b>	<b>563,294</b>	<b>64,951</b>	<b>1,898,464</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 1,246,029</b>	<b>\$ 1,025,167</b>	<b>\$ -</b>	<b>\$ 2,271,196</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental	\$ 680,060	\$ 680,060	\$ 666,252
Interest	20,000	20,000	5,876
Total revenues	<u>700,060</u>	<u>700,060</u>	<u>672,128</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>801,000</u>	<u>801,000</u>	<u>696,318</u>
Total expenditures	<u>801,000</u>	<u>801,000</u>	<u>696,318</u>
CHANGE IN FUND BALANCE	<u>\$ (100,940)</u>	<u>\$ (100,940)</u>	(24,190)
FUND BALANCE, MAY 1			<u>1,270,219</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 1,246,029</u></u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
911 surcharge	\$ 342,500	\$ 342,500	\$ 372,116
Charges for services	963,560	963,560	1,327,126
Interest	2,500	2,500	1,036
Miscellaneous	141,000	141,000	-
<b>Total revenues</b>	<b>1,449,560</b>	<b>1,449,560</b>	<b>1,700,278</b>
<b>EXPENDITURES</b>			
Public safety			
Personal services	1,845,986	1,881,064	1,780,439
Contractual services	697,399	646,459	451,734
Commodities	147,225	108,865	5,989
Equipment	11,300	100,600	99,943
<b>Total expenditures</b>	<b>2,701,910</b>	<b>2,736,988</b>	<b>2,338,105</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,252,350)</b>	<b>(1,287,428)</b>	<b>(637,827)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,251,350	1,285,210	1,285,208
Transfers (out)	-	-	(185,508)
<b>Total other financing sources (uses)</b>	<b>1,251,350</b>	<b>1,285,210</b>	<b>1,099,700</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (1,000)</b>	<b>\$ (2,218)</b>	<b>461,873</b>
<b>FUND BALANCE, MAY 1</b>			<b>563,294</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 1,025,167</b>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
BOND CONSTRUCTION FUND**

For the Year Ended April 30, 2017

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Interest	\$ -	\$ -	\$ 1,868
Miscellaneous	-	-	65,920
Total revenues	-	-	67,788
<b>EXPENDITURES</b>			
Capital outlay			
Equipment	-	-	318,247
Total expenditures	-	-	318,247
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(250,459)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	185,508
Total other financing sources (uses)	-	-	185,508
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(64,951)
FUND BALANCE, MAY 1			<u>64,951</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ -</u></u>

(See independent auditor's report.)

## **MAJOR PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

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

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ -	\$ 408,651
Total operating revenues	-	-	408,651
<b>OPERATING EXPENSES</b>			
Operations	423,331	423,331	446,071
Total operating expenses excluding depreciation	423,331	423,331	446,071
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>			
	(423,331)	(423,331)	(37,420)
Depreciation	-	-	62,481
<b>OPERATING INCOME (LOSS)</b>			
	(423,331)	(423,331)	(99,901)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	-	-	1,265
Gain on sale of capital assets	-	-	42,000
Total non-operating revenues (expenses)	-	-	43,265
<b>CHANGE IN NET POSITION</b>			
	\$ (423,331)	\$ (423,331)	(56,636)
<b>NET POSITION, MAY 1</b>			205,038
<b>NET POSITION, APRIL 30</b>			\$ 148,402

(See independent auditor's report.)

## **NONMAJOR PROPRIETARY FUNDS**

### **INTERNAL SERVICE FUNDS**

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

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

For the Year Ended April 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 278,217	\$ 278,217	\$ 278,217
Total operating revenues	278,217	278,217	278,217
<b>OPERATING EXPENSES</b>			
Operations	1,016,000	1,016,000	34,124
Total operating expenses	1,016,000	1,016,000	34,124
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(737,783)	(737,783)	244,093
Depreciation	-	-	95,709
OPERATING INCOME (LOSS)	(737,783)	(737,783)	148,384
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Prior year budgeted surplus	898,000	898,000	-
Gain on sale of capital assets	-	-	27,000
Total non-operating revenues (expenses)	898,000	898,000	27,000
CHANGE IN NET POSITION	\$ 160,217	\$ 160,217	175,384
NET POSITION, MAY 1			2,743,370
<b>NET POSITION, APRIL 30</b>			<b>\$ 2,918,754</b>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

### **PENSION TRUST FUND**

The Police Pension Fund is used to account for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. Financing is provided by employee contributions, the annual General Fund contributions and investment income. See pages 15-16.

### **AGENCY FUND**

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
DEVELOPMENT - AGENCY FUND**

For the Year Ended April 30, 2017

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	<b>Balances</b>				<b>Balances</b>
	<b>May 1</b>	<b>Additions</b>	<b>Deletions</b>		<b>April 30</b>
<b>ASSETS</b>					
Cash and investments	\$ 115,367	\$ 1,125	\$ 87,174	\$	29,318
<b>TOTAL ASSETS</b>	<u>\$ 115,367</u>	<u>\$ 1,125</u>	<u>\$ 87,174</u>	<u>\$</u>	<u>29,318</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 87,174	\$ -	\$ 87,174	\$	-
Deposits payable	28,193	1,125	-		29,318
<b>TOTAL LIABILITIES</b>	<u>\$ 115,367</u>	<u>\$ 1,125</u>	<u>\$ 87,174</u>	<u>\$</u>	<u>29,318</u>

(See independent auditor's report.)

