

VILLAGE OF  
VERNON HILLS,  
ILLINOIS

COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT



FISCAL YEAR ENDED  
APRIL 30, 2013

**VILLAGE OF VERNON HILLS,  
ILLINOIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED APRIL 30, 2013**

Prepared by the Finance Department

Larry Nakrin, Director of Finance/Village Treasurer

VILLAGE OF VERNON HILLS, ILLINOIS

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Vernon Hills: List of Principal Officials, Organizational Structure, Transmittal Letter from Village Manager and Director of Finance/Village Treasurer, and Certificate of Achievement for Excellence in Financial Reporting.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**List of Principal Officials  
April 30, 2013**

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**ELECTED OFFICIALS**

**VILLAGE BOARD OF TRUSTEES**

Roger Byrne, Village President

Thomas Koch, Village Trustee

Cynthia Hebda, Village Trustee

Barbara Williams, Village Trustee

Michael Marquardt, Village Trustee

Jeanne Schwartz, Village Trustee

James Schultz, Village Trustee

**APPOINTED OFFICIALS**

Mike Allison, Village Manager/Village Clerk

John Kalmar, Assistant Village Manager/Deputy Village Clerk

David Brown, Director of Public Works/Village Engineer

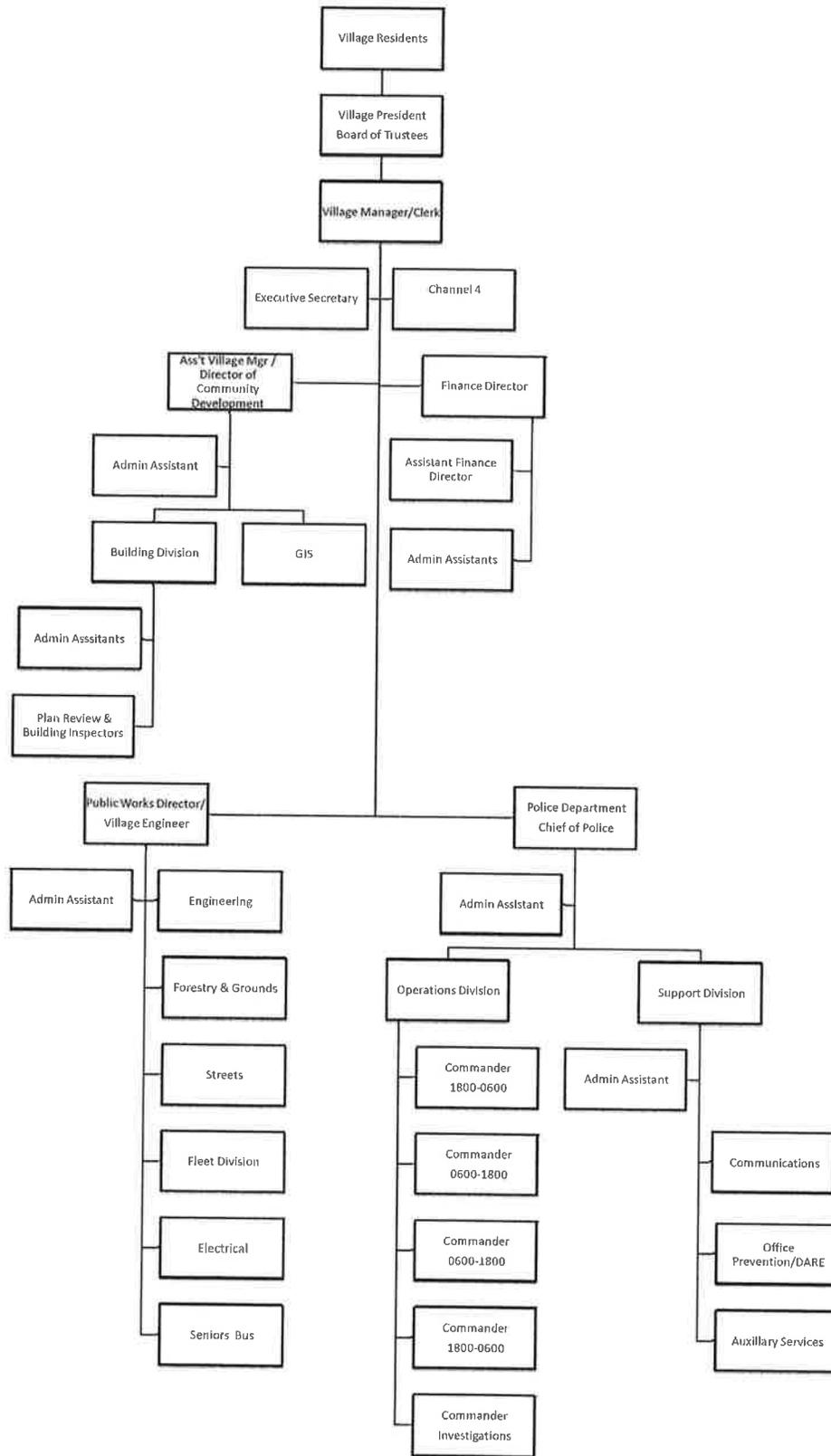
Mark Fleischhauer, Chief of Police

Michael Atkinson, Building Commissioner

Robert Kenny, Village Attorney

Larry Nakrin, Director of Finance/Village Treasurer

# VILLAGE OF VERNON HILLS ORGANIZATIONAL STRUCTURE



August 23, 2013

To the Citizens of the Village of Vernon Hills:

The Comprehensive Annual Financial Report of the Village of Vernon Hills for the fiscal year ended April 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the government. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

This report consists of management's representations concerning the finances of the Village of Vernon Hills. Consequently, management takes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village of Vernon Hills' financial statements in conformity with Generally Accepted Accounting Principles. Since the cost of internal controls should not outweigh benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this report is complete and reliable in all material respects.

