



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
APRIL 30, 2020**

VILLAGE OF VERNON HILLS, ILLINOIS

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2020

Prepared by Finance Department

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INTRODUCTORY SECTION

VILLAGE OF VERNON HILLS, ILLINOIS

LIST OF PRINCIPAL OFFICIALS

April 30, 2020

ELECTED OFFICIALS

VILLAGE BOARD OF TRUSTEES

Roger Byrne, Village President

Thom Koch, Village Trustee

Kari Brown, Village Trustee

David Oppenheim MD, Village Trustee

Michael Marquardt, Village Trustee

Craig Takaoka, Village Trustee

James Schultz, Village Trustee

APPOINTED OFFICIALS

Mark Fleischhauer, Village Manager/Village Clerk

Jon Petrillo, Assistant Village Manager/Deputy Village Clerk

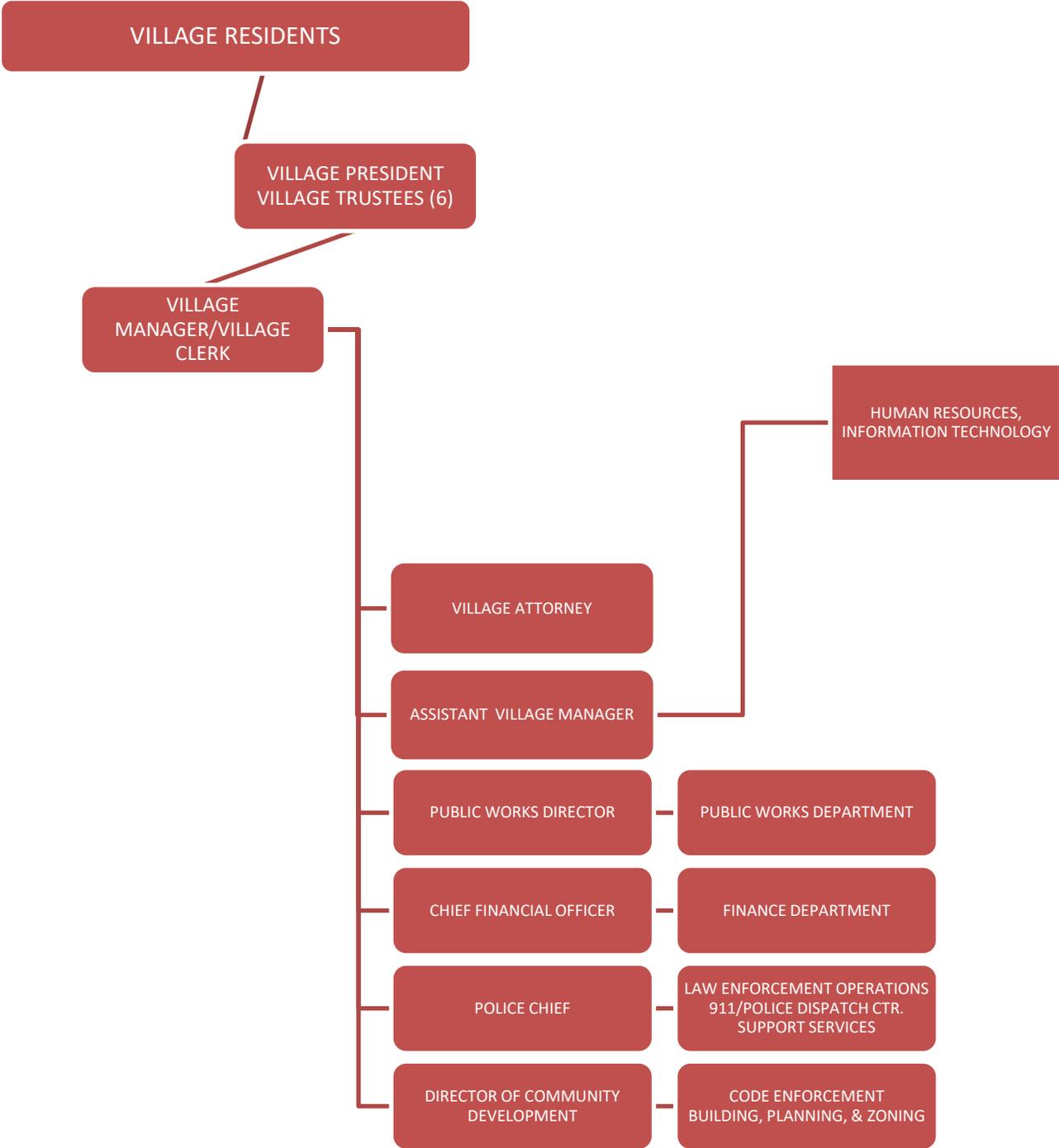
David Brown, Director of Public Works/Village Engineer

Patrick Kreis, Chief of Police

Michael Atkinson, Community Development Director

James V. Ferolo, Village Attorney

Anne Fairbairn, Finance Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Vernon Hills
Illinois**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

April 30, 2019

Christopher P. Morill

Executive Director/CEO

December 29, 2020

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, 2020.

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

The Village's financial statements have been audited by Sikich, LLP a firm of licensed certified public accountants specializing in audits of Illinois municipal governments. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village are free of material misstatements. The independent audit consisted of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on these audit procedures, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the Village's financial statements for the fiscal year ended April 30, 2020 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Village of Vernon Hills, incorporated in 1958 and encompassing 7.7 square miles, is located in central Lake County approximately 35 miles north of downtown Chicago. The Village is located near Interstate 94 (Chicago-Milwaukee Tollway), which allows easy access to Chicago's O'Hare International Airport, Milwaukee's General Mitchell International Airport and downtown Chicago. The Village has experienced growth in the past five years in both retail and residential markets and is a major center of employment and commerce. 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. The Village actively works on development and redevelopment including the establishment of two Tax Increment Districts and the use of sales tax rebates. The Village also operates a cable studio, and owns and maintains a Metra train station.

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

Dispatch Services and Consolidation

In July of 2010, the Village signed an agreement with the Countryside Fire Protection District that provided for a joint dispatch center. The agreement provided for the relocation of Countryside's dispatchers to the Village's Police Communications Center. In March of 2012, a five-year agreement was reached between the three parties whereby the Village of Libertyville would pay the other two parties for police and fire dispatching services. The

first year of the agreement which began August 1, 2012, when Libertyville moved its dispatch over to Vernon Hills. The agreement with the Village of Libertyville was renewed in April 2017 for another three-year term. In January 2015, the State of Illinois passed new legislation requiring the consolidation of local dispatch centers. As part of this new legislation, local agencies are required to consolidate their Emergency Telephone System Boards and participate in a joint dispatch center. Vernon Hills has completed this formal consolidation, which became effective in July 2017.

Local Economy

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

The Mall renovations also included the addition of a 65,000 square foot 12 screen, digital, state of the art AMC Theatre, which opened in April 2015. Two restaurant spaces were also constructed adjacent to the Theatre; one of which is occupied by TOUS les JOURS. The Mall is currently in negotiations to fill the other unoccupied space. Each of these spaces are approximately 6,400 square feet. Two anchors of the Mall, Sears and Carson's, closed within the past 18 months. In response to those closings, Hawthorn is undertaking a \$200 million reinvestment of the mall that will include mixed use residential / retail / restaurant development. The mall owner is currently developing plans and is anticipated to approach the Village Board to request TIF financing and sales tax incentives to help support these redevelopment efforts.

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

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

The Marketplace Shopping Center, which opened in 1994, also includes significant retail space. It is currently anchored by an 111,000 square foot Home Depot, and includes a Bed Bath and Beyond, Joanne's Fabrics and DSW (Designer Shoe Warehouse). Marketplace lost a couple of major out lot tenants early in Calendar Year 2009, which led to several sales tax incentive agreements to assist in recruiting new retailers. One major Marketplace loss in early 2009 was the closing of the 110,000 square feet Home Expo. To assist in replacing this tenant, the Village entered into a seven-year sales tax sharing agreement with Steinhafels, a leading furniture store out of Wisconsin. Steinhafels is entitled to 40% of the sales tax generated for the Village in the first four years and then 41% in the last three years, until a net present value of \$600,000 is reached. Steinhafels opened in August of 2011 and that incentive agreement ended in FY 2019 - 20. In 2008, another vacancy occurred in Marketplace with the closing of the 33,000 square foot Circuit City. Shortly afterwards, the Village entered into an agreement to bring CompUSA/Tiger Direct to the site, by allowing the developer to keep everything above the first \$100,000 of sales tax generated for nine years or unless the developer's net present value goal of \$518,000 was reached before the end of that term. Comp USA/Tiger Direct opened in February of 2011 and closed in 2015; which terminated this agreement. During this period, the Village did not remit any sales tax revenue to the developer. This space was purchased by Ashley Furniture, which relocated into this space in 2017.

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

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 2019 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, Barnes & Noble, and HomeGoods stores. Regency Centers partnered with Focus Development to construct 260 executive-style apartments. Construction for the development began in the spring of 2017 and was completed in the fall of 2018. Significant roadwork was also completed along Townline and Milwaukee as part of this development.

All of the above-mentioned economic incentive agreements are done in full compliance with State law including applicable prevailing wage laws. As a result of recent retail development and a continued economic recovery, sales tax continues to rebound past pre-recession levels. Sales tax in FY 2019-20 is 0.4% above FY 2018-19 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. Further, a new 1.0% Food and Beverage tax was imposed effective September 1, 2018 resulting in \$1,321,567 of revenue in FY 2019-20.

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

The initial EAV (frozen base value) of the TIF District was \$2,044,972. For 2019, the most recent year, the incremental assessed valuation is \$22,322,275 resulting in a \$1,877,969 extension.

Milwaukee Avenue/Townline Road Tax Increment Financing District

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

The initial EAV (frozen base value) of the TIF District was \$290,981. For 2019, the most recent year, the incremental assessed valuation is \$33,807,230 resulting in a \$2,943,079 extension.

Debt Service

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

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

Dispatchers to seamlessly communicate with public safety officials across the State of Illinois.

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

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 Mellody 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

With the loss of Sears and Carson's as anchors of Hawthorn Mall, the Village is actively working with the owners to redevelop this area, as previously mentioned. These plans are currently being refined by the owner of the Mall and is expected to be presented to the Village Board in calendar 2020. It is anticipated that the level of investment will be in the neighborhood of \$200 million and will include mixed use residential / retail / restaurant uses. The Village anticipates the property owner seeking assistance in the form of TIF financing and sales tax incentives to make these plans financially viable.

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 had lowered the investment rate assumptions from 7.0% to 6.0% in prior years. 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 63.48% funding level based on April 30, 2020 data when calculated using the actuarial value of assets. The Village's funding level for the Illinois Municipal Retirement Fund as of December 31, 2019 is 92.35% 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, 2019. This was the eighteenth consecutive year that the Village has received this prestigious award.

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

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance department staff. Significant support was also provided by the staff of the Village Manager's Office, 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



Kyle Cratty
Chief Financial Officer

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, 2020, 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 and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2020, 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.

Change in Accounting Principle

The Village adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, which established standards for measuring and recognizing liabilities, deferred outflows of resources, and expenses for asset retirement obligations; and modified certain disclosures in the notes to financial statements. The Village also adopted GASB Statement No. 84, *Fiduciary Activities*, which established standards for reporting fiduciary funds and modified certain disclosures in the notes to the financial statements. Our opinion is not modified with respect to these matters.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 29, 2020 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
December 29, 2020

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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, 2020. 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 2019-20 the Village of Vernon Hills' net position declined by 1.89% or \$1,099,819 to \$57,196,997. This was a drop of \$6,707,583 less than the decrease in FY 2018-19 when net position declined by \$7,807,402 or 7.2%. The majority of the decrease in the current year was due to a depreciation in capital assets.
- Revenues increased by \$843,271 or 2.5% from FY 2018-19 levels, while expenses decreased by \$329,776 or 1.0%.
- The expenses for General Government decreased by \$1,097,369 or 9.4% from FY 2018-19 levels.
- Public Safety expenses increased by \$726,647 or 5.3% from FY 2018-19 levels. The major contributors were higher personnel expenses due to less vacancies.
- Economic development fell by \$2,337,180 or 58% due to the reduced level of work needed to complete the Milwaukee Avenue/Townline Road Tax Increment Fund in FY 2018-19.
- Business-type Activity net position decreased \$217,875 to \$(378,677) as Golf Course revenues decreased by \$93,514 or by 27.3% from FY 2018-19 levels. Expenses also decreased by \$39,627 or by 7.7%.
- Within the General Fund, revenues exceeded expenditures by \$1,577,995; however, after \$1,537,787 of net transfers out, the fund balance increased by \$40,208. This was less than the FY 2018-19 General Fund increase of \$191,988.
- Expenditures in the General Fund were up \$1,308,862 or 4.8% from FY 2018-19 levels. The increase in expenditures is primarily related to higher debt principal repayment in FY 2019-20.
- The General Fund Expenditure Category that experienced the most significant increase was Capital Outlay which was up \$1,545,744 or 119.5%.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

FINANCIAL HIGHLIGHTS – Continued

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, 2020

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 "fiduciary component unit" with the Police Pension Fund. Fiduciary component units are separate legal entities that meet the component unit criteria and whose governing body is the same or substantially the same as the Village Board or the component unit provides services entirely to the Village.

Fund Financial Statements

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

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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, 2020

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 - 63 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 64 - 79 of this report.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Vernon Hills, assets/deferred outflows exceeded liabilities/deferred inflows by \$58.5 million. The prior year, assets/deferred outflows exceeded liabilities/deferred inflows by \$66.1 million.

