



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
APRIL 30, 2018**

VILLAGE OF VERNON HILLS, ILLINOIS

VILLAGE OF VERNON HILLS, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2018

Prepared by Finance Department

VILLAGE OF VERNON HILLS, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
List of Principal Officials.....	i
Organization Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting.....	iii
Letter of Transmittal	iv-xiii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	4
Statement of Activities	5-6
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	10

VILLAGE OF VERNON HILLS, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position.....	12
Statement of Cash Flows	13-14

Fiduciary Funds

Statement of Fiduciary Net Position.....	15
Statement of Changes in Fiduciary Net Position.....	16

Notes to Financial Statements	17-53
-------------------------------------	-------

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

General Fund.....	54
Tax Increment Fund	55
Milwaukee Avenue/Townline Road Tax Increment Fund	56

Schedule of Funding Progress

Other Postemployment Benefits Plan.....	57
---	----

Schedule of Employer Contributions

Illinois Municipal Retirement Fund	58
Police Pension Fund	59
Other Postemployment Benefits Plan.....	60

Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios

Illinois Municipal Retirement Fund	61
Police Pension Fund	62

Schedule of Investment Returns

Police Pension Fund	63
---------------------------	----

Notes to Required Supplementary Information	64
---	----

VILLAGE OF VERNON HILLS, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund

Combining Balance Sheet - by Subfund	65-66
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - by Subfund.....	67-68
Schedule of Revenues - Budget and Actual	69
Schedule of Expenditures - Budget and Actual.....	70-72

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	75
Dispatch Center Fund	76

MAJOR PROPRIETARY FUNDS

Schedule of Revenues, Expenses, and Changes in Net Position - Budgetary Basis - Golf Course Fund	77
---	----

NONMAJOR PROPRIETARY FUNDS

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Equipment Replacement Fund	78
---	----

FIDUCIARY FUNDS

AGENCY FUNDS

Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	79
---	----

VILLAGE OF VERNON HILLS, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

SUPPLEMENTAL FINANCIAL INFORMATION

Schedule of Long-Term Debt Requirements	
Alternate Revenue Refunding Bonds, Series 2005	80
General Obligation Bonds, Series 2012A	81
General Obligation Bonds, Series 2012B.....	82
General Obligation Bonds, Series 2014 - Police Station.....	83
General Obligation Bonds, Series 2014 - Communication Center.....	84
General Obligation Bonds, Series 2014 - Tax Increment Fund	85
General Obligation Bonds, Series 2015A	86
General Obligation Refunding Bonds, Series 2015B.....	87
General Obligation Bonds, Series 2017	88

STATISTICAL SECTION

Financial Trends	
Net Position by Component	89-90
Change in Net Position.....	91-94
Fund Balances of Governmental Funds	95-96
Governmental Revenues by Source	97-98
Governmental Expenditures by Function.....	99-100
Changes in Fund Balances of Governmental Funds	101-102
Revenue Capacity	
Taxable Sales by Category	103
Direct and Overlapping Sales Tax Rates	104
Assessed Value and Actual Value of Taxable Property	105
Property Tax Rates - Direct and Overlapping	106
Principal Property Taxpayers	107
Tax Increment Financing District Tax Extensions and Collections	108
Property Tax Levies and Collections	109
Debt Capacity	
Ratios of Outstanding Debt by Type.....	110
Direct and Overlapping Governmental Activities Debt.....	111
Ratios of General Bonded Debt Outstanding.....	112
Schedule of Legal Debt Margin	113
Demographic and Economic Information	
Demographic and Economic Statistics.....	114
Principal Employers	115
Full-Time Equivalent Governmental Employees by Function	116

VILLAGE OF VERNON HILLS, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

STATISTICAL SECTION (Continued)

Operating Information	
Operating Indicators by Function/Program.....	117
Capital Asset Statistics by Function/Program.....	118

INTRODUCTORY SECTION

VILLAGE OF VERNON HILLS, ILLINOIS

LIST OF PRINCIPAL OFFICIALS

April 30, 2018

ELECTED OFFICIALS

VILLAGE BOARD OF TRUSTEES

Roger Byrne, Village President

Thomas Koch, Village Trustee

Cynthia Hebda, Village Trustee

David Oppenheim, Village Trustee

Michael Marquardt, Village Trustee

Craig Takaoka, Village Trustee

James Schultz, Village Trustee

APPOINTED OFFICIALS

Mark Fleischhauer, Village Manager/Village Clerk

Joe Carey, Assistant Village Manager/Deputy Village Clerk

David Brown, Director of Public Works/Village Engineer

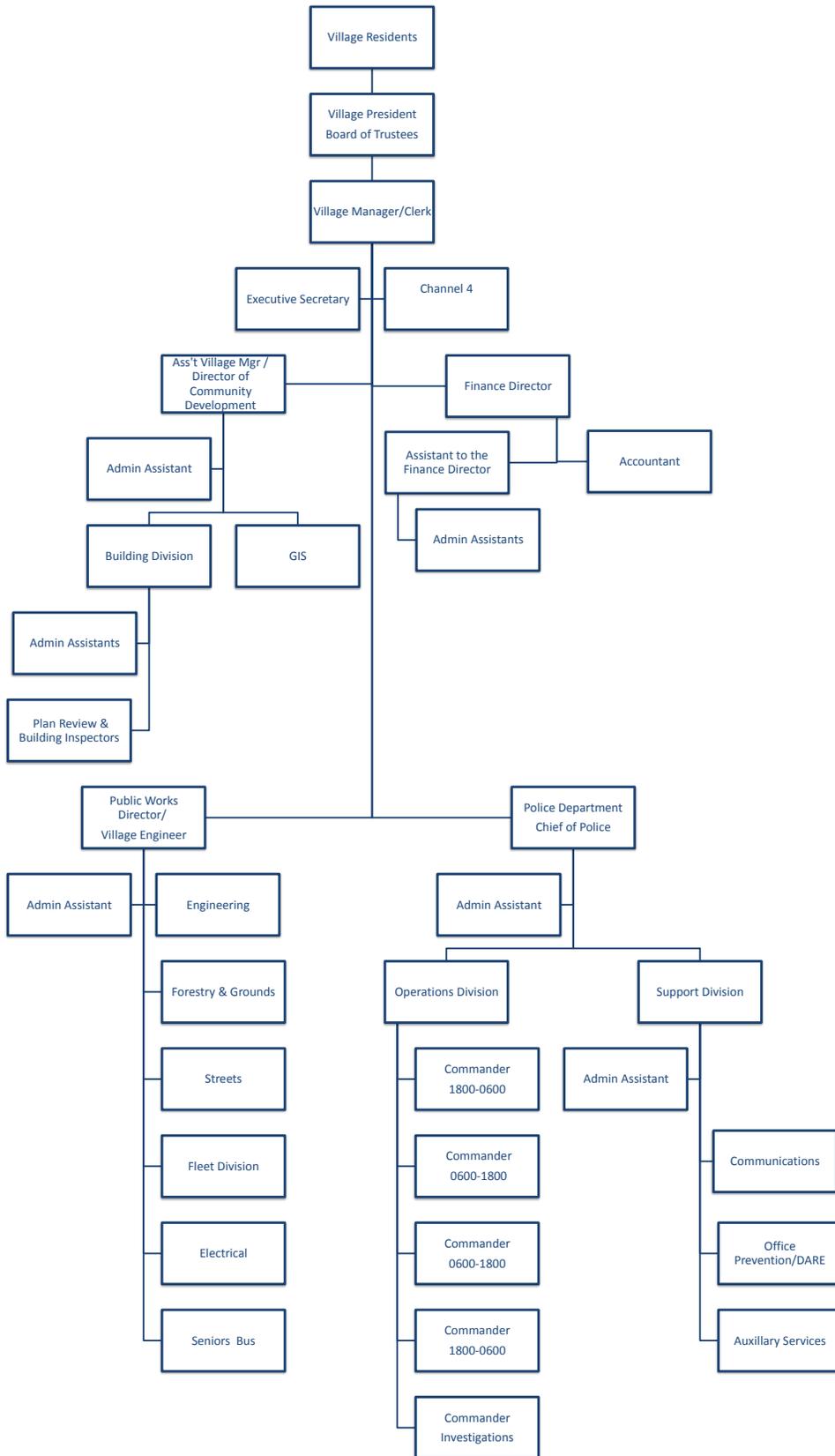
Patrick Kreis, Chief of Police

Michael Atkinson, Building Commissioner

Keith Hunt, 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, 2017

Christopher P. Morrill

Executive Director/CEO

January 18, 2019

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, 2018.

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 Arboretheater 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 J.C. Penney' sand 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.

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; one of which is occupied by TOUS les JOURS. The Mall is currently in negotiations to fill the other unoccupied space. Each of these spaces are approximately 6,400 square feet.

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

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

The Marketplace Shopping Center, which opened in 1994, also includes significant retail space. It is currently anchored by a 111,000 square foot Home Depot, and includes a Bed Bath and Beyond, Joanne' s Fabrics and DSW (Designer Shoe Warehouse). Marketplace lost a couple of major 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. Rivertree also filled vacancies with a Chick-Fil-A restaurant and a Ross clothing store, which opened in 2013. Remodeling of various in-line spaces has also occurred in order to accommodate the addition of Carter's clothing store, Michael's, Pier 1 Imports, Kirkland's and a Mod Pizza within the center.

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

Also, among the major retail centers in Vernon Hills is the 297,000 square foot Townline Commons shopping center, which was completed in 1990 and is anchored by Walmart. Economic conditions caused the Plunkett Furniture in the center to close in 2009. The vacancy was filled by a 28,000 square foot HH Gregg, electronics/appliance store. In order to assist in attracting tenants, the Village agreed to a sales tax incentive agreement with the owners of the center to share 50% of all sales tax revenues generated by HH Gregg for ten years or sooner if a \$603,000 net present value figure was reached. HH Gregg opened in August of 2011 and subsequently closed in 2016, which led to the termination of this agreement. A Bob's Discount Furniture has taken over the lease for this space. 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, and a 37,000 square foot Walter E. Smithe Furniture.

The March 2018 vacancy rate for all retail space in Vernon Hills was 5.5%, down from 9.9% in March of 2010.

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

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

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

All of the above-mentioned economic incentive agreements are done in full compliance with State law including applicable prevailing wage laws. As a result of recent retail development and a continued economic recovery, sales tax continues to rebound past pre-recession levels. Sales tax in FY 2017-18 is 3.4% above FY 2016-17 levels.

Corporate Environment

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

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

The Village has four hotels to supplement the office parks and visitors: a 148-unit Hotel Indigo, a 119-unit Holiday Inn Express, a 124-unit Homestead Village, and a 128-unit Extended Stay America. A 5% Hotel/Motel Tax was extended on these facilities on October 1, 1999. Hotel/Motel revenues have recovered from the deep decline it experienced after the 2008 recession. In FY 2017-18, Hotel/Motel revenue decreased by 3.0% over the FY 2016-17 level. The Village also has an Amusement Tax that is imposed on two movie theatres, which have decreased by 15.7% over the FY 2016-17 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. The development includes an 18-hole golf course (White Deer Run) built on 320 acres of land donated by developers. The Village negotiated with Par Development to build and operate the golf course. The course began operation in 1998 and the lease agreement calls for the lease to terminate on December 31, 2024. The Village has the right to exercise a buyout option in 2018, and the Golf Course will automatically revert to the Village in 2024. The Village receives a share of gross revenues at an escalating rate of 0.25% from 2012 through 2019, 10% in 2020 and 2021, 15% in 2022 and, finally reaches 20% in 2023 and 2024.

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

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

Tax Increment Financing District

The Village created the Vernon Hills Town Center (VHTC) Tax Increment Financing (TIF) District for the Northwest and Southwest corner of Routes 45 and 21 on May 21, 2002. Prior to the 2008-2009 downturn, Opus North built a 66-unit condo building as

well as 20 of the 47 town-home units approved for the site. In FY 2008-09, the development added a Starbuck' s and a Roi' s Mediterranean Grill. In FY 2009-10, a six-story mixed use building with 84 luxury apartments was completed, with underground parking and 10,000 square feet of retail. In 2011 and 2012, a 15,000 square foot retail center was constructed with a Tom & Eddie' s Restaurant, a Real Urban Barbeque, a Halsted Street Deli, a Yogen Fruz, a Beer Market and a dance studio. In 2015, Chitown Development purchased the last two undeveloped parcels. They sold one parcel to Lexington Homes, who has completed construction on the remaining 27 town-homes approved on the former Opus site. Chitown has received approval for a six-story apartment building with 80 dwelling units on the remaining parcel.

For Calendar year 2009, the TIF District had a \$3,645,858 incremental assessed valuation resulting in a \$236,288 tax extension. For 2017, the most recent year, the incremental assessed valuation is \$18,152,818 resulting in a \$2,044,972 extension.

Milwaukee Avenue/Townline Road Tax Increment Financing District

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

Debt Service

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

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

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

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

Economic Outlook

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 2016, the Fund adopted the Academy of Actuaries standard that valuations be done using the 2015 Mortality Improvement Scale instead of the 2000 Mortality Table.

The actuarial assumptions and methods the Village uses resulted in the Police Pension Fund having a 68.1% funding level based on April 30, 2018 data when calculated using the actuarial value of assets. The Village's funding level for the Illinois Municipal Retirement Fund as of December 31, 2017 is 92.95% 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, 2017. This was the sixteenth 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

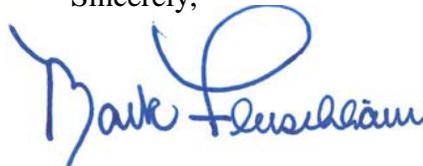
conform to program standards. Such reports must satisfy Generally Accepted Accounting Principles and applicable legal requirements.

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 and the Community Development Department, the Police Chief and the Police Department, as well as Public Works Director/Village Engineer and the Public Works Department.