**SUPPLEMENTAL FINANCIAL INFORMATION**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
ALTERNATIVE REVENUE REFUNDING BONDS, SERIES 2005**

April 30, 2017

Date of Issue	May 10, 2001
Date of Maturity	March 30, 2021
Authorized Issue	\$3,790,000
Interest Rates	3.000% to 4.125%
Interest Dates	March 30 and September 30
Principal Maturity Date	September 30
Payable at	Bank One

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2018	\$ -	\$ 45,905	\$ 45,905	2017	\$ 22,953	2018	\$ 22,952
2019	355,000	45,905	400,905	2018	22,953	2019	22,952
2020	370,000	31,350	401,350	2019	15,675	2020	15,675
2021	390,000	16,087	406,087	2020	8,044	2021	8,043
	<u>\$ 1,115,000</u>	<u>\$ 139,247</u>	<u>\$ 1,254,247</u>		<u>\$ 69,625</u>		<u>\$ 69,622</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

April 30, 2017

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

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due On</b>			
				<b>June 30</b>	<b>Amount</b>	<b>December 30</b>	<b>Amount</b>
2018	\$ 450,000	\$ 156,000	\$ 606,000	2017	\$ 78,000	2017	\$ 78,000
2019	600,000	147,000	747,000	2018	73,500	2018	73,500
2020	650,000	135,000	785,000	2019	67,500	2019	67,500
2021	675,000	122,000	797,000	2020	61,000	2020	61,000
2022	725,000	108,500	833,500	2021	54,250	2021	54,250
2023	750,000	94,000	844,000	2022	47,000	2022	47,000
2024	800,000	79,000	879,000	2023	39,500	2023	39,500
2025	900,000	63,000	963,000	2024	31,500	2024	31,500
2026	1,000,000	45,000	1,045,000	2025	22,500	2025	22,500
2027	1,000,000	22,500	1,022,500	2026	11,250	2026	11,250
	<u>\$ 7,550,000</u>	<u>\$ 972,000</u>	<u>\$ 8,522,000</u>		<u>\$ 486,000</u>		<u>\$ 486,000</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

April 30, 2017

Date of Issue	February 28, 2012
Date of Maturity	March 30, 2026
Authorized Issue	\$1,625,000
Interest Rates	2.0% to 2.4%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due On</b>			
				<b>September 30</b>	<b>Amount</b>	<b>March 30</b>	<b>Amount</b>
2018	\$ 125,000	\$ 26,700	\$ 151,700	2018	\$ 13,350	2019	\$ 13,350
2019	125,000	24,200	149,200	2019	12,100	2020	12,100
2020	130,000	21,700	151,700	2020	10,850	2021	10,850
2021	130,000	19,100	149,100	2021	9,550	2022	9,550
2022	140,000	16,500	156,500	2022	8,250	2023	8,250
2023	145,000	13,700	158,700	2023	6,850	2024	6,850
2024	145,000	10,510	155,510	2024	5,255	2025	5,255
2025	150,000	7,320	157,320	2025	3,660	2026	3,660
2026	155,000	3,720	158,720	2026	1,860	2027	1,860
	<u>\$ 1,245,000</u>	<u>\$ 143,450</u>	<u>\$ 1,388,450</u>		<u>\$ 71,725</u>		<u>\$ 71,725</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

April 30, 2017

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2034
Authorized Issue	\$3,520,000
Interest Rates	2.0% to 3.5%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2018	\$ 160,000	\$ 86,223	\$ 246,223	2017	\$ 43,112	2018	\$ 43,111
2019	160,000	83,022	243,022	2018	41,511	2019	41,511
2020	165,000	79,823	244,823	2019	39,912	2020	39,911
2021	165,000	76,522	241,522	2020	38,261	2021	38,261
2022	170,000	73,223	243,223	2021	36,612	2022	36,611
2023	175,000	69,823	244,823	2022	34,912	2023	34,911
2024	180,000	66,060	246,060	2023	33,030	2024	33,030
2025	180,000	61,920	241,920	2024	30,960	2025	30,960
2026	185,000	57,510	242,510	2025	28,755	2026	28,755
2027	190,000	52,700	242,700	2026	26,350	2027	26,350
2028	195,000	47,475	242,475	2027	23,738	2028	23,737
2029	200,000	41,625	241,625	2028	20,813	2029	20,812
2030	210,000	35,625	245,625	2029	17,813	2030	17,812
2031	215,000	29,325	244,325	2030	14,663	2031	14,662
2032	220,000	22,875	242,875	2031	11,438	2032	11,437
2033	230,000	16,275	246,275	2032	8,138	2033	8,137
2034	235,000	8,225	243,225	2033	4,113	2034	4,112
	<u>\$ 3,235,000</u>	<u>\$ 908,251</u>	<u>\$ 4,143,251</u>		<u>\$ 454,131</u>		<u>\$ 454,120</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

April 30, 2017

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

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2018	\$ 165,000	\$ 19,108	\$ 184,108	2017	\$ 9,554	2018	\$ 9,554
2019	165,000	15,808	180,808	2018	7,904	2019	7,904
2020	90,000	12,508	102,508	2019	6,254	2020	6,254
2021	-	10,707	10,707	2020	5,354	2021	5,353
2022	-	10,707	10,707	2021	5,354	2022	5,353
2023	-	10,707	10,707	2022	5,354	2023	5,353
2024	-	10,707	10,707	2023	5,354	2024	5,353
2025	-	10,707	10,707	2024	5,354	2025	5,353
2026	195,000	10,707	205,707	2025	5,354	2026	5,353
2027	205,000	5,638	210,638	2026	2,819	2027	2,819
	<u>\$ 820,000</u>	<u>\$ 117,304</u>	<u>\$ 937,304</u>		<u>\$ 58,655</u>		<u>\$ 58,649</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BONDS, SERIES 2014 - TAX INCREMENT FUND**

April 30, 2017

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

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2018	\$ -	\$ 21,595	\$ 21,595	2017	\$ 10,798	2018	\$ 10,797
2019	-	21,595	21,595	2018	10,798	2019	10,797
2020	85,000	21,595	106,595	2019	10,798	2020	10,797
2021	175,000	19,895	194,895	2020	9,948	2021	9,947
2022	175,000	16,395	191,395	2021	8,198	2022	8,197
2023	180,000	12,895	192,895	2022	6,448	2023	6,447
2024	190,000	9,025	199,025	2023	4,513	2024	4,512
2025	190,000	4,655	194,655	2024	2,328	2025	2,327
	<u>\$ 995,000</u>	<u>\$ 127,650</u>	<u>\$ 1,122,650</u>		<u>\$ 63,829</u>		<u>\$ 63,821</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