This transmittal letter should be read in conjunction with the management discussion and analysis. 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.

## GOVERNMENT PROFILE

This report includes all funds of the Village. 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 review and inspection; development review; and general administrative services. The Village's Communications Center serves both the telecommunicators employed by the

Village of Vernon Hills Police Department and the telecommunicators employed by Countryside Fire Protection District, with services provided to the Village of Libertyville, along with services to the Village and Countryside. The Village actively works on development and redevelopment including the establishment of a Tax Increment District and the use of sales tax rebates. The Village operates a cable studio. The Village also provides a nine-hole golf course; it also owns an eighteen-hole golf course, which is leased and operated by Par Development through 2024. It also owns the Vernon Hills Athletic Complex and operates it in conjunction with the Vernon Hills Parks District. The Park District provides the primary 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 provided by the Lincolnshire - Riverwoods Fire Protection District. The Village is served by two library districts, two townships, four grade 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.

The 2010 Census determined that the Village of Vernon Hills has a population of 25,113. As a result, the Village obtained Home Rule statutory authority in 2011.

## ECONOMIC CONDITION AND OUTLOOK

Vernon Hills is located in central Lake County about 35 miles north of downtown Chicago. Vernon Hills has easy access to the Chicago - Milwaukee Tollway, and accordingly, good access to Chicago's O'Hare Airport as well as Milwaukee's Mitchell Airport. Vernon Hills is a growing area in the Chicago metropolitan area, and is a major employment center. According to Lake County Partner's analysis of Standard Industry Code information, there were 17,091 jobs in Vernon Hills in 2007. Vernon Hills is also a major center of retail shopping in Lake County.

The Village of Vernon Hills has 3.66 million square feet of retail space. The most significant component of that retail space is the Westfield Hawthorn Shopping Mall, which was completed in 1974 and subsequently expanded. The Center has 1.30 million square feet of leasable retail space and is anchored by Sears Roebuck & Co., Carson Pirie Scott & Co., J.C. Pennys and Macy's. The Mall's retail appeal has been declining in recent years and the Center has been in prolonged talks with the Village about renovating and expanding the center. Shortly after the close of FY2012-13, the Village has entered into an agreement with Westfield to help achieve that goal. The agreement includes a ten year agreement whereby the Village will rebate the sales tax of the non-anchor stores in order to provide \$10 million toward the renovation. The agreement terminates after ten years or once the present value amount of the rebate payments reaches \$10 million (when discounted at 6%), whichever comes first. The project includes the addition of a 65,000 square foot 12 screen, digital, state of the art AMC Theatre, as well as the addition of a 40,000 square foot Dave and Busters restaurant, bar and arcade facility. It also includes

the addition of a 25,000 square foot restaurant and retail space including a Maggiano's Little Italy restaurant. Dave and Busters should be completed by the spring of 2014, while AMC will be completed by the end of 2014 and the additional retail space in early 2015.

The Marketplace Shopping Center, which opened in 1994, also brings significant retail space to Vernon Hills. It is currently anchored by an 111 thousand square foot Home Depot, and a 198 thousand square foot redevelopment completed in 2005 which brought the Village a Bed Bath and Beyond, an Ashley Furniture, a Joanne's Fabrics and a DSW (Discount Shoe Warehouse). Marketplace lost a couple of major out lot tenants early in Calendar Year 2009. The Village determined that those vacancies had to be addressed with sales tax incentives. One major vacancy among the free standing stores in Marketplace was the closing of the 33 thousand square foot Circuit City. An economic incentive agreement was worked out with the owners of the former Circuit City Building to bring a CompUSA/Tiger Direct to Vernon Hills. The sharing arrangement allows the developer to keep everything above the first \$100,000 of sales tax generated for the Village for nine years or until the developer's net present value goal of \$518 thousand (discounted at 5%), whichever occurs first. Each year that the agreement is in effect, the Village keeps the first \$100,000 of sales tax generated by CompUSA/Tiger Direct annually. Comp USA/Tiger Direct opened in February of 2011. Another major Marketplace loss in early 2009 was the closing of the 110 thousand square foot Home Expo. In FY2010-11, Steinhafels, the leading furniture store in Wisconsin, decided to look at the Home Expo site for its first expansion into the Chicago area. In order to encourage a high quality upgrade of the Home Expo site, the Village agreed to a seven year sales tax sharing agreement, where Steinhafels gets 40% of the sales tax generated for the Village in the first four years and then 41% in the last three years, except that, if a net present value of \$600,000 (discounted at 5%) is reached first, the agreement ends at that time. Steinhafels opened in August of 2011.