	Net Position (in Millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 44.6	43.6	(0.7)	(0.5)	43.9	43.1
Capital Assets	90.7	91.9	0.3	0.4	91.1	92.3
Total Assets	135.3	135.5	(0.4)	(0.1)	135.0	135.4
Deferred Outflow of Resources	9.6	8.5	-	-	9.6	8.5
Total Deferred Outflow of Resources	9.6	8.5	-	-	9.6	8.5
Total Assets and Deferred Outflows	145.0	144.0	(0.4)	(0.1)	144.6	143.9
Long-Term Liabilities	(71.9)	(71.0)	-	-	(71.9)	(71.0)
Other Liabilities	(10.6)	(9.1)	0.0	(0.1)	(10.6)	(9.2)
Total Liabilities	(82.5)	(80.1)	0.0	(0.1)	(82.5)	(80.2)
Deferred Inflow of Resources	(4.8)	(5.4)	-	-	(4.8)	(5.4)
Total Deferred Inflows of Resources	(4.8)	(5.4)	-	-	(4.8)	(5.4)
Total Liabilities and Deferred Inflows	(87.3)	(85.5)	0.0	(0.1)	(87.3)	(85.6)
Net Position						
Net Investment in						
Capital Assets	75.3	74.7	0.3	0.4	75.6	75.1
Restricted	6.6	7.1	-	-	6.6	7.1
Unrestricted (Deficit)	(24.3)	(23.3)	(0.7)	(0.6)	(25.1)	(23.9)
Total Net Position	57.6	58.5	(0.4)	(0.2)	57.1	58.3

About 130.9 percent of the Village of Vernon Hills' net position, or \$75.3 million, reflects the Village's net investment in capital assets, which is its investment in capital assets government-wide (for example, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village of Vernon Hills uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Village of Vernon Hills' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional 11.5 percent, or \$6.6 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 \$24.3 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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 3.8	3.9	0.2	0.3	4.0	4.2
Operating Grants/Contributions	0.9	0.7	-	-	0.9	0.7
Capital Grants/Contributions	-	0.2	-	-	-	0.2
General Revenues						
Sales Tax	14.9	15.4	-	-	14.9	15.4
Home Rule Sales Tax	3.3	3.5	-	-	3.3	3.5
Utility Tax	1.3	1.3	-	-	1.3	1.3
Intergovt. Unrestricted						
State Income Tax	2.7	2.4	-	-	2.7	2.4
Telecommunications Tax	0.7	0.8	-	-	0.7	0.8
Other Taxes and Fees	7.8	5.5	-	-	7.8	5.5
Interest Income	0.9	0.7	-	-	0.9	0.7
Total Revenues	36.3	34.4	0.2	0.3	36.5	34.7
Expenses:						
General Government	10.6	11.7	-	-	10.6	11.7
Public Safety	14.6	13.8	-	-	14.6	13.8
Streets and Roads	9.0	7.8	-	-	9.0	7.8
Economic Development	1.7	4.0	-	-	1.7	4.0
Culture and Recreation	0.3	0.2	-	-	0.3	0.2
Interest on Long-Term Debt	1.0	1.2	-	-	1.0	1.2
Golf Course	-	-	0.4	0.5	0.4	0.5
Total Expenses	37.2	38.7	0.4	0.5	37.6	39.2
Increase (Decrease) in Net Position	(0.9)	(4.3)	(0.2)	(0.2)	(1.1)	(4.5)
Change in Accounting Principle/Adjustment		(3.3)	-	-	-	(3.3)
Net Position-Beginning	58.5	66.1	(0.2)	0.0	58.3	66.1
Net Position-Ending	57.6	58.5	(0.4)	(0.2)	57.2	58.3

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position fell by \$1.2 million to an ending net position totaling \$57.1 million. In FY 2018-19, net position fell by \$4.5 million. The net position for governmental activities fell by \$1.0 million total, less than the \$4.3 million decline in FY 2018-19. Business-type activities fell by \$0.2 million, equal to the \$0.2 million decline in FY 2018-19.

Governmental Activities

The Village's \$1.0 million decrease in its governmental net position represented a 1.7% decrease; the decline is 5.7% less than the prior year. Revenues increased by \$1.2 million or 3.5%, while expenses decreased by \$2.0 million or by 5.1%. Highlights of the changes from FY 2018-19 included:

- General Revenues increased \$2.0 million or 6.8% from FY 2018-19 levels. Most of the increase is due to revenue earned from a new VHAC Turf Loan.
- Charges for Services increased by \$0.2 million or 5.1% from FY 2018-19 levels. Most of the increase is due to higher permit fees received than in the previous year.
- Public Safety expenses increased by \$0.8 million or 5.8% from FY 2018-19 levels, which is largely attributable to staffing vacancies and lower capital outlay.
- Streets and Roads expenses increased by \$1.2 million or 15.4% from FY 2018-19 levels.
- General Government expenses decreased \$1.1 million or 9.4% compared to FY 2018-19.

The \$1.0 million decline in Governmental Activities net position in FY 2019-20 was a lesser decline than the \$4.3 million decline in FY 2018-19, but less than the \$17.9 million decline in FY 2017-18.

VILLAGE OF VERNON HILLS, ILLINOIS

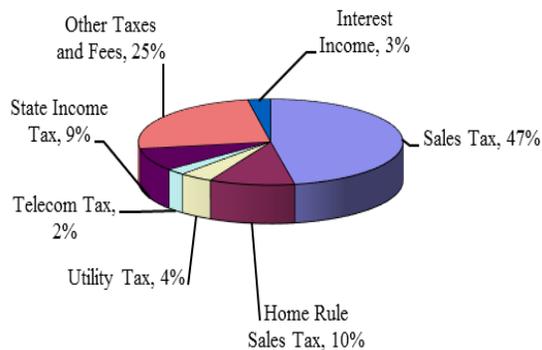
Management's Discussion and Analysis April 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

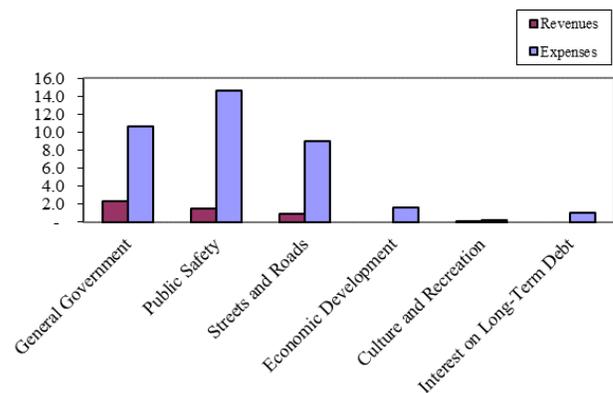
Governmental Activities – Continued

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



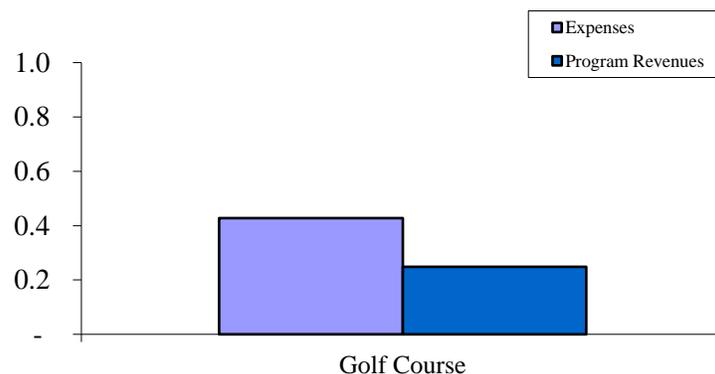
Expenses and Program Revenues - Governmental Activities



Business-Type Activities

As the graph below demonstrates, the \$468,730 of golf course expenses exceeded revenues that amounted to \$248,649 for Charges for Services and investment income. Revenues decreased by \$94,382 from FY 2018-19 levels, and expenses decreased by \$79,232 from FY 2018-19 levels.

Expenses and Program Revenues - Business-Type Activities



VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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 decreased \$436,009 or 1.3%, over FY2018-19 levels. Several major factors contributed to this result:

- In FY 2019-20, the General Fund balance increased by \$40,208 to \$28,011,284. Revenues exceeded expenditures by \$1,577,995, but predominately due to intergovernmental revenue arising from sales tax and home rule sales tax in the amount of \$17,626,360.
- Expenditures in the General Fund were up by \$1,308,862 or 4.8% from FY 2018-19 levels. This increase was largely attributable to an increase in contractual payments and debt repayment in FY 2019 – 20.
- Revenues in the General Fund increased by \$338,199 from the FY 2018-19 level. This change is mainly attributable to the increase in sales and home rule sales tax revenue and higher investment income.
- Investment Income increased by \$223,715 to \$811,795 largely because of market conditions.
- The fines and forfeitures category decreased by \$29,964 or 11% from the prior year. This change is primarily due to staffing shortages.
- Within the VHTC Tax Increment Fund, the fund's revenue exceeded its expenditures and other financing uses by \$358,299. As a result, the fund balance increased to \$1,014,784. This is a significant increase over the FY2018-19 fund balance of \$656,485, which was primarily due to an increase in the tax incremental revenues.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

The Village of Vernon Hills' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Village's Golf Course Fund is the fund through which the Village's nine-hole golf course is operated. Resident weekday and weekend rates were \$16 and \$18 respectively. The equivalent nonresident rates were \$20 and \$22 respectively. The season pass for residents is \$495 per year and for non-residents is \$595. In the Village's clubhouse, golf merchandise is sold and there is a food and beverage operation, which can be rented out for special functions. In FY 2019-20, the Golf Course Generated \$248,649 of revenues and had \$468,730 of expenses resulting in a loss. The decline in net position brought the net position to a deficit of \$378,677.

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 2019-20 original budgeted expenditures increased by \$5,392,274. A large portion of this increase was due to economic incentive payments that are handled at year end.

While many revenues surpassed projection in FY 2019-20, a few revenues fell short. The most significant shortfalls were in the General Fund's Telecommunications Tax and Summer Celebration Fees categories. For Telecommunications Tax, \$942,900 was budgeted and \$734,250 was recognized. For Summer Celebration Fees, \$154,350 was budgeted, but only \$78,508 was recognized. Also, Utility Tax was budgeted at \$1,350,000 and only \$1,279,489 was recognized. Utility Tax revenues can vary seasonally, dependent on winter and summer climates. Hotel/Motel Taxes were budgeted at \$371,000, but came in at \$329,380.

Two expenditure areas were significantly higher than the original budget. The Village budgets sales tax revenues net of incentives. At fiscal year-end, in conformance with generally accepted accounting principles, the sales tax revenues are converted to a gross basis. Additionally, the economic incentives paid during the year (which are not budgeted) are added to the general government expenditure category. This adjustment for economic incentives paid in the 2019 – 20 FY is responsible for having actual expenditures of \$7,766,548 versus the budget amount of \$3,309,849.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5.2	4.9	0.3	0.3	5.5	5.2
Construction in Progress	0.1	0.3	-	-	0.1	0.3
Land Improvements	6.3	5.0	-	-	6.3	5.0
Buildings and Improvements	15.7	16.0	-	-	15.7	16.0
Equipment/Vehicles	1.6	1.4	0.0	0.1	1.6	1.5
Infrastructure	61.8	64.3	-	-	61.8	64.3
Total	\$ 90.7	91.9	0.3	0.4	91.0	92.3

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, 2020 was \$91.1 million. This change represented a decrease of \$1.2 million, or 1.3% from FY 2018-19, 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):

Land	\$ 0.30
Buildings and improvements	1.30
Equipment/ Vehicles	<u>0.10</u>
	<u>\$ 1.70</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$35.8 million as compared to \$37.5 million the previous year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding (in Millions)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 35.8	37.5	-	-	35.8	37.5
Alternate Revenue Bonds	-	-	-	-	-	-
Total	35.8	37.5	-	-	35.8	37.5

General Obligation debt began the year with a \$37,510,000 balance in General Obligation Bonds. The amount of General Obligation Debt retired in FY 2019-20 was \$1,700,000, leaving an April 30, 2020 balance of \$35,800,000 for General Obligation 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 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 2019-20 budget and fees charged for its services. One of those factors is the economy. Vernon Hills' average unemployment rate for calendar year 2019 was 3.5%. That was down slightly from Vernon Hills' average annual unemployment rates for 2018 (3.7%), while down from previous years amount of 2017 (3.5%), 2016 (4.3%), and 2015 (4.4%), which reflects an economic recovery. The Vernon Hills' unemployment rate for 2019 compares favorably to the Lake County average unemployment rate of 4.3%, and the State of Illinois unemployment rate of 4.5%. 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, 2020

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 2019, the total regular sales tax revenues (excluding the home rule sales tax) before economic incentive rebates was \$14.8 million.

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

REQUESTS FOR INFORMATION

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

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 36,901,809	\$ -	\$ 36,901,809
Receivables			
Taxes	4,493,150	-	4,493,150
Intergovernmental	74,482	-	74,482
Accounts	303,030	19,628	322,658
Accrued interest	29,521	-	29,521
Other	13,112	-	13,112
Prepaid expenses	111,118	-	111,118
Inventory	-	27,775	27,775
Due from other governments	1,828,761	-	1,828,761
Internal balances	743,771	(743,771)	-
Capital assets not being depreciated	5,335,551	302,282	5,637,833
Capital assets being depreciated (net of accumulated depreciation)	85,391,124	37,079	85,428,203
Total assets	135,225,429	(357,007)	134,868,422
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	995,929	-	995,929
Pension items - Police Pension	5,737,291	-	5,737,291
OPEB items	2,148,680	-	2,148,680
Asset retirement obligation	392,000	-	392,000
Unamortized loss on refunding	364,373	-	364,373
Total deferred outflows of resources	9,638,273	-	9,638,273
Total assets and deferred outflows of resources	144,863,702	(357,007)	144,506,695
LIABILITIES			
Accounts payable	1,261,310	12,827	1,274,137
Accrued payroll	857,652	-	857,652
Deposits payable	742,169	-	742,169
Unearned revenue	242,608	7,984	250,592
Other payables	3,905,627	859	3,906,486
Due to other governments	216,012	-	216,012
Accrued interest payable	114,750	-	114,750
Long-term liabilities			
Due within one year	3,225,669	-	3,225,669
Due in more than one year	71,906,262	-	71,906,262
Total liabilities	82,472,059	21,670	82,493,729
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	2,295,275	-	2,295,275
Pension items - Police Pension	1,704,169	-	1,704,169
OPEB items	816,525	-	816,525
Total deferred inflows of resources	4,815,969	-	4,815,969
Total liabilities and deferred inflows of resources	87,288,028	21,670	87,309,698
NET POSITION			
Net investment in capital assets	75,273,762	339,361	75,613,123
Restricted for			
Public safety	2,116,426	-	2,116,426
Streets and roads	1,561,564	-	1,561,564
Economic development	2,770,219	-	2,770,219
Metra parking	200,055	-	200,055
Unrestricted (deficit)	(24,346,352)	(718,038)	(25,064,390)
TOTAL NET POSITION (DEFICIT)	\$ 57,575,674	\$ (378,677)	\$ 57,196,997

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 10,573,818	\$ 2,438,566	\$ -	\$ -
Public safety	14,555,920	1,243,380	3,992	-
Streets and roads	9,001,587	-	933,899	38,783
Economic development	1,663,589	-	-	-
Culture and recreation	292,421	78,507	-	-
Interest and fees	1,078,062	-	-	-
Total governmental activities	37,165,397	3,760,453	937,891	38,783
Business-Type Activities				
Golf course	468,730	248,649	-	-
Total business-type activities	468,730	248,649	-	-
TOTAL PRIMARY GOVERNMENT	\$ 37,634,127	\$ 4,009,102	\$ 937,891	\$ 38,783

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (8,135,252)	\$ -	\$ (8,135,252)
	(13,308,548)	-	(13,308,548)
	(8,028,905)	-	(8,028,905)
	(1,663,589)	-	(1,663,589)
	(213,914)	-	(213,914)
	(1,078,062)	-	(1,078,062)
	(32,428,270)	-	(32,428,270)
	-	(220,081)	(220,081)
	-	(220,081)	(220,081)
	(32,428,270)	(220,081)	(32,648,351)
General Revenues			
Taxes			
Utility	1,279,489	-	1,279,489
Home rule sales	3,288,904	-	3,288,904
Hotel/motel	329,380	-	329,380
911 surcharge	548,262	-	548,262
Road and bridge	217,285	-	217,285
Telecommunication	734,250	-	734,250
Tax increment	2,677,872	-	2,677,872
Other	2,436,428	-	2,436,428
Intergovernmental			
Sales tax	14,861,729	-	14,861,729
State income tax	2,721,856	-	2,721,856
Investment income	880,832	2,206	883,038
Miscellaneous	1,570,039	-	1,570,039
Total	31,546,326	2,206	31,548,532
CHANGE IN NET POSITION	(881,944)	(217,875)	(1,099,819)
NET POSITION (DEFICIT), MAY 1	58,457,618	(160,802)	58,296,816
NET POSITION (DEFICIT), APRIL 30	\$ 57,575,674	\$ (378,677)	\$ 57,196,997