April 30, 2017

Date of Issue	November 5, 2015
Date of Maturity	March 30, 2034
Authorized Issue	\$2,005,000
Interest Rates	2.00% to 3.25%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2018	\$ 130,000	\$ 49,225	\$ 179,225	2017	\$ 24,613	2017	\$ 24,612
2019	130,000	46,625	176,625	2018	23,313	2018	23,312
2020	135,000	44,025	179,025	2019	22,013	2019	22,012
2021	140,000	41,325	181,325	2020	20,663	2020	20,662
2022	140,000	38,525	178,525	2021	19,263	2021	19,262
2023	140,000	35,725	175,725	2022	17,863	2022	17,862
2024	150,000	32,925	182,925	2023	16,463	2023	16,462
2025	80,000	28,425	108,425	2024	14,213	2024	14,212
2026	85,000	26,025	111,025	2025	13,013	2025	13,012
2027	85,000	23,475	108,475	2026	11,738	2026	11,737
2028	90,000	20,925	110,925	2027	10,463	2027	10,462
2029	90,000	18,225	108,225	2028	9,113	2028	9,112
2030	95,000	15,525	110,525	2029	7,763	2029	7,762
2031	95,000	12,675	107,675	2030	6,338	2030	6,337
2032	100,000	9,825	109,825	2031	4,913	2031	4,912
2033	105,000	6,825	111,825	2032	3,413	2032	3,412
2034	105,000	3,412	108,412	2033	1,706	2033	1,706
	<u>\$ 1,895,000</u>	<u>\$ 453,712</u>	<u>\$ 2,348,712</u>		<u>\$ 226,864</u>		<u>\$ 226,848</u>

(See independent auditor's report.)

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

April 30, 2017

Date of Issue	November 5, 2015
Date of Maturity	December 30, 2027
Authorized Issue	\$5,255,000
Interest Rates	2.0% to 2.5%
Interest Dates	June 30 and December 30
Principal Maturity Date	December 30
Payable at	The Bank of New York Mellon Trust Company

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due On			
				June 30	Amount	December 30	Amount
2018	\$ 440,000	\$ 100,326	\$ 540,326	2017	\$ 50,163	2017	\$ 50,163
2019	450,000	91,525	541,525	2018	45,763	2018	45,762
2020	460,000	82,525	542,525	2019	41,263	2019	41,262
2021	470,000	73,325	543,325	2020	36,663	2020	36,662
2022	475,000	63,925	538,925	2021	31,963	2021	31,962
2023	485,000	54,425	539,425	2022	27,213	2022	27,212
2024	455,000	44,725	499,725	2023	22,363	2023	22,362
2025	395,000	34,488	429,488	2024	17,244	2024	17,244
2026	520,000	25,600	545,600	2025	12,800	2025	12,800
2027	530,000	13,250	543,250	2026	6,625	2026	6,625
	<u>\$ 4,680,000</u>	<u>\$ 584,114</u>	<u>\$ 5,264,114</u>		<u>\$ 292,060</u>		<u>\$ 292,054</u>

(See independent auditor's report.)

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
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.	85-98
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	99-105
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.	106-109
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.	110-112
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.	113-114

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 101,767,949	\$ 97,942,912	\$ 95,356,202	\$ 91,757,779
Restricted	4,461,603	3,329,155	3,025,617	3,349,329
Unrestricted	23,237,045	21,924,140	19,072,498	20,422,612
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 129,466,597</b>	<b>\$ 123,196,207</b>	<b>\$ 117,454,317</b>	<b>\$ 115,529,720</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 822,680	\$ 836,773	\$ 769,845	\$ 786,545
Restricted	-	-	-	-
Unrestricted	(97,704)	(227,551)	(174,380)	(234,087)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 724,976</b>	<b>\$ 609,222</b>	<b>\$ 595,465</b>	<b>\$ 552,458</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 102,590,629	\$ 98,779,685	\$ 96,126,047	\$ 92,544,324
Restricted	4,461,603	3,329,155	3,025,617	3,349,329
Unrestricted	23,139,341	21,696,589	18,898,118	20,188,525
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 130,191,573</b>	<b>\$ 123,805,429</b>	<b>\$ 118,049,782</b>	<b>\$ 116,082,178</b>

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

Data Source

Audited Financial Statements

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016*</b>	<b>2017</b>
\$ 87,283,367	\$ 85,102,245	\$ 83,986,644	\$ 82,205,307	\$ 79,574,960	\$ 77,689,771
3,495,103	2,627,039	2,831,873	6,391,658	1,989,778	2,495,260
23,283,224	24,665,002	24,904,019	22,222,353	3,722,990	3,774,935
<b>\$ 114,061,694</b>	<b>\$ 112,394,286</b>	<b>\$ 111,722,536</b>	<b>\$ 110,819,318</b>	<b>\$ 85,287,728</b>	<b>\$ 83,959,966</b>
\$ 718,458	\$ 651,621	\$ 586,405	\$ 521,711	\$ 457,015	\$ 518,131
-	-	-	-	-	-
(284,478)	(241,159)	(222,509)	(227,142)	(251,977)	(369,729)
<b>\$ 433,980</b>	<b>\$ 410,462</b>	<b>\$ 363,896</b>	<b>\$ 294,569</b>	<b>\$ 205,038</b>	<b>\$ 148,402</b>
\$ 88,001,825	\$ 85,753,866	\$ 84,573,049	\$ 82,727,018	\$ 80,031,975	\$ 78,207,902
3,495,103	2,627,039	2,831,873	6,391,658	1,989,778	2,495,260
22,998,746	24,423,843	24,681,510	21,995,211	3,471,013	3,405,206
<b>\$ 114,495,674</b>	<b>\$ 112,804,748</b>	<b>\$ 112,086,432</b>	<b>\$ 111,113,887</b>	<b>\$ 85,492,766</b>	<b>\$ 84,108,368</b>