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

Sincerely,



Mark Fleischhauer
Village Manager



Anne Fairbairn
Finance Director / Treasurer

FINANCIAL SECTION

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

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Vernon Hills, Illinois, (the Village) as of and for the year ended April 30, 2018, 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, 2018, 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

January 18, 2019

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

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, 2018. Please read it in conjunction with the transmittal letter which begins on page iv and the Village of Vernon Hills' financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- In FY 2017-18 the Village of Vernon Hills' net position declined by 21.4% or \$18,004,150 to \$66,104,218. This was a drop of \$16,619,752 more than the decrease in FY 2016-17 when net position declined by \$1,384,398 or 1.6%. The majority of the decrease in the current year was due to the issuance of the General Obligation Series 2017 Bonds for the economic development expenditures incurred by the Village related to the Milwaukee Ave./Townline Rd. Tax Increment Financing District.
- Revenues increased by \$913,353 or 2.9% from FY 2016-17 levels, while expenses increased by \$17,533,105 or 53.2%.
- A major factor that contributed to growth in revenues included an increase in sales tax revenue from FY2016-17 levels of \$497,376 or 3.4%.
- The expenses for General Government increased by \$433,696 or 4.3% from FY 2016-17 levels. This is primarily related to personal services.
- Public Safety expenses increased by \$1,595,309 or 11.8% from FY 2016-17 levels. The major contributors were personal services and equipment purchases.
- Business-type Activity net position decreased by 97.2% or \$144,238 to \$4,164 as Golf Course revenues decreased by \$69,960 or by 15.5% from FY 2016-17 levels. Expenses also increased by \$17,642 or by 3.5%.
- Within the General Fund, revenues exceeded expenditures by \$2,842,477; however, after \$2,259,650 of net transfers out of the fund, the fund balance increased by \$582,827. This was less than the FY 2016-17 increase of \$1,626,621 in the General Fund.
- Expenditures in the General Fund were up \$1,214,698 or 5.0% from FY 2016-17 levels. The increase in expenditure is primarily related to increases in public safety expenditures.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

FINANCIAL HIGHLIGHTS – Continued

- The General Fund Expenditure Category that experienced the most significant increase was Public Safety which was up \$480,003 or 5.2%.
- Within the General Fund, revenues increased by \$1,023,666 or 3.7% from the FY 2016-17 level. The majority of this increase is attributable to larger than anticipated intergovernmental revenues from sales tax.
- 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 \$273,911, bringing the fund balance to a surplus balance of \$274,406. This is up from the FY 2016-17 balance of \$495.
- Within the Milwaukee Avenue/Townline Road Tax Increment Fund, investment income, legally mandated transfers into the fund, and bond proceeds exceeded the economic development and debt service expenditures in the amount of \$5,804,954 for FY2017-18. The fund did not previously have a fund balance.

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, 2018

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, 2018

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

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

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

Proprietary Funds

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

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

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

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

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 \$66.1 million. The prior year, assets/deferred outflows exceeded liabilities/deferred inflows by \$84.0 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 48.1	37.1	(0.4)	(0.4)	47.7	36.7
Capital Assets	95.6	99.2	0.4	0.5	96.0	99.7
Total Assets	143.7	136.3	-	0.1	143.7	136.4
Deferred Outflow of Resources	3.5	7.7	-	-	3.5	7.7
Total Deferred Outflow of Resources	3.5	7.7	-	-	3.5	7.7
Total Assets and Deferred Outflows	147.2	144.0	-	0.1	147.2	144.1
Long-Term Debt Outstanding	(63.7)	(49.1)	-	-	(63.7)	(49.1)
Other Liabilities	(11.6)	(7.1)	-	-	(11.6)	(7.1)
Total Liabilities	(75.3)	(56.2)	-	-	(75.3)	(56.2)
Deferred Inflow of Resources	(5.8)	(3.8)	-	-	(5.8)	(3.8)
Total Deferred Inflows of Resources	(5.8)	(3.8)	-	-	(5.8)	(3.8)
Total Liabilities and Deferred Inflows	(81.1)	(60.0)	-	-	(81.1)	(60.0)
Net Position						
Invested in Capital Assets, Net of Debt	75.8	77.7	0.4	0.5	76.2	78.2
Restricted	8.8	2.5	-	-	8.8	2.5
Unrestricted (Deficit)	(18.5)	3.8	(0.4)	(0.4)	(18.9)	3.4
Total Net Position	66.1	84.0	-	0.1	66.1	84.1

About 115.3 percent of the Village of Vernon Hills' net position, or \$76.2 million, reflects 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 that the resources

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

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 13.4 percent, or \$8.8 million, of the Village of Vernon Hills' net position represents resources that are subject to external restrictions on how they may be used. There was an unrestricted deficit at the government-wide level of \$18.9 million at year-end, which was primarily due to the issuance of the 2017 General Obligation Bonds issued to finance the economic development within the Milwaukee Avenue/Townline Road Tax Increment Financing District.

	Changes in Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 4.9	4.6	0.4	0.4	5.3	5.0
Operating Grants/Contributions	0.7	0.7	-	-	0.7	0.7
Capital Grants/Contributions	-	-	-	-	-	-
General Revenues						
Sales Tax	14.9	14.4	-	-	14.9	14.4
Home Rule Sales Tax	3.4	3.3	-	-	3.4	3.3
Utility Tax	1.3	1.4	-	-	1.3	1.4
Intergovt. Unrestricted						
State Income Tax	2.3	2.4	-	-	2.3	2.4
Telecommunications Tax	0.9	1.0	-	-	0.9	1.0
Other Taxes and Fees	3.4	3.2	-	-	3.4	3.2
Interest Income	0.3	0.1	-	-	0.3	0.1
Total Revenues	32.1	31.1	0.4	0.4	32.5	31.5
Expenses:						
General Government	10.5	10.0	-	-	10.5	10.0
Public Safety	15.1	13.6	-	-	15.1	13.6
Streets and Roads	8.2	8.0	-	-	8.2	8.0
Economic Development	14.4	-	-	-	14.4	-
Culture and Recreation	0.3	0.2	-	-	0.3	0.2
Interest on Long-Term Debt	1.5	0.6	-	-	1.5	0.6
Golf Course	-	-	0.5	0.5	0.5	0.5
Total Expenses	50.0	32.4	0.5	0.5	50.5	32.9
Increase (Decrease) in Net Position	(17.9)	(1.3)	(0.1)	(0.1)	(18.0)	(1.4)
Change in Accounting Principle/Adjustment	-	-	-	-	-	-
Net Position-Beginning	84.0	85.3	0.1	0.2	84.1	85.5
Net Position-Ending	66.1	84.0	-	0.1	66.1	84.1

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position fell by \$18.0 million to an ending net position totaling \$66.1 million. In FY 2016-17, net position fell by \$1.4 million. The net position for governmental activities fell by \$17.9 million total, more than the \$1.3 million decline in FY 2016-17. Business-type activities fell by \$0.1 million, the same amount as in FY 2016-17.

Governmental Activities

The Village's \$17.9 million decrease in its governmental net position represented a 21.4% decrease; the decline is 1,245.1% more than the prior year. Revenues increased by \$1.0 million or 3.2%, while expenses increased by \$17.5 million or by 54.0%. Highlights of the changes from FY 2016-17 included:

- General Revenues increased by \$704,888 which is 2.7% above FY 2016-17 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 \$276,667 or 6.0% from FY 2016-17 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 \$1,595,309 or 11.8% from FY 2016-17 levels, which is largely attributable to personnel costs.
- Streets and Roads expenses increased by \$201,632 or 2.5% from FY 2016-17 levels, while program revenues decreased by \$4,195 or 0.6%.
- General Government expenses decreased by \$433,696 or (4.3%) from FY 2016-17 levels, due to conservative spending. Program revenues increased by \$450,297 or 15.8.
- Interest expenses increased by \$884,676 or 143.7% from FY 2016-17 levels, due to interest payments on the General Obligation Series 2017 bonds that were issued during FY2017-18.

The \$17.9 million decline in Governmental Activities net position in FY 2017-18 was a larger decline than the \$1.3 million decline in FY 2016-17 and the \$2.7 million decline in FY 2015-16.

VILLAGE OF VERNON HILLS, ILLINOIS

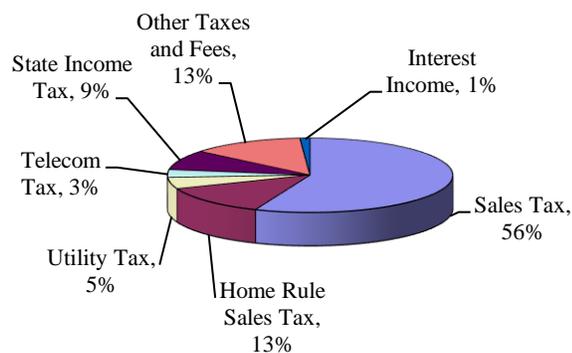
Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

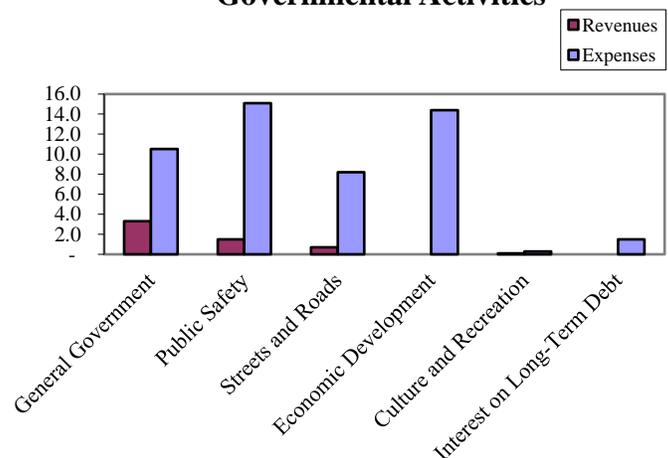
Governmental Activities – Continued

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.

Revenues - Governmental Activities



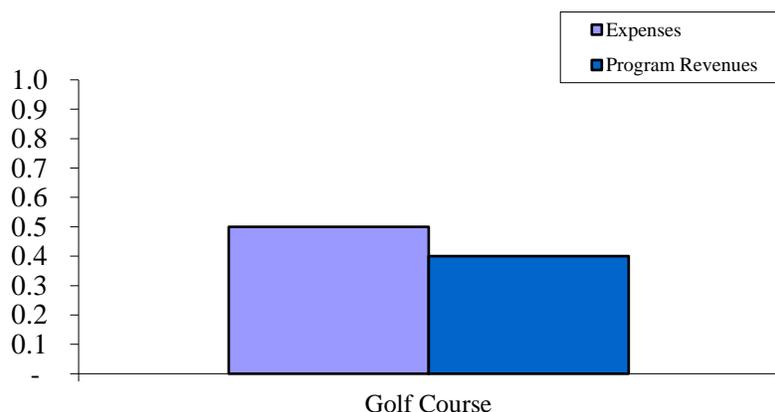
Expenses and Program Revenues - Governmental Activities



Business-Type Activities

As the graph below demonstrates, the \$526,194 of golf course expenses exceeded program revenues that amounted to \$376,044 for Charges for Services. Revenues decreased by \$32,607 from FY 2016-17 levels, while expenses increased by \$17,642 from FY 2016-17 levels.

Expenses and Program Revenues - Business-Type Activities



VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, the unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For all governmental funds, the Village's total fund balance increased \$6,866,127 or 26%, over FY2016-17 levels. Several major factors contributed to this result:

- In FY 2017-18, the General Fund balance increased by \$528,827 to \$27,779,088. Revenues exceeded expenditures by \$2,842,477, but predominately due to intergovernmental revenue arising from sales tax in the amount of \$14,936,530, which was an increase of \$494,940 over the prior year.
- Expenditures in the General Fund were up by \$1,214,698 or 5.0% from FY 2016-17 levels. This increase was largely attributable to an increase in personnel costs and capital outlay costs.
- General Fund Public Safety costs increased \$480,003 or 5.2%; the largest component of the increase was an increase in Personal Service costs.
- A \$1,129,465 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 and \$1,000,000 to the Milwaukee Avenue/Townline Road Tax Increment Fund to fulfill its contribution in lieu of a property tax, which is required under Illinois Compiled Statutes.
- Revenues in the General Fund increased by \$1,023,666 from the FY 2016-17 level. This change is partially attributable to the increase in licensing and building permit activity, and also due to higher sales tax revenue.
- Investment Income increased by \$238,719 to \$344,004 largely because of market conditions.
- The fines and forfeitures category remained relatively flat, decreasing by \$6,371 or 2.0% from the prior year.
- Within the VHTC Tax Increment Fund, the fund's revenue exceeded its expenditures and other financing uses by \$273,911. As a result, the fund balance increased to \$274,406. This is a significant increase over the FY2016-17 fund balance of \$495, which was primarily due to an increase in the tax incremental revenues.
- The Village issued \$20,190,000 of General Obligation Bonds, Series 2017, in their Milwaukee Avenue/Townline Road Tax Increment Fund for the purpose of economic development. After the investment income, bond proceeds, and legally mandated transfers into the fund, the fund balance increased to a surplus level of \$5,804,954.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

The Village of Vernon Hills' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Village's Golf Course Fund is the fund through which the Village's nine-hole golf course is operated. Resident weekday and weekend rates were \$16 and \$18 respectively (increased from \$15 and \$17 in 2012). For Calendar Year 2017, 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 \$495 per year (increased from \$485 in 2016). The nonresident season pass rate is \$595 (increased from \$585 in 2016). 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 2017-18, the Golf Course Generated \$376,044 of revenues and had \$526,194 of expenses resulting in a loss. The decline in net position brought the net position to a level of \$4,164.

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 2017-18 original budgeted expenditures increased by \$489,375. A large portion of this increase was the result of a \$258,000 increase to the Police Department Overtime expenditure account due to staffing demands on the department. As the Village received higher than anticipated revenues from Construction Fees and Police Services Fees, there was no negative impact on the General Fund's budget as a result of this amendment. In addition, the Village budget process does not budget for depreciation.

While many revenues surpassed projection in FY 2017-18, 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 \$1,305,235 was recognized. For Income Tax, \$2,536,410 was budgeted, but only \$2,277,294 was recognized. Also, Telecommunications Tax was budgeted at \$1,076,910 and \$898,686 was recognized. Utility Tax revenues can vary seasonally, dependent on winter and summer climates. Fines and Forfeitures were budgeted at \$261,500, but came in at \$299,051.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4.6	4.6	0.3	0.3	4.9	4.9
Construction in Progress	0.2	0.2	-	-	0.2	0.2
Land Improvements	5.5	6.0	-	0.1	5.5	6.1
Buildings and Improvements	16.9	17.5	0.1	0.1	17.0	17.6
Equipment/Vehicles	1.6	1.9	-	-	1.6	1.9
Infrastructure	66.8	69.0	-	-	66.8	69.0
Total	\$ 95.6	99.2	0.4	0.5	96.0	99.7

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, 2018 was \$96.0 million. This change represented a decrease of \$3.7 million, or 3.7% from FY 2016-17, which was largely attributable to depreciation of assets. Additional information on the Village of Vernon Hills' capital assets can be found in Note 3 on pages 27 - 28 of this report.