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	General	Vernon Hills Town Center Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 28,194,798	\$ 1,014,784	\$ 2,249,560	\$ 3,528,704	\$ 34,987,846
Receivables					
Taxes	4,309,879	-	-	183,271	4,493,150
Intergovernmental	-	-	-	74,482	74,482
Accounts	303,030	-	-	-	303,030
Accrued interest	29,521	-	-	-	29,521
Other	13,112	-	-	-	13,112
Prepaid items	108,622	-	-	2,496	111,118
Due from other governments	1,828,761	-	-	-	1,828,761
Advances to other funds	884,190	-	-	-	884,190
TOTAL ASSETS	\$ 35,671,913	\$ 1,014,784	\$ 2,249,560	\$ 3,788,953	\$ 42,725,210
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 991,569	\$ -	\$ 58,563	\$ 211,178	\$ 1,261,310
Accrued payroll	787,388	-	-	70,264	857,652
Deposits payable	467,425	-	274,744	-	742,169
Unearned revenue	242,608	-	-	-	242,608
Other payables	3,905,627	-	-	-	3,905,627
Due to other governments	216,012	-	-	-	216,012
Advances from other funds	-	-	160,818	-	160,818
TOTAL LIABILITIES	6,610,629	-	494,125	281,442	7,386,196
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	1,050,000	-	-	-	1,050,000
Total liabilities and deferred inflows of resources	7,660,629	-	494,125	281,442	8,436,196
FUND BALANCES					
Nonspendable					
Advances	884,190	-	-	-	884,190
Prepaid items	108,622	-	-	2,496	111,118
Long-term receivable	778,761	-	-	-	778,761
Restricted					
Metra parking	200,055	-	-	-	200,055
Streets and roads	-	-	-	1,561,564	1,561,564
Economic development	-	1,014,784	1,755,435	-	2,770,219
Public safety	172,975	-	-	1,943,451	2,116,426
Unassigned	25,866,681	-	-	-	25,866,681
Total fund balances	28,011,284	1,014,784	1,755,435	3,507,511	34,289,014
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,671,913	\$ 1,014,784	\$ 2,249,560	\$ 3,788,953	\$ 42,725,210

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, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 34,289,014
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	90,726,675
Less amount reported in internal service funds below	(691,461)
Unavailable revenue reported in the governmental funds that does not provide current financial resources is recognized as revenue for the government-wide financial statements	1,050,000
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	(35,795,000)
Premium on bonds payable	(212,286)
Compensated absences payable	(1,605,254)
Interest payable	(114,750)
Unamortized loss on refunding	364,373
Net pension and OPEB liabilities are shown as a liability on the statement of net position	
Illinois Municipal Retirement Fund	(2,643,506)
Police Pension Fund	(29,113,859)
OPEB	(5,362,026)
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	(1,299,346)
Police Pension Fund	4,033,122
OPEB	1,332,155
Asset retirement obligations are shown as a liability on the statement of net position	(400,000)
A deferred outflow of resources associated with an asset retirement obligation is measured at the amount of the corresponding liability upon initial measurement and reduced and recognized in a systematic and rational manner over its estimated useful life	392,000
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position	<u>2,625,823</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 57,575,674</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, 2020

	General	Vernon Hills Town Center Tax Increment	Milwaukee Avenue/ Townline Road Tax Increment	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,285,736	\$ 1,623,529	\$ 1,054,343	\$ 548,262	\$ 11,511,870
Intergovernmental	17,626,360	-	-	933,899	18,560,259
Licenses, permits, and fees	1,350,676	-	-	-	1,350,676
Charges for services	1,166,398	-	-	1,002,770	2,169,168
Fines and forfeitures	240,610	-	-	-	240,610
Investment income	811,795	8,370	16,972	43,695	880,832
Miscellaneous	520,038	-	-	-	520,038
Total revenues	30,001,613	1,631,899	1,071,315	2,528,626	35,233,453
EXPENDITURES					
Current					
General government	9,687,597	-	-	-	9,687,597
Public safety	9,972,109	-	-	2,597,701	12,569,810
Streets and roads	4,952,499	-	-	-	4,952,499
Economic development	-	485	1,663,104	-	1,663,589
Culture and recreation	292,421	-	-	-	292,421
Capital outlay	2,839,179	-	-	900,228	3,739,407
Debt service					
Principal retirement	520,000	1,195,000	-	-	1,715,000
Interest and fiscal charges	159,813	240,468	648,858	-	1,049,139
Total expenditures	28,423,618	1,435,953	2,311,962	3,497,929	35,669,462
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,577,995	195,946	(1,240,647)	(969,303)	(436,009)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	162,353	105,434	1,270,000	1,537,787
Transfers (out)	(1,537,787)	-	-	-	(1,537,787)
Total other financing sources (uses)	(1,537,787)	162,353	105,434	1,270,000	-
NET CHANGE IN FUND BALANCES	40,208	358,299	(1,135,213)	300,697	(436,009)
FUND BALANCES, MAY 1	27,971,076	656,485	2,890,648	3,206,814	34,725,023
FUND BALANCES, APRIL 30	\$ 28,011,284	\$ 1,014,784	\$ 1,755,435	\$ 3,507,511	\$ 34,289,014

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (436,009)
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	2,464,678
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(3,775,901)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	1,050,000
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	(142,454)
Principal repayment	1,715,000
Change in interest payable	6,132
Amortization of bond premium	26,950
Amortization of the loss on refunding is reported as interest expense on the statement of activities	(62,005)
The change in the net pension and OPEB liabilities are reported only in the statement of activities	
Illinois Municipal Retirement Fund	3,279,642
Police Pension Fund	(6,109,026)
OPEB	(323,601)
The change in deferred outflows and inflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(3,254,535)
Police Pension Fund	4,657,183
OPEB	43,685
Asset retirement obligation	(8,000)
The change in net position of internal service funds is reported in governmental activities	(13,683)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (881,944)

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
CURRENT ASSETS		
Cash	\$ -	\$ 1,913,963
Accounts receivable	19,628	-
Inventory	27,775	-
	47,403	1,913,963
NONCURRENT ASSETS		
Advances to other funds	-	20,399
Capital assets		
Capital assets not being depreciated	302,282	-
Capital assets being depreciated		
Cost	2,178,188	2,029,290
Accumulated depreciation	(2,141,109)	(1,337,829)
	37,079	691,461
Net capital assets being depreciated		
Net capital assets	339,361	691,461
Total noncurrent assets	339,361	711,860
Total assets	386,764	2,625,823
CURRENT LIABILITIES		
Accounts payable	12,827	-
Unearned revenue	7,984	-
Other payable	859	-
	21,670	-
Total current liabilities		
LONG-TERM LIABILITIES		
Advances from other funds	743,771	-
Total long-term liabilities	743,771	-
Total liabilities	765,441	-
NET POSITION		
Net investment in capital assets	339,361	691,461
Unrestricted (deficit)	(718,038)	1,934,362
TOTAL NET POSITION (DEFICIT)	\$ (378,677)	\$ 2,625,823

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, 2020

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
OPERATING REVENUES		
Charges for services	\$ 248,649	\$ 402,689
Total operating revenues	<u>248,649</u>	<u>402,689</u>
OPERATING EXPENSES		
Operations	<u>428,765</u>	<u>284,008</u>
Total operating expenses	<u>428,765</u>	<u>284,008</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(180,116)	118,681
Depreciation	<u>39,965</u>	<u>132,364</u>
OPERATING INCOME (LOSS)	<u>(220,081)</u>	<u>(13,683)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	<u>2,206</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>2,206</u>	<u>-</u>
CHANGE IN NET POSITION	(217,875)	(13,683)
NET POSITION (DEFICIT), MAY 1	<u>(160,802)</u>	<u>2,639,506</u>
NET POSITION (DEFICIT), APRIL 30	<u><u>\$ (378,677)</u></u>	<u><u>\$ 2,625,823</u></u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2020

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 229,588	\$ -
Receipts from internal service transactions	-	402,689
Payments to suppliers	(257,332)	(284,008)
Payments to employees	(230,053)	-
	(257,797)	118,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund transactions	255,591	20,400
	255,591	20,400
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(310,290)
	-	(310,290)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,206	-
	2,206	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	(171,209)
CASH AND CASH EQUIVALENTS, MAY 1	-	2,085,172
CASH AND CASH EQUIVALENTS, APRIL 30	\$ -	\$ 1,913,963
CASH		
Cash and cash equivalents	\$ -	\$ 1,913,963
TOTAL CASH	\$ -	\$ 1,913,963

(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, 2020

	Business-Type Activities	Governmental Activities
	Golf Course	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (220,081)	\$ (13,683)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	39,965	132,364
Changes in current assets and liabilities		
Accounts receivable	(19,628)	
Inventory	(1,661)	-
Accounts payable	(57,457)	-
Other payable	498	-
Unearned revenue	567	-
NET CASH FROM OPERATING ACTIVITIES	\$ (257,797)	\$ 118,681

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

April 30, 2020

	<u>Pension Trust Police Pension</u>
ASSETS	
Cash and short-term investments	\$ 2,131,660
Investments at fair value	
U.S. Treasury securities	4,845,036
U.S. agency securities	4,267,569
Municipal bonds	104,611
Corporate bonds	8,205,175
Mutual funds	26,511,470
Equities	4,529,416
	<hr/>
Total investments at fair value	48,463,277
	<hr/>
Receivables	
Accrued interest	17
	<hr/>
Total receivables	17
	<hr/>
Prepaid items	19,275
	<hr/>
Total assets	50,614,229
	<hr/>
LIABILITIES	
Accounts payable	5,770
	<hr/>
Total liabilities	5,770
	<hr/>
NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 50,608,459</u></u>

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2020

ADDITIONS

Contributions	
Employer	\$ 2,060,100
Employee	462,849
	<hr/>
Total contributions	2,522,949
	<hr/>
Investment income	
Net depreciation in fair value of investments	(905,330)
Interest	1,320,387
	<hr/>
Total investment income	415,057
Less investment expenses	141,972
	<hr/>
Net investment income	273,085
	<hr/>
Total additions	2,796,034
	<hr/>

DEDUCTIONS

Benefits and refunds	2,578,692
Administrative expenses	46,044
	<hr/>
Total deductions	2,624,736
	<hr/>

NET INCREASE 171,298

**NET POSITION RESTRICTED
FOR PENSIONS**

MAY 1	<hr/> 50,437,161
APRIL 30	<hr/> <hr/> \$ 50,608,459

See accompanying notes to financial statements.

VILLAGE OF VERNON HILLS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

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) and its component units. Management has determined that there is one fiduciary component unit that is required to be included in the financial statements of the Village as a pension trust fund.

Police Pension Employees Retirement System

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

b. Fund Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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.

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

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

c. Government-Wide and Fund Financial Statements

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

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

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)

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.

The Village reports the following major governmental funds:

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

The Vernon Hills Town Center Tax Increment Fund is used to account for the financing of improvements in the Village's Tax Increment Financing Redevelopment Project Area. Financing is being provided by incremental revenues from real property taxes. The Village has elected to present this fund as major.

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

The Village reports the following proprietary fund:

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

The Village reports the following internal service fund:

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

Additionally, the Village reports the following fiduciary fund:

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

- 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

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 12 months of fund activity, subject to the discretion of the Board of Trustees and management (excluding debt service and capitalized asset expenses).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balances/Net Position (Continued)

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.

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 fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. 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, 2020, 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, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 573,875	\$ -	\$ 573,875	\$ -	\$ -
U.S. Treasury securities	4,052,200	4,052,200	-	-	-
U.S. agency obligations	1,018,700	1,018,700	-	-	-
Negotiable certificates of deposit	2,055,035	757,995	1,297,040	-	-
TOTAL	\$ 7,699,810	\$ 5,828,895	\$ 1,870,915	\$ -	\$ -

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, 2020: The U.S. Treasury obligations and equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs). 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+, the negotiable certificates of deposit are not rated, and IMET and The Illinois Funds are rated AAA by a national rating agency.

VILLAGE OF VERNON HILLS, ILLINOIS
NOTES TO 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, 2020, the Village did not have greater than 5% of its overall portfolio invested in any one investment, aside from two U.S. Treasury securities (5.47% and 5.51% of total investments). This is in accordance with the Village's investment policy, which limits investments as follows: There is no limit as to the amount of the Village's portfolio that can be invested in U.S. Treasuries. No more than 60% of the Village's portfolio may be invested in U.S. Government agencies, and no more than 20% of the Village's portfolio may be invested in the obligations of a single government agency. No more than 10% of the Village's portfolio may be invested in GNMA's. No more than 30% of the Village's portfolio may be invested in certificates of deposit; and no more than 8% of the Village's portfolio may be invested in the certificate of deposit in a single issuer. No more than 10% of the Village's portfolio may be invested in commercial paper; and no more than 3% of the Village's portfolio may be invested in the commercial paper of a single issuer. No more than 20% of the Village's portfolio may be invested in the Illinois Public Treasurer's Investment pool. No more than 10% of the Village's portfolio may be invested in a money market mutual fund registered under the Investment Company Act of 1940.