**VILLAGE OF VERNON HILLS, ILLINOIS**

CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>EXPENSES</b>				
Governmental Activities				
General government	\$ 4,933,995	\$ 7,409,619	\$ 5,361,615	\$ 5,148,289
Public safety	8,996,733	8,916,041	8,785,116	8,619,448
Roads and streets	10,586,487	8,607,486	7,233,167	6,850,515
Economic development	7,146,756	2,573,388	1,147,173	326,276
Culture and recreation	301,480	308,954	245,328	260,935
Interest and fees	1,296,357	1,407,974	1,361,865	1,464,042
Total governmental activities expenses	33,261,808	29,223,462	24,134,264	22,669,505
Business-Type Activities				
Golf course	605,598	648,762	544,291	495,572
Total business-type activities expenses	605,598	648,762	544,291	495,572
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 33,867,406</b>	<b>\$ 29,872,224</b>	<b>\$ 24,678,555</b>	<b>\$ 23,165,077</b>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for services				
General government	\$ 2,958,577	\$ 2,090,182	\$ 1,839,779	\$ 2,164,926
Public safety	457,078	407,813	278,121	255,714
Culture and recreation	190,913	210,327	170,780	184,693
Operating grants and contributions	1,073,990	909,002	617,688	712,457
Capital grants and contributions	-	252,000	-	627,222
Total governmental activities program revenues	4,680,558	3,869,324	2,906,368	3,945,012
Business-Type Activities				
Charges for services				
Golf course	567,712	532,529	530,478	452,503
Total business-type activities program revenues	567,712	532,529	530,478	452,503
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 5,248,270</b>	<b>\$ 4,401,853</b>	<b>\$ 3,436,846</b>	<b>\$ 4,397,515</b>
<b>NET REVENUES (EXPENSES)</b>				
Governmental activities	\$ (28,581,250)	\$ (25,354,138)	\$ (21,227,896)	\$ (18,724,493)
Business-type activities	(37,886)	(116,233)	(13,813)	(43,069)
<b>TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)</b>	<b>\$ (28,619,136)</b>	<b>\$ (25,470,371)</b>	<b>\$ (21,241,709)</b>	<b>\$ (18,767,562)</b>

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental Activities				
Taxes				
Utility	\$ 1,475,406	\$ 1,416,128	\$ 1,351,570	\$ 1,446,045
Home rule sales	-	-	-	-
Hotel/motel	359,784	298,914	248,826	270,764
911 surcharge	331,258	361,267	311,658	293,660
Road and bridge	175,219	188,350	193,805	202,379
Telecommunication	1,569,859	1,586,588	1,454,587	1,269,772
Tax increment	81,149	17,053	-	232,544
Other	443,527	453,988	412,477	456,616
Intergovernmental				
Sales tax	10,364,210	9,836,554	9,153,021	9,508,242
State income tax	2,200,234	2,056,595	1,801,143	1,807,219
Investment income	1,909,544	935,625	225,103	249,076
Miscellaneous	179,250	158,384	143,437	1,143,974
Total governmental activities	19,089,440	17,309,446	15,295,627	16,880,291
Business-Type Activities				
Investment income	1,488	479	56	62
Total business-type activities	1,488	479	56	62
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,090,928</b>	<b>\$ 17,309,925</b>	<b>\$ 15,295,683</b>	<b>\$ 16,880,353</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (9,491,810)	\$ (8,044,692)	\$ (5,932,269)	\$ (1,844,202)
Business-type activities	(36,398)	(115,754)	(13,757)	(43,007)
<b>TOTAL PRIMARY GOVERNMENT</b>				
<b>CHANGE IN NET POSITION</b>	<b>\$ (9,528,208)</b>	<b>\$ (8,160,446)</b>	<b>\$ (5,946,026)</b>	<b>\$ (1,887,209)</b>

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

Data Source

Audited Financial Statements

2012	2013	2014	2015	2016*	2017
\$ 1,409,506	\$ 1,418,186	\$ 1,404,549	\$ 1,345,000	\$ 1,334,151	\$ 1,363,286
-	-	-	727,413	3,197,930	3,304,832
296,728	323,334	351,087	369,509	380,093	382,900
442,088	343,609	319,399	325,797	309,960	372,116
208,235	200,903	205,572	201,923	212,406	216,312
1,352,296	1,335,120	1,258,098	1,117,728	1,190,196	1,016,451
772,159	1,048,583	1,281,321	1,174,513	1,221,604	1,216,865
464,146	486,456	534,105	581,481	871,620	918,874
10,334,171	10,547,878	10,773,512	11,426,650	14,006,145	14,435,680
2,127,725	2,376,128	2,398,252	2,530,028	2,676,354	2,373,802
188,188	98,374	73,881	295,485	115,636	105,285
68,954	44,992	67,762	55,764	41,088	135,754
17,664,196	18,223,563	18,667,538	20,151,291	25,557,183	25,842,157
54	55	13	13	104	1,265
54	55	13	13	104	1,265
\$ 17,664,250	\$ 18,223,618	\$ 18,667,551	\$ 20,151,304	\$ 25,557,287	\$ 25,843,422
\$ (1,468,026)	\$ (978,908)	\$ (671,750)	\$ (903,217)	\$ (2,664,284)	\$ (1,327,762)
(118,478)	(23,518)	(46,566)	(69,327)	(89,531)	(98,636)
\$ (1,586,504)	\$ (1,002,426)	\$ (718,316)	\$ (972,544)	\$ (2,753,815)	\$ (1,426,398)

**VILLAGE OF VERNON HILLS, ILLINOIS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010*</b>	<b>2011</b>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,612,801	1,480,580	1,475,234	831,038
Unreserved	20,542,721	20,394,982	18,425,428	21,404,899
<b>TOTAL GENERAL FUND</b>	<b>\$ 22,155,522</b>	<b>\$ 21,875,562</b>	<b>\$ 19,900,662</b>	<b>\$ 22,235,937</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Restricted	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved	4,411,999	3,239,543	2,836,301	2,924,765
Unreserved, reported in				
Special revenue funds	2,725,573	(848,598)	(2,080,388)	(2,858,122)
Capital project funds	(145,862)	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 6,991,710</b>	<b>\$ 2,390,945</b>	<b>\$ 755,913</b>	<b>\$ 66,643</b>

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

Data Source

Audited Financial Statements

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**GOVERNMENTAL REVENUES BY SOURCE**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Sales tax	\$ 10,364,210	\$ 9,648,749	\$ 9,153,972	\$ 9,447,706
Other taxes	6,619,099	6,378,613	5,774,066	5,978,999
Intergovernmental	1,073,990	909,002	617,688	1,339,679
Licenses, permits, and fees, fines and forfeitures, and charges for services	3,606,568	2,708,322	2,288,680	2,605,333
Investment income	1,909,544	935,625	225,103	249,076
Miscellaneous	179,250	158,384	143,437	1,143,974
<b>TOTAL REVENUES</b>	<b>\$ 23,752,661</b>	<b>\$ 20,738,695</b>	<b>\$ 18,202,946</b>	<b>\$ 20,764,767</b>