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

Construction in Progress	\$ 0.19
Equipment/ Vehicles	0.12
Infrastructure	<u>0.19</u>
	<u>\$ 0.50</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$40.3 million as compared to \$21.5 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	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 39.2	20.4	-	-	39.2	20.4
Alternate Revenue Bonds	1.1	1.1	-	-	1.1	1.1
TIF Revenue Bonds/Notes	-	-	-	-	-	-
Total	40.3	21.5	-	-	40.3	21.5

General Obligation debt began the year with a \$20,420,000 balance in General Obligation Bonds and \$1,115,000 in Alternate Revenue Bonds. The Village issued additional General Obligation Bonds in FY 2017-18 in the amount of \$20,190,000. The amount of General Obligation Debt retired in FY 2017-18 was \$1,470,000, leaving an April 30, 2018 balance of \$39,140,000 for General Obligation Bonds. No principal was retired in FY 2017-18 for the Alternate Revenue Bonds. Additional information on the Village of Vernon Hills' debt administration can be found in Note 4 on pages 29 - 32 of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting and revising the FY 2017-18 budget and fees charged for its services. One of those factors is the economy. Vernon Hills' average unemployment rate for calendar year 2017 was 3.5%. That was lower than Vernon Hills' average annual unemployment rates for 2016 (4.3%), 2015 (4.4%), 2014 (6.0%), and 2013 (7.4%), which reflects an economic recovery. The Vernon Hills' unemployment rate for 2017 compares favorably to the Lake County average unemployment rate of 4.4%, and the State of Illinois unemployment rate of 4.9%. The U. S. Census Bureau 5-year (2011-2015) estimated household median income value for Vernon Hills is \$92,201, which is 118 percent of the Lake County level and 160 percent of the State of Illinois level. The Median Value of owner-occupied housing units (2011-2015) is estimated at \$318,900, 130% of the Lake County level and 183% of the State of Illinois level.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2018

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

The Village does not levy a property tax. The Village's budget is heavily dependent on sales tax, the majority of which is generated by non-residents. For Calendar Year 2017, the total sales tax before economic incentive rebate was \$14.4 million. This was \$149,982 less than in Calendar Year 2016, representing a 1.0% decrease. For Calendar Year 2017, categories that had the largest dollar amount decreases were Manufacturing and General Merchandise, which saw decreases of \$16,175 (13.8%) and \$178,843 (9.7%), respectively.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 41,309,387	\$ -	\$ 41,309,387
Receivables			
Taxes	5,181,285	-	5,181,285
Accounts	25,845	-	25,845
Accrued interest	40,384	-	40,384
Other	53,078	-	53,078
Prepaid expenses	194,876	-	194,876
Inventory	-	35,891	35,891
Due from other governments	840,306	-	840,306
Internal balances	447,440	(447,440)	-
Capital assets not being depreciated	4,760,746	302,282	5,063,028
Capital assets being depreciated (net of accumulated depreciation)	90,810,044	141,009	90,951,053
Total assets	143,663,391	31,742	143,695,133
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	394,581	-	394,581
Pension items - Police Pension	2,600,641	-	2,600,641
Unamortized loss on refunding	517,378	-	517,378
Total deferred outflows of resources	3,512,600	-	3,512,600
Total assets and deferred outflows of resources	147,175,991	31,742	147,207,733
LIABILITIES			
Accounts payable	4,496,011	18,263	4,514,274
Accrued payroll	562,129	-	562,129
Deposits payable	623,746	-	623,746
Unearned revenue	234,811	7,490	242,301
Other payables	3,355,504	1,825	3,357,329
Accrued interest payable	130,401	-	130,401
Long-term liabilities			
Due within one year	2,171,552	-	2,171,552
Due in more than one year	63,709,579	-	63,709,579
Total liabilities	75,283,733	27,578	75,311,311
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	2,459,499	-	2,459,499
Pension items - Police Pension	3,332,705	-	3,332,705
Total deferred inflows of resources	5,792,204	-	5,792,204
Total liabilities and deferred inflows of resources	81,075,937	27,578	81,103,515
NET POSITION			
Net investment in capital assets	75,753,586	443,291	76,196,877
Restricted for			
Public safety	1,473,801	-	1,473,801
Streets and roads	1,136,849	-	1,136,849
Economic development	6,079,360	-	6,079,360
Metra parking	150,817	-	150,817
Unrestricted (deficit)	(18,494,359)	(439,127)	(18,933,486)
TOTAL NET POSITION	\$ 66,100,054	\$ 4,164	\$ 66,104,218

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 10,465,391	\$ 3,292,044	\$ -	\$ -
Public safety	15,152,449	1,459,367	-	3,474
Streets and roads	8,202,028	-	670,447	-
Economic development	14,389,807	-	-	-
Culture and recreation	261,213	138,968	-	-
Interest and fees	1,500,369	-	-	-
Total governmental activities	49,971,257	4,890,379	670,447	3,474
Business-Type Activities				
Golf course	526,194	376,044	-	-
Total business-type activities	526,194	376,044	-	-
TOTAL PRIMARY GOVERNMENT	\$ 50,497,451	\$ 5,266,423	\$ 670,447	\$ 3,474

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (7,173,347)	\$ -	\$ (7,173,347)
	(13,689,608)	-	(13,689,608)
	(7,531,581)	-	(7,531,581)
	(14,389,807)	-	(14,389,807)
	(122,245)	-	(122,245)
	(1,500,369)	-	(1,500,369)
	<u>(44,406,957)</u>	-	<u>(44,406,957)</u>
	-	(150,150)	(150,150)
	-	(150,150)	(150,150)
	<u>(44,406,957)</u>	<u>(150,150)</u>	<u>(44,557,107)</u>
General Revenues			
Taxes			
Utility	1,305,235	-	1,305,235
Home rule sales	3,373,171	-	3,373,171
Hotel/motel	371,175	-	371,175
911 surcharge	398,726	-	398,726
Road and bridge	219,958	-	219,958
Telecommunication	898,686	-	898,686
Tax increment	1,301,846	-	1,301,846
Other	918,219	-	918,219
Intergovernmental			
Sales tax	14,933,056	-	14,933,056
State income tax	2,277,294	-	2,277,294
Investment income	344,004	5,912	349,916
Miscellaneous	205,675	-	205,675
Total	<u>26,547,045</u>	<u>5,912</u>	<u>26,552,957</u>
CHANGE IN NET POSITION	(17,859,912)	(144,238)	(18,004,150)
NET POSITION, MAY 1	<u>83,959,966</u>	<u>148,402</u>	<u>84,108,368</u>
NET POSITION, APRIL 30	<u>\$ 66,100,054</u>	<u>\$ 4,164</u>	<u>\$ 66,104,218</u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	General	Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 26,147,195	\$ 942,355	\$ 10,120,170	\$ 2,344,544	\$ 39,554,264
Receivables					
Taxes	4,940,963	-	-	240,322	5,181,285
Accounts	25,345	-	-	500	25,845
Accrued interest	38,333	2,051	-	-	40,384
Other	53,078	-	-	-	53,078
Prepaid items	194,876	-	-	-	194,876
Due from other governments	840,306	-	-	-	840,306
Due from other funds	293,160	-	-	-	293,160
Advances to other funds	253,900	-	-	-	253,900
TOTAL ASSETS	\$ 32,787,156	\$ 944,406	\$ 10,120,170	\$ 2,585,366	\$ 46,437,098
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 417,495	\$ -	\$ 4,054,398	\$ 24,118	\$ 4,496,011
Accrued payroll	476,512	-	-	85,617	562,129
Deposits payable	523,746	-	100,000	-	623,746
Due to other funds	-	-	-	-	-
Unearned revenue	234,811	-	-	-	234,811
Other payables	3,355,504	-	-	-	3,355,504
Advances from other funds	-	670,000	160,818	-	830,818
TOTAL LIABILITIES	5,008,068	670,000	4,315,216	109,735	10,103,019
FUND BALANCES					
Nonspendable					
Advances	253,900	-	-	-	253,900
Prepaid items	194,876	-	-	-	194,876
Long-term receivable	840,306	-	-	-	840,306
Restricted					
Metra parking	150,817	-	-	-	150,817
Streets and roads	-	-	-	1,136,849	1,136,849
Economic development	-	274,406	5,804,954	-	6,079,360
Public safety	135,019	-	-	1,338,782	1,473,801
Unassigned	26,204,170	-	-	-	26,204,170
Total fund balances	27,779,088	274,406	5,804,954	2,475,631	36,334,079
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,787,156	\$ 944,406	\$ 10,120,170	\$ 2,585,366	\$ 46,437,098

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, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 36,334,079
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	95,570,790
Less amount reported in internal service funds below	(549,820)
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	(39,140,000)
Tax increment revenue note	(1,115,000)
Premium on bonds payable	(269,581)
Compensated absences payable	(932,762)
Other postemployment benefit obligation	(241,746)
Interest payable	(130,401)
Unamortized loss on refunding	517,378
Net pension liability for the is shown as a liability on the statement of net position	
Illinois Municipal Retirement Fund	(2,140,177)
Police Pension Fund	(22,041,865)
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	(2,064,918)
Police Pension Fund	(732,064)
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position	<u>3,036,141</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 66,100,054</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, 2018

	General	Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,363,740	\$ 1,301,846	\$ -	\$ 398,726	\$ 11,064,312
Intergovernmental	14,936,530	-	-	670,447	15,606,977
Licenses permits, and fees	2,106,354	-	-	-	2,106,354
Charges for services	1,313,101	-	-	1,160,316	2,473,417
Fines and forfeitures	299,051	-	-	-	299,051
Investment income	254,212	11,188	60,401	18,203	344,004
Miscellaneous	217,230	-	-	-	217,230
Total revenues	28,490,218	1,313,034	60,401	2,247,692	32,111,345
EXPENDITURES					
Current					
General government	8,912,428	-	160,818	-	9,073,246
Public safety	9,775,909	-	-	2,375,029	12,150,938
Streets and roads	4,742,348	-	-	108	4,742,456
Economic development	-	60	14,389,747	-	14,389,807
Culture and recreation	261,213	-	-	-	261,213
Capital outlay	1,145,405	-	1,929	797,585	1,944,919
Debt service					
Principal retirement	580,000	890,000	-	-	1,470,000
Interest and fiscal charges	230,438	279,248	892,953	-	1,402,639
Total expenditures	25,647,741	1,169,308	15,445,447	3,172,722	45,435,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,842,477	143,726	(15,385,046)	(925,030)	(13,323,873)
OTHER FINANCING SOURCES (USES)					
Bonds issued, at par	-	-	20,190,000	-	20,190,000
Transfers in	-	130,185	1,000,000	1,129,465	2,259,650
Transfers (out)	(2,259,650)	-	-	-	(2,259,650)
Total other financing sources (uses)	(2,259,650)	130,185	21,190,000	1,129,465	20,190,000
NET CHANGE IN FUND BALANCES	582,827	273,911	5,804,954	204,435	6,866,127
FUND BALANCES, MAY 1	27,196,261	495	-	2,271,196	29,467,952
FUND BALANCES, APRIL 30	\$ 27,779,088	\$ 274,406	\$ 5,804,954	\$ 2,475,631	\$ 36,334,079

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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 6,866,127
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	257,288
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(3,806,074)
Governmental funds report bond issuances as expenditures; however, they are capitalized and amortized in the statement of activities	
Proceeds from the issuance of long-term debt	(20,190,000)
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	52,696
Net other postemployment benefit obligation	(18,940)
Principal repayment	1,470,000
Change in interest payable	(49,310)
Amortization of bond premium	28,085
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	2,897,727
Police Pension Fund	648,942
The change in deferred outflows and inflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(2,896,913)
Police Pension Fund	(3,160,422)
The change in net position of internal service funds is reported in governmental activities	<u>117,387</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (17,859,912)</u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2018

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
CURRENT ASSETS		
Cash	\$ -	\$ 1,755,123
Accounts receivable	-	-
Inventory	35,891	-
Advances to other funds	-	731,198
Total current assets	35,891	2,486,321
NONCURRENT ASSETS		
Capital assets		
Capital assets not being depreciated	302,282	-
Capital assets being depreciated		
Cost	2,178,188	1,979,406
Accumulated depreciation	(2,037,179)	(1,429,586)
Net capital assets being depreciated	141,009	549,820
Net capital assets	443,291	549,820
Total noncurrent assets	443,291	549,820
Total assets	479,182	3,036,141
CURRENT LIABILITIES		
Accounts payable	18,263	-
Unearned revenue	7,490	-
Other payable	1,825	-
Due to other funds	293,160	-
Total current liabilities	320,738	-
LONG-TERM LIABILITIES		
Advances from other funds	154,280	-
Total long-term liabilities	154,280	-
Total liabilities	475,018	-
NET POSITION		
Net investment in capital assets	443,291	-
Unrestricted (deficit)	(439,127)	3,036,141
TOTAL NET POSITION	\$ 4,164	\$ 3,036,141

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, 2018

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
OPERATING REVENUES		
Charges for services	\$ 376,044	\$ 278,217
Total operating revenues	376,044	278,217
OPERATING EXPENSES		
Operations	451,354	55,766
Total operating expenses excluding depreciation	451,354	55,766
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(75,310)	222,451
Depreciation	74,840	105,196
OPERATING INCOME (LOSS)	(150,150)	117,255
NON-OPERATING REVENUES (EXPENSES)		
Interest income	5,912	132
Total non-operating revenues (expenses)	5,912	132
CHANGE IN NET POSITION	(144,238)	117,387
NET POSITION, MAY 1	148,402	2,918,754
NET POSITION, APRIL 30	\$ 4,164	\$ 3,036,141

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 379,392	\$ -
Receipts from internal service transactions	-	278,217
Payments to suppliers	(243,647)	(137,363)
Payments to employees	(230,905)	-
Net cash from operating activities	<u>(95,160)</u>	<u>140,854</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund transactions	<u>89,224</u>	<u>20,399</u>
Net cash from noncapital financing activities	<u>89,224</u>	<u>20,399</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
None	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>5,912</u>	<u>132</u>
Net cash from investing activities	<u>5,912</u>	<u>132</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24)	161,385
CASH AND CASH EQUIVALENTS, MAY 1	<u>24</u>	<u>1,593,738</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ -</u></u>	<u><u>\$ 1,755,123</u></u>
CASH		
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,755,123</u>
TOTAL CASH	<u><u>\$ -</u></u>	<u><u>\$ 1,755,123</u></u>

(This statement is continued on the following page.)