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

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and land right of way	\$ 4,916,623	\$ 292,272	\$ -	\$ 5,208,895
Construction in progress	263,217	109,669	246,230	126,656
Total capital assets not being depreciated	5,179,840	401,941	246,230	5,335,551
Capital assets being depreciated				
Land improvements	13,636,530	1,812,800	-	15,449,330
Buildings and improvements	26,959,325	320,940	1,680,444	25,599,821
Equipment/vehicles	6,029,412	485,517	228,205	6,286,724
Infrastructure	121,028,444	-	-	121,028,444
Total capital assets being depreciated	167,653,711	2,619,257	1,908,649	168,364,319

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

3. CAPITAL ASSETS (Continued)

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
(Continued)				
Less accumulated depreciation for				
Land improvements	\$ 8,569,195	\$ 538,957	\$ -	\$ 9,108,152
Buildings and improvements	11,032,553	594,964	1,680,444	9,947,073
Equipment/vehicles	4,649,365	316,321	228,205	4,737,481
Infrastructure	56,722,466	2,458,023	-	59,180,489
Total accumulated depreciation	<u>80,973,579</u>	<u>3,908,265</u>	<u>1,908,649</u>	<u>82,973,195</u>
 Total capital assets being depreciated, net	 <u>86,680,132</u>	 <u>(1,289,008)</u>	 <u>-</u>	 <u>85,391,124</u>
 GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 91,859,972</u>	<u>\$ (887,067)</u>	<u>\$ 246,230</u>	<u>\$ 90,726,675</u>
 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	745,882	-	-	745,882
Buildings and improvements	1,003,757	15,245	-	1,019,002
Equipment/vehicles	351,505	24,720	-	376,225
Total accumulated depreciation	<u>2,101,144</u>	<u>39,965</u>	<u>-</u>	<u>2,141,109</u>
 Total capital assets being depreciated, net	 <u>77,044</u>	 <u>(39,965)</u>	 <u>-</u>	 <u>37,079</u>
 BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 379,326</u>	<u>\$ (39,965)</u>	<u>\$ -</u>	<u>\$ 339,361</u>

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 766,095
Public safety	385,214
Streets and road	2,624,592
Equipment replacement	<u>132,364</u>
 TOTAL DEPRECIATION EXPENSE -	
 GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,908,265</u></u>

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

4. LONG-TERM DEBT

a. General Obligation Bonds

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

	Fund Debt Retired By	Balances May 1	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.	Vernon Hills Town Center Tax Increment	\$ 6,500,000	\$ -	\$ 650,000	\$ 5,850,000	\$ 675,000
\$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	995,000	-	130,000	865,000	130,000
\$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) General (Communication Center) Vernon Hills Town Center Tax Increment	2,915,000 490,000 995,000	- -	165,000 90,000 85,000	2,750,000 400,000 910,000	165,000 - 175,000
\$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	1,635,000	-	135,000	1,500,000	140,000

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	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.	Vernon Hills Town Center Tax Increment	\$ 3,790,000	\$ -	\$ 460,000	\$ 3,330,000	\$ 470,000
\$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	945,000
TOTAL		\$ 37,510,000	\$ -	\$ 1,715,000	\$ 35,795,000	\$ 2,700,000

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
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	\$ 35,795,000	\$ 8,900,322	\$ 44,695,322

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

4. LONG-TERM DEBT (Continued)

c 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	\$ 37,510,000	\$ -	\$ 1,715,000	\$ 35,795,000	\$ 2,700,000
Asset retirement obligations	400,000	-	-	400,000	-
Compensated absences payable*	1,462,800	435,014	292,560	1,605,254	321,051
Net pension liability - IMRF*	5,923,148	-	3,279,642	2,643,506	-
Net pension liability - Police Pension*	23,004,833	6,109,026	-	29,113,859	-
OPEB liability*	5,038,425	323,601	-	5,362,026	204,618
Unamortized bond premium	239,236	-	26,950	212,286	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 73,578,442	\$ 6,867,641	\$ 5,314,152	\$ 75,131,931	\$ 3,225,669

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

d. Asset Retirement Obligations

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells is 50 years. The Village had \$400,000 in asset retirement obligations and \$392,000 in deferred outflows as of April 30, 2020.

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance through the Illinois Counties Risk Management Trust (ICRMT) for general liability, workers' compensation, and other risks. Additionally, to limit exposure to employee health risks, the Village has purchased third party indemnity insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

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, and all or any portion of the Park District impact fees from other developments during the years of 2014 through 2019 may be applied to the loan balance, and that the commencement of the scheduled loan payments would begin in 2020. The loan receivable balance as of April 30, 2020 was \$756,275 and was included as part of due from other governments.

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

7. LOAN RECEIVABLE (Continued)

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

<u>Year Ending April 30,</u>	<u>Amount</u>
2021	\$ 84,031
2022	84,031
2023	84,031
2024	84,031
2025	84,031
2026-2030	<u>336,120</u>
 TOTAL	 <u>\$ 756,275</u>

During the fiscal year ended April 30, 2020, the Village entered into an intergovernmental agreement with the Vernon Hills Park District (the Park District), SMP Development LLC (the Company), and the Vernon Hills Soccer Club (the Soccer Club) for the purchase and installation of turf fields at the Vernon Hills Athletic Complex. The Village agreed to purchase the new turf fields for \$1,766,736 and lease the use of the fields to the above-mentioned parties. As such, a loan receivable due from these parties was established and was to be paid in installments ranging from \$16,666 to \$90,000, commencing January 10, 2020 through February 1, 2030. The loan receivable balance as of April 30, 2020 was \$1,050,000 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>
2021	\$ 106,666
2022	106,666
2023	106,666
2024	106,666
2025	106,666
2026-2030	<u>516,670</u>
 TOTAL	 <u>\$ 1,050,000</u>

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

8. INDIVIDUAL FUND DISCLOSURES

a. Long-Term Advances

Individual fund long-term advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ 723,372
Internal Service	Golf Course	20,399
General	Milwaukee Avenue/Townline Road TIF	<u>160,818</u>
TOTAL		<u><u>\$ 904,589</u></u>

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

- \$76,158 advanced to the Golf Course Fund from the General Fund is for a well loan. Repayment is not expected within one year.
- \$647,214 advanced to the Golf Course Fund from the General Fund is to alleviate negative cash. The Golf Course Funds will pay this back when sufficient funds are available.
- \$20,399 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.

b. Transfers In/Out

Individual fund transfers are as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 1,537,787
Vernon Hills Town Center Tax Increment	162,353	-
Milwaukee Avenue/Townline Road Tax Increment	105,434	-
Nonmajor Governmental	<u>1,270,000</u>	<u>-</u>
TOTAL	<u><u>\$ 1,537,787</u></u>	<u><u>\$ 1,537,787</u></u>

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

8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers In/Out (Continued)

The purposes of the significant transfers are as follows:

- \$162,353 transferred from the General Fund to the Vernon Hills Town Center Tax Increment Fund is to provide a 10% revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.
- \$105,434 transferred from the General Fund to the Milwaukee Avenue/Townline Road Tax Increment Fund is to provide a 10% revenue match that is required by TIF statute for communities that do not levy a property tax. This amount will not be repaid.
- \$1,270,000 transferred from the General Fund to a Nonmajor Governmental Fund is to fund operations as E911 and dispatch service revenues are not sufficient to cover dispatch operations. This amount will not be repaid.

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, 2019 (most recent information available), IMRF and membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	55
Active employees	62
TOTAL	169

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, 2020 was 11.76% of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2019 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.

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 (Continued)

Actuarial valuation date	December 31, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.35% to 14.25%
Interest rate	7.25%
Cost of living adjustments	3.00%
Asset valuation method	Fair 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.

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.25%. 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 7.25% equals the discount rate of 7.25% used 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)

Illinois Municipal Retirement Fund (Continued)

Change in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2019	\$ 33,409,173	\$ 27,486,025	\$ 5,923,148
Changes for the period			
Service cost	520,710	-	520,710
Interest	2,397,073	-	2,397,073
Difference between expected and actual experience	(556,622)	-	(556,622)
Changes in assumptions	-	-	-
Employer contributions	-	556,470	(556,470)
Employee contributions	-	234,249	(234,249)
Net investment income	-	4,913,615	(4,913,615)
Benefit payments and refunds	(1,212,917)	(1,212,917)	-
Other (net transfer)	-	(63,531)	63,531
Net changes	1,148,244	4,427,886	(3,279,642)
BALANCES AT DECEMBER 31, 2019	\$ 34,557,417	\$ 31,913,911	\$ 2,643,506

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, 2020, the Village recognized pension expense of \$606,815.

At April 30, 2020, 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	\$ 196,821	\$ 652,014
Changes in assumption	575,054	432,051
Net difference between projected and actual earnings on pension plan investments	-	1,211,210
Contributions made after measurement date	224,054	-
	<hr/>	<hr/>
TOTAL	\$ 995,929	\$ 2,295,275

\$224,054 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, 2021. 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,	
2021	\$ (538,643)
2022	(461,995)
2023	89,046
2024	(611,808)
2025	-
Thereafter	-
	<hr/>
TOTAL	\$ (1,523,400)

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 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 7,127,830	\$ 2,643,506	\$ (1,012,930)

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, 2020, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	44
TOTAL	78

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 greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

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, 2020, the Village's contribution was 44.51% 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
Cash	0.00%	0.90%
U.S. Large Cap	33.00%	6.90%
U.S. Mid Cap	13.00%	7.60%
U.S. Small Cap	3.00%	7.30%
International Equities	13.00%	6.20%
Fixed Income	35.00%	1.80%
Real Estate Investment Trusts	3.00%	6.20%
Infrastructure	0.00%	4.90%
Equity Hedge Assets	0.00%	4.80%

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Administration (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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 April 2020 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, 2020 are listed in the table on the previous page.

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.

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.47%. 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.

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Administration (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury securities	\$ 4,845,036	\$ 1,817,809	\$ -	\$ 2,450,014	\$ 577,213
U.S. agency securities	4,267,569	-	56,238	1,853,927	2,357,404
Municipal bonds	104,611	-	52,969	31,470	20,172
Corporate bonds	8,205,175	397,066	2,928,232	2,794,339	2,085,538
TOTAL	\$ 17,422,391	\$ 2,214,875	\$ 3,037,439	\$ 7,129,750	\$ 5,040,327

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.

The Fund has the following recurring fair value measurements as of April 30, 2020: The U.S. Treasury obligations and equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency securities, municipal bonds, corporate bonds, and equity mutual funds are valued using quoted matrix pricing models based on various market and industry inputs (Level 2 inputs).

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

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Administration (Continued)

Police Pension Plan (Continued)

Credit Risk

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

Custodial Credit Risk

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.75% to 8.60%
Investment rate of return	6.00%
Retirement age	50 to 57
Asset valuation method	Fair value

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 (Continued)

The mortality rates and actuarial assumptions used in the April 30, 2020 valuation were based on the results of an actuarial experience study conducted by the actuary in 2016.

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.

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	\$ 42,683,800	\$ 29,113,859	\$ 18,358,045

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 73,441,994	\$ 50,437,161	\$ 23,004,833
Changes for the period			
Service cost	1,517,345	-	1,517,345
Interest	4,329,159	-	4,329,159
Difference between expected and actual experience	535,132	-	535,132
Changes in assumptions	2,147,787	-	2,147,787
Changes of benefit terms	329,593	-	329,593
Employer contributions	-	2,060,100	(2,060,100)
Employee contributions	-	462,849	(462,849)
Net investment income	-	273,085	(273,085)
Benefit payments and refunds	(2,578,692)	(2,578,692)	-
Administrative expense	-	(46,044)	46,044
Net changes	6,280,324	171,298	6,109,026
BALANCES AT APRIL 30, 2020	\$ 79,722,318	\$ 50,608,459	\$ 29,113,859

The changes in assumptions for 2020 relates to changes in projected individual pay increases, inflation rate, mortality rates, retirement rates, termination rates, disability rates, and spouse age difference. The changes of benefit terms for 2020 relates to plan benefit changes under PA-101-0610 (SB 1300), which went into effect January 1, 2020 which reflect modifications to the Tier II plan provisions.

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, 2020, the Village recognized pension expense of \$3,511,942. At April 30, 2020, 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	\$ 2,326,672	\$ 82,169
Changes in assumption	1,974,504	1,622,000
Net difference between projected and actual earnings on pension plan investments	<u>1,436,115</u>	<u>-</u>
TOTAL	<u>\$ 5,737,291</u>	<u>\$ 1,704,169</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>	
2021	\$ 102,413
2022	822,920
2023	972,604
2024	1,066,994
2025	537,046
Thereafter	<u>531,145</u>
TOTAL	<u>\$ 4,033,122</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 governmental activities.

b. Benefits Provided

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

All health care benefits are provided through the Village's third party indemnity health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Eligibility in village sponsored health care plans may be continued at a separate premium upon eligibility for federally sponsored health care benefits. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay-as-you-go) which results in an implicit subsidy to the Village.

c. Membership

At April 30, 2019 (most recent valuation available), membership consisted of:

Inactive plan members currently receiving benefits	22
Inactive members entitled to benefits but not yet receiving them	-
Active plan members	<u>91</u>
TOTAL	<u>113</u>
Participating employers	<u>1</u>

d. Total OPEB Liability

The Village's total OPEB liability of \$5,362,026 was measured as of April 30, 2020 and was determined by an actuarial valuation as of April 30, 2019.

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2020, as determined by an actuarial valuation as of April 30, 2019 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age
Actuarial value of assets	Not applicable
Salary increases	4.00%
Discount rate	2.85%
Healthcare cost trend rates	6.00% Initial 4.50% Ultimate

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index, which is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The actuarial assumptions used in the April 30, 2020 valuation are based on 50% participation assumed and 50% are assumed to elect spousal coverage.

f. Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2019	<u>\$ 5,038,425</u>
Changes for the period	
Service cost	97,123
Interest	158,449
Difference between expected and actual experience	-
Changes in assumptions	270,623
Other changes	2,024
Benefit payments	<u>(204,618)</u>
Net changes	<u>323,601</u>
BALANCES AT APRIL 30, 2020	<u>\$ 5,362,026</u>

The changes in the total OPEB liability related to changes in assumptions are due to a change in discount rate from beginning of the Village's fiscal year to the end.

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 2.85% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85%) or 1 percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Total OPEB liability	\$ 6,179,849	\$ 5,362,026	\$ 4,713,878

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 6% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

	1% Decrease (5%)	Current Healthcare Rate (6%)	1% Increase (7%)
Total OPEB liability	\$ 4,667,238	\$ 5,362,026	\$ 6,230,321

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the Village recognized OPEB expense of \$484,535. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 619,935
Changes in assumptions	2,148,680	196,590
TOTAL	\$ 2,148,680	\$ 816,525

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ending April 30	
2021	\$ 228,962
2022	228,962
2023	228,962
2024	228,962
2025	228,962
Thereafter	<u>187,345</u>
TOTAL	<u>\$ 1,332,155</u>

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, 2020 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, 2020 was \$4,348,048. A liability of \$3,208,110 has been recorded as of April 30, 2020 and is included in other payables.

The Village has an agreement with a developer to rebate 100% of its share of specific sales taxes to reimburse the developer for the cost to expand and renovate a site having an initial size of approximately 65,000 square feet to be used as retail sales space. The agreement requires the Village to rebate to the developer the sales taxes each quarter for a term of ten years. The total rebates incurred during the year ended April 30, 2020 was \$680,891. A liability of \$411,503 has been recorded as of April 30, 2020 and is included in other payables.

12. SUBSEQUENT EVENTS

On November 4, 2020, the Village passed an ordinance to establish a new Tax Increment Financing area, the Hawthorn Mall Redevelopment Project Area TIF.