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Data Source

Audited Financial Statements

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

VILLAGE OF VERNON HILLS, ILLINOIS

GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government	\$ 4,278,264	\$ 4,575,960	\$ 4,616,386	\$ 3,218,639
Public safety	8,779,490	8,643,644	8,490,969	8,281,006
Streets and roads	4,849,825	5,519,961	4,649,372	4,046,574
Economic development	7,146,756	4,350,636	922,078	306
Culture and recreation	301,480	308,954	245,328	260,935
Capital outlay	3,556,553	1,332,878	953,128	650,272
Debt service				
Principal retirement	1,035,000	1,105,000	1,150,000	1,190,000
Interest and fiscal charges	1,046,952	1,324,579	1,368,810	1,471,030
<b>TOTAL EXPENDITURES</b>	<b>\$ 30,994,320</b>	<b>\$ 27,161,612</b>	<b>\$ 22,396,071</b>	<b>\$ 19,118,762</b>

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Data Source

Audited Financial Statements

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>REVENUES</b>				
Sales tax	\$ 10,364,210	\$ 9,648,749	\$ 9,153,972	\$ 9,447,706
Other taxes	6,619,099	6,378,613	5,774,066	5,978,999
Intergovernmental	1,073,990	909,002	617,688	1,339,679
Licenses, permits, and fees, fines and forfeitures, and charges for services	3,606,568	2,708,322	2,288,680	2,605,333
Investment income	1,909,544	935,625	225,103	249,076
Miscellaneous	179,250	158,384	143,437	1,143,974
<b>Total revenues</b>	<b>23,752,661</b>	<b>20,738,695</b>	<b>18,202,946</b>	<b>20,764,767</b>
<b>EXPENDITURES</b>				
General government	4,278,264	4,575,960	4,616,386	3,218,639
Public safety	8,779,490	8,643,644	8,490,969	8,281,006
Streets and roads	4,849,825	5,519,961	4,649,372	4,046,574
Economic development	7,146,756	4,350,636	922,078	306
Culture and recreation	301,480	308,954	245,328	260,935
Capital outlay	3,556,553	1,332,878	953,128	650,272
Debt service				
Principal retirement	1,035,000	1,105,000	1,150,000	1,190,000
Interest and fiscal charges	1,046,952	1,324,579	1,368,810	1,471,030
<b>Total expenditures</b>	<b>30,994,320</b>	<b>27,161,612</b>	<b>22,396,071</b>	<b>19,118,762</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,241,659)</b>	<b>(6,422,917)</b>	<b>(4,193,125)</b>	<b>1,646,005</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,115	147,551	-	23,254
Transfers (out)	(8,115)	(147,551)	-	(23,254)
Proceeds from bonds	10,628,000	1,542,192	792,808	-
Premium on debt issuance	-	-	-	-
Payment to escrow agent	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>10,628,000</b>	<b>1,542,192</b>	<b>792,808</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,386,341</b>	<b>\$ (4,880,725)</b>	<b>\$ (3,400,317)</b>	<b>\$ 1,646,005</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>8.87%</b>	<b>10.30%</b>	<b>13.23%</b>	<b>14.47%</b>

Data Source

Audited Financial Statements

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	10,251,007	\$ 10,503,422	\$ 10,680,015	\$ 11,426,650	\$ 14,006,145	\$ 14,435,680
	7,072,883	7,532,319	7,752,383	7,931,917	11,394,315	11,165,438
	855,832	730,134	756,393	876,836	831,309	672,162
	2,292,710	3,269,310	4,016,931	3,915,655	3,239,217	4,606,923
	188,188	98,374	73,881	295,485	115,636	105,285
	68,954	44,992	67,762	55,764	41,088	142,544
	20,729,574	22,178,551	23,347,365	24,502,307	29,627,710	31,128,032
	3,282,636	3,498,692	3,668,619	3,842,991	8,214,056	8,862,203
	9,185,888	9,778,906	10,254,629	10,932,262	11,050,969	11,634,011
	4,150,824	4,796,985	5,234,011	5,883,011	4,560,218	4,409,098
	798	-	4,463	-	1,488	-
	259,249	270,899	277,671	258,590	287,664	250,870
	198,212	331,657	385,859	1,108,942	7,170,422	1,828,930
	1,245,000	1,315,000	2,435,000	1,720,000	645,000	1,415,000
	1,336,746	935,048	910,400	808,478	768,087	574,283
	19,659,353	20,927,187	23,170,652	24,554,274	32,697,904	28,974,395
	1,070,221	1,251,364	176,713	(51,967)	(3,070,194)	2,153,637
	77,216	2,288,015	1,255,093	1,804,752	1,515,383	1,592,396
	(77,216)	(2,288,015)	(1,255,093)	(1,804,752)	(1,515,383)	(1,592,396)
	9,475,000	-	-	5,630,000	7,260,000	-
	37,204	-	-	-	187,651	-
	(7,602,645)	-	-	(2,142,479)	(5,301,500)	-
	1,909,559	-	-	3,487,521	2,146,151	-
\$	2,979,780	\$ 1,251,364	\$ 176,713	\$ 3,435,554	\$ (924,043)	\$ 2,153,637
	13.35%	10.83%	14.49%	10.63%	4.92%	7.00%

VILLAGE OF VERNON HILLS, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General merchandise	\$ 2,955,471	\$ 2,891,816	\$ 2,782,847	\$ 2,823,025	\$ 2,633,339	\$ 2,720,545	\$ 2,597,897	\$ 2,488,384	\$ 2,294,533	\$ 1,786,070
Food	389,624	372,836	342,202	340,958	648,891	916,744	925,373	901,265	836,884	1,139,013
Drinking and eating places	775,849	7,880,202	812,685	825,607	850,877	883,552	881,340	960,573	1,038,032	1,051,771
Apparel	863,980	797,133	637,015	689,726	844,886	771,836	775,480	742,882	735,167	730,543
Furniture, H.H., and Radio	3,857,032	3,952,073	3,083,717	3,607,217	4,260,170	4,644,807	4,776,995	5,610,887	6,161,707	6,384,576
Lumber, building hardware	480,791	478,018	438,776	396,123	402,354	401,030	450,455	486,962	489,172	491,590
Automobile and filling stations	245,525	250,520	215,700	257,173	391,781	346,563	321,049	360,241	325,039	321,995
Drugs and miscellaneous retail	1,258,072	1,162,553	1,078,428	1,106,285	1,098,232	1,127,572	1,164,654	1,141,888	1,047,992	1,079,347
Agriculture and all others	681,030	707,998	657,960	601,514	680,022	703,322	793,580	831,229	1,037,895	1,369,197
Manufacturers	190,214	222,906	194,254	157,620	92,047	104,649	110,329	111,466	105,142	105,778
<b>TOTAL*</b>	<b>\$ 11,697,588</b>	<b>\$ 9,923,961</b>	<b>\$ 10,243,584</b>	<b>\$ 10,805,248</b>	<b>\$ 11,902,599</b>	<b>\$ 12,620,620</b>	<b>\$ 12,797,152</b>	<b>\$ 13,635,777</b>	<b>\$ 14,071,563</b>	<b>\$ 14,459,880</b>
<b>VILLAGE DIRECT SALES</b>										
<b>TAX RATE</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>