Another larger shopping center in Vernon Hills is Rivertree Court. It was completed in 1988; it has 299 thousand square feet of retail space including Best Buy, Office Depot, and T.J. Maxx. During FY2009-10, the Rivertree Movie Theatre closed in Vernon Hills. The Village provided Inland, the owners of the center, with a sales tax incentive to renovate the theatre and dilapidated parking lot in order to bring their 50 thousand square foot Gordmans store to Vernon Hills. The incentive agreement provides Inland 75% of sales tax generated for ten years unless the \$385,000 net present value (discounted at 5%) target is realized sooner. The store opened in September of 2011. Rivertree will refill vacancies with a Chick-Fil-A restaurant and a Ross Dress for Less store, which will open by the end of 2013. Pier One has also relocated to an in line space. Remodeling of various in-line spaces has also occurred in order to accommodate the addition of Kid to Kid, Silverberg Deli and Carter's.

The Hawthorn Hills Square, which brings 203 thousand square feet of retail space to Vernon Hills, opened in 1986. During 2008 and early in 2009 Linen's & Things and Wick's closed in Hawthorn Square, contributing to bringing that shopping center's vacancy rate to 57%. That amounted to 116 thousand square feet of vacant space. These major vacancies threatened the viability of Hawthorn Square. In order to assist Hawthorn Hills Square's developers, an economic incentive agreement was offered to Chase

Development, which succeeded in bringing a 52 thousand square foot Dick's Sporting Goods to the Village and to Hawthorn Hills Square. Dick's opened in early September of 2010. Subsequently, Kimco purchased the Mall 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 year period, 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 Chase's, and now Kimco's, \$1.17 million net present value (discounted at 6%) target is met, or at the end of twenty years, whichever occurs first. Hawthorn Hills Square also added a PetsMart, which relocated from Rivertree. As a result of the agreement excluding stores that move within the Village, PetsMart does not qualify for the sales tax incentive. Other smaller retailers have come to Hawthorn Hills under the incentive agreement including Five Below and Noodles and Company.

Also among the major retail centers in Vernon Hills is the 297 thousand square foot Townline Commons, which was completed in 1990 and is anchored by Walmart, and Toys R Us. It lost Plunketts Furniture in 2009. The Plunketts vacancy was filled by a 28 thousand square foot HH Gregg, electronics/appliance store. In order to make the modifications to the old Plunketts building affordable for Overlook Townline, LLC, the developers who brought in HH Gregg, the Village agreed to a sales tax incentive agreement. The Village agreed to share 50% of all sales tax revenues generated by the project for ten years or sooner if a \$603 thousand net present value (discounted at 5%) figure is reached with Overlook Townline. HH Gregg opened in the August of 2011. Currently, Walmart is working on plans to relocate from Townline Commons to a location in Mundelein. While this will not impact sales tax revenues in FY2013-14, it will have an impact in future years. The Village is working on finding a reuse for this site.

In 2008, the 206 thousand square foot Shoppes at Gregg's Landing opened, bringing Vernon Hills a Lowes and Staples. Additionally, in June of 2011, a 70 thousand square foot Mariano's Fresh Market opened in this shopping center. Mariano's is a high end grocery store owned by Roundy's, a Wisconsin based grocery. In order to assist the developer with land costs to enable their bringing Mariano's to Vernon Hills the Village offered the developer 37% of the sales tax generated for fifteen years or until \$955,000 net present value (discounted at 5%) is realized, whichever occurs first. A AAA Car Care Center is scheduled to open in Gregg's Landing in 2014.

The Village has a number of smaller shopping centers along Route 60. One retail center on Route 60 is the 70 thousand square foot Aspen Point Shopping Center that includes a Walgreen's Drug Store, and a Buffalo Wild Wings. During FY2010-11 construction was completed on a five thousand square foot free standing Chili's restaurant in the Aspen Point Shopping Center, which opened in August of 2010. Also located on Route 60, is the 99 thousand square foot Hawthorn Commons which was formerly anchored by a Dominick's. That Dominick's closed in April of 2012. Subsequently, Hobby Lobby moved into that space.

The other component of the Village's 3.66 million square feet of retail is 837 thousand square feet of freestanding retail. Of the 837 thousand square feet of freestanding retail, 15% was vacant as of July 26, 2010. Freestanding retail includes a 170 thousand square

foot Target Greatland, a 128 thousand square foot Sam's Club, an 87 thousand square foot Kohl's, a 45 thousand square foot Sports Authority, a 37 thousand square foot Babies R US and a 37 thousand square foot Walter E. Smithe Furniture. The vacant 8 thousand square foot Tweeter's building was redeveloped during FY2009-10 with a Verizon Store and a Qdoba Grill which opened in June and July of 2010. As of July, 2013 the vacancy rate for retail space in Vernon Hills is 4%, down from 14% in July of 2010.