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, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 8,051,708	\$ 8,051,708	\$ 8,285,736
Intergovernmental	13,443,210	13,443,210	17,626,360
Licenses, permits, and fees	869,250	869,250	1,350,676
Charges for services	1,258,498	1,258,498	1,166,398
Fines and forfeitures	276,000	276,000	240,610
Investment income	750,200	750,200	811,795
Miscellaneous	177,500	177,500	520,038
Total revenues	24,826,366	24,826,366	30,001,613
EXPENDITURES			
Current			
General government	4,962,388	4,962,388	9,687,597
Public safety	10,386,470	10,386,470	9,972,109
Streets and roads	5,649,230	5,649,230	4,952,499
Culture and recreation	273,200	273,200	292,421
Capital outlay	1,075,000	1,075,000	2,839,179
Debt service			
Principal retirement	520,000	520,000	520,000
Interest and fiscal charges	165,056	165,056	159,813
Total expenditures	23,031,344	23,031,344	28,423,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	1,795,022	1,795,022	1,577,995
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,576,511)	(1,576,511)	(1,537,787)
Total other financing sources (uses)	(1,576,511)	(1,576,511)	(1,537,787)
NET CHANGE IN FUND BALANCES			
	\$ 218,511	\$ 218,511	40,208
FUND BALANCES, MAY 1			
			27,971,076
FUND BALANCES, APRIL 30			
			\$ 28,011,284

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,540,000	\$ 1,540,000	\$ 1,623,529
Interest	1,000	1,000	8,370
Total revenues	<u>1,541,000</u>	<u>1,541,000</u>	<u>1,631,899</u>
EXPENDITURES			
Economic development			
Contractual services	1,800	1,800	485
Debt service			
Principal retirement	1,195,000	1,195,000	1,195,000
Interest and fiscal charges	242,120	242,120	240,468
Total expenditures	<u>1,438,920</u>	<u>1,438,920</u>	<u>1,435,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>102,080</u>	<u>102,080</u>	<u>195,946</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>154,000</u>	<u>154,000</u>	<u>162,353</u>
Total other financing sources (uses)	<u>154,000</u>	<u>154,000</u>	<u>162,353</u>
CHANGE IN FUND BALANCE	<u>\$ 256,080</u>	<u>\$ 256,080</u>	358,299
FUND BALANCE, MAY 1			<u>656,485</u>
FUND BALANCE, APRIL 30			<u><u>\$ 1,014,784</u></u>

(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, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 440,000	\$ 440,000	\$ 1,054,343
Investment income	-	-	16,972
Total revenues	<u>440,000</u>	<u>440,000</u>	<u>1,071,315</u>
EXPENDITURES			
Economic development			
Contractual services	-	-	1,663,104
Debt Service			
Interest and fiscal charges	<u>649,108</u>	<u>649,108</u>	<u>648,858</u>
Total expenditures	<u>649,108</u>	<u>649,108</u>	<u>2,311,962</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(209,108)</u>	<u>(209,108)</u>	<u>(1,240,647)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>44,000</u>	<u>44,000</u>	<u>105,434</u>
Total other financing sources (uses)	<u>44,000</u>	<u>44,000</u>	<u>105,434</u>
CHANGE IN FUND BALANCE	<u>\$ (165,108)</u>	<u>\$ (165,108)</u>	<u>(1,135,213)</u>
FUND BALANCE, MAY 1			<u>2,890,648</u>
FUND BALANCE, APRIL 30			<u><u>\$ 1,755,435</u></u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 631,922	\$ 616,580	\$ 791,560	\$ 703,870	\$ 665,535
Contributions in relation to the actuarially determined contribution	<u>631,922</u>	<u>616,580</u>	<u>791,560</u>	<u>703,870</u>	<u>665,535</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>				
Covered payroll	\$ 5,371,844	\$ 5,262,019	\$ 5,809,592	\$ 5,510,521	\$ 5,325,915
Contributions as a percentage of covered payroll	11.76%	11.72%	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 24 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 3.35% to 14.25% 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
POLICE PENSION FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	\$ 1,950,286	\$ 2,058,450
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	1,950,286	2,060,100
CONTRIBUTION DEFICIENCY (Excess)	\$ (272)	\$ (16)	\$ (88)	\$ (39)	\$ (1,580)	\$ (9)	\$ -	\$ -	\$ -	\$ (1,650)
Covered 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	\$ 4,543,805	\$ 4,628,165
Contributions as a percentage of covered payroll	30.53%	31.71%	29.86%	31.10%	34.85%	36.36%	41.25%	49.13%	42.92%	44.51%

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 21 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 6.00% annually, projected salary increase assumption of 3.75% to 8.60% compounded annually, and postretirement benefit increases of 3.00% 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 CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Calendar Years

MEASUREMENT DATE DECEMBER 31,	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 520,710	\$ 569,758	\$ 588,523	\$ 604,101	\$ 569,084
Interest	2,397,073	2,257,572	2,204,482	2,118,040	1,977,263
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(556,622)	319,139	(177,925)	(641,937)	165,305
Changes of assumptions	-	969,337	(892,374)	(113,887)	74,515
Benefit payments, including refunds of member contributions	(1,212,917)	(1,045,423)	(965,487)	(873,281)	(823,589)
Net change in total pension liability	1,148,244	3,070,383	757,219	1,093,036	1,962,578
Total pension liability - beginning	33,409,173	30,338,790	29,581,571	28,488,535	26,525,957
TOTAL PENSION LIABILITY - ENDING	\$ 34,557,417	\$ 33,409,173	\$ 30,338,790	\$ 29,581,571	\$ 28,488,535
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 556,470	\$ 766,830	\$ 720,713	\$ 689,922	\$ 638,252
Contributions - member	234,249	282,587	253,971	261,885	247,974
Net investment income	4,913,615	(1,254,327)	4,127,952	1,578,014	115,926
Benefit payments, including refunds of member contributions	(1,212,917)	(1,045,423)	(965,487)	(873,281)	(823,589)
Other (net transfer)	(63,531)	537,745	(482,203)	62,779	(508,180)
Net change in plan fiduciary net position	4,427,886	(712,588)	3,654,946	1,719,319	(329,617)
Plan fiduciary net position - beginning	27,486,025	28,198,613	24,543,667	22,824,348	23,153,965
PLAN FIDUCIARY NET POSITION - ENDING	\$ 31,913,911	\$ 27,486,025	\$ 28,198,613	\$ 24,543,667	\$ 22,824,348
EMPLOYER'S NET PENSION LIABILITY	\$ 2,643,506	\$ 5,923,148	\$ 2,140,177	\$ 5,037,904	\$ 5,664,187
Plan fiduciary net position as a percentage of the total pension liability	92.35%	82.27%	92.95%	82.97%	80.12%
Covered payroll	\$ 5,205,520	\$ 5,572,599	\$ 5,643,789	\$ 5,428,185	\$ 5,546,865
Employer's net pension liability as a percentage of covered payroll	50.78%	106.29%	37.92%	92.81%	102.12%

The discount rate assumption was changed from 7.50% to 7.25% in 2018.

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 Six Fiscal Years

MEASUREMENT DATE APRIL 30,	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service cost	\$ 1,517,345	\$ 1,126,772	\$ 1,324,117	\$ 1,307,135	\$ 1,279,519	\$ 1,225,860
Interest	4,329,159	4,080,911	3,919,894	3,878,427	3,440,787	3,075,506
Changes of benefit terms	329,593	-	-	-	-	-
Differences between expected and actual experience	535,132	(445,779)	1,623,968	(380,977)	(99,578)	47,689
Changes in assumptions	2,147,787	1,844,891	(1,938,349)	(2,118,471)	4,445,251	3,339,164
Benefit payments, including refunds of member contributions	(2,578,692)	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
Net change in total pension liability	6,280,324	4,246,823	2,797,578	828,157	7,379,995	6,173,803
Total pension liability - beginning	73,441,994	69,195,171	66,397,593	65,569,436	58,189,441	52,015,638
TOTAL PENSION LIABILITY - ENDING	\$ 79,722,318	\$ 73,441,994	\$ 69,195,171	\$ 66,397,593	\$ 65,569,436	\$ 58,189,441
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 2,060,100	\$ 1,950,286	\$ 2,059,961	\$ 1,775,629	\$ 1,541,722	\$ 1,433,326
Contributions - member	462,849	442,371	444,283	440,410	424,846	424,420
Net investment income	273,085	3,300,676	3,135,098	3,783,704	(439,143)	2,597,567
Benefit payments, including refunds of member contributions	(2,578,692)	(2,359,972)	(2,132,052)	(1,857,957)	(1,685,984)	(1,514,416)
Administrative expense	(46,044)	(49,506)	(60,770)	(63,372)	(78,032)	(73,458)
Net change in plan fiduciary net position	171,298	3,283,855	3,446,520	4,078,414	(236,591)	2,867,439
Plan fiduciary net position - beginning	50,437,161	47,153,306	43,706,786	39,628,372	39,864,963	36,997,524
PLAN FIDUCIARY NET POSITION - ENDING	\$ 50,608,459	\$ 50,437,161	\$ 47,153,306	\$ 43,706,786	\$ 39,628,372	\$ 39,864,963
EMPLOYER'S NET PENSION LIABILITY	\$ 29,113,859	\$ 23,004,833	\$ 22,041,865	\$ 22,690,807	\$ 25,941,064	\$ 18,324,478
Plan fiduciary net position as a percentage of the total pension liability	63.48%	68.68%	68.15%	65.83%	60.44%	68.51%
Covered payroll	\$ 4,628,165	\$ 4,543,805	\$ 4,193,131	\$ 4,304,378	\$ 4,240,142	\$ 4,113,314
Employer's net pension liability as a percentage of covered payroll	629.06%	506.29%	525.67%	527.16%	611.80%	445.49%

The changes in assumptions for 2020 relates to changes in projected individual pay increases, inflation rate, mortality rates, retirement rates, termination rates, disability rates, and spouse age difference. The changes of benefit terms for 2020 relates to plan benefit changes under PA-101-0610 (SB 1300), which went into effect January 1, 2020 which reflect modifications to the Tier II plan provisions.

The changes in assumptions for 2019 relate to changes in the retirement rates being capped at age 57 down from age 65 in the prior year.

The changes in assumptions for 2018 relate to changes in mortality rates used 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 CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2020	2019
TOTAL OPEB LIABILITY		
Service cost	\$ 97,123	\$ 89,251
Interest	158,449	124,734
Difference between expected and actual experience	-	1,391,894
Changes of assumptions	270,623	89,244
Other changes	2,024	-
Benefit payments	(204,618)	(185,792)
Net change in total OPEB liability	323,601	1,509,331
Total OPEB liability - beginning	5,038,425	3,529,094
TOTAL OPEB LIABILITY - ENDING	\$ 5,362,026	\$ 5,038,425
Covered payroll	\$ 8,513,951	\$ 8,306,294
Employer's OPEB liability as a percentage of covered payroll	62.98%	60.66%

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

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

Changes in assumptions for 2019 related to change in discount rate used from 3.63% to 3.21%.

Ultimately, this schedule should present information for 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 Six Fiscal Years

MEASUREMENT DATE APRIL 30,	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	0.47%	6.90%	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, 2020

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	\$ 23,031,344	\$ 28,423,618
Milwaukee Avenue/Townline Road Tax Increment	649,108	2,311,962

**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 accounted for in another fund.

VERNON HILLS TOWN CENTER TAX INCREMENT FUND

The Vernon Hills Town Center Tax Increment Fund is used to account for the financing of improvements in the Village's Tax Increment 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, 2020

	General	Summer Celebration	Metra Parking
ASSETS			
Cash and investments	\$ 27,604,297	\$ -	\$ 201,514
Receivables			
Taxes	4,309,879	-	-
Accounts	303,030	-	-
Accrued interest	29,521	-	-
Other	13,112	-	-
Prepaid items	103,872	4,750	-
Due from other governments	778,761	-	-
Due from other funds	2,034,555	-	-
Advances to other funds	884,190	-	-
	\$ 36,061,217	\$ 4,750	\$ 201,514
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 318,176	\$ -	\$ 1,459
Accrued payroll	787,388	-	-
Deposits payable	467,425	-	-
Unearned revenue	222,608	20,000	-
Other payables	3,905,627	-	-
Due to other governments	-	-	-
Due to other funds	-	246,012	-
	5,701,224	266,012	1,459
Total liabilities			
	5,701,224	266,012	1,459
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	-
	-	-	-
Total liabilities and deferred inflows of resources	5,701,224	266,012	1,459
FUND BALANCES			
Nonspendable			
Advances	884,190	-	-
Prepaid items	103,872	4,750	-
Long-term receivable	778,761	-	-
Restricted			
Metra parking	-	-	200,055
Public safety	-	-	-
Unassigned (deficit)	28,593,170	(266,012)	-
	30,359,993	(261,262)	200,055
Total fund balances (deficit)			
	30,359,993	(261,262)	200,055
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 36,061,217	\$ 4,750	\$ 201,514

	DUI	Drug Forfeiture	Capital	Development	Eliminations	Total
\$	114,567	\$ 58,408	\$ -	\$ 216,012	\$ -	\$ 28,194,798
	-	-	-	-	-	4,309,879
	-	-	-	-	-	303,030
	-	-	-	-	-	29,521
	-	-	-	-	-	13,112
	-	-	-	-	-	108,622
	-	-	1,050,000	-	-	1,828,761
	-	-	-	-	(2,034,555)	-
	-	-	-	-	-	884,190
\$	114,567	\$ 58,408	\$ 1,050,000	\$ 216,012	\$ (2,034,555)	\$ 35,671,913
\$	-	\$ -	\$ 671,934	\$ -	\$ -	\$ 991,569
	-	-	-	-	-	787,388
	-	-	-	-	-	467,425
	-	-	-	-	-	242,608
	-	-	-	-	-	3,905,627
	-	-	-	216,012	-	216,012
	-	-	1,788,543	-	(2,034,555)	-
	-	-	2,460,477	216,012	(2,034,555)	6,610,629
	-	-	1,050,000	-	-	1,050,000
	-	-	3,510,477	216,012	(2,034,555)	7,660,629
	-	-	-	-	-	884,190
	-	-	-	-	-	108,622
	-	-	-	-	-	778,761
	-	-	-	-	-	200,055
	114,567	58,408	-	-	-	172,975
	-	-	(2,460,477)	-	-	25,866,681
	114,567	58,408	(2,460,477)	-	-	28,011,284
\$	114,567	\$ 58,408	\$ 1,050,000	\$ 216,012	\$ (2,034,555)	\$ 35,671,913

(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, 2020

	General	Summer Celebration	Metra Parking
REVENUES			
Taxes	\$ 8,068,451	\$ -	\$ -
Intergovernmental	17,626,360	-	-
Licenses, permits, and fees	1,350,676	-	-
Charges for services	999,593	78,507	88,298
Fines and forfeitures	228,973	-	-
Investment income	808,832	106	2,857
Miscellaneous	288,792	-	-
Total revenues	29,371,677	78,613	91,155
EXPENDITURES			
Current			
General government	9,687,597	-	-
Public safety	9,971,218	-	-
Streets and roads	4,885,631	-	66,868
Culture and recreation	107,215	185,206	-
Capital outlay	-	-	-
Debt service			
Principal retirement	520,000	-	-
Interest and fiscal charges	159,813	-	-
Total expenditures	25,331,474	185,206	66,868
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,040,203	(106,593)	24,287
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(1,537,787)	-	-
Total other financing sources (uses)	(1,537,787)	-	-
NET CHANGE IN FUND BALANCES	2,502,416	(106,593)	24,287
FUND BALANCES (DEFICIT), MAY 1	27,857,577	(154,669)	175,768
FUND BALANCES (DEFICIT), APRIL 30	\$ 30,359,993	\$ (261,262)	\$ 200,055