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

Data Sources

State records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**DIRECT AND OVERLAPPING SALES TAX RATES**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>State Rate</b>	<b>RTA Rate</b>	<b>County Rate</b>	<b>Village Home Rule Rate</b>	<b>Total Sales Tax Rate</b>	<b>% Distributed to Village</b>
2008*	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2009	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2010	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2011	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2012	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2013	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2014	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2015**	6.00%	0.50%	0.50%	0.25%	7.25%	1.00%
2016	6.00%	0.50%	0.50%	0.25%	7.25%	1.00%
2017	6.00%	0.50%	0.50%	0.25%	7.25%	1.00%

N/A - Information not available

\* Rate changed during FY2008 from the rate that existed in FY2007 on April 1, 2008.

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

Data Source

Village and County Records

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Farm Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total</b>	<b>Railroad Property</b>	<b>Total Taxable Assessed Value (Lake County)</b>
2007	\$ 897,297,058	\$ 57,194	\$ 337,811,382	\$ 536,714	\$ 1,235,702,348	\$ 147,146	\$ 1,235,849,494
2008	924,051,438	60,685	357,831,579	555,714	1,282,499,416	178,670	1,282,678,086
2009	928,731,639	60,953	360,691,287	544,714	1,290,028,593	171,251	1,290,199,844
2010	889,805,423	54,888	355,135,429	551,337	1,245,547,077	204,020	1,245,751,097
2011	832,609,239	55,976	347,129,444	555,771	1,180,350,430	189,118	1,180,539,548
2012	761,855,463	56,163	333,879,758	561,152	1,096,352,536	123,380	1,096,475,916
2013	710,261,831	56,052	326,597,423	594,926	1,037,510,232	127,479	1,037,637,711
2014	708,727,188	57,466	324,566,212	589,810	1,033,940,676	149,277	1,034,089,953
2015	746,989,830	58,324	331,136,869	597,831	1,078,782,854	180,024	1,078,962,878
2016	800,234,815	62,900	352,783,237	630,956	1,153,711,908	198,874	1,153,910,782

Data Source

Lake County Clerk's and Treasurer's Office

**VILLAGE OF VERNON HILLS, ILLINOIS**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING

Last Ten Levy Years

<b>Tax Levy Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
CLC Joint Action Water	0.042	0.042	0.042	0.045	0.047	0.052	0.055	0.056	0.054	0.046
Grade School 73	2.842	2.878	2.899	3.081	3.306	3.678	3.997	4.118	4.033	3.871
High School 128	2.136	2.163	2.179	2.324	2.399	2.580	2.919	2.687	2.732	2.532
Jr. College 532	0.192	0.196	0.200	0.218	0.240	0.272	0.296	0.306	0.299	0.285
Vernon Township (1)	0.092	0.092	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA
Libertyville Township (1)	N/A	N/A	0.104	0.106	0.111	0.122	0.131	0.134	0.131	0.124
Lake County	0.444	0.453	0.453	0.505	0.554	0.608	0.663	0.683	0.663	0.632
Lake County Forest Preserve	0.201	0.199	0.199	0.198	0.201	0.212	0.218	0.210	0.208	0.193
Vernon Hills Park District	0.343	0.344	0.344	0.427	0.450	0.496	0.445	0.455	0.458	0.419
Cook Memorial Library	0.219	0.222	0.222	0.238	0.254	0.282	0.303	0.312	0.304	0.289
Countryside Fire District	0.390	0.417	0.417	0.453	0.495	0.552	0.597	0.613	0.598	0.570
Village of Vernon Hills	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>6.901</b>	<b>7.006</b>	<b>7.059</b>	<b>7.595</b>	<b>8.057</b>	<b>8.854</b>	<b>9.624</b>	<b>9.574</b>	<b>9.480</b>	<b>8.962</b>

N/A - Information not available

(1) For levy years 2001 through 2008, the largest tax code in the Village of Vernon Hills was in Vernon Township. Beginning in 2009 the largest tax code in the Village was in Libertyville Township.

Data Source

Office of the County Clerk

VILLAGE OF VERNON HILLS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Westfield Shoppingtown Hawthorn	\$ 24,608,351	1	2.13%	\$ 16,928,129	1	1.37%
Inland Real Estate			0.00%	10,629,595	5	0.86%
Museum Gardens II LLC	12,963,435	2	1.12%	10,871,104	4	0.88%
Van Vlissingen & Co	12,227,543	3	1.06%	13,758,487	2	1.11%
Leahy Vernon Hills Development	10,967,030	4	0.95%	12,176,439	3	0.99%
CDW Computer Centers, Inc.	8,799,688	5	0.76%			0.00%
PWA Continental Executive Park, LP			0.00%	9,927,603	6	0.80%
Hawthorn Hills	7,699,023	6	0.67%			0.00%
Dfair Acquisition LLC	7,496,933	7	0.65%			0.00%
Walmart Stores Inc.	7,153,086	8	0.62%			0.00%
HCP Ventures	6,303,236	9	0.55%			0.00%
VTRP Merger Sub	5,384,438	10	0.47%	9,405,374	7	0.76%
Washington Mutual Bank	-		0.00%	8,689,626	8	0.70%
Hawthorn -Vernon Hills LLC	-		0.00%	7,897,107	9	0.64%
			0.00%	7,152,020	10	0.58%
	<u>\$ 103,602,763</u>		<u>8.98%</u>	<u>\$ 107,435,484</u>		<u>8.69%</u>