In July of 1997, the mail order, warehouse and corporate facility for CDW opened in Continental Executive Parke. The original facility was 224 thousand square feet and cost \$10.6 million. CDW has subsequently become a Fortune 1000 Company. It continued its expansion with a \$5 million new facility including a child care facility and an employee fitness center. In calendar year 2000, CDW opened a new facility in Vernon Hills containing over 200 thousand square feet. CDW is currently leasing a 140 thousand square foot building owned by Pac Trust that was formerly occupied by Allstate. The Village has an economic incentive agreement with CDW in effect through July 31, 2019 involving the rebating of sales tax. It has a maximum rebate level of 50%, which is applicable as long as the Village collects at least \$2 million annually in sales tax from CDW. If sales tax receipts fall between \$650,000 and \$2 million, the rebate is 35%. Between \$500,000 and \$650,000, the rebate is 20% and below \$500,000 there is no rebate.

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 the above-mentioned new retail development and a continued economic recovery, sales tax rebounded past pre-recession levels in FY2012-13. Sales tax in FY2012-13 is 2.5% above FY2011-12 levels and 14.7% above FY2009-10 levels, but it is only 1.3% above FY2007-08 levels.

Prior to 1986, few office buildings were located in the Village. One exception was the Rustoleum's international headquarters. Rustoleum is currently planning an expansion for a data center and additional parking to accommodate its growing workforce.

In 1986, Van Vlssingen and Company began development in the Village of a 320-acre office and light-manufacturing park known as Corporate Woods. According to *Crains*, Corporate Woods is the 15<sup>th</sup> largest industrial park in the Chicago region. Among the largest buildings in Corporate Woods is the 130 thousand square foot Richard Wolf Medical Instrument Corporation building, 235 thousand square foot Mitsubishi building and the 161 thousand square foot Z.F. Industries building. During 2008, a Lifetime Fitness facility opened in Corporate Woods. In 1988, Prentiss / Copley began development of the 600 acre office park known as Continental Executive Parke. It includes the 260 thousand square foot Cole Parmer building and the 200 thousand 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 thousand square foot original American Hotel Register headquarters building and the followed by a 201 thousand square foot American Hotel Register distribution center.

The Village has other office building development outside of the large office parks, including office building and small parks built by Hamilton Partners and Trammel Crow. The Village has branches of US Bank, PNC Bank, Bank of America, First American Bank, Fifth Third Bank, American Charter Bank, JPMorgan Chase Bank, Citibank, MB Financial Bank and the Vernon Hills Bank and Trust. A second PNC Bank was recently completed in the Tax Increment District (which is described hereafter). The Village has four hotels: the 148-unit Hotel Indigo, the 119-unit Holiday Inn Express, the 124-unit Homestead Village and the 128-unit Extended Stay America. A 5% Hotel Motel Tax was extended on these facilities on October 1, 1999. Hotel Motel revenues are recovering from the deep decline it experienced after the 2008 downturn. In FY2012-13 Hotel Motel Taxes were up 9.0% over the FY2012-13 level, and going back to FY 2009-10, it is up 30.0%, but it was still down 8.7% from the level in FY2006-07. The Village currently has a multi-screen movie theatre affected by the Village's Amusement Tax. In FY2012-13, the Amusement Tax receipts were down 9.4% from the FY2011-12 level.

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. Currently, 2,100 homes are approved for the development; as of April 30, 2013, 1,933 were constructed or permitted for construction. The development includes an 18-hole golf course built on 320 acres of land donated by developers. The Village negotiated with Par Development to build and operate the golf course. The course began operation in 1998 and the lease agreement calls for the lease to terminate on December 31, 2024. The Village has the right to exercise buy out options in 2013 and 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 that begins with 0.10% from 2007 through 2011, increases to 0.25% from 2012 through 2019, to 10% in 2020 and 2021, to 15% in 2022 and, finally reaches 20% in 2023 and 2024.

In June of 2012, the Victory Centre of Vernon Hills had its grand opening. The complex consists of a five story senior apartment complex with 111 units, a five story supportive living facility with 120 units and a 163 space parking deck/lot. The facility was built on 3.5 acres formerly owned by the Village. The sale of this property to Pathway Senior Living LLC for \$1 million occurred in October of 2010. That \$1 million sale price helped make this project affordable to Pathway. The low \$1 million sale price effectively subsidized the project.

The Village recently approved an upscale apartment project known as the Oaks. It includes 304 units and it is scheduled for completion in the summer of 2015. The Village also recently approved the 16 unit Green Meadow townhouse development.