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
	<u>Golf</u> <u>Course</u>	<u>Internal</u> <u>Service</u>
RECONCILIATION OF OPERATING INCOME		
(LOSS) TO NET CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (loss)	\$ (150,150)	\$ 117,255
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	74,840	105,196
Changes in current assets and liabilities		
Accounts receivable	3,323	-
Inventory	(11,421)	-
Prepaid expenses	-	-
Accounts payable	(13,602)	(81,597)
Other payable	1,825	-
Unearned revenue	25	-
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	\$ (95,160)	\$ 140,854

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2018

	Pension Trust	
	Police Pension	Agency
ASSETS		
Cash and short-term investments	\$ 2,036,190	\$ 56,020
Investments at fair value		
U.S. Treasury securities	1,868,614	-
U.S. agency securities	1,443,142	-
Municipal bonds	257,092	-
Corporate bonds	10,886,444	-
Mutual funds	23,146,222	-
Equities	7,514,115	-
Total investments at fair value	45,115,629	-
Receivables		
Member receivable	1,449	-
Accrued interest	38	-
Total receivables	1,487	-
Total assets	47,153,306	\$ 56,020
LIABILITIES		
Deposits payable	-	\$ 56,020
Total liabilities	-	\$ 56,020
NET POSITION RESTRICTED FOR PENSIONS	\$ 47,153,306	

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, 2018

ADDITIONS

Contributions	
Employer	\$ 2,060,011
Employee	444,283
	<hr/>
Total contributions	2,504,294
	<hr/>
Investment income	
Net appreciation in fair value of investments	2,267,360
Interest	999,755
	<hr/>
Total investment income	3,267,115
Less investment expenses	132,067
	<hr/>
Net investment income	3,135,048
	<hr/>
Total additions	5,639,342

DEDUCTIONS

Benefits and refunds	2,132,052
Administrative expenses	60,770
	<hr/>
Total deductions	2,192,822

NET INCREASE 3,446,520

**NET POSITION RESTRICTED
FOR PENSIONS**

MAY 1	<hr/> 43,706,786
APRIL 30	<hr/> <hr/> \$ 47,153,306

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

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

c. Government-Wide and Fund Financial Statements

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

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

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

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

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 reports the following proprietary fund:

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

The Village reports the following internal service fund:

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

Additionally, the Village reports the following fiduciary fund:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

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

Investments

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

f. Property Taxes

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

g. Capital Assets

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

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

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)

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)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Deferred Outflows/Inflows of Resources

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

m. Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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

a. Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that collateralization will be required for all deposits, with the collateralization level at 102% of the market value of principal and accrued interest. Collateral will be limited to direct obligations of the United States of America, agencies of the United States of America and Collateral Mortgage Obligations derived solely from those agencies, and obligations of any governmental agency within the United States of America with a Moody's rating of Aa or better or a Standard and Poor's rating of AA or better. Collateral will always be held by an independent third party with whom the Village has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Village and retained. At April 30, 2018, 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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 531,768	\$ -	\$ 531,768	\$ -	\$ -
U.S. agency obligations	8,458,990	7,470,430	988,560	-	-
Negotiable certificates of deposit	249,855	-	249,855	-	-
TOTAL	\$ 9,240,613	\$ 7,470,430	\$ 1,770,183	\$ -	\$ -

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

The Village and Police Pension Funds categorize the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of April 30, 2018.

The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input). The U.S. agency obligations 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 The Illinois Funds are rated AAA by a national rating agency.

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. At April 30, 2018, the Village did not have greater than 5% of its overall portfolio invested in any one investment, aside from one U.S. agency obligation (5.92%). This is in accordance with the Village's investment policy, which limits investments as follows: There is no limit as to the amount of the Village's portfolio that can be invested in U.S. Treasuries. No more than 60% of the Village's portfolio may be invested in U.S. Government agencies, and no more than 20% of the Village's portfolio may be invested in the obligations of a single government agency. No more than 10% of the Village's portfolio may be invested in GNMA's. No more than 30% of the Village's portfolio may be invested in certificates of deposit; and no more than 8% of the Village's portfolio may be invested in the certificate of deposit in a single issuer. No more than 10% of the Village's portfolio may be invested in commercial paper; and no more than 3% of the Village's portfolio may be invested in the commercial paper of a single issuer. No more than 20% of the Village's portfolio may be invested in the Illinois Public Treasurer's Investment pool. No more than 10% of the Village's portfolio may be invested in a money market mutual fund registered under the Investment Company Act of 1940.

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and land right of way	\$ 4,568,623	\$ -	\$ -	\$ 4,568,623
Construction in progress	239,590	192,123	239,590	192,123
Total capital assets not being depreciated	<u>4,808,213</u>	<u>192,123</u>	<u>239,590</u>	<u>4,760,746</u>
Capital assets being depreciated				
Land improvements	13,636,530	-	-	13,636,530
Buildings and improvements	26,600,777	-	-	26,600,777
Equipment/vehicles	5,945,504	116,109	-	6,061,613
Infrastructure	120,839,798	188,646	-	121,028,444
Total capital assets being depreciated	<u>167,022,609</u>	<u>304,755</u>	<u>-</u>	<u>167,327,364</u>
Less accumulated depreciation for				
Land improvements	7,575,246	515,418	-	8,090,664
Buildings and improvements	9,125,043	594,176	-	9,719,219
Equipment/vehicles	4,099,337	343,655	-	4,442,992
Infrastructure	51,806,424	2,458,021	-	54,264,445
Total accumulated depreciation	<u>72,606,050</u>	<u>3,911,270</u>	<u>-</u>	<u>76,517,320</u>
Total capital assets being depreciated, net	<u>94,416,559</u>	<u>(3,606,515)</u>	<u>-</u>	<u>90,810,044</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 99,224,772</u>	<u>\$ (3,414,392)</u>	<u>\$ 239,590</u>	<u>\$ 95,570,790</u>

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

3. CAPITAL ASSETS (Continued)

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 302,282	\$ -	\$ -	\$ 302,282
Total capital assets not being depreciated	<u>302,282</u>	<u>-</u>	<u>-</u>	<u>302,282</u>
Capital assets being depreciated				
Land improvements	745,882	-	-	745,882
Buildings and improvements	1,019,002	-	-	1,019,002
Equipment/vehicles	413,304	-	-	413,304
Total capital assets being depreciated	<u>2,178,188</u>	<u>-</u>	<u>-</u>	<u>2,178,188</u>
Less accumulated depreciation for				
Land improvements	717,495	19,631	-	737,126
Buildings and improvements	942,777	30,490	-	973,267
Equipment/vehicles	302,067	24,719	-	326,786
Total accumulated depreciation	<u>1,962,339</u>	<u>74,840</u>	<u>-</u>	<u>2,037,179</u>
Total capital assets being depreciated, net	<u>215,849</u>	<u>(74,840)</u>	<u>-</u>	<u>141,009</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 518,131</u>	<u>\$ (74,840)</u>	<u>\$ -</u>	<u>\$ 443,291</u>

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

GOVERNMENTAL ACTIVITIES

General government	\$ 779,407
Public safety	428,518
Streets and road	2,598,149
Equipment replacement	<u>105,196</u>

**TOTAL DEPRECIATION EXPENSE -
GOVERNMENTAL ACTIVITIES**

\$ 3,911,270

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	\$ 7,550,000	\$ -	\$ 450,000	\$ 7,100,000	\$ 600,000
\$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	1,245,000	-	125,000	1,120,000	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)	3,235,000	-	160,000	3,075,000	160,000
	General (Communication Center)	820,000	-	165,000	655,000	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	1,895,000	-	130,000	1,765,000	130,000

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

4. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

	Fund Debt Retired By	Balances May 1, Reclassified	Additions	Reductions/ Refundings	Balances April 30	Due Within One Year
\$5,255,000 General Obligation Refunding Bonds, Series 2015B due in annual installments of \$440,000 to \$575,000 with interest from 2.00% to 2.50%. The last payment is due December 30, 2026.	Tax Increment	\$ 4,680,000	\$ -	\$ 440,000	\$ 4,240,000	\$ 450,000
\$20,190,000 General Obligation Bonds, Series 2017 due in annual installments of \$945,000 to \$1,530,000 with interest from 2.00% to 3.90%. The last payment is due March 30, 2037.	Milwaukee Avenue/Townline Road TIF	-	20,190,000	-	20,190,000	-
TOTAL		<u>\$ 20,420,000</u>	<u>\$ 20,190,000</u>	<u>\$ 1,470,000</u>	<u>\$ 39,140,000</u>	<u>\$ 1,630,000</u>

b. Alternate Revenue Bonds

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

	Fund Debt Retired By	Balances May 1, 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	\$ 355,000
TOTAL		<u>\$ 1,115,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115,000</u>	<u>\$ 355,000</u>

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

4. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 1,630,000	\$ 1,077,884	\$ 2,707,884
2020	1,715,000	1,045,285	2,760,285
2021	2,700,000	1,010,983	3,710,983
2022	2,790,000	956,984	3,746,984
2023	2,860,000	899,736	3,759,736
2024	2,925,000	838,266	3,763,266
2025	2,930,000	770,200	3,700,200
2026	3,200,000	700,302	3,900,302
2027	3,100,000	619,093	3,719,093
2028	1,410,000	537,230	1,947,230
2029	1,450,000	493,805	1,943,805
2030	1,500,000	447,985	1,947,985
2031	1,545,000	399,400	1,944,400
2032	1,595,000	348,110	1,943,110
2033	1,655,000	293,885	1,948,885
2034	1,710,000	234,903	1,944,903
2035	1,420,000	172,575	1,592,575
2036	1,475,000	117,195	1,592,195
2037	1,530,000	59,670	1,589,670
TOTAL	\$ 39,140,000	\$ 11,023,491	\$ 50,163,491

Fiscal Year	Governmental Activities		
	Alternate Revenue Bonds		
	Principal	Interest	Total
2019	\$ 355,000	\$ 45,905	\$ 400,905
2020	370,000	31,350	401,350
2021	390,000	16,087	406,087
TOTAL	\$ 1,115,000	\$ 93,342	\$ 1,208,342

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

4. LONG-TERM DEBT (Continued)

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	\$ 20,420,000	\$ 20,190,000	\$ 1,470,000	\$ 39,140,000	\$ 1,630,000
Alternate revenue bonds	1,115,000	-	-	1,115,000	355,000
Compensated absences payable*	985,458	52,696	105,392	932,762	186,552
Net pension liability - IMRF*	5,037,904	-	2,897,727	2,140,177	-
Net pension liability - Police* Pension	22,690,807	-	648,942	22,041,865	-
Net other postemployment benefit obligations*	222,806	18,940	-	241,746	-
Unamortized bond premium	297,666	-	28,085	269,581	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 50,769,641	\$ 20,261,636	\$ 5,150,146	\$ 65,881,131	\$ 2,171,552

* 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 29% 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.

5. RISK MANAGEMENT (Continued)

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.

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,

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

7. LOAN RECEIVABLE (Continued)

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, 2018 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>
2019	\$ 84,031
2020	84,031
2021	84,031
2022	84,031
2023	84,031
2024-2028	<u>420,151</u>
 TOTAL	 <u>\$ 840,306</u>

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	<u>\$ 293,160</u>
 TOTAL		 <u>\$ 293,160</u>

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

- \$293,160 due from the Golf Course Funds to the General Fund is to alleviate negative cash. The Golf Course Funds will pay this back when sufficient funds are available.

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

8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Long-Term Advances

Individual fund long-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 93,082
Internal Service	Golf Course	61,198
Internal Service	Tax Increment	670,000
General	Milwaukee Avenue/Townline Road TIF	<u>160,818</u>
TOTAL		<u>\$ 985,098</u>

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

- \$93,082 advanced to the Golf Course Fund from the General Fund is for a well loan. Repayment is not expected within one year.
- \$61,198 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.
- \$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.

c. Transfers In/Out

Individual fund transfers are as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 2,259,650
Tax Increment	130,185	-
Milwaukee Avenue/Townline Road Tax Increment	1,000,000	-
Nonmajor Governmental	<u>1,129,465</u>	-
TOTAL	<u>\$ 2,259,650</u>	<u>\$ 2,259,650</u>

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

8. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Transfers In/Out (Continued)

The purposes of the significant transfers are as follows:

- \$130,185 transferred from the General Fund to the Tax Increment Fund is to provide a 10% revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.
- \$1,000,000 transferred from the General Fund to the Milwaukee Avenue/Townline Road Tax Increment Fund is fund the development of an outlot within the Milwaukee Avenue/Townline Road District. This amount will not be repaid.
- \$1,129,465 transferred from the General Fund to a Nonmajor Governmental Fund is to fund operations as E911 and dispatch service revenues are not sufficient to cover dispatch operations. This amount will not be repaid.

9. EMPLOYEE RETIREMENT SYSTEMS

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

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Membership

At December 31, 2017 (most recent information available), IMRF and membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	43
Active employees	68
TOTAL	154

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

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

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

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

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contributions for the fiscal year ended April 30, 2018 was 13.63% of covered payroll.

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2017 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, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.50%. 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 7.50% equals the discount rate of 7.50% 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, 2017	\$ 29,581,571	\$ 24,543,667	\$ 5,037,904
Changes for the period			
Service cost	588,523	-	588,523
Interest	2,204,482	-	2,204,482
Difference between expected and actual experience	(177,925)	-	(177,925)
Changes in assumptions	(892,374)	-	(892,374)
Employer contributions	-	720,713	(720,713)
Employee contributions	-	253,971	(253,971)
Net investment income	-	4,127,952	(4,127,952)
Benefit payments and refunds	(965,487)	(965,487)	-
Other (net transfer)	-	(482,203)	482,203
Net changes	757,219	3,654,946	(2,897,727)
BALANCES AT DECEMBER 31, 2017	\$ 30,338,790	\$ 28,198,613	\$ 2,140,177

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

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

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, 2018, the Village recognized pension expense of \$792,374.

At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 71,402	\$ 540,358
Changes in assumption	32,185	800,241
Net difference between projected and actual earnings on pension plan investments	-	1,118,900
Contributions made after measurement date	290,994	-
	<hr/>	<hr/>
TOTAL	\$ 394,581	\$ 2,459,499

\$290,994 reported as deferred outflows of pensions result from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized as pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ (406,981)
2020	(406,982)
2021	(760,409)
2022	(683,761)
2023	(97,779)
Thereafter	<hr/> -
TOTAL	<hr/> <u>\$ (2,355,912)</u>

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 Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 6,160,078	\$ 2,140,177	\$ (1,151,449)

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, 2018, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>42</u>
TOTAL	<u><u>72</u></u>

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

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

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

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, 2018, the Village's contribution was 49.13% of covered payroll.

Investment Policy

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Ultra Short Fixed Income	4.10%	1.50%
U.S. Fixed Income	30.90%	3.00%
High Yield	1.60%	5.30%
U.S. Large Cap Growth Equity	17.90%	8.50%
U.S. Large Cap Value Equity	16.90%	8.20%
U.S. Mid Cap Growth Equity	2.50%	9.70%
U.S. Mid Cap Value Equity	5.50%	9.00%

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

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	2.40%	10.60%
U.S. Small Cap Value Equity	1.30%	9.70%
Europe Equity	7.60%	6.80%
Japan Equity	1.40%	7.50%
Emerging Markets Equity	2.40%	11.70%
Real Estate Investment Trusts	2.00%	7.40%
Infrastructure	2.30%	5.70%
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 2018 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, 2018 are listed in the table above.