Data Source

Office of the County Clerk

**VILLAGE OF VERNON HILLS, ILLINOIS**

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

Last Ten Levy Years

<b>Fiscal Year</b>	<b>Levy Year</b>	<b>Equalized Assessed Valuation</b>	<b>Tax Extension</b>	<b>Total Collections</b>	<b>Percent Collected</b>
2008	2007	\$ 267,988	\$ 17,044	\$ 17,053	100.05%
2009	2008	N/A	N/A	N/A	N/A
2010	2009	3,645,858	236,288	232,544	98.42%
2011	2010	10,990,021	772,159	772,159	100.00%
2012	2011	13,916,549	1,047,916	1,048,053	100.01%
2013	2012	15,319,383	1,281,313	1,281,321	100.00%
2014	2013	13,237,847	1,174,991	1,174,513	99.96%
2015	2014	13,414,039	1,221,833	1,221,604	99.98%
2016	2015	13,649,852	1,216,824	1,216,865	100.00%
2017	2016	15,399,479	1,301,959	N/A	N/A

Note: The Village's Tax Increment Financing District had no levy for 2008.  
The 2016 levy is in collection at year end.

Data Source

Village and Lake County Records

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

Last Ten Levy Years

Fiscal Year	Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
2009	2008	-	-	0.00%	-	-	0.00%
2010	2009	-	-	0.00%	-	-	0.00%
2011	2010	-	-	0.00%	-	-	0.00%
2012	2011	-	-	0.00%	-	-	0.00%
2013	2012	-	-	0.00%	-	-	0.00%
2014	2013	-	-	0.00%	-	-	0.00%
2015	2014	-	-	0.00%	-	-	0.00%
2016	2015	-	-	0.00%	-	-	0.00%
2017	2016	-	-	0.00%	-	-	0.00%

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Alternate Revenue Bonds	TIF Revenue Bonds/Notes	Unamortized Premium	Capital Leases Payable			
2008	\$ -	\$ 14,445,000	\$ 10,628,000	\$ -	\$ 48,908	\$ 25,121,908	2.48%	\$ 1,047.31
2009	-	13,340,000	12,170,192	-	27,612	25,537,804	2.63%	1,043.98
2010	-	12,190,000	12,963,000	-	15,230	25,168,230	2.71%	1,028.87
2011	-	11,000,000	12,963,000	-	-	23,963,000	2.51%	954.21
2012	9,475,000	8,255,000	7,000,000	-	-	24,730,000	2.59%	984.75
2013	9,460,000	6,955,000	7,000,000	-	-	23,415,000	2.16%	914.18
2014	9,445,000	4,625,000	6,910,000	-	-	20,980,000	1.93%	819.12
2015	14,960,000	1,115,000	6,715,000	156,025	-	22,946,025	2.09%	885.57
2016	21,835,000	1,115,000	-	325,752	-	23,275,752	2.06%	884.54
2017	20,420,000	1,115,000	-	297,666	-	21,832,666	1.88%	829.26

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

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

Data Source

Village records

**VILLAGE OF VERNON HILLS, ILLINOIS**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2017

<b>Governmental Unit</b>	<b>Gross Debt</b>	<b>Percentage Debt Applicable to the Village (1)</b>	<b>The Village's Share of Debt</b>
Village	\$ 21,832,666	100.00%	\$ 21,832,666
School District Number 73	31,956,632	67.780%	21,660,205
School District Number 76	1,627,914	27.410%	446,211
School District Number 96	155,000	2.290%	3,550
School District Number 103	6,270,000	19.110%	1,198,197
High School District Number 120	19,159,016	1.070%	205,001
High School District Number 125	7,225,000	8.830%	637,968
Community College Number 532	67,415,000	4.880%	3,289,852
Lake County	188,095,000	4.630%	8,708,799
Lake County Forest Preserve District	270,445,000	4.630%	12,521,604
Countryside Fire Protection District	3,450,000	61.490%	2,121,405
Central Lake County JAWA	6,105,000	15.670%	956,654
Mundelein Park District	370,000	0.001%	4
Vernon Hills Park District	9,749,810	99.970%	9,746,885
Total overlapping debt	<u>612,023,372</u>		<u>61,496,335</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$ 633,856,038</u></u>		<u><u>\$ 83,329,001</u></u>

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

Data Source

Office of the County Clerk

**VILLAGE OF VERNON HILLS, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Less Amounts Available in Debt Service Fund	Total	Percentage of Equalized Assed Value (1)	Per Capita (2)
	General Obligation Bonds	Unamortized Premium				
2008	\$ 14,445,000	\$ -	\$ -	\$ 14,445,000	1.17%	\$ 602.20
2009	13,340,000	-	-	13,340,000	1.04%	545.34
2010	12,190,000	-	-	12,190,000	0.94%	498.32
2011	11,000,000	-	-	11,000,000	0.88%	438.02
2012	17,730,000	-	-	17,730,000	1.50%	706.01
2013	16,415,000	-	-	16,415,000	1.50%	640.89
2014	14,070,000	-	-	14,070,000	1.36%	549.33
2015	16,075,000	156,025	-	16,231,025	1.57%	626.41
2016	22,950,000	325,752	-	23,275,752	2.16%	884.54
2017	21,535,000	297,666	-	21,832,666	1.89%	829.26

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

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

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

Data Source

Village records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN**

April 30, 2017

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The Village is a home rule municipality.

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

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

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

# VILLAGE OF VERNON HILLS, ILLINOIS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	23,987	\$ 1,012,251	\$ 42,200	N/A	N/A	3.8%
2009	24,462	969,674	39,640	N/A	N/A	4.8%
2010	24,462	928,822	37,970	36.6	N/A	7.4%
2011	25,113	953,541	37,970	N/A	N/A	8.0%
2012	25,113	953,541	37,970	N/A	N/A	7.1%
2013	25,613	1,083,740	42,205	N/A	N/A	6.6%
2014	25,613	1,089,679	42,544	N/A	N/A	7.4%
2015	25,911	1,100,103	42,457	N/A	N/A	6.0%
2016	26,314	1,127,450	42,846	N/A	N/A	4.4%
2017	26,328	1,162,671	44,161	38.1	N/A	4.3%

N/A - Not Available

### Population Data Sources:

2006 through 2009 data and 2013 data was obtained by a Census estimate.