The Village has a Tax Increment Financing District which the Village developed with the College of Lake County and two developers: Opus North and VHTC. The district was formed in order to develop the area of the Village near the intersection of Routes 45 and 21. The area was difficult to develop because of the distribution of land ownership and traffic flow obstacles. Despite set backs during the 2008-2009 downturn, the Tax Increment District has made substantial progress. For Calendar year 2009, the TIF District had a \$3,645,858 thousand incremental assessed valuation and a \$236,288 tax

extension. In 2010, the incremental assessed valuation increased to \$10,990,021 and the tax extension increased to \$772,159. For 2011 the incremental assessed valuation is \$13,916,549 resulting in a \$1,047,916 tax extension. Finally, for 2012, the most recent year, the incremental assessed valuation is \$15,319,383 and the resulting extension is \$1,281,313. In the Opus North development, two 66 unit condo buildings were originally approved for this site, of which one has been built with 66 units-all of which have occupancy permits and were either sold or rented. Opus North was also approved for a total of 47 town home units, of which only 20 have been built and occupied. Opus North's remaining condo and townhouse approvals are currently being reevaluated by the Village pursuant to Opus North's desire for an increase in density. In the VHTC development a Starbuck's and a Roti's Mediterranean Grill opened during FY2008-09. During FY2009-10, VHTC completed a six story mixed use building with 84 one and two bedroom luxury apartments, underground parking and 10,000 square feet of retail. Currently all 84 residential units have certificates of occupancy and have been rented out or are in the process of being rented out; while all of the retail space has been leased. A newly constructed PNC opened on the VHTC site late in October of 2011. In 2011 and 2012, the newly constructed 15,000 square foot retail center south of PNC was occupied by a Tom & Eddie's Restaurant, a Real Urban Barbeque, a Halstead Street Deli, a Yogen Fruz and a dance studio. The Beer Market, a 3,000 square foot free standing high end drinking establishment, opened in March of 2012. The Beer Market provides its customers with meals from several nearby restaurants.

Capital expenditures in the TIF were completed in 2009-10. During FY2006-07, \$1 million of a \$3 million Sales Tax Alternate Revenue Bond was used for TIF public infrastructure. The first TIF backed debt issue occurred during FY2007-08, when the Village issued a \$7 million TIF Revenue Bond with an average coupon of 6.18%. This bond has its final maturity in December of 2026, but is callable at a price of 102 in December of 2015, a price of 101 in December of 2016 and at par in December of 2017. Because, the bond was issued prior to most of the TIF development, a Capitalized Interest Fund was required as well as a Debt Service Reserve Fund. Of the \$7 million in bond proceeds, \$1,134,082 was used to fund the Capitalized Interest Fund, \$700,000 was used to fund the Debt Service Reserve Fund, \$273,204 was used for issuance costs and \$140,000 paid the underwriter's discount. The remaining \$4,752,714 was placed in the Project Construction Fund, where \$1,750,714 was used to fund Opus North's entire infrastructure improvements and \$3,002,000 was paid to VHTC. The \$3,002,000 was part of the \$6,630,000 the Village agreed to subsidize VHTC's acquisition of land and an existing building which VHTC demolished after the purchase in order to provide land for its development. The remaining \$3,628,000 payment to VHTC was financed by a Developer Note, with an 8.0% coupon. Two other Notes amounting to \$2,335,000 were issued in the subsequent two fiscal years with the same 8.0% coupon; they were issued to fund VHTC related infrastructure. In February of 2012, the \$5,963,000 of principal due on the three TIF Revenue Notes plus the accrued interest on those Notes was refinanced through the issuance of \$7,850,000 Series 2012A General Obligation Bonds. The bonds are also supported by TIF Revenues and it is the intent of the Village to pay off these bonds using TIF revenues. The General Obligation backing was used to obtain a more favorable interest rate. The True Interest Rate was 1.93% for this Bond; which had an average life of 10.73 years at the time of issuance.

Also in February of 2012, the Village also issued the \$1,625,000 Series 2012 B General Obligation Bonds in order to advance refund most of the 2006 General Obligation Alternate Revenue Bonds. The bonds had a True Interest Cost of 2.06% with an average life of 8.79 years at the time of issuance. Both the Series 2012 A General Obligation Bonds and the Series 2012 B General Obligation Bonds were rated by Moody's. Moody's reconfirmed the Village's Aaa rating. Older Village General Obligation debt was rated by Standard and Poor's. In May of 2013, pursuant to Standard and Poor's rating surveillance program, they upgraded the Village's rating from an AA to an AA+.

In the fall of 2012, the Central Lake County YMCA announced that due to sustained deficits it would be closing their two facilities: the Waukegan YMCA and the Vernon Hills YMCA. The Village of Vernon Hills and the Vernon Hills Park District entered into negotiations to purchase the YMCA. The Village and the Park District wanted to maintain the childcare services and the indoor swimming pool facility that the YMCA provided to the community. The Village agreed to provide an interest free loan to the Park District for \$2,025,000. The first of ten payments for \$202,500 is due to the Village in December of 2016. Each subsequent December through 2025 a \$202,500 payment will be due.