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

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 9.60%, 6.50%, 6.20%, and 5.60% of the Fund's investments at April 30, 2018.

Investment Rate of Return

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7%. 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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury securities	\$ 1,868,614	\$ -	\$ 923,628	\$ 505,107	\$ 439,879
U.S. agency securities	1,443,142	-	442,790	946,897	53,455
Municipal bonds	257,092	-	257,092	-	-
Corporate bonds	10,886,444	819,302	5,249,649	4,139,351	678,142
Fixed income mutual funds	742,113	-	-	742,113	-
TOTAL	\$ 15,197,405	\$ 819,302	\$ 6,873,159	\$ 6,333,468	\$ 1,171,476

The Fund categorize the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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, 2018. 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, 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)

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, 2018 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.00% to 8.85%
Investment rate of return	6.00%
Retirement age	50 to 57
Asset valuation method	Market value

The mortality rates and actuarial assumptions used in the April 30, 2018 valuation were based on the results of an actuarial experience study conducted by the actuary in 2016.

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

Discount Rate

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

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

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

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Net pension liability	\$ 33,727,195	\$ 22,041,865	\$ 12,733,956

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2017	\$ 66,397,593	\$ 43,706,786	\$ 22,690,807
Changes for the period			
Service cost	1,324,117	-	1,324,117
Interest	3,919,894	-	3,919,894
Difference between expected and actual experience	1,623,968	-	1,623,968
Changes in assumptions	(1,938,349)	-	(1,938,349)
Employer contributions	-	2,059,961	(2,059,961)
Employee contributions	-	444,283	(444,283)
Net investment income	-	3,135,098	(3,135,098)
Benefit payments and refunds	(2,132,052)	(2,132,052)	-
Administrative expense	-	(60,770)	60,770
Net changes	2,797,578	3,446,520	(648,942)
BALANCES AT APRIL 30, 2018	\$ 69,195,171	\$ 47,153,306	\$ 22,041,865

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

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

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, 2018, the Village recognized pension expense of \$4,571,441. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 1,408,014	\$ 258,287
Changes in assumption	1,192,627	2,968,290
Net difference between projected and actual earnings on pension plan investments	<u> -</u>	<u> 106,128</u>
TOTAL	<u>\$ 2,600,641</u>	<u>\$ 3,332,705</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>	
2019	\$ 715,349
2020	(238,581)
2021	(911,994)
2022	(191,487)
2023	(41,806)
Thereafter	<u>(63,545)</u>
TOTAL	<u>\$ (732,064)</u>

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

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)

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, 2018, the Village contributed \$179,146. 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
2016	\$ 197,669	\$ 159,180	80.53%	\$ 198,750
2017	197,926	173,870	87.85%	222,806
2018	198,086	179,146	90.44%	241,746

The net OPEB obligation (NOPEBO) as of April 30, 2018 was calculated as follows:

Annual required contribution	\$ 196,601
Interest on net OPEB obligation	8,912
Adjustment to annual required contribution	<u>(7,427)</u>
Annual OPEB cost	198,086
Contributions made	<u>(179,146)</u>
Increase in net OPEB obligation	18,940
Net OPEB obligation, beginning of year	<u>222,806</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 241,746</u>

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

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, 2018 below.

The Village has an agreement with a retailer to rebate up to 56.30% (depending on certain sales benchmarks) of its share of sales taxes to reimburse the retailer for the cost of extraordinary site and redevelopment costs having an initial size of approximately 28.825 acres of land to be used as its corporate headquarters and direct marketing sales operation center. The agreement requires the Village to rebate to the retailer (after certain benchmarks are achieved) of the sales taxes once annually for a term of 15 years. The total rebates incurred during the year ended April 30, 2018 was \$3,840,869. A liability of \$2,753,262 has been recorded as of April 30, 2018, 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, 2018 was \$808,265. A liability of \$287,023 has been recorded as of April 30, 2018, and is included in accounts payable.

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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 8,959,180	\$ 8,959,180	\$ 9,363,740
Intergovernmental	10,837,000	10,837,000	14,936,530
Licenses, permits, and fees	1,845,100	1,998,100	2,106,354
Charges for services	1,196,420	1,281,420	1,313,101
Fines and forfeitures	261,500	261,500	299,051
Investment income	279,200	279,200	254,212
Miscellaneous	84,000	158,000	217,230
Total revenues	23,462,400	23,774,400	28,490,218
EXPENDITURES			
Current			
General government	4,577,067	4,675,772	8,912,428
Public safety	10,035,580	10,350,080	9,775,909
Streets and roads	5,479,499	5,594,569	4,742,348
Culture and recreation	287,275	287,275	261,213
Capital outlay	1,933,100	1,894,200	1,145,405
Debt service			
Principal retirement	580,000	580,000	580,000
Interest and fiscal charges	237,165	237,165	230,438
Total expenditures	23,129,686	23,619,061	25,647,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	332,714	155,339	2,842,477
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(2,288,465)	(2,263,465)	(2,259,650)
Total other financing sources (uses)	(2,288,465)	(2,263,465)	(2,259,650)
NET CHANGE IN FUND BALANCES	\$ (1,955,751)	\$ (2,108,126)	582,827
FUND BALANCES, MAY 1			27,196,261
FUND BALANCES, APRIL 30			\$ 27,779,088

(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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,290,000	\$ 1,290,000	\$ 1,301,846
Interest	1,000	1,000	11,188
Total revenues	1,291,000	1,291,000	1,313,034
EXPENDITURES			
Economic development			
Contractual services	1,800	1,800	60
Debt Service			
Principal retirement	890,000	890,000	890,000
Interest and fiscal charges	278,926	278,926	279,248
Total expenditures	1,170,726	1,170,726	1,169,308
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	120,274	120,274	143,726
OTHER FINANCING SOURCES (USES)			
Transfers in	129,000	129,000	130,185
Total other financing sources (uses)	129,000	129,000	130,185
CHANGE IN FUND BALANCE	\$ 249,274	\$ 249,274	273,911
FUND BALANCE, MAY 1			495
FUND BALANCE, APRIL 30			\$ 274,406

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 50,000	\$ 50,000	\$ -
Investment income	-	-	60,401
Total revenues	50,000	50,000	60,401
EXPENDITURES			
General			
Contractual services	-	-	160,818
Economic development			
Contractual services	18,000,000	18,000,000	14,389,747
Capital outlay	-	-	1,929
Debt Service			
Interest and fiscal charges	500,000	500,000	892,953
Total expenditures	18,500,000	18,500,000	15,445,447
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,450,000)	(18,450,000)	(15,385,046)
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	21,000,000	21,000,000	20,190,000
Transfer in	1,005,000	1,005,000	1,000,000
Total other financing sources (uses)	22,005,000	22,005,000	21,190,000
CHANGE IN FUND BALANCE	\$ 3,555,000	\$ 3,555,000	5,804,954
FUND BALANCE, MAY 1			-
FUND BALANCE, APRIL 30			\$ 5,804,954

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2018

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
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
2018	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 Three Fiscal Years

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

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 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

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

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 23 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 4.00% to 8.85% compounded annually, and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2018

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2018	179,146	196,601	91.12%

(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 Three Calendar Years

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

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

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

The retirement age and mortality assumptions were changed in 2015.

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

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

Last Four Fiscal Years

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

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

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

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

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Four Fiscal Years

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

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

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

1. BUDGETARY INFORMATION

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

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

2. INDIVIDUAL FUND DISCLOSURES

The following funds had expenditures in excess of budget:

Fund	Final Budget	Actual
General	\$ 24,390,836	\$ 25,647,741
Golf Course	443,635	451,354

**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. See pages 7 and 9.

MILWAUKEE AVENUE/TOWNLINEROAD TAX INCREMENT FUND

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

VILLAGE OF VERNON HILLS, ILLINOIS

**COMBINING BALANCE SHEET - BY SUBFUND
GENERAL FUND**

For the Year Ended April 30, 2018

	General	Summer Celebration	Metra Parking	DUI
ASSETS				
Cash and investments	\$ 25,860,837	\$ -	\$ 152,076	\$ 85,865
Receivables				
Taxes	4,940,963	-	-	-
Accounts	24,608	-	-	737
Accrued interest	38,333	-	-	-
Other	53,078	-	-	-
Prepaid items	177,786	17,090	-	-
Due from other governments	840,306	-	-	-
Due from other funds	6,977,081	-	-	-
Advances to other funds	253,900	-	-	-
TOTAL ASSETS	\$ 39,166,892	\$ 17,090	\$ 152,076	\$ 86,602
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 312,953	\$ -	\$ 1,259	\$ -
Accrued payroll	476,512	-	-	-
Deposits payable	523,746	-	-	-
Unearned revenue	204,811	30,000	-	-
Other payables	3,355,504	-	-	-
Due to other funds	-	62,761	-	-
Total liabilities	4,873,526	92,761	1,259	-
FUND BALANCES				
Nonspendable				
Advances	253,900	-	-	-
Prepaid items	177,786	17,090	-	-
Long-term receivable	840,306	-	-	-
Restricted				
Metra parking	-	-	150,817	-
Public safety	-	-	-	86,602
Unassigned (deficit)	33,021,374	(92,761)	-	-
Total fund balances (deficit)	34,293,366	(75,671)	150,817	86,602
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 39,166,892	\$ 17,090	\$ 152,076	\$ 86,602

Drug Forfeiture	Capital	Eliminations	Total
\$ 48,417	\$ -	\$ -	\$ 26,147,195
-	-	-	4,940,963
-	-	-	25,345
-	-	-	38,333
-	-	-	53,078
-	-	-	194,876
-	-	-	840,306
-	-	(6,683,921)	293,160
-	-	-	253,900
<u>\$ 48,417</u>	<u>\$ -</u>	<u>\$ (6,683,921)</u>	<u>\$ 32,787,156</u>
\$ -	\$ 103,283	\$ -	\$ 417,495
-	-	-	476,512
-	-	-	523,746
-	-	-	234,811
-	-	-	3,355,504
-	6,621,160	(6,683,921)	-
<u>-</u>	<u>6,724,443</u>	<u>(6,683,921)</u>	<u>5,008,068</u>
-	-	-	253,900
-	-	-	194,876
-	-	-	840,306
-	-	-	150,817
48,417	-	-	135,019
-	(6,724,443)	-	26,204,170
<u>48,417</u>	<u>(6,724,443)</u>	<u>-</u>	<u>27,779,088</u>
<u>\$ 48,417</u>	<u>\$ -</u>	<u>\$ (6,683,921)</u>	<u>\$ 32,787,156</u>

(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, 2018

	General	Summer Celebration	Metra Parking	DUI
REVENUES				
Taxes	\$ 9,143,781	\$ -	\$ -	\$ -
Intergovernmental	14,936,530	-	-	-
Licenses, permits, and fees	2,106,354	-	-	-
Charges for services	1,075,687	136,173	101,241	-
Fines and forfeitures	281,604	-	-	17,447
Investment income	252,653	638	912	6
Miscellaneous	206,750	-	-	-
Total revenues	28,003,359	136,811	102,153	17,453
EXPENDITURES				
Current				
General government	8,912,428	-	-	-
Public safety	9,775,909	-	-	-
Streets and roads	4,674,526	-	67,822	-
Culture and recreation	91,043	170,170	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	580,000	-	-	-
Interest and fiscal charges	230,438	-	-	-
Total expenditures	24,264,344	170,170	67,822	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,739,015	(33,359)	34,331	17,453
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(2,259,650)	-	-	-
Total other financing sources (uses)	(2,259,650)	-	-	-
NET CHANGE IN FUND BALANCES	1,479,365	(33,359)	34,331	17,453
FUND BALANCES (DEFICIT), MAY 1	32,814,001	(42,312)	116,486	69,149
FUND BALANCES (DEFICIT), APRIL 30	\$ 34,293,366	\$ (75,671)	\$ 150,817	\$ 86,602

Drug Forfeiture	Capital	Eliminations	Total
\$ -	\$ 219,959	\$ -	\$ 9,363,740
-	-	-	14,936,530
-	-	-	2,106,354
-	-	-	1,313,101
-	-	-	299,051
3	-	-	254,212
10,480	-	-	217,230
10,483	219,959	-	28,490,218
-	-	-	8,912,428
-	-	-	9,775,909
-	-	-	4,742,348
-	-	-	261,213
-	1,145,405	-	1,145,405
-	-	-	580,000
-	-	-	230,438
-	1,145,405	-	25,647,741
10,483	(925,446)	-	2,842,477
-	-	-	(2,259,650)
-	-	-	(2,259,650)
10,483	(925,446)	-	582,827
37,934	(5,798,997)	-	27,196,261
\$ 48,417	\$ (6,724,443)	\$ -	\$ 27,779,088

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Utility tax	\$ 1,400,000	\$ 1,400,000	\$ 1,305,235
Telecommunication tax	1,076,910	1,076,910	898,686
State income tax	2,536,410	2,536,410	2,277,294
Home rule sales tax	2,393,000	2,393,000	3,373,171
Other taxes	939,860	939,860	918,220
Hotel/motel taxes	398,000	398,000	371,175
Road and bridge tax	215,000	215,000	219,959
Intergovernmental			
Sales tax	10,828,000	10,828,000	14,933,056
Grants	9,000	9,000	3,474
Licenses, permits, and fees	1,845,100	1,998,100	2,106,354
Charges for services			
Fees and charges for services	1,042,070	1,127,070	1,174,132
Event fees and charges for services	-	-	2,796
Summer celebration fees	154,350	154,350	136,173
Fines and forfeitures	261,500	261,500	299,051
Investment income	279,200	279,200	254,213
Miscellaneous	84,000	158,000	217,230
TOTAL REVENUES	\$ 23,462,400	\$ 23,774,400	\$ 28,490,219

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual
EXPENDITURES			
General government			
Administration			
Personal services	\$ 1,120,043	\$ 1,120,043	\$ 1,368,686
Contractual services	1,499,177	1,572,882	5,992,974
Commodities	40,250	40,250	22,924
Equipment	66,295	66,295	61,765
Total administration	<u>2,725,765</u>	<u>2,799,470</u>	<u>7,446,349</u>
Judiciary			
Contractual services	<u>527,500</u>	<u>552,500</u>	<u>278,015</u>
Total judiciary	<u>527,500</u>	<u>552,500</u>	<u>278,015</u>
President/trustee			
Personal services	54,902	54,902	54,902
Contractual services	26,590	26,590	19,826
Commodities	9,150	9,150	5,488
Total president/trustee	<u>90,642</u>	<u>90,642</u>	<u>80,216</u>
Community development			
Personal services	1,002,712	1,002,712	943,790
Contractual services	69,689	69,689	42,116
Commodities	16,850	16,850	10,457
Equipment	15,481	15,481	10,993
Total community development	<u>1,104,732</u>	<u>1,104,732</u>	<u>1,007,356</u>
Committees			
Personal services	8,253	8,253	2,223
Contractual services	19,375	19,375	10,373
Commodities	7,100	7,100	6,015
Equipment	1,200	1,200	-
Total committees	<u>35,928</u>	<u>35,928</u>	<u>18,611</u>
Resident direct benefit			
Contractual services	35,000	35,000	35,000
Commodities	-	-	-
Total resident direct benefit	<u>35,000</u>	<u>35,000</u>	<u>35,000</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, 2018