2010 data is the reuse of the 2009 data, 2011 and 2012 data was obtained by the 2010 Census.

2013, 2014, and 2015 data was from Census estimate.

### Income Data Sources:

2007, 2008, and 2009 data is from Census estimates. The 2010, 2011, and 2012 results are from 2010 Census. 2013 through 2017 data was obtained from a Census estimate.

### Median Age Data:

2006 Census estimate and 2010 Census result, and 2011-2015 Census five-year estimate.

### School Enrollment Data:

Unavailable

### Economic Data:

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

VILLAGE OF VERNON HILLS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2017			2008		
	Number of Employees	Rank	% of Total Village Population	Number of Employees	Rank	% of Total Village Population
Westfield Shoppingtown Hawthorn	2,500	1	N/A	2,500	1	N/A
Zebra Technologies Corp	900	2	N/A	900	2	N/A
American Hotel Register	400	3	N/A	400	3	N/A
Mitsubishi Electric Automation, Inc.	400	4	N/A	350	4	N/A
CDW Computer Centers, Inc.	350	5	N/A	350	4	N/A
Mercer Human Resource Consulting	340	6	N/A			
Z.F. Service North America, LLC	325	7	N/A	250	8	N/A
Cole-Palmer Instrument Co.	300	8	N/A	300	6	N/A
Becton Dickinson	300	9	N/A			
Richard Wolf Medical Instruments Corp	200	10	N/A	200	10	N/A
ETA hand2mind	200	10	N/A			
Rust-Oleum	180	12	N/A			
Overture Premiums & Promotions, LLC	150	13	N/A			
Manhard Consulting			N/A	275	7	N/A
Focus Products Group				250	8	N/A
Paslode				200	10	N/A
<b>TOTAL</b>	<u>6,545</u>			<u>5,975</u>		

N/A - Not available

Data Source

2017 Illinois Manufacturer's Directory and Illinois Services Directory

**VILLAGE OF VERNON HILLS, ILLINOIS**

FULL-TIME EQUIVALENT VILLAGE GOVERNMENTAL EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>GENERAL GOVERNMENT</b>										
Management Services	4.85	4.85	4.85	4.38	2.50	2.50	2.50	3.54	3.54	3.50
Human Resources	3.60	3.60	3.60	3.60	3.80	3.87	4.08	4.08	4.09	4.09
<b>PUBLIC WORKS</b>	23.50	23.50	23.50	23.74	22.91	23.54	24.83	25.47	23.85	24.60
<b>PUBLIC SAFETY</b>	70.50	69.50	69.50	64.75	66.59	66.88	70.71	70.63	72.28	73.20
<b>COMMUNITY DEVELOPMENT</b>	15.00	14.00	15.00	7.50	7.50	7.50	7.53	7.54	7.57	7.57
	<u>117.45</u>	<u>115.45</u>	<u>116.45</u>	<u>103.97</u>	<u>103.30</u>	<u>104.29</u>	<u>109.65</u>	<u>111.26</u>	<u>111.33</u>	<u>112.96</u>

Data Source

Village Records

VILLAGE OF VERNON HILLS, ILLINOIS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PUBLIC WORKS</b>										
Forestry										
Number of parkway trees planted*	124	119	89	121	145	291	603	1,235	876	392
Number of parkway trees trimmed*	642	1,182	1,420	1,458	1,065	1,066	1,050	1,165	1,009	669
Fleet services										
Number of cars/SUVs/vans maintained*	44	46	42	39	41	37	43	35	35	36
Number of light trucks maintained*	15	15	15	16	16	17	17	18	18	19
Number of heavy trucks maintained*	10	10	10	10	10	10	10	10	10	11
Number of loaders/backhoes maintained*	4	4	4	4	4	4	4	5	5	5
Number of small tractors maintained*	1	2	2	2	2	2	2	1	1	2
Number of sweepers maintained*	1	1	1	1	1	1	1	1	1	1
Number of buses maintained*	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC SAFETY</b>										
Police										
Part I crime*	738	686	779	779	678	635	535	544	574	473
Part II crime*	1,026	717	759	687	710	557	551	628	603	633
Calls for service*	17,963	20,793	18,974	18,630	18,608	21,170	22,903	23,358	23,684	26,349
State tickets issued*	5,686	5,388	2,386	2,836	2,080	3,414	3,480	3,271	2,273	2,602
Compliance tickets issued*	702	489	156	160	125	458	1,038	1,102	587	903
Parking tickets issued*	3,149	2,536	1,644	2,289	1,591	2,259	2,974	3,407	2,419	2,286
<b>COMMUNITY DEVELOPMENT</b>										
Number of building permits issued	1,518	1,136	972	1,216	1,389	1,354	1,344	1,798	1,525	1,470
Number of building inspections	4,902	4,486	4,276	2,802	2,833	2,703	3,067	5,105	3,312	3,744
<b>HIGHWAYS AND STREETS</b>										
Sidewalk/bike trail programs	\$ 39,457	\$ 105,591	\$ 57,507	\$ 39,750	\$ 35,141	\$ 42,554	\$ 55,910	\$ 55,662	\$ 93,096	\$ 72,610
Annual resurfacing program	879,268	1,600,000	899,984	839,012	583,333	811,685	624,565	1,148,696	1,265,502	676,688

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

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

Data Source

Village records

**VILLAGE OF VERNON HILLS, ILLINOIS**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Communications/Training center	-	1	1	1	1	1	1	1	1	1
Patrol units	37	37	37	34	36	36	37	37	37	37
<b>PUBLIC WORKS</b>										
Streets (lane miles)	140.5	141.1	141.1	141.7	141.7	141.7	141.7	141.7	141.7	141.7
Sidewalks (miles)	112.7	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3
Streetlights	2,217	2,247	2,247	2,258	2,258	2,258	2,258	2,258	2,258	2,258
Traffic lights (Village owned)	4	5	5	5	5	5	5	5	5	5
<b>RECREATION</b>										
Athletic complex	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
<b>ADMINISTRATION</b>										
Village hall	1	1	1	1	1	1	1	1	1	1

Data Source

Village records