The fiscal challenges of the 2008 recession generated interest in finding ways to maintain quality dispatch services at a lower cost. Faced with pressures from reduced headcount in our dispatch operation, 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. This relocation provided for new levels of back up between the two dispatch units. With this improved infrastructure in place, the Village of Vernon Hills and Countryside were able to offer the Village of Libertyville a joint police and fire dispatch center. Such an arrangement saves Libertyville the cost of operating its own dispatch center while providing revenues to defray ongoing dispatching costs borne by Countryside and the Village of Vernon Hills. In March of 2012, a five year agreement was reached between the three parties whereby Libertyville would pay the other two parties for dispatching costs. The first year of the agreement Libertyville would pay the other two entities a total of \$559,082, the second year would be \$610,344, the third year would be \$628,654, the fourth year would be \$647,513, and in the final year of the agreement it would be \$666,939. Additionally, over those five years, Libertyville would reimburse the Village for the \$330,422 of capital costs needed to add Libertyville to the center plus a financing cost adjusting annually to the five year Treasury rate. In order to accommodate Libertyville, the Village of Vernon Hills added three Telecommunicators, and Countryside added two Telecommunicators. On August 1, 2012 Libertyville's dispatch function was moved to Vernon Hills. In July of 2013, the Village approved an agreement with the Village of Lincolnshire to provide dispatch services to them commencing on October 1, 2013. Under the five year agreement, Lincolnshire will pay the Village \$272,320 the first year, \$280,490 the second year, \$288,900 the third year, \$297,570 the fourth year and \$306,500 the fifth year. There is also \$138,975 initial start-up fee for capital costs directly attributable to Lincolnshire. Because of the personnel and capital investments made to add Libertyville, only one additional Telecommunicator needs to be added to the Dispatch Center in order to provide services to Lincolnshire.

The fiscal challenges of the recession also contributed to the unionization of Police Officers in 2009. Subsequently, Sergeants were added to their bargaining unit. After that action was taken, Telecommunicators went on to form their own bargaining unit. Both units are represented by the Illinois Fraternal Order of Police. Both of the original collective bargaining agreements expired on April 30, 2013, and new agreements are being negotiated at this time.

The Village continues its efforts to maintain a very realistic plan for funding its Police Pension Fund. In FY2010-11, the actuarial report based on data from April 30, 2010 had reduced the investment rate assumptions from 7.0% to 6.5%. In FY2011-12, the investment rate assumption was further reduced 6.25%. In FY2012-13 the investment assumption was reduced to 6.0%. These adjustments give the Pension Fund a better chance of meeting or surpassing its investment rate assumption, thereby reducing the risk of funding level setbacks that occur when the Pension Fund fails to meet its investment rate assumption. The Pension Fund continues to use the Entry Age Normal Cost Method to allocate the timing of pension costs. The actuarial assumptions and methods the Village uses resulted in the Pension Fund having a 69.5% funding level. The Illinois Department of Insurance actuary uses a 6.75% investment rate assumption the Pension Fund and uses the less conservative Projected Unit Credit cost method. The Department of Insurance actuarial assumptions and methods resulted in the Pension Fund having a 80.6% funding level.

#### 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, 2012.

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.

Both Vernon Hills' Village Manager Mike Allison and Assistant Village Manager John Kalmar are credentialed managers under the International City Manager's Association's program.

The hard work, long hours and dedication to quality of Assistant Finance Director Peggy Koperski, as well as the dedication of the Finance Department's Jayshree Taswala is acknowledged. Their efforts made the preparation of the comprehensive annual financial report possible. Mary Grampo and Kristen Shepherd are also appreciated for their part-time efforts on behalf of the Finance Department. The staff of the Village Manager's

Office, Community Development Department, the Police Department and the Public Works Department provided additional important support. The assistance and suggestions of our auditing firm, Lauterbach & Amen, LLP have contributed greatly to the success of this report and the financial operations of the Village. The leadership and support provided by the Village President and Village Board were essential to the preparation of this report and the quality of the Village's financial operations.

Sincerely,



Michael S. Allison  
Village Manager



Laurence Nakrin, MBA, CPA, CCM, CFA  
Finance Director / Treasurer



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, 2012**

Executive Director/CEO

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.

**INDEPENDENT AUDITORS' REPORT**

August 15, 2013

The Honorable Village 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, as of and for the year ended April 30, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

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



LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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Our discussion and analysis of the Village of Vernon Hills' financial performance provides an overview of the Village of Vernon Hills' financial activities for the fiscal year ended April 30, 2013. Please read it in conjunction with the transmittal letter which begins on page iii and the Village of Vernon Hills' financial statements, which begin on page 3.

#### FINANCIAL HIGHLIGHTS

- In FY2012-13 the Village of Vernon Hills' net position declined by 0.9% or \$1,002,436 to \$112,804,748. This was a \$584,068 improvement over FY2011-12 when net position declined by \$1,586,504 or 1.4%.
- Revenues increased by \$1,409,729, or 6.6% from FY2011-12 levels, while expenses increased by \$825,661 or 3.6%.
- One major factor that contributed to growth in revenues and expenses was the Village's agreement to provide dispatch services to the Village of Libertyville which resulted in \$667,691 of revenue recognition. This contributed to the fact that while Public Safety expenses increased by \$590,207 from FY2011-12 levels, the Net Expense/Revenue total for this function declined by \$162,121.
- The expenses for Streets and Roads increased by \$539,328 or 7.8% from FY2011-12 levels. This is related to both operational and capital expenses.
- Interest expenses went down by \$507,932 or 34.7%. The major contributor to that decline was the issuance of a General Obligation Bond in February of 2012 to refinance outstanding Tax Increment Notes. That lowered the effective interest rate from 8.0% on the Notes to 1.9% on the Bonds.
- Charges for services increased by \$976,600 or 35.3% from FY 2011-12 levels. The major contributors to that increase were \$677,691 of new dispatch fees and a \$200,879 increase from FY2011-12 in licenses and permits revenues.
- Business-type Activity Net position decreased by 5.4% or \$23,518 to \$410,462 as Golf Course revenues increased by \$541 or by 0.1% from FY2011-12 levels, while expenses decreased by \$95,500 or by 16.2%. Of that \$95,500 decrease in expenses, \$71,455 was the result of a decrease in equipment purchases that did not meet the capitalization threshold.
- Within the General Fund, revenues exceeded expenditures by \$2,102,521, but after transfers the fund balance increase was \$1,424,020, due to (\$678,501) of net transfers.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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#### FINANCIAL HIGHLIGHTS – Continued