DUI	Drug Forfeiture	Capital	Eliminations	Total
\$ -	\$ -	\$ 217,285	\$ -	\$ 8,285,736
-	-	-	-	17,626,360
-	-	-	-	1,350,676
-	-	-	-	1,166,398
11,637	-	-	-	240,610
-	-	-	-	811,795
-	6,246	225,000	-	520,038
11,637	6,246	442,285	-	30,001,613
-	-	-	-	9,687,597
891	-	-	-	9,972,109
-	-	-	-	4,952,499
-	-	-	-	292,421
-	-	2,839,179	-	2,839,179
-	-	-	-	520,000
-	-	-	-	159,813
891	-	2,839,179	-	28,423,618
10,746	6,246	(2,396,894)	-	1,577,995
-	-	-	-	-
-	-	-	-	(1,537,787)
-	-	-	-	(1,537,787)
10,746	6,246	(2,396,894)	-	40,208
103,821	52,162	(63,583)	-	27,971,076
\$ 114,567	\$ 58,408	\$ (2,460,477)	\$ -	\$ 28,011,284

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Utility tax	\$ 1,350,000	\$ 1,350,000	\$ 1,279,489
Telecommunication tax	942,900	942,900	734,250
Home rule sales tax	2,402,000	2,402,000	3,288,904
Other taxes	945,308	945,308	1,114,861
Hotel/motel taxes	371,000	371,000	329,380
Road and bridge tax	840,000	840,000	217,285
Food and beverage tax	1,200,500	1,200,500	1,321,567
Intergovernmental			
Sales tax	11,054,000	11,054,000	14,861,729
State income tax	2,382,470	2,382,470	2,721,856
Grants	6,740	6,740	42,775
Licenses, permits, and fees	869,250	869,250	1,350,676
Charges for services			
Fees and charges for services	1,104,148	1,104,148	1,087,890
Summer celebration fees	154,350	154,350	78,508
Fines and forfeitures	276,000	276,000	240,610
Investment income	750,200	750,200	811,795
Miscellaneous	177,500	177,500	520,038
TOTAL REVENUES	\$ 24,826,366	\$ 24,826,366	\$ 30,001,613

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
EXPENDITURES			
General government			
Administration			
Personal services	\$ 830,736	\$ 830,736	\$ 907,232
Contractual services	2,339,913	2,363,113	6,786,782
Commodities	40,350	40,350	25,340
Equipment	69,650	69,650	47,194
Total administration	3,280,649	3,303,849	7,766,548
Judiciary			
Contractual services	424,000	484,000	386,133
Total judiciary	424,000	484,000	386,133
President/trustee			
Personal services	54,902	54,902	54,902
Contractual services	26,590	26,590	296,378
Commodities	4,750	4,750	987
Total president/trustee	86,242	86,242	352,267
Community development			
Personal services	907,863	769,196	769,781
Contractual services	57,945	122,520	90,774
Commodities	16,650	16,850	8,394
Equipment	11,781	11,781	15,327
Total community development	994,239	920,347	884,276
Committees			
Personal services	8,733	-	-
Contractual services	19,125	18,750	4,924
Commodities	7,000	6,800	3,160
Equipment	1,200	1,200	560
Total committees	36,058	26,750	8,644
Resident direct benefit			
Contractual services	34,500	34,500	42,500
Total resident direct benefit	34,500	34,500	42,500

(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, 2020

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General government (Continued)			
General purpose			
Personal services	\$ 106,700	\$ 106,700	\$ 247,229
Total general purpose	106,700	106,700	247,229
Total general government	4,962,388	4,962,388	9,687,597
Public safety			
Police department			
Personal services	9,485,110	9,485,110	9,180,275
Contractual services	412,765	412,765	349,918
Commodities	208,660	208,660	165,069
Equipment	274,340	274,340	265,685
Total police department	10,380,875	10,380,875	9,960,947
Fire and police commission			
Personal services	2,695	2,695	2,268
Contractual services	2,700	2,700	8,894
Commodities	200	200	-
Total fire and police commission	5,595	5,595	11,162
Total public safety	10,386,470	10,386,470	9,972,109
Streets and roads			
Public works			
Personal services	2,889,302	2,889,302	2,751,007
Contractual services	1,401,489	1,401,489	1,074,056
Commodities	967,470	967,470	753,249
Equipment	304,659	304,659	307,319
Total public works	5,562,920	5,562,920	4,885,631
Metra parking			
Contractual services	76,210	76,210	64,810
Commodities	10,100	10,100	2,058
Total metra parking	86,310	86,310	66,868
Total streets and roads	5,649,230	5,649,230	4,952,499

(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, 2020

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Culture and recreation			
Events			
Contractual services	\$ 90,795	\$ 90,795	\$ 92,246
Commodities	15,345	15,345	14,969
Total events	<u>106,140</u>	<u>106,140</u>	<u>107,215</u>
Summer celebration			
Contractual services	134,060	134,060	157,107
Commodities	33,000	33,000	28,099
Total summer celebration	<u>167,060</u>	<u>167,060</u>	<u>185,206</u>
Total culture and recreation	<u>273,200</u>	<u>273,200</u>	<u>292,421</u>
Capital outlay			
Community infrastructure development			
Street construction	470,000	470,000	472,778
Land	-	-	373
Fixed equipment	95,000	95,000	8,870
Remodel	70,000	70,000	85,181
Construction	420,000	420,000	2,100,354
Engineering/architecture	20,000	20,000	171,623
Total capital outlay	<u>1,075,000</u>	<u>1,075,000</u>	<u>2,839,179</u>
Debt service			
Principal retirement	520,000	520,000	520,000
Interest and fiscal charges	165,056	165,056	159,813
Total debt service	<u>685,056</u>	<u>685,056</u>	<u>679,813</u>
TOTAL EXPENDITURES	<u><u>\$ 23,031,344</u></u>	<u><u>\$ 23,031,344</u></u>	<u><u>\$ 28,423,618</u></u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
VERNON HILLS TOWN CENTER TAX INCREMENT FUND**

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
ECONOMIC DEVELOPMENT			
Contractual services			
Other	\$ 1,800	\$ 1,800	\$ 485
Total contractual services	1,800	1,800	485
Debt service			
Principal retirement	1,195,000	1,195,000	1,195,000
Interest and fiscal charges	242,120	242,120	240,468
Total debt service	1,437,120	1,437,120	1,435,468
TOTAL EXPENDITURES	\$ 1,438,920	\$ 1,438,920	\$ 1,435,953

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
MILWAUKEE AVENUE/TOWNLINER ROAD TAX INCREMENT FUND**

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
ECONOMIC DEVELOPMENT			
Contractual services			
Economic development initiative	\$ -	\$ -	\$ 1,607,616
Subscriptions and dues	-	-	55,488
Total contractual services	-	-	1,663,104
Debt service			
Interest and fiscal charges	649,108	649,108	648,858
Total debt service	649,108	649,108	648,858
TOTAL EXPENDITURES	\$ 649,108	\$ 649,108	\$ 2,311,962

(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, 2020

	Special Revenue		
	Motor Fuel Tax	Dispatch Center	Total
ASSETS			
Cash and investments	\$ 1,517,884	\$ 2,010,820	\$ 3,528,704
Receivables			
Taxes	-	183,271	183,271
Intergovernmental	74,482	-	74,482
Prepaid items	-	2,496	2,496
TOTAL ASSETS	\$ 1,592,366	\$ 2,196,587	\$ 3,788,953
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 30,802	\$ 180,376	\$ 211,178
Accrued payroll	-	70,264	70,264
Total liabilities	30,802	250,640	281,442
FUND BALANCES			
Nonspendable			
Prepaid items	-	2,496	2,496
Restricted			
Streets and roads	1,561,564	-	1,561,564
Public safety	-	1,943,451	1,943,451
Total fund balances	1,561,564	1,945,947	3,507,511
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,592,366	\$ 2,196,587	\$ 3,788,953

(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, 2020

	<u>Special Revenue</u>		<u>Total</u>
	<u>Motor Fuel Tax</u>	<u>Dispatch Center</u>	
REVENUES			
Taxes	\$ -	\$ 548,262	\$ 548,262
Intergovernmental	933,899	-	933,899
Charges for services	-	1,002,770	1,002,770
Interest	43,495	200	43,695
	<hr/>		
Total revenues	977,394	1,551,232	2,528,626
	<hr/>		
EXPENDITURES			
Current			
Public safety	-	2,597,701	2,597,701
Capital outlay	900,228	-	900,228
	<hr/>		
Total expenditures	900,228	2,597,701	3,497,929
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	77,166	(1,046,469)	(969,303)
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,270,000	1,270,000
	<hr/>		
Total other financing sources (uses)	-	1,270,000	1,270,000
	<hr/>		
NET CHANGE IN FUND BALANCES	77,166	223,531	300,697
	<hr/>		
FUND BALANCES, MAY 1	1,484,398	1,722,416	3,206,814
	<hr/>		
FUND BALANCES, APRIL 30	\$ 1,561,564	\$ 1,945,947	\$ 3,507,511
	<hr/> <hr/>		

(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, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ 664,103	\$ 664,103	\$ 933,899
Interest	10,000	10,000	43,495
Total revenues	<u>674,103</u>	<u>674,103</u>	<u>977,394</u>
EXPENDITURES			
Capital outlay	<u>1,100,000</u>	<u>1,100,000</u>	<u>900,228</u>
Total expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>900,228</u>
CHANGE IN FUND BALANCE	<u>\$ (425,897)</u>	<u>\$ (425,897)</u>	77,166
FUND BALANCE, MAY 1			<u>1,484,398</u>
FUND BALANCE, APRIL 30			<u><u>\$ 1,561,564</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, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
911 surcharge	\$ 404,600	\$ 404,600	\$ 548,262
Charges for services	1,012,007	1,012,007	1,002,770
Interest	2,500	2,500	200
Total revenues	1,419,107	1,419,107	1,551,232
EXPENDITURES			
Public safety			
Personal services	1,999,334	1,999,334	1,786,984
Contractual services	674,034	674,034	789,214
Commodities	6,650	6,650	3,440
Equipment	117,600	117,600	18,063
Total expenditures	2,797,618	2,797,618	2,597,701
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,378,511)	(1,378,511)	(1,046,469)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,378,511	1,378,511	1,270,000
Total other financing sources (uses)	1,378,511	1,378,511	1,270,000
CHANGE IN FUND BALANCE	\$ -	\$ -	223,531
FUND BALANCE, MAY 1			<u>1,722,416</u>
FUND BALANCE, APRIL 30			<u><u>\$ 1,945,947</u></u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

ENTERPRISE FUNDS

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

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

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Charges for services	\$ 387,308	\$ 387,308	\$ 248,649
Total operating revenues	<u>387,308</u>	<u>387,308</u>	<u>248,649</u>
OPERATING EXPENSES			
Operations	<u>499,999</u>	<u>499,999</u>	<u>428,765</u>
Total operating expenses	<u>499,999</u>	<u>499,999</u>	<u>428,765</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(112,691)	(112,691)	(180,116)
Depreciation	<u>-</u>	<u>-</u>	<u>39,965</u>
OPERATING INCOME (LOSS)	<u>(112,691)</u>	<u>(112,691)</u>	<u>(220,081)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	<u>15,000</u>	<u>15,000</u>	<u>2,206</u>
Total non-operating revenues (expenses)	<u>15,000</u>	<u>15,000</u>	<u>2,206</u>
CHANGE IN NET POSITION	<u>\$ (97,691)</u>	<u>\$ (97,691)</u>	(217,875)
NET POSITION (DEFICIT), MAY 1			<u>(160,802)</u>
NET POSITION (DEFICIT), APRIL 30			<u>\$ (378,677)</u>

(See independent auditor's report.)

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, 2020

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Vehicle lease revenue	\$ 387,690	\$ 387,690	\$ 402,689
Total operating revenues	387,690	387,690	402,689
OPERATING EXPENSES			
Operations	459,000	459,000	284,008
Total operating expenses	459,000	459,000	284,008
OPERATING INCOME BEFORE DEPRECIATION	(71,310)	(71,310)	118,681
Depreciation	-	-	132,364
OPERATING INCOME (LOSS)	(71,310)	(71,310)	(13,683)
NON-OPERATING REVENUES (EXPENSES)			
None	-	-	-
Total non-operating revenues (expenses)	-	-	-
CHANGE IN NET POSITION	<u>\$ (71,310)</u>	<u>\$ (71,310)</u>	(13,683)
NET POSITION, MAY 1			<u>2,639,506</u>
NET POSITION, APRIL 30			<u>\$ 2,625,823</u>

(See independent auditor's report.)

SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2020

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	Amount	December 30	Amount
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>\$ 5,850,000</u>	<u>\$ 534,000</u>	<u>\$ 6,384,000</u>		<u>\$ 267,000</u>		<u>\$ 267,000</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2020

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
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>\$ 865,000</u>	<u>\$ 70,850</u>	<u>\$ 935,850</u>		<u>\$ 35,425</u>		<u>\$ 35,425</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, 2020

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
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>\$ 2,750,000</u>	<u>\$ 659,183</u>	<u>\$ 3,409,183</u>		<u>\$ 329,596</u>		<u>\$ 329,587</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, 2020

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
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>\$ 400,000</u>	<u>\$ 69,880</u>	<u>\$ 469,880</u>		<u>\$ 34,943</u>		<u>\$ 34,937</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION BONDS, SERIES 2014 -
 VERNON HILLS TOWN CENTER TAX INCREMENT FUND

April 30, 2020

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
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>\$ 910,000</u>	<u>\$ 62,865</u>	<u>\$ 972,865</u>		<u>\$ 31,435</u>		<u>\$ 31,430</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2020

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
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>\$ 1,500,000</u>	<u>\$ 313,837</u>	<u>\$ 1,813,837</u>		<u>\$ 156,925</u>		<u>\$ 156,912</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, 2020

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
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>\$ 3,330,000</u>	<u>\$ 309,738</u>	<u>\$ 3,639,738</u>		<u>\$ 154,871</u>		<u>\$ 154,867</u>

(See independent auditor's report.)