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General government (Continued)			
General purpose			
Personal services	\$ 57,500	\$ 57,500	\$ 45,843
Contractual services	-	-	1,038
Total general purpose	<u>57,500</u>	<u>57,500</u>	<u>46,881</u>
Total general government	<u>4,577,067</u>	<u>4,675,772</u>	<u>8,912,428</u>
Public safety			
Police department			
Personal services	9,196,041	9,492,541	9,047,363
Contractual services	403,740	421,740	334,505
Commodities	171,560	171,560	125,608
Equipment	253,100	253,100	254,137
Total police department	<u>10,024,441</u>	<u>10,338,941</u>	<u>9,761,613</u>
Fire and police commission			
Personal services	539	539	-
Contractual services	10,400	10,400	14,296
Commodities	200	200	-
Total fire and police commission	<u>11,139</u>	<u>11,139</u>	<u>14,296</u>
Total public safety	<u>10,035,580</u>	<u>10,350,080</u>	<u>9,775,909</u>
Streets and roads			
Public works			
Personal services	2,917,708	2,917,708	2,691,073
Contractual services	1,301,015	1,343,265	1,054,841
Commodities	926,390	990,990	655,341
Equipment	274,686	274,686	273,271
Total public works	<u>5,419,799</u>	<u>5,526,649</u>	<u>4,674,526</u>
Metra parking			
Contractual services	53,600	61,820	62,036
Commodities	6,100	6,100	5,786
Total metra parking	<u>59,700</u>	<u>67,920</u>	<u>67,822</u>
Total streets and roads	<u>5,479,499</u>	<u>5,594,569</u>	<u>4,742,348</u>

(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, 2018

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Culture and recreation			
Events			
Contractual services	\$ 86,895	\$ 86,895	\$ 81,679
Commodities	14,845	14,845	9,364
Total events	<u>101,740</u>	<u>101,740</u>	<u>91,043</u>
Summer celebration			
Contractual services	145,335	145,335	136,167
Commodities	40,200	40,200	34,003
Total summer celebration	<u>185,535</u>	<u>185,535</u>	<u>170,170</u>
Total culture and recreation	<u>287,275</u>	<u>287,275</u>	<u>261,213</u>
Capital outlay			
Drug forfeiture	24,000	24,000	-
Community infrastructure development			
Street construction	384,000	368,650	304,318
Land	-	-	3,609
Fixed equipment	82,000	82,000	116,509
Information technology equipment	58,000	60,170	59,307
Machinery	-	-	75,526
Remodel	240,100	231,880	115,700
Construction	865,000	865,000	441,174
Engineering/architecture	280,000	262,500	29,262
Total capital outlay	<u>1,933,100</u>	<u>1,894,200</u>	<u>1,145,405</u>
Debt service			
Principal retirement	580,000	580,000	580,000
Interest and fiscal charges	237,165	237,165	230,438
Total debt service	<u>817,165</u>	<u>817,165</u>	<u>810,438</u>
TOTAL EXPENDITURES	<u>\$ 23,129,686</u>	<u>\$ 23,619,061</u>	<u>\$ 25,647,741</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.

VILLAGE OF VERNON HILLS, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	<u>Special Revenue</u>		
	<u>Motor Fuel Tax</u>	<u>Dispatch Center</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,094,053	\$ 1,250,491	\$ 2,344,544
Receivables			
Taxes	57,490	182,832	240,322
Accounts	-	500	500
TOTAL ASSETS	\$ 1,151,543	\$ 1,433,823	\$ 2,585,366
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 14,694	\$ 9,424	\$ 24,118
Accrued payroll	-	85,617	85,617
Total liabilities	14,694	95,041	109,735
FUND BALANCES			
Restricted			
Streets and roads	1,136,849	-	1,136,849
Public safety	-	1,338,782	1,338,782
Total fund balances	1,136,849	1,338,782	2,475,631
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,151,543	\$ 1,433,823	\$ 2,585,366

(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, 2018

	<u>Special Revenue</u>		<u>Total</u>
	<u>Motor Fuel Tax</u>	<u>Dispatch Center</u>	
REVENUES			
Taxes	\$ -	\$ 398,726	\$ 398,726
Intergovernmental	670,447	-	670,447
Charges for services	-	1,160,316	1,160,316
Interest	18,066	137	18,203
 Total revenues	 688,513	 1,559,179	 2,247,692
EXPENDITURES			
Current			
Streets and roads	108	-	108
Public safety	-	2,375,029	2,375,029
Capital outlay	797,585	-	797,585
 Total expenditures	 797,693	 2,375,029	 3,172,722
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (109,180)	 (815,850)	 (925,030)
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,129,465	1,129,465
 Total other financing sources (uses)	 -	 1,129,465	 1,129,465
 NET CHANGE IN FUND BALANCES	 (109,180)	 313,615	 204,435
 FUND BALANCES, MAY 1	 1,246,029	 1,025,167	 2,271,196
 FUND BALANCES, APRIL 30	 \$ 1,136,849	 \$ 1,338,782	 \$ 2,475,631

(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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ 676,660	\$ 676,660	\$ 670,447
Interest	10,000	10,000	18,066
Total revenues	<u>686,660</u>	<u>686,660</u>	<u>688,513</u>
EXPENDITURES			
Streets and roads			
Contractual services	1,000	1,000	108
Capital outlay	<u>1,832,500</u>	<u>1,832,500</u>	<u>797,585</u>
Total expenditures	<u>1,833,500</u>	<u>1,833,500</u>	<u>797,693</u>
CHANGE IN FUND BALANCE	<u>\$ (1,146,840)</u>	<u>\$ (1,146,840)</u>	(109,180)
FUND BALANCE, MAY 1			<u>1,246,029</u>
FUND BALANCE, APRIL 30			<u><u>\$ 1,136,849</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, 2018

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
911 surcharge	\$ 303,000	\$ 303,000	\$ 398,726
Charges for services	1,084,457	1,084,457	1,160,316
Interest	2,500	2,500	137
Miscellaneous	141,000	141,000	-
Total revenues	1,530,957	1,530,957	1,559,179
EXPENDITURES			
Public safety			
Personal services	1,965,501	1,965,501	1,882,093
Contractual services	568,906	568,906	485,558
Commodities	147,225	122,225	4,785
Equipment	3,600	3,600	2,593
Total expenditures	2,685,232	2,660,232	2,375,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,154,275)	(1,129,275)	(815,850)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,154,465	1,129,465	1,129,465
Total other financing sources (uses)	1,154,465	1,129,465	1,129,465
CHANGE IN FUND BALANCE	\$ 190	\$ 190	313,615
FUND BALANCE, MAY 1			1,025,167
FUND BALANCE, APRIL 30			\$ 1,338,782

(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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Charges for services	\$ 444,373	\$ 444,373	\$ 376,044
Total operating revenues	<u>444,373</u>	<u>444,373</u>	<u>376,044</u>
OPERATING EXPENSES			
Operations	<u>443,635</u>	<u>443,635</u>	<u>451,354</u>
Total operating expenses excluding depreciation	<u>443,635</u>	<u>443,635</u>	<u>451,354</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	738	738	(75,310)
Depreciation	<u>-</u>	<u>-</u>	<u>74,840</u>
OPERATING INCOME (LOSS)	<u>738</u>	<u>738</u>	<u>(150,150)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	<u>-</u>	<u>-</u>	<u>5,912</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>5,912</u>
CHANGE IN NET POSITION	<u>\$ 738</u>	<u>\$ 738</u>	<u>(144,238)</u>
NET POSITION, MAY 1			<u>148,402</u>
NET POSITION, APRIL 30			<u>\$ 4,164</u>

(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, 2018

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 278,217	\$ 278,217	\$ 278,217
Total operating revenues	278,217	278,217	278,217
OPERATING EXPENSES			
Operations	158,000	227,500	55,766
Total operating expenses	158,000	227,500	55,766
OPERATING INCOME BEFORE DEPRECIATION	120,217	50,717	222,451
Depreciation	-	-	105,196
OPERATING INCOME	120,217	50,717	117,255
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	-	132
Total non-operating revenues (expenses)	-	-	132
CHANGE IN NET POSITION	\$ 120,217	\$ 50,717	117,387
NET POSITION, MAY 1			2,918,754
NET POSITION, APRIL 30			\$ 3,036,141

(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 FUNDS

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2018

	Balances May 1	Additions	Deletions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and investments	\$ 29,318	\$ 29,477	\$ 2,775	\$ 56,020
TOTAL ASSETS	\$ 29,318	\$ 29,477	\$ 2,775	\$ 56,020
LIABILITIES				
Deposits payable	\$ 29,318	\$ 29,477	\$ 2,775	\$ 56,020
TOTAL LIABILITIES	\$ 29,318	\$ 29,477	\$ 2,775	\$ 56,020
 DEVELOPMENT FUND				
ASSETS				
Cash and investments	\$ 29,318	\$ -	\$ 2,775	\$ 26,543
TOTAL ASSETS	\$ 29,318	\$ -	\$ 2,775	\$ 26,543
LIABILITIES				
Deposits payable	\$ 29,318	\$ -	\$ 2,775	\$ 26,543
TOTAL LIABILITIES	\$ 29,318	\$ -	\$ 2,775	\$ 26,543
 JETS BOARD FUND				
ASSETS				
Cash and investments	\$ -	\$ 29,477	\$ -	\$ 29,477
TOTAL ASSETS	\$ -	\$ 29,477	\$ -	\$ 29,477
LIABILITIES				
Deposits payable	\$ -	\$ 29,477	\$ -	\$ 29,477
TOTAL LIABILITIES	\$ -	\$ 29,477	\$ -	\$ 29,477

(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, 2018

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
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>\$ 93,342</u>	<u>\$ 1,208,342</u>		<u>\$ 46,672</u>		<u>\$ 46,670</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2018

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due On			
				June 30	December 30	Amount	
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>\$ 7,100,000</u>	<u>\$ 816,000</u>	<u>\$ 7,916,000</u>		<u>\$ 408,000</u>		<u>\$ 408,000</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2018

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2019	\$ 125,000	\$ 24,200	\$ 149,200	2018	\$ 12,100	2019	\$ 12,100
2020	130,000	21,700	151,700	2019	10,850	2020	10,850
2021	130,000	19,100	149,100	2020	9,550	2021	9,550
2022	140,000	16,500	156,500	2021	8,250	2022	8,250
2023	145,000	13,700	158,700	2022	6,850	2023	6,850
2024	145,000	10,510	155,510	2023	5,255	2024	5,255
2025	150,000	7,320	157,320	2024	3,660	2025	3,660
2026	155,000	3,720	158,720	2025	1,860	2026	1,860
	<u>\$ 1,120,000</u>	<u>\$ 116,750</u>	<u>\$ 1,236,750</u>		<u>\$ 58,375</u>		<u>\$ 58,375</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, 2018

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
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>\$ 3,075,000</u>	<u>\$ 822,028</u>	<u>\$ 3,897,028</u>		<u>\$ 411,019</u>		<u>\$ 411,009</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, 2018

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
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>\$ 655,000</u>	<u>\$ 98,196</u>	<u>\$ 753,196</u>		<u>\$ 49,101</u>		<u>\$ 49,095</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, 2018

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
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>\$ 106,055</u>	<u>\$ 1,101,055</u>		<u>\$ 53,031</u>		<u>\$ 53,024</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2018

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
2019	\$ 130,000	\$ 46,625	\$ 176,625	2018	\$ 23,313	2019	\$ 23,312
2020	135,000	44,025	179,025	2019	22,013	2020	22,012
2021	140,000	41,325	181,325	2020	20,663	2021	20,662
2022	140,000	38,525	178,525	2021	19,263	2022	19,262
2023	140,000	35,725	175,725	2022	17,863	2023	17,862
2024	150,000	32,925	182,925	2023	16,463	2024	16,462
2025	80,000	28,425	108,425	2024	14,213	2025	14,212
2026	85,000	26,025	111,025	2025	13,013	2026	13,012
2027	85,000	23,475	108,475	2026	11,738	2027	11,737
2028	90,000	20,925	110,925	2027	10,463	2028	10,462
2029	90,000	18,225	108,225	2028	9,113	2029	9,112
2030	95,000	15,525	110,525	2029	7,763	2030	7,762
2031	95,000	12,675	107,675	2030	6,338	2031	6,337
2032	100,000	9,825	109,825	2031	4,913	2032	4,912
2033	105,000	6,825	111,825	2032	3,413	2033	3,412
2034	105,000	3,412	108,412	2033	1,706	2034	1,706
	<u>\$ 1,765,000</u>	<u>\$ 404,487</u>	<u>\$ 2,169,487</u>		<u>\$ 202,251</u>		<u>\$ 202,236</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, 2018

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due On			
				June 30	Amount	December 30	Amount
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>\$ 4,240,000</u>	<u>\$ 483,788</u>	<u>\$ 4,723,788</u>		<u>\$ 241,897</u>		<u>\$ 241,891</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2018

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due On			
				September 30	Amount	March 30	Amount
2019	\$ -	\$ 648,108	\$ 648,108	2018	\$ 324,054	2019	\$ 324,054
2020	-	648,108	648,108	2019	324,054	2020	324,054
2021	945,000	648,108	1,593,108	2020	324,054	2021	324,054
2022	965,000	629,208	1,594,208	2021	314,604	2022	314,604
2023	985,000	608,460	1,593,460	2022	304,230	2023	304,230
2024	1,005,000	585,312	1,590,312	2023	292,656	2024	292,656
2025	1,035,000	559,686	1,594,686	2024	279,843	2025	279,843
2026	1,060,000	531,740	1,591,740	2025	265,870	2026	265,870
2027	1,090,000	501,530	1,591,530	2026	250,765	2027	250,765
2028	1,125,000	468,830	1,593,830	2027	234,415	2028	234,415
2029	1,160,000	433,956	1,593,956	2028	216,978	2029	216,978
2030	1,195,000	396,836	1,591,836	2029	198,418	2030	198,418
2031	1,235,000	357,400	1,592,400	2030	178,700	2031	178,700
2032	1,275,000	315,410	1,590,410	2031	157,705	2032	157,705
2033	1,320,000	270,784	1,590,784	2032	135,392	2033	135,392
2034	1,370,000	223,264	1,593,264	2033	111,632	2034	111,632
2035	1,420,000	172,574	1,592,574	2034	86,287	2035	86,287
2036	1,475,000	117,194	1,592,194	2035	58,597	2036	58,597
2037	1,530,000	59,670	1,589,670	2036	29,835	2037	29,835
	<u>\$ 20,190,000</u>	<u>\$ 8,176,178</u>	<u>\$ 28,366,178</u>		<u>\$ 4,088,089</u>		<u>\$ 4,088,089</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.	89-102
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	103-109
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.	110-113
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.	114-116
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.	117-118