- Expenditures in the General Fund were down \$816,621 or 4.5% from FY2011-12 levels. Despite increases in other areas, a \$1,600,208 decrease in Public Safety General Fund expenditures produced that result. That reduction came from a combination of moving Dispatch expenditures from the General Fund to the Dispatch Center Fund and savings from sharing dispatch service costs with the Village of Libertyville.
- Within the General Fund, revenues increased by \$190,116 or 1.0% from the FY2011-12 level, with Sales Tax increasing by \$252,415, Income Tax increasing by \$248,403 and Licenses and Permits increasing by \$200,879, while grants decreased by \$110,585 and investment income decreased by \$70,478. Also, 911 Fees, which were in the General Fund in FY2011-12 at \$442,088 were moved to the Dispatch Center Fund in FY2012-13, where they were down to \$343,609.
- The Dispatch Center Funds, which was established in FY2012-13, had expenditures exceed revenues by \$1,169,298, but had a \$209,207 fund balance increase due to a \$1,378,505 transfer from the General Fund. A new revenue source, dispatching service fees, was attributed to this fund at a level of \$677,691 in FY2012-13.
- In the Tax Increment Fund revenues and legally mandated transfers in exceeded revenues by \$542,664 bringing the fund balance to (\$498,253).

#### 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 3 - 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 3 - 6 of this report.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

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

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

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

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

#### Fund Financial Statements

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

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds

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

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

The Village of Vernon Hills maintains 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, Motor Fuel Tax Fund, Tax Increment Fund, Dispatch Center Fund and VHAC Site Development Fund, all of which 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 - 12 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 enterprise funds 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.

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.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

#### Proprietary Funds – Continued

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 and for the Equipment Replacement Fund, which are considered to be major funds of the Village of Vernon Hills

The basic proprietary fund financial statements can be found on pages 13 - 15 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 16 - 17 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 18 - 54 of this report.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Vernon Hills' I.M.R.F., police employee pension, and other postemployment benefits obligations as well as budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 55 - 61 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 62 - 69 of this report.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Vernon Hills, assets exceeded liabilities by \$112.8 million. The prior year, assets exceeded liabilities by \$114.5 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 31.8	30.4	(0.2)	(0.3)	31.6	30.1
Capital Assets	108.5	112.0	0.6	0.7	109.1	112.7
Total Assets	140.3	142.4	0.4	0.4	140.7	142.8
Long-Term Debt Outstanding	(23.7)	(24.0)	-	-	(23.7)	(24.0)
Other Liabilities	(4.2)	(4.3)	-	-	(4.2)	(4.3)
Total Liabilities	(27.9)	(28.3)	-	-	(27.9)	(28.3)
Net Position						
Net Investment in Capital Assets	85.1	87.3	0.6	0.7	85.7	88.0
Restricted	2.6	3.5	-	-	2.6	3.5
Unrestricted (Deficit)	24.7	23.3	(0.2)	(0.3)	24.5	23.0
Total Net Position	112.4	114.1	0.4	0.4	112.8	114.5

About 76.0 percent of the Village of Vernon Hills' net position, or a total of \$85.7 million reflect the Village's investment in capital assets (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 citizens'; 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.

An additional 2.3 percent or \$2.6 million, of the Village of Vernon Hills' net position represents resources that are subject to external restrictions on how they may be used. The remaining 21.7 percent, or \$24.5 million, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position (in Millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 3.3	2.3	0.5	0.4	3.8	2.7
Operating Grants/Contributions	0.7	0.7	-	-	0.7	0.7
Capital Grants/Contributions	-	0.1	-	-	-	0.1
General Revenues						
Sales Tax	10.6	10.3	-	-	10.6	10.3
Utility Tax	1.4	1.4	-	-	1.4	1.4
Intergovt. Unrestricted						
State Income Tax	2.4	2.1	-	-	2.4	2.1
Telecommunications Tax	1.0	1.4	-	-	1.0	1.4
Other Taxes and Fees	2.7	2.3	-	-	2.7	2.3
Interest Income	0.1	0.2	-	-	0.1	0.2
Miscellaneous	-	0.1	-	-	-	0.1
Total Revenues	22.2	20.9	0.5	0.4	22.7	21.3
<b>Expenses:</b>						
General Government	4.4	4.1	-	-	4.4	4.1
Public Safety	10.1	9.5	-	-	10.1	9.5
Streets and Roads	7.5	6.9	-	-	7.5	6.9
Economic Development	-	-	-	-	-	-
Culture and Recreation	0.3	0.3	-	-	0.3	0.3
Interest on Long-Term Debt	0.9	1.5	-	-	0.9	1.5
Golf Course	-	-	0.5	0.6	0.5	0.6
Total Expenses	23.2	22.3	0.5	0.6	23.7	22.9
Increase (Decrease) in Net Position	(1.0)	(1.4)	-	(0.2)	(1.0)	(1.6)
Net Position-Beginning as Restated	113.4	115.5	0.4	0.6	113.8	116.1
Net Position-Ending	112.4	114.1	0.4	0.4	112.8	114.5