VILLAGE OF VERNON HILLS, ILLINOIS

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

April 30, 2020

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
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>\$ 6,879,962</u>	<u>\$ 27,069,962</u>		<u>\$ 3,439,981</u>		<u>\$ 3,439,981</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.	88-101
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	102-108
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.	109-112
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.	113-114
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.	115-117

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	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 91,757,779	\$ 87,283,367	\$ 85,102,245	\$ 83,986,644
Restricted	3,349,329	3,495,103	2,627,039	2,831,873
Unrestricted	20,422,612	23,283,224	24,665,002	24,904,019
TOTAL GOVERNMENTAL ACTIVITIES	\$ 115,529,720	\$ 114,061,694	\$ 112,394,286	\$ 111,722,536
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 786,545	\$ 718,458	\$ 651,621	\$ 586,405
Restricted	-	-	-	-
Unrestricted	(234,087)	(284,478)	(241,159)	(222,509)
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 552,458	\$ 433,980	\$ 410,462	\$ 363,896
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 92,544,324	\$ 88,001,825	\$ 85,753,866	\$ 84,573,049
Restricted	3,349,329	3,495,103	2,627,039	2,831,873
Unrestricted	20,188,525	22,998,746	24,423,843	24,681,510
TOTAL PRIMARY GOVERNMENT	\$ 116,082,178	\$ 114,495,674	\$ 112,804,748	\$ 112,086,432

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

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

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	82,205,307	\$ 79,574,960	\$ 77,689,771	\$ 75,753,586	\$ 74,727,114	\$ 75,273,762
	6,391,658	1,989,778	2,495,260	8,840,827	7,085,698	6,648,264
	22,222,353	3,722,990	3,774,935	(18,494,359)	(23,355,194)	(24,346,352)
\$	110,819,318	\$ 85,287,728	\$ 83,959,966	\$ 66,100,054	\$ 58,457,618	\$ 57,575,674
\$	521,711	\$ 457,015	\$ 518,131	\$ 443,291	\$ 379,326	\$ 339,361
	-	-	-	-	-	-
	(227,142)	(251,977)	(369,729)	(439,127)	(540,128)	(718,038)
\$	294,569	\$ 205,038	\$ 148,402	\$ 4,164	\$ (160,802)	\$ (378,677)
\$	82,727,018	\$ 80,031,975	\$ 78,207,902	\$ 76,196,877	\$ 75,106,440	\$ 75,613,123
	6,391,658	1,989,778	2,495,260	8,840,827	7,085,698	6,648,264
	21,995,211	3,471,013	3,405,206	(18,933,486)	(23,895,322)	(25,064,390)
\$	111,113,887	\$ 85,492,766	\$ 84,108,368	\$ 66,104,218	\$ 58,296,816	\$ 57,196,997

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
EXPENSES				
Governmental Activities				
General government	\$ 5,148,289	\$ 4,075,361	\$ 4,410,123	\$ 4,619,060
Public safety	8,619,448	9,523,631	10,113,838	10,507,422
Roads and streets	6,850,515	6,912,853	7,452,181	7,802,713
Economic development	326,276	46,854	-	4,463
Culture and recreation	260,935	259,249	270,889	277,671
Interest and fees	1,464,042	1,462,816	954,884	901,283
Total governmental activities expenses	<u>22,669,505</u>	<u>22,280,764</u>	<u>23,201,915</u>	<u>24,112,612</u>
Business-Type Activities				
Golf course	495,572	588,635	493,135	514,147
Total business-type activities expenses	<u>495,572</u>	<u>588,635</u>	<u>493,135</u>	<u>514,147</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 23,165,077</u>	<u>\$ 22,869,399</u>	<u>\$ 23,695,050</u>	<u>\$ 24,626,759</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for services				
General government	\$ 2,164,926	\$ 1,793,322	\$ 2,015,985	\$ 2,595,479
Public safety	255,714	275,768	1,028,096	1,195,253
Culture and recreation	184,693	223,620	225,229	226,199
Operating grants and contributions	712,457	739,126	724,013	751,035
Capital grants and contributions	627,222	116,706	6,121	5,358
Total governmental activities program revenues	<u>3,945,012</u>	<u>3,148,542</u>	<u>3,999,444</u>	<u>4,773,324</u>
Business-Type Activities				
Charges for services				
Golf course	452,503	470,103	469,562	467,568
Total business-type activities program revenues	<u>452,503</u>	<u>470,103</u>	<u>469,562</u>	<u>467,568</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 4,397,515</u>	<u>\$ 3,618,645</u>	<u>\$ 4,469,006</u>	<u>\$ 5,240,892</u>
NET REVENUES (EXPENSES)				
Governmental activities	\$ (18,724,493)	\$ (19,132,222)	\$ (19,202,471)	\$ (19,339,288)
Business-type activities	(43,069)	(118,532)	(23,573)	(46,579)
TOTAL PRIMARY GOVERNMENT NET REVENUES (EXPENSES)	<u>\$ (18,767,562)</u>	<u>\$ (19,250,754)</u>	<u>\$ (19,226,044)</u>	<u>\$ (19,385,867)</u>

2015	2016	2017	2018	2019	2020
\$ 5,105,742	\$ 10,785,366	\$ 10,031,695	\$ 10,465,391	\$ 11,671,187	\$ 10,573,818
11,202,863	11,866,591	13,557,140	15,152,449	13,829,273	14,555,920
8,427,086	8,673,207	8,000,396	8,202,028	7,794,339	9,001,587
-	1,488	-	14,389,807	4,000,769	1,663,589
258,590	287,664	250,870	261,213	268,706	292,421
852,718	677,677	615,693	1,500,369	1,180,996	1,078,062
25,846,999	32,291,993	32,455,794	49,971,257	38,745,270	37,165,397
518,417	530,174	508,552	526,194	507,997	468,730
518,417	530,174	508,552	526,194	507,997	468,730
\$ 26,365,416	\$ 32,822,167	\$ 32,964,346	\$ 50,497,451	\$ 39,253,267	\$ 37,634,127
\$ 2,326,412	\$ 1,856,949	\$ 2,841,747	\$ 3,292,044	\$ 2,326,947	\$ 2,438,566
1,288,454	1,258,030	1,632,547	1,459,367	1,512,387	1,243,380
300,789	124,238	139,418	138,968	98,124	78,507
847,934	672,244	668,032	670,447	666,373	937,891
28,902	159,065	4,131	3,474	194,124	38,783
4,792,491	4,070,526	5,285,875	5,564,300	4,797,955	4,737,127
449,077	440,539	408,651	376,044	342,163	248,649
449,077	440,539	408,651	376,044	342,163	248,649
\$ 5,241,568	\$ 4,511,065	\$ 5,694,526	\$ 5,940,344	\$ 5,140,118	\$ 4,985,776
\$ (21,054,508)	\$ (28,221,467)	\$ (27,169,919)	\$ (44,406,957)	\$ (33,947,315)	\$ (32,428,270)
(69,340)	(89,635)	(99,901)	(150,150)	(165,834)	(220,081)
\$ (21,123,848)	\$ (28,311,102)	\$ (27,269,820)	\$ (44,557,107)	\$ (34,113,149)	\$ (32,648,351)

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Utility	\$ 1,446,045	\$ 1,409,506	\$ 1,418,186	\$ 1,404,549
Home rule sales	-	-	-	-
Hotel/motel	270,764	296,728	323,334	351,087
911 surcharge	293,660	442,088	343,609	319,399
Road and bridge	202,379	208,235	200,903	205,572
Telecommunication	1,269,772	1,352,296	1,335,120	1,258,098
Tax increment	232,544	772,159	1,048,583	1,281,321
Other	456,616	464,146	486,456	534,105
Intergovernmental				
Sales tax	9,508,242	10,334,171	10,547,878	10,773,512
State income tax	1,807,219	2,127,725	2,376,128	2,398,252
Investment income	249,076	188,188	98,374	73,881
Miscellaneous	1,143,974	68,954	44,992	67,762
Total governmental activities	16,880,291	17,664,196	18,223,563	18,667,538
Business-Type Activities				
Investment income	62	54	55	13
Miscellaneous	-	-	-	-
Total business-type activities	62	54	55	13
TOTAL PRIMARY GOVERNMENT	\$ 16,880,353	\$ 17,664,250	\$ 18,223,618	\$ 18,667,551
CHANGE IN NET POSITION				
Governmental activities	\$ (1,844,202)	\$ (1,468,026)	\$ (978,908)	\$ (671,750)
Business-type activities	(43,007)	(118,478)	(23,518)	(46,566)
TOTAL PRIMARY GOVERNMENT	\$ (1,887,209)	\$ (1,586,504)	\$ (1,002,426)	\$ (718,316)

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

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

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	1,345,000	\$ 1,334,151	\$ 1,363,286	\$ 1,305,235	\$ 1,331,718	\$ 1,279,489
	727,413	3,197,930	3,304,832	3,373,171	3,476,618	3,288,904
	369,509	380,093	382,900	371,175	382,495	329,380
	325,797	309,960	372,116	398,726	540,117	548,262
	201,923	212,406	216,312	219,958	212,953	217,285
	1,117,728	1,190,196	1,016,451	898,686	775,922	734,250
	1,174,513	1,221,604	1,216,865	1,301,846	2,155,111	2,677,872
	581,481	871,620	918,874	918,219	1,926,599	2,436,428
	11,426,650	14,006,145	14,435,680	14,933,056	15,443,815	14,861,729
	2,530,028	2,676,354	2,373,802	2,277,294	2,438,196	2,721,856
	295,485	115,636	105,285	344,004	711,434	880,832
	55,764	41,088	135,754	205,675	197,249	1,570,039
	20,151,291	25,557,183	25,842,157	26,547,045	29,592,227	31,546,326
	13	104	1,265	5,912	868	2,206
	-	-	42,000	-	-	-
	13	104	43,265	5,912	868	2,206
\$	20,151,304	\$ 25,557,287	\$ 25,885,422	\$ 26,552,957	\$ 29,593,095	\$ 31,548,532
\$	(903,217)	\$ (2,664,284)	\$ (1,327,762)	\$ (17,859,912)	\$ (4,355,088)	\$ (881,944)
	(69,327)	(89,531)	(56,636)	(144,238)	(164,966)	(217,875)
\$	(972,544)	\$ (2,753,815)	\$ (1,384,398)	\$ (18,004,150)	\$ (4,520,054)	\$ (1,099,819)

VILLAGE OF VERNON HILLS, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
GENERAL FUND				
Nonspendable	\$ -	\$ 467,790	\$ 409,080	\$ 429,650
Restricted	-	411,686	258,942	168,098
Committed	-	106,218	58,561	16,398
Unassigned	-	22,254,166	23,937,297	23,432,516
Reserved	831,038	-	-	-
Unreserved	21,404,899	-	-	-
TOTAL GENERAL FUND	\$ 22,235,937	\$ 23,239,860	\$ 24,663,880	\$ 24,046,662
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	\$ -	\$ 3,083,417	\$ 2,368,097	\$ 2,663,775
Unassigned	-	(1,040,917)	(498,253)	-
Reserved	2,924,765	-	-	-
Unreserved, reported in				
Special revenue funds	(2,858,122)	-	-	-
Capital project funds	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 66,643	\$ 2,042,500	\$ 1,869,844	\$ 2,663,775

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

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	458,220	\$ 1,484,993	\$ 1,306,316	\$ 1,289,082	\$ 1,676,713	\$ 1,771,573
	94,738	156,265	223,569	285,836	331,751	373,030
	14,075	-	-	-	-	-
	23,282,038	23,928,382	25,666,376	26,204,170	25,962,612	25,866,681
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	23,849,071	\$ 25,569,640	\$ 27,196,261	\$ 27,779,088	\$ 27,971,076	\$ 28,011,284
\$	6,296,920	\$ 1,898,464	\$ 2,271,691	\$ 8,554,991	\$ 6,753,947	\$ 6,275,234
	-	(153,789)	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	6,296,920	\$ 1,744,675	\$ 2,271,691	\$ 8,554,991	\$ 6,753,947	\$ 6,275,234

VILLAGE OF VERNON HILLS, ILLINOIS

GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
Sales tax	\$ 9,447,706	\$ 10,251,007	\$ 10,503,422	\$ 10,680,015
Other taxes	5,978,999	7,072,883	7,532,319	7,752,383
Intergovernmental	1,339,679	855,832	730,134	756,393
Licenses, permits, and fees, fines and forfeitures, and charges for services	2,605,333	2,292,710	3,269,310	4,016,931
Investment income	249,076	188,188	98,374	73,881
Miscellaneous	1,143,974	68,954	44,992	67,762
TOTAL REVENUES	\$ 20,764,767	\$ 20,729,574	\$ 22,178,551	\$ 23,347,365

Data Source

Audited Financial Statements

2015	2016	2017	2018	2019	2020
\$ 11,426,650	\$ 14,006,145	\$ 14,435,680	\$ 14,933,056	\$ 15,443,815	\$ 14,861,729
7,931,917	11,394,315	11,165,438	11,064,312	10,801,533	11,511,870
876,836	831,309	672,162	673,921	3,298,693	3,698,530
3,915,655	3,239,217	4,606,923	4,878,822	3,937,458	3,760,454
295,485	115,636	105,285	344,004	711,434	880,832
55,764	41,088	142,544	217,230	197,249	520,038
\$ 24,502,307	\$ 29,627,710	\$ 31,128,032	\$ 32,111,345	\$ 34,390,182	\$ 35,233,453

VILLAGE OF VERNON HILLS, ILLINOIS

GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
General government	\$ 3,218,639	\$ 3,282,636	\$ 3,498,692	\$ 3,668,619
Public safety	8,281,006	9,185,888	9,778,906	10,254,629
Streets and roads	4,046,574	4,150,824	4,796,985	5,234,011
Economic development	306	798	-	4,463
Culture and recreation	260,935	259,249	270,899	277,671
Capital outlay	650,272	198,212	331,657	385,859
Debt service				
Principal retirement	1,190,000	1,245,000	1,315,000	2,435,000
Interest and fiscal charges	1,471,030	1,336,746	935,048	910,400
TOTAL EXPENDITURES	\$ 19,118,762	\$ 19,659,353	\$ 20,927,187	\$ 23,170,652

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	3,842,991	\$ 8,214,056	\$ 8,862,203	\$ 9,073,246	\$ 9,647,854	\$ 9,687,597
	10,932,262	11,050,969	11,634,011	12,150,938	11,978,282	12,569,810
	5,883,011	4,560,218	4,409,098	4,742,456	4,551,301	4,952,499
	-	1,488	-	14,389,807	4,000,769	1,663,589
	258,590	287,664	250,870	261,213	268,706	292,421
	1,108,942	7,170,422	1,828,930	1,944,919	1,677,466	3,739,407
	1,720,000	645,000	1,415,000	1,470,000	2,745,000	1,715,000
	808,478	768,087	574,283	1,402,639	1,129,860	1,049,139
\$	24,554,274	\$ 32,697,904	\$ 28,974,395	\$ 45,435,218	\$ 35,999,238	\$ 35,669,462

VILLAGE OF VERNON HILLS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014
REVENUES				
Taxes	\$ 5,978,999	\$ 7,072,883	\$ 7,532,319	\$ 7,752,383
Intergovernmental	10,787,385	11,106,839	11,233,556	11,436,408
Licenses, permits, and fees, fines and forfeitures, and charges for services	2,605,333	2,292,710	3,269,310	4,016,931
Investment income	249,076	188,188	98,374	73,881
Miscellaneous	1,143,974	68,954	44,992	67,762
Total revenues	20,764,767	20,729,574	22,178,551	23,347,365
EXPENDITURES				
General government	3,218,639	3,282,636	3,498,692	3,668,619
Public safety	8,281,006	9,185,888	9,778,906	10,254,629
Streets and roads	4,046,574	4,150,824	4,796,985	5,234,011
Economic development	306	798	-	4,463
Culture and recreation	260,935	259,249	270,899	277,671
Capital outlay	650,272	198,212	331,657	385,859
Debt service				
Principal retirement	1,190,000	1,245,000	1,315,000	2,435,000
Interest and fiscal charges	1,471,030	1,336,746	935,048	910,400
Total expenditures	19,118,762	19,659,353	20,927,187	23,170,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,646,005	1,070,221	1,251,364	176,713
OTHER FINANCING SOURCES (USES)				
Transfers in	23,254	77,216	2,288,015	1,255,093
Transfers (out)	(23,254)	(77,216)	(2,288,015)	(1,255,093)
Proceeds from bonds	-	9,475,000	-	-
Premium on debt issuance	-	37,204	-	-
Payment to escrow agent	-	(7,602,645)	-	-
Total other financing sources (uses)	-	1,909,559	-	-
NET CHANGE IN FUND BALANCES	\$ 1,646,005	\$ 2,979,780	\$ 1,251,364	\$ 176,713
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	13.23%	14.47%	13.35%	10.83%