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

Fiscal Year	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 97,942,912	\$ 95,356,202	\$ 91,757,779	\$ 87,283,367
Restricted	3,329,155	3,025,617	3,349,329	3,495,103
Unrestricted	21,924,140	19,072,498	20,422,612	23,283,224
TOTAL GOVERNMENTAL ACTIVITIES	\$ 123,196,207	\$ 117,454,317	\$ 115,529,720	\$ 114,061,694
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 836,773	\$ 769,845	\$ 786,545	\$ 718,458
Restricted	-	-	-	-
Unrestricted	(227,551)	(174,380)	(234,087)	(284,478)
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 609,222	\$ 595,465	\$ 552,458	\$ 433,980
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 98,779,685	\$ 96,126,047	\$ 92,544,324	\$ 88,001,825
Restricted	3,329,155	3,025,617	3,349,329	3,495,103
Unrestricted	21,696,589	18,898,118	20,188,525	22,998,746
TOTAL PRIMARY GOVERNMENT	\$ 123,805,429	\$ 118,049,782	\$ 116,082,178	\$ 114,495,674

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

Data Source

Audited Financial Statements

2013	2014	2015	2016*	2017	2018
\$ 85,102,245	\$ 83,986,644	\$ 82,205,307	\$ 79,574,960	\$ 77,689,771	\$ 75,753,586
2,627,039	2,831,873	6,391,658	1,989,778	2,495,260	8,840,827
24,665,002	24,904,019	22,222,353	3,722,990	3,774,935	(18,494,359)
<u>\$ 112,394,286</u>	<u>\$ 111,722,536</u>	<u>\$ 110,819,318</u>	<u>\$ 85,287,728</u>	<u>\$ 83,959,966</u>	<u>\$ 66,100,054</u>
\$ 651,621	\$ 586,405	\$ 521,711	\$ 457,015	\$ 518,131	\$ 443,291
-	-	-	-	-	-
(241,159)	(222,509)	(227,142)	(251,977)	(369,729)	(439,127)
<u>\$ 410,462</u>	<u>\$ 363,896</u>	<u>\$ 294,569</u>	<u>\$ 205,038</u>	<u>\$ 148,402</u>	<u>\$ 4,164</u>
\$ 85,753,866	\$ 84,573,049	\$ 82,727,018	\$ 80,031,975	\$ 78,207,902	\$ 76,196,877
2,627,039	2,831,873	6,391,658	1,989,778	2,495,260	8,840,827
24,423,843	24,681,510	21,995,211	3,471,013	3,405,206	(18,933,486)
<u>\$ 112,804,748</u>	<u>\$ 112,086,432</u>	<u>\$ 111,113,887</u>	<u>\$ 85,492,766</u>	<u>\$ 84,108,368</u>	<u>\$ 66,104,218</u>

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
EXPENSES				
Governmental Activities				
General government	\$ 7,409,619	\$ 5,361,615	\$ 5,148,289	\$ 4,075,361
Public safety	8,916,041	8,785,116	8,619,448	9,523,631
Roads and streets	8,607,486	7,233,167	6,850,515	6,912,853
Economic development	2,573,388	1,147,173	326,276	46,854
Culture and recreation	308,954	245,328	260,935	259,249
Interest and fees	1,407,974	1,361,865	1,464,042	1,462,816
Total governmental activities expenses	<u>29,223,462</u>	<u>24,134,264</u>	<u>22,669,505</u>	<u>22,280,764</u>
Business-Type Activities				
Golf course	648,762	544,291	495,572	588,635
Total business-type activities expenses	<u>648,762</u>	<u>544,291</u>	<u>495,572</u>	<u>588,635</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 29,872,224</u>	<u>\$ 24,678,555</u>	<u>\$ 23,165,077</u>	<u>\$ 22,869,399</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for services				
General government	\$ 2,090,182	\$ 1,839,779	\$ 2,164,926	\$ 1,793,322
Public safety	407,813	278,121	255,714	275,768
Culture and recreation	210,327	170,780	184,693	223,620
Operating grants and contributions	909,002	617,688	712,457	739,126
Capital grants and contributions	252,000	-	627,222	116,706
Total governmental activities program revenues	<u>3,869,324</u>	<u>2,906,368</u>	<u>3,945,012</u>	<u>3,148,542</u>
Business-Type Activities				
Charges for services				
Golf course	532,529	530,478	452,503	470,103
Total business-type activities program revenues	<u>532,529</u>	<u>530,478</u>	<u>452,503</u>	<u>470,103</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 4,401,853</u>	<u>\$ 3,436,846</u>	<u>\$ 4,397,515</u>	<u>\$ 3,618,645</u>
NET REVENUES (EXPENSES)				
Governmental activities	\$ (25,354,138)	\$ (21,227,896)	\$ (18,724,493)	\$ (19,132,222)
Business-type activities	(116,233)	(13,813)	(43,069)	(118,532)
TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)	<u>\$ (25,470,371)</u>	<u>\$ (21,241,709)</u>	<u>\$ (18,767,562)</u>	<u>\$ (19,250,754)</u>

2013	2014	2015	2016*	2017	2018
\$ 4,410,123	\$ 4,619,060	\$ 5,105,742	\$ 10,785,366	\$ 10,031,695	\$ 10,465,391
10,113,838	10,507,422	11,202,863	11,866,591	13,557,140	15,152,449
7,452,181	7,802,713	8,427,086	8,673,207	8,000,396	8,202,028
-	4,463	-	1,488	-	14,389,807
270,889	277,671	258,590	287,664	250,870	261,213
954,884	901,283	852,718	677,677	615,693	1,500,369
23,201,915	24,112,612	25,846,999	32,291,993	32,455,794	49,971,257
493,135	514,147	518,417	530,174	508,552	526,194
493,135	514,147	518,417	530,174	508,552	526,194
\$ 23,695,050	\$ 24,626,759	\$ 26,365,416	\$ 32,822,167	\$ 32,964,346	\$ 50,497,451
\$ 2,015,985	\$ 2,595,479	\$ 2,326,412	\$ 1,856,949	\$ 2,841,747	\$ 3,292,044
1,028,096	1,195,253	1,288,454	1,258,030	1,632,547	1,459,367
225,229	226,199	300,789	124,238	139,418	138,968
724,013	751,035	847,934	672,244	668,032	670,447
6,121	5,358	28,902	159,065	4,131	3,474
3,999,444	4,773,324	4,792,491	4,070,526	5,285,875	5,564,300
469,562	467,568	449,077	440,539	408,651	376,044
469,562	467,568	449,077	440,539	408,651	376,044
\$ 4,469,006	\$ 5,240,892	\$ 5,241,568	\$ 4,511,065	\$ 5,694,526	\$ 5,940,344
\$ (19,202,471)	\$ (19,339,288)	\$ (21,054,508)	\$ (28,221,467)	\$ (27,169,919)	\$ (44,406,957)
(23,573)	(46,579)	(69,340)	(89,635)	(99,901)	(150,150)
\$ (19,226,044)	\$ (19,385,867)	\$ (21,123,848)	\$ (28,311,102)	\$ (27,269,820)	\$ (44,557,107)

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Utility	\$ 1,416,128	\$ 1,351,570	\$ 1,446,045	\$ 1,409,506
Home rule sales	-	-	-	-
Hotel/motel	298,914	248,826	270,764	296,728
911 surcharge	361,267	311,658	293,660	442,088
Road and bridge	188,350	193,805	202,379	208,235
Telecommunication	1,586,588	1,454,587	1,269,772	1,352,296
Tax increment	17,053	-	232,544	772,159
Other	453,988	412,477	456,616	464,146
Intergovernmental				
Sales tax	9,836,554	9,153,021	9,508,242	10,334,171
State income tax	2,056,595	1,801,143	1,807,219	2,127,725
Investment income	935,625	225,103	249,076	188,188
Miscellaneous	158,384	143,437	1,143,974	68,954
	17,309,446	15,295,627	16,880,291	17,664,196
Business-Type Activities				
Investment income	479	56	62	54
Miscellaneous	-	-	-	-
	479	56	62	54
TOTAL PRIMARY GOVERNMENT	\$ 17,309,925	\$ 15,295,683	\$ 16,880,353	\$ 17,664,250
CHANGE IN NET POSITION				
Governmental activities	\$ (8,044,692)	\$ (5,932,269)	\$ (1,844,202)	\$ (1,468,026)
Business-type activities	(115,754)	(13,757)	(43,007)	(118,478)
TOTAL PRIMARY GOVERNMENT	\$ (8,160,446)	\$ (5,946,026)	\$ (1,887,209)	\$ (1,586,504)

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

Data Source

Audited Financial Statements

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

VILLAGE OF VERNON HILLS, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012*
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ 467,790
Restricted	-	-	-	411,686
Committed	-	-	-	106,218
Unassigned	-	-	-	22,254,166
Reserved	1,480,580	1,475,234	831,038	-
Unreserved	20,394,982	18,425,428	21,404,899	-
TOTAL GENERAL FUND	\$ 21,875,562	\$ 19,900,662	\$ 22,235,937	\$ 23,239,860
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	\$ -	\$ -	\$ -	\$ 3,083,417
Unassigned	-	-	-	(1,040,917)
Reserved	3,239,543	2,836,301	2,924,765	-
Unreserved, reported in				
Special revenue funds	(848,598)	(2,080,388)	(2,858,122)	-
Capital project funds	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 2,390,945	\$ 755,913	\$ 66,643	\$ 2,042,500

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

Data Source

Audited Financial Statements

2013	2014	2015	2016	2017	2018
\$ 409,080	\$ 429,650	\$ 458,220	\$ 1,484,993	\$ 1,306,316	\$ 1,289,082
258,942	168,098	94,738	156,265	223,569	285,836
58,561	16,398	14,075	-	-	-
23,937,297	23,432,516	23,282,038	23,928,382	25,666,376	26,204,170
-	-	-	-	-	-
-	-	-	-	-	-
\$ 24,663,880	\$ 24,046,662	\$ 23,849,071	\$ 25,569,640	\$ 27,196,261	\$ 27,779,088
\$ 2,368,097	\$ 2,663,775	\$ 6,296,920	\$ 1,898,464	\$ 2,271,691	\$ 8,554,991
(498,253)	-	-	(153,789)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,869,844	\$ 2,663,775	\$ 6,296,920	\$ 1,744,675	\$ 2,271,691	\$ 8,554,991

VILLAGE OF VERNON HILLS, ILLINOIS

GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
Sales tax	\$ 9,648,749	\$ 9,153,972	\$ 9,447,706	\$ 10,251,007
Other taxes	6,378,613	5,774,066	5,978,999	7,072,883
Intergovernmental	909,002	617,688	1,339,679	855,832
Licenses, permits, and fees, fines and forfeitures, and charges for services	2,708,322	2,288,680	2,605,333	2,292,710
Investment income	935,625	225,103	249,076	188,188
Miscellaneous	158,384	143,437	1,143,974	68,954
TOTAL REVENUES	\$ 20,738,695	\$ 18,202,946	\$ 20,764,767	\$ 20,729,574

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	10,503,422	\$ 10,680,015	\$ 11,426,650	\$ 14,006,145	\$ 14,435,680	\$ 14,933,056
	7,532,319	7,752,383	7,931,917	11,394,315	11,165,438	11,064,312
	730,134	756,393	876,836	831,309	672,162	673,921
	3,269,310	4,016,931	3,915,655	3,239,217	4,606,923	4,878,822
	98,374	73,881	295,485	115,636	105,285	344,004
	44,992	67,762	55,764	41,088	142,544	217,230
\$	<u>22,178,551</u>	<u>\$ 23,347,365</u>	<u>\$ 24,502,307</u>	<u>\$ 29,627,710</u>	<u>\$ 31,128,032</u>	<u>\$ 32,111,345</u>

VILLAGE OF VERNON HILLS, ILLINOIS

GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
General government	\$ 4,575,960	\$ 4,616,386	\$ 3,218,639	\$ 3,282,636
Public safety	8,643,644	8,490,969	8,281,006	9,185,888
Streets and roads	5,519,961	4,649,372	4,046,574	4,150,824
Economic development	4,350,636	922,078	306	798
Culture and recreation	308,954	245,328	260,935	259,249
Capital outlay	1,332,878	953,128	650,272	198,212
Debt service				
Principal retirement	1,105,000	1,150,000	1,190,000	1,245,000
Interest and fiscal charges	1,324,579	1,368,810	1,471,030	1,336,746
TOTAL EXPENDITURES	\$ 27,161,612	\$ 22,396,071	\$ 19,118,762	\$ 19,659,353

Data Source

Audited Financial Statements

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

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
REVENUES				
Sales tax	\$ 9,648,749	\$ 9,153,972	\$ 9,447,706	\$ 10,251,007
Other taxes	6,378,613	5,774,066	5,978,999	7,072,883
Intergovernmental	909,002	617,688	1,339,679	855,832
Licenses, permits, and fees, fines and forfeitures, and charges for services	2,708,322	2,288,680	2,605,333	2,292,710
Investment income	935,625	225,103	249,076	188,188
Miscellaneous	158,384	143,437	1,143,974	68,954
Total revenues	20,738,695	18,202,946	20,764,767	20,729,574
EXPENDITURES				
General government	4,575,960	4,616,386	3,218,639	3,282,636
Public safety	8,643,644	8,490,969	8,281,006	9,185,888
Streets and roads	5,519,961	4,649,372	4,046,574	4,150,824
Economic development	4,350,636	922,078	306	798
Culture and recreation	308,954	245,328	260,935	259,249
Capital outlay	1,332,878	953,128	650,272	198,212
Debt service				
Principal retirement	1,105,000	1,150,000	1,190,000	1,245,000
Interest and fiscal charges	1,324,579	1,368,810	1,471,030	1,336,746
Total expenditures	27,161,612	22,396,071	19,118,762	19,659,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,422,917)	(4,193,125)	1,646,005	1,070,221
OTHER FINANCING SOURCES (USES)				
Transfers in	147,551	-	23,254	77,216
Transfers (out)	(147,551)	-	(23,254)	(77,216)
Proceeds from bonds	1,542,192	792,808	-	9,475,000
Premium on debt issuance	-	-	-	37,204
Payment to escrow agent	-	-	-	(7,602,645)
Total other financing sources (uses)	1,542,192	792,808	-	1,909,559
NET CHANGE IN FUND BALANCES	\$ (4,880,725)	\$ (3,400,317)	\$ 1,646,005	\$ 2,979,780
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	10.30%	13.23%	14.47%	13.35%