Data Source

Audited Financial Statements

	2015	2016	2017	2018	2019	2020
\$	7,931,917	\$ 11,394,315	\$ 11,165,438	\$ 11,064,312	\$ 10,801,533	\$ 11,511,870
	12,303,486	14,837,454	15,107,842	15,606,977	18,742,508	18,560,259
	3,915,655	3,239,217	4,606,923	4,878,822	3,937,458	3,760,454
	295,485	115,636	105,285	344,004	711,434	880,832
	55,764	41,088	142,544	217,230	197,249	520,038
	24,502,307	29,627,710	31,128,032	32,111,345	34,390,182	35,233,453
	3,842,991	8,214,056	8,862,203	9,073,246	9,647,854	9,687,597
	10,932,262	11,050,969	11,634,011	12,150,938	11,978,282	12,569,810
	5,883,011	4,560,218	4,409,098	4,742,456	4,551,301	4,952,499
	-	1,488	-	14,389,807	4,000,769	1,663,589
	258,590	287,664	250,870	261,213	268,706	292,421
	1,108,942	7,170,422	1,828,930	1,944,919	1,677,466	3,739,407
	1,720,000	645,000	1,415,000	1,470,000	2,745,000	1,715,000
	808,478	768,087	574,283	1,402,639	1,129,860	1,049,139
	24,554,274	32,697,904	28,974,395	45,435,218	35,999,238	35,669,462
	(51,967)	(3,070,194)	2,153,637	(13,323,873)	(1,609,056)	(436,009)
	1,804,752	1,515,383	1,592,396	2,259,650	2,356,670	1,537,787
	(1,804,752)	(1,515,383)	(1,592,396)	(2,259,650)	(2,356,670)	(1,537,787)
	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	-	-
\$	3,435,554	\$ (924,043)	\$ 2,153,637	\$ 6,866,127	\$ (1,609,056)	\$ (436,009)
	14.49%	10.63%	4.92%	6.40%	10.84%	8.32%

VILLAGE OF VERNON HILLS, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General merchandise	\$ 2,823,025	\$ 2,633,339	\$ 2,720,545	\$ 2,597,897	\$ 2,488,384	\$ 2,402,181	\$ 1,851,726	\$ 1,672,883	\$ 1,547,821	\$ 1,363,593
Food	340,958	648,891	916,744	925,373	901,265	788,727	1,130,577	1,087,522	1,307,951	1,554,637
Drinking and eating places	825,607	850,877	883,552	881,340	960,573	1,029,264	1,052,840	1,002,073	1,030,560	1,114,359
Apparel	689,726	844,886	771,836	775,480	742,882	736,300	743,051	681,766	677,801	640,384
Furniture, H.H., and radio	3,607,217	4,260,170	4,644,807	4,776,995	5,610,887	6,269,676	6,410,014	6,492,509	7,058,665	2,687,754
Lumber, building hardware	396,123	402,354	401,030	450,455	486,962	493,422	488,392	500,489	721,690	760,388
Automobile and filling stations	257,173	391,781	346,563	321,049	360,241	333,588	316,570	325,882	348,836	348,014
Drugs and miscellaneous retail	1,106,285	1,098,232	1,127,572	1,164,654	1,141,888	1,043,187	1,073,993	1,024,032	1,003,181	1,021,543
Agriculture and all others	601,514	680,022	703,322	793,580	831,229	958,057	1,374,503	1,520,703	1,601,380	5,706,666
Manufacturers	157,620	92,047	104,649	110,329	111,466	100,010	117,278	101,103	79,937	73,420
TOTAL*	\$ 10,805,248	\$ 11,902,599	\$ 12,620,620	\$ 12,797,152	\$ 13,635,777	\$ 14,154,412	\$ 14,558,944	\$ 14,408,962	\$ 15,377,822	\$ 15,270,758
VILLAGE DIRECT SALES TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%	1.25%

*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	Village Home Rule Rate	Total Sales Tax Rate	% Distributed to Village
2011	6.25%	0.75%	N/A	7.00%	1.00%
2012	6.25%	0.75%	N/A	7.00%	1.00%
2013	6.25%	0.75%	N/A	7.00%	1.00%
2014	6.25%	0.75%	N/A	7.00%	1.00%
2015*	6.25%	0.75%	0.25%	7.25%	1.25%
2016	6.25%	0.75%	0.25%	7.25%	1.25%
2017	6.25%	0.75%	0.25%	7.25%	1.25%
2018	6.25%	0.75%	0.25%	7.25%	1.25%
2019	6.25%	0.75%	0.25%	7.25%	1.25%
2020	6.25%	0.75%	0.25%	7.25%	1.25%

N/A - Not applicable

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

Data Sources

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)
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
2018	852,359,184	557,920	374,092,587	687,163	1,227,696,854	172,948	1,227,869,802
2019	893,277,700	225,513	400,327,706	695,020	1,294,525,939	174,290	1,294,700,229

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CLC Joint Action Water	0.045	0.047	0.052	0.055	0.056	0.054	0.046	0.045	0.000	0.000
Grade School 73	3.081	3.306	3.678	3.997	4.118	4.033	3.871	3.825	3.847	3.740
High School 128	2.324	2.399	2.580	2.919	2.687	2.732	2.532	2.494	2.502	2.513
Jr. College 532	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282	0.282
Libertyville Township	0.106	0.111	0.122	0.131	0.134	0.131	0.124	0.122	0.122	0.123
Lake County	0.505	0.554	0.608	0.663	0.683	0.663	0.632	0.622	0.612	0.597
Lake County Forest Preserve	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187	0.000	0.180
Vernon Hills Park District	0.427	0.450	0.496	0.445	0.455	0.458	0.419	0.416	0.411	0.420
Cook Memorial Library	0.238	0.254	0.282	0.303	0.312	0.304	0.289	0.284	0.284	0.283
Countryside Fire District	0.453	0.495	0.552	0.597	0.613	0.598	0.570	0.560	0.564	0.566
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	7.595	8.057	8.854	9.624	9.574	9.480	8.962	8.836	8.624	8.703

N/A - Information not available

Data Source

Office of the County Clerk

VILLAGE OF VERNON HILLS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Westfield Shoppingtown Hawthorne	\$ 25,975,277	1	2.01%	\$ 20,125,346	1	1.62%
Mesirow Financial Revf II Reit LLC	19,427,299	2	1.50%			
Azure Partners LLC	17,718,340	3	1.37%			
P8 Focus Mellody Farm Apts Owner LLC	17,523,171	4	1.35%			
Mellody Farm LLC	16,473,149	5	1.27%			
Van Vlissingen & Co.	10,032,724	6	0.77%	16,856,018	2	1.35%
Leahy Vernon Hills Development	9,349,221	7	0.72%	10,983,960	5	0.88%
Inland Real Estate	8,442,534	8	0.65%	13,465,102	3	1.08%
CDW Computer Centers, Inc.	8,342,560	9	0.64%	9,303,393	6	0.75%
PWA Contintental Executive Park, LP	7,323,678	10	0.57%			
Office Building				6,452,805	7	0.52%
Corporate Woods Assoc LLC				6,277,780	9	0.50%
Museum Gardens II LLC				11,762,797	4	0.94%
HCP Ventures				6,275,162	10	0.50%
Walmart Property				6,278,935	8	0.50%
	<u>\$ 140,607,953</u>		<u>10.85%</u>	<u>\$ 107,781,298</u>		<u>8.64%</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
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	2,155,191	2,155,110	100.00%
2019	2018	31,404,827	2,687,995	2,677,872	99.62%
2020	2019	56,129,505	4,821,048	N/A	N/A

N/A - Not Available

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

The 2019 levy is in collection at year end.

Data Sources

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
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%
2019	2018	-	-	0.00%	-	-	0.00%
2020	2019	-	-	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				Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Alternate Revenue Bonds	TIF Revenue Bonds/Notes	Unamortized Premium			
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
2019	37,510,000	-	-	239,236	37,749,236	3.00%	1,416.96
2020	35,795,000	-	-	212,286	36,007,286	2.82%	1,371.24

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, 2020

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village (1)	The Village's Share of Debt
Village	\$ 36,007,286	100.00%	\$ 36,007,286
School District Number 73	67,102,524	67.630%	45,383,215
School District Number 76	10,965,000	25.870%	2,836,764
School District Number 103	5,465,000	20.460%	1,118,289
High School District Number 120	12,189,781	1.040%	126,511
High School District Number 125	41,065,000	9.180%	3,769,452
Community College Number 532	48,815,000	4.990%	2,437,279
Lake County	157,790,000	4.750%	7,496,891
Lake County Forest Preserve District	222,645,000	4.750%	10,578,271
Countryside Fire Protection District	2,500,000	62.961%	1,574,015
Mundelein Park District	3,210,000	0.001%	33
Vernon Hills Park District	8,469,390	100.000%	8,469,390
Total overlapping debt	580,216,695		83,790,110
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 616,223,981		\$ 119,797,396

(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 Assessed Value (1)	Per Capita (2)
	General Obligation Bonds	Unamortized Premium				
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
2019	37,510,000	239,236	-	37,749,236	3.07%	1,416.96
2020	35,795,000	212,286	-	36,007,286	2.78%	1,371.24

(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, 2020

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
2011	25,113	\$ 953,541	\$ 37,970	N/A	N/A	8.00%
2012	25,113	953,541	37,970	N/A	N/A	7.10%
2013	25,613	1,083,740	42,205	N/A	N/A	6.60%
2014	25,613	1,089,679	42,544	N/A	N/A	7.40%
2015	25,911	1,100,103	42,457	N/A	N/A	6.00%
2016	26,314	1,127,450	42,846	N/A	N/A	4.40%
2017	26,328	1,162,671	44,161	38.1	N/A	4.30%
2018	26,253	1,239,299	47,206	38.4	N/A	3.30%
2019	26,641	1,257,615	47,206	39.2	N/A	3.40%
2020	26,259	1,274,638	48,541	39.1	N/A	3.50%

N/A - Not Available

Population Data Sources:

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

Income Data Sources:

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

Median Age Data:

U.S. Census data and estimate from website

School Enrollment Data:

Unavailable

Economic Data:

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

VILLAGE OF VERNON HILLS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2020			2011		
	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	9.96%
Zebra Technologies Corp.	900	2	3.43%	900	2	3.58%
American Hotel Register Co.	500	3	1.90%	400	3	1.59%
Mitsubishi Electric Automation, Inc.	400	4	1.52%	350	4	1.39%
CDW Computer Centers, Inc.	350	5	1.33%	350	4	1.39%
ZFAftermarket	300	7	1.14%	240	7	0.96%
Rust-Oleum Corp.	350	5	1.33%	180	9	0.72%
Cole-Palmer Instrument Co.	300	7	1.14%	300	6	1.19%
Becton Dickinson	300	7	1.14%			
Richard Wolf Medical Instruments Corp.	200	10	0.76%	200	8	0.80%
Neil Enterprises	160	11	0.61%			
Experient				160	10	0.64%
Manhard Consulting Ltd.				143	11	0.57%
Tetra Pak Inc.				130	12	0.52%
Focus Products Group				80	13	0.32%
Paslode				75	14	0.30%
TOTAL	6,260			6,008		

Data Sources

2011 Village of Vernon Hills CAFR

2020 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL GOVERNMENT										
Management Services	4.38	2.50	2.50	2.50	3.54	3.54	3.50	3.58	4.00	4.00
Human Resources	3.60	3.80	3.87	4.08	4.08	4.09	4.09	4.37	**1.85	-
PUBLIC WORKS	23.74	22.91	23.54	24.83	25.47	23.85	24.60	24.20	25.01	22.74
PUBLIC SAFETY	64.75	66.59	66.88	70.71	70.63	72.28	73.20	72.61	71.54	69.09
COMMUNITY DEVELOPMENT	7.50	7.50	7.50	7.53	7.54	7.57	7.57	8.04	7.82	7.80
	<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>	<u>108.37</u>	<u>103.63</u>

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

Data Source

Village records

VILLAGE OF VERNON HILLS, ILLINOIS
OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PUBLIC WORKS										
Forestry										
Number of parkway trees planted*	121	145	291	603	1,235	876	392	108	108	96
Number of parkway trees trimmed*	1,458	1,065	1,066	1,050	1,165	1,009	669	927	927	1,038
Fleet services										
Number of cars/SUVs/vans maintained*	39	41	37	43	35	35	36	36	34	41
Number of light trucks maintained*	16	16	17	17	18	18	19	20	19	18
Number of heavy trucks maintained*	10	10	10	10	10	10	11	10	10	10
Number of loaders/backhoes maintained*	4	4	4	4	5	5	5	5	5	6
Number of small tractors maintained*	2	2	2	2	1	1	2	2	2	3
Number of sweepers maintained*	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*	779	678	635	535	544	574	473	528	384	470
Part II crime*	687	710	557	551	628	603	633	576	606	622
Calls for service*	18,630	18,608	21,170	22,903	23,358	23,684	26,349	29,693	30,736	30,458
State tickets issued*	2,836	2,080	3,414	3,480	3,271	2,273	2,602	2,876	2,309	2,339
Compliance tickets issued*	160	125	458	1,038	1,102	587	903	992	787	568
Parking tickets issued*	2,289	1,591	2,259	2,974	3,407	2,419	2,286	2,509	2,309	1,796
COMMUNITY DEVELOPMENT										
Number of building permits issued	1,216	1,389	1,354	1,344	1,798	1,525	1,470	1,275	2,409	1,274
Number of building inspections	2,802	2,833	2,703	3,067	5,105	3,312	3,744	3,585	6,745	2,988
HIGHWAYS AND STREETS										
Sidewalk/bike trail programs	\$ 39,750	\$ 35,141	\$ 42,554	\$ 55,910	\$ 55,662	\$ 93,096	\$ 72,610	\$ 48,963	\$ 74,411	\$ 72,614
Annual resurfacing program	839,012	583,333	811,685	624,565	1,148,696	1,265,502	676,688	359,989	1,019,787	987,766

*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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	34	34	31	30	29	27	27	30	28	31
PUBLIC WORKS										
Streets (lane miles)	141.7	141.7	141.7	141.7	141.7	141.7	141.7	141.7	141.7	164.3
Sidewalks (miles)	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	113.3	108.2
Streetlights	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,305
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	-
ADMINISTRATION										
Village hall	1	1	1	1	1	1	1	1	1	1

Data Source

Village records