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	10,503,422	\$ 10,680,015	\$ 11,426,650	\$ 14,006,145	\$ 14,435,680	\$ 14,933,056
	7,532,319	7,752,383	7,931,917	11,394,315	11,165,438	11,064,312
	730,134	756,393	876,836	831,309	672,162	673,921
	3,269,310	4,016,931	3,915,655	3,239,217	4,606,923	4,878,822
	98,374	73,881	295,485	115,636	105,285	344,004
	44,992	67,762	55,764	41,088	142,544	217,230
	22,178,551	23,347,365	24,502,307	29,627,710	31,128,032	32,111,345
	3,498,692	3,668,619	3,842,991	8,214,056	8,862,203	9,073,246
	9,778,906	10,254,629	10,932,262	11,050,969	11,634,011	12,150,938
	4,796,985	5,234,011	5,883,011	4,560,218	4,409,098	4,742,456
	-	4,463	-	1,488	-	14,389,807
	270,899	277,671	258,590	287,664	250,870	261,213
	331,657	385,859	1,108,942	7,170,422	1,828,930	1,944,919
	1,315,000	2,435,000	1,720,000	645,000	1,415,000	1,470,000
	935,048	910,400	808,478	768,087	574,283	1,402,639
	20,927,187	23,170,652	24,554,274	32,697,904	28,974,395	45,435,218
	1,251,364	176,713	(51,967)	(3,070,194)	2,153,637	(13,323,873)
	2,288,015	1,255,093	1,804,752	1,515,383	1,592,396	2,259,650
	(2,288,015)	(1,255,093)	(1,804,752)	(1,515,383)	(1,592,396)	(2,259,650)
	-	-	5,630,000	7,260,000	-	20,190,000
	-	-	-	187,651	-	-
	-	-	(2,142,479)	(5,301,500)	-	-
	-	-	3,487,521	2,146,151	-	20,190,000
\$	1,251,364	\$ 176,713	\$ 3,435,554	\$ (924,043)	\$ 2,153,637	\$ 6,866,127
	10.83%	14.49%	10.63%	4.92%	7.00%	6.36%

VILLAGE OF VERNON HILLS, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	\$ 2,891,816	\$ 2,782,847	\$ 2,823,025	\$ 2,633,339	\$ 2,720,545	\$ 2,597,897	\$ 2,488,384	\$ 2,402,181	\$ 1,851,726	\$ 1,672,883
Food	372,836	342,202	340,958	648,891	916,744	925,373	901,265	788,727	1,130,577	1,087,522
Drinking and eating places	7,880,202	812,685	825,607	850,877	883,552	881,340	960,573	1,029,264	1,052,840	1,002,073
Apparel	797,133	637,015	689,726	844,886	771,836	775,480	742,882	736,300	743,051	681,766
Furniture, H.H., and radio	3,952,073	3,083,717	3,607,217	4,260,170	4,644,807	4,776,995	5,610,887	6,269,676	6,410,014	6,492,509
Lumber, building hardware	478,018	438,776	396,123	402,354	401,030	450,455	486,962	493,422	488,392	500,489
Automobile and filling stations	250,520	215,700	257,173	391,781	346,563	321,049	360,241	333,588	316,570	325,882
Drugs and miscellaneous retail	1,162,553	1,078,428	1,106,285	1,098,232	1,127,572	1,164,654	1,141,888	1,043,187	1,073,993	1,024,032
Agriculture and all others	707,998	657,960	601,514	680,022	703,322	793,580	831,229	958,057	1,374,503	1,520,703
Manufacturers	222,906	194,254	157,620	92,047	104,649	110,329	111,466	100,010	117,278	101,103
TOTAL*	\$ 9,923,961	\$ 10,243,584	\$ 10,805,248	\$ 11,902,599	\$ 12,620,620	\$ 12,797,152	\$ 13,635,777	\$ 14,154,412	\$ 14,558,944	\$ 14,408,962
VILLAGE DIRECT SALES TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

*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

Fiscal Year	State Rate	RTA Rate	County Rate	Village Home Rule Rate	Total Sales Tax Rate	% Distributed to Village
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%
2018	6.00%	0.50%	0.50%	0.25%	7.25%	1.00%

N/A - Information not available

* 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

Levy Year	Residential Property	Farm Property	Commercial Property	Industrial Property	Total	Railroad Property	Total Taxable Assessed Value (Lake County)
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
2017	836,188,206	67,161	361,915,490	665,469	1,198,836,326	164,264	1,199,000,590

Data Source

Lake County Clerk's and Treasurer's Office

VILLAGE OF VERNON HILLS, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING

Last Ten Levy Years

Tax Levy Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CLC Joint Action Water	0.042	0.042	0.045	0.047	0.052	0.055	0.056	0.054	0.046	0.045
Grade School 73	2.878	2.899	3.081	3.306	3.678	3.997	4.118	4.033	3.871	3.825
High School 128	2.163	2.179	2.324	2.399	2.580	2.919	2.687	2.732	2.532	2.494
Jr. College 532	0.196	0.200	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281
Vernon Township (1)	0.092	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	NA
Libertyville Township (1)	N/A	0.104	0.106	0.111	0.122	0.131	0.134	0.131	0.124	0.122
Lake County	0.453	0.453	0.505	0.554	0.608	0.663	0.683	0.663	0.632	0.622
Lake County Forest Preserve	0.199	0.199	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187
Vernon Hills Park District	0.344	0.344	0.427	0.450	0.496	0.445	0.455	0.458	0.419	0.416
Cook Memorial Library	0.222	0.222	0.238	0.254	0.282	0.303	0.312	0.304	0.289	0.284
Countryside Fire District	0.417	0.417	0.453	0.495	0.552	0.597	0.613	0.598	0.570	0.560
Village of Vernon Hills	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	7.006	7.059	7.595	8.057	8.854	9.624	9.574	9.480	8.962	8.836

N/A - Information not available

(1) For levy years 2001 through 2008, the largest tax code in the Village 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	2018			2009		
	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	\$ 25,949,720	1	2.16%	\$ 19,933,340	2	1.55%
Inland Real Estate	14,061,315	2	1.17%	10,746,574	5	0.84%
RHR Oaks Vernon Hills LLC	12,226,140	3	1.02%			0.00%
Museum Gardens II LLC	12,164,565	4	1.01%	11,609,910	4	0.91%
Van Vlissingen & Co	11,094,344	5	0.93%	21,388,738	1	1.67%
Leahy Vernon Hills Development	9,188,463	6	0.77%	11,798,664	3	0.92%
CDW Computer Centers, Inc.	8,040,090	7	0.67%	9,627,300	6	0.75%
Hawthorne Hills Square LLC	7,469,968	8	0.62%			0.00%
US Trust BOA Square LLC	7,378,585	9	0.62%			0.00%
PWA Contintental Executive Park, LP	6,799,102	10	0.57%			0.00%
HCP Ventures			0.00%	6,572,420	7	0.51%
Wal-mart Property			0.00%	6,497,544	8	0.51%
PAC/SIB LLC			0.00%	6,265,314	9	0.49%
Hawthorn -Vernon Hills LLC			0.00%	6,077,677	10	0.47%
	<u>\$ 114,372,292</u>		<u>9.54%</u>	<u>\$ 110,517,481</u>		<u>8.62%</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

Fiscal Year	Levy Year	Equalized Assessed Valuation	Tax Extension	Total Collections	Percent Collected
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	1,301,846	99.99%
2018	2017	25,243,166	2,153,914	N/A	N/A

Note: The Village's Tax Increment Financing District had no levy for 2008.

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

The 2017 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
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%
2018	2017	-	-	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			
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
2018	39,140,000	1,115,000	-	269,581	-	40,524,581	3.27%	1,543.62

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, 2018

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village (1)	The Village's Share of Debt
Village	\$ 40,524,581	100.00%	\$ 40,524,581
School District Number 73	30,017,785	67.770%	20,343,053
School District Number 76	12,143,171	27.170%	3,299,300
School District Number 103	6,010,000	19.180%	1,152,718
High School District Number 120	16,957,494	1.050%	178,054
High School District Number 125	3,455,000	8.830%	305,077
Community College Number 532	62,465,000	4.860%	3,035,799
Lake County	180,270,000	4.620%	8,328,474
Lake County Forest Preserve District	255,895,000	4.620%	11,822,349
Countryside Fire Protection District	3,155,000	61.580%	1,942,849
Central Lake County JAWA	3,135,000	14.590%	457,397
Mundelein Park District	4,000,000	0.001%	40
Vernon Hills Park District	9,329,205	100.000%	9,329,205
Total overlapping debt	<u>586,832,655</u>		<u>60,194,315</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 627,357,236</u>		<u>\$ 100,718,896</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				
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
2018	40,255,000	269,581	-	40,524,581	3.38%	1,543.62

(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, 2018

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2018	26,253	1,239,299	47,206	38.4	N/A	3.3%

N/A - Not Available

Population Data Sources:

2009 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 through 2018 data was from a Census

Income Data Sources:

2009 data is from Census estimates. The 2010, 2011, and 2012 results are from 2010 Census. 2013 through 2018 data was obtained from a Census estimate.

Median Age Data:

2006 Census estimate and 2010 Census result, and 2011 to 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	2018			2009		
	Number of Employees	Rank	% of Total Village Population	Number of Employees	Rank	% of Total Village Population
Westfield Shoppingtown Hawthorn	2,500	1	9.52%	2,500	1	10.22%
American Hotel Register	400	2	1.52%	400	3	1.64%
Mitsubishi Electric Automation, Inc.	400	3	1.52%	350	4	1.43%
CDW Computer Centers, Inc.	350	4	1.33%	350	4	1.43%
Mercer Human Resource Consulting	340	5	1.30%			0.00%
Z.F. Service North America, LLC	325	6	1.24%	250	8	1.02%
Cole-Palmer Instrument Co.	300	7	1.14%	300	6	1.23%
Becton Dickinson	300	8	1.14%			0.00%
Richard Wolf Medical Instruments Corp.	200	9	0.76%	200	10	0.82%
ETA hand2mind	200	10	0.76%			0.00%
ThredUp	200	10	0.76%			0.00%
Rust-Oleum	180	12	0.69%			0.00%
Overture Premiums & Promotions, LLC	150	13	0.57%			0.00%
Zebra Technologies Corp			0.00%	900	2	3.68%
Manhard Consulting			0.00%	275	7	1.12%
Focus Products Group				250	8	
Paslode			0.00%	200	10	0.82%
TOTAL	5,845			5,975		

N/A - Not available

Data Source

2018 Illinois Manufacturer's Directory and Illinois Services Directory

VILLAGE OF VERNON HILLS, ILLINOIS

FULL-TIME EQUIVALENT GOVERNMENTAL EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT										
Management Services	4.85	4.85	4.38	2.50	2.50	2.50	3.54	3.54	3.50	3.58
Human Resources	3.60	3.60	3.60	3.80	3.87	4.08	4.08	4.09	4.09	4.37
PUBLIC WORKS	23.50	23.50	23.74	22.91	23.54	24.83	25.47	23.85	24.60	24.20
PUBLIC SAFETY	69.50	69.50	64.75	66.59	66.88	70.71	70.63	72.28	73.20	72.61
COMMUNITY DEVELOPMENT	14.00	15.00	7.50	7.50	7.50	7.53	7.54	7.57	7.57	8.04
	<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>	<u>112.80</u>

Data Source

Village Records

VILLAGE OF VERNON HILLS, ILLINOIS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PUBLIC WORKS										
Forestry										
Number of parkway trees planted*	119	89	121	145	291	603	1,235	876	392	108
Number of parkway trees trimmed*	1,182	1,420	1,458	1,065	1,066	1,050	1,165	1,009	669	927
Fleet services										
Number of cars/SUVs/vans maintained*	46	42	39	41	37	43	35	35	36	36
Number of light trucks maintained*	15	15	16	16	17	17	18	18	19	20
Number of heavy trucks maintained*	10	10	10	10	10	10	10	10	11	10
Number of loaders/backhoes maintained*	4	4	4	4	4	4	5	5	5	5
Number of small tractors maintained*	2	2	2	2	2	2	1	1	2	2
Number of sweepers maintained*	1	1	1	1	1	1	1	1	1	1
Number of buses maintained*	1	1	1	1	1	1	1	1	1	1
PUBLIC SAFETY										
Police										
Part I crime*	686	779	779	678	635	535	544	574	473	528
Part II crime*	717	759	687	710	557	551	628	603	633	576
Calls for service*	20,793	18,974	18,630	18,608	21,170	22,903	23,358	23,684	26,349	29,693
State tickets issued*	5,388	2,386	2,836	2,080	3,414	3,480	3,271	2,273	2,602	2,876
Compliance tickets issued*	489	156	160	125	458	1,038	1,102	587	903	992
Parking tickets issued*	2,536	1,644	2,289	1,591	2,259	2,974	3,407	2,419	2,286	2,509
COMMUNITY DEVELOPMENT										
Number of building permits issued	1,136	972	1,216	1,389	1,354	1,344	1,798	1,525	1,470	1,275
Number of building inspections	4,486	4,276	2,802	2,833	2,703	3,067	5,105	3,312	3,744	3,585
HIGHWAYS AND STREETS										
Sidewalk/bike trail programs	\$ 105,591	\$ 57,507	\$ 39,750	\$ 35,141	\$ 42,554	\$ 55,910	\$ 55,662	\$ 93,096	\$ 72,610	\$ 48,963
Annual resurfacing program	1,600,000	899,984	839,012	583,333	811,685	624,565	1,148,696	1,265,502	676,688	359,989

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

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

Data Source

Village records

VILLAGE OF VERNON HILLS, ILLINOIS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Communications/Training center	1	1	1	1	1	1	1	1	1	1
Patrol units	37	37	34	36	36	37	37	37	37	43
PUBLIC WORKS										
Streets (lane miles)	141.1	141.1	141.7	141.7	141.7	141.7	141.7	141.7	141.7	141.7
Sidewalks (miles)	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3
Streetlights	2,247	2,247	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258
Traffic lights (Village owned)	5	5	5	5	5	5	5	5	5	5
RECREATION										
Athletic complex	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
ADMINISTRATION										
Village hall	1	1	1	1	1	1	1	1	1	1

Data Source

Village records