Total net position fell by \$1.0 million to \$112.8 million. In FY2011-12, net position fell by \$1.6 million. The net position for governmental activities fell by \$1.0 million to \$112.4 million, compared to a \$1.4 million decline in FY2011-12. Business-type activities remained consistent at \$0.4 million.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Governmental Activities

The Village's \$1.0 million decrease in its governmental net position represented a 0.9% decrease; as compared to FY11-12 when the decline was 1.3%. Revenues increased by \$1,410,269 or 6.8%, while expenses decreased by \$921,161 million or by 4.1%. Highlights of the changes from FY2012-13 included:

- Public Safety expenses increased by \$590,207 from FY2011-12 levels, while the program revenues associated with providing this service increased by \$752,328 resulting in a net reduction of \$162,121. The main factor that caused this reduction was \$677,691 of revenues associated with providing dispatch services to the Village of Libertyville. Of that amount \$258,381 are one time revenues associated with initial start-up costs.
- Streets and Roads expenses increased by \$539,328 or 7.8% from FY2011-12 levels. Within that category operating expenses caused \$410,676 of that growth.
- General Government expenses increased by \$334,762 or 8.2% from FY2011-12 levels.
- Interest expenses went down by \$507,932 or 34.7%. The major contributor to that decline was the issuance of a General Obligation Bond in February of 2012 to refinance outstanding Tax Increment Notes. That lowered the effective interest rate from 8.0% on the Notes to 1.93% on the Bonds.
- General Revenues increased by \$559,368 which is 3.2% above FY2011-12 levels. This increase is led by a \$276,424 increase in Tax Increment revenue, a \$248,403 increase in Income Tax, and a \$213,707 increase in Sales Tax. The biggest General Revenue drops from FY2011-12 was a \$98,479 decrease in 911 Fees and a \$89,813 drop in Interest Income.
- Charges for services increased by \$976,600 or 35.3% from FY 2011-12 levels. The major contributors to that increase were \$677,691 of new dispatch fees and a \$200,879 increase from FY2011-12 in licenses and permits.
- Capital Grants fell by \$110,585 from FY2011-12 levels.

The \$1.0 million decline in Governmental Activities net position in FY2011-12 comes after a \$1.4 million decline in FY2011-12. Improvements were facilitated by Tax Increment interest cost reductions resulting from debt refinancing that occurred in February of 2012. Continued Tax Increment revenue growth assists in improving net position performance. Additionally, another aide to net position performance will occur as the Village's roads age, because projects that are currently classified as maintenance will be replaced by projects categorized as reconstruction.

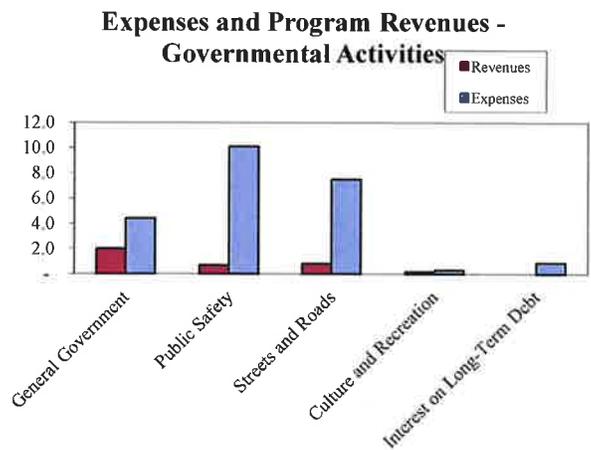
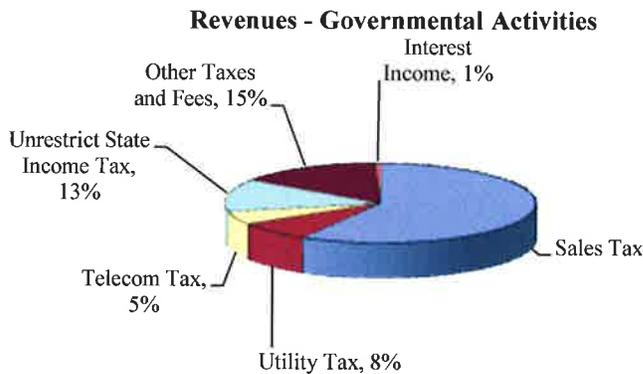
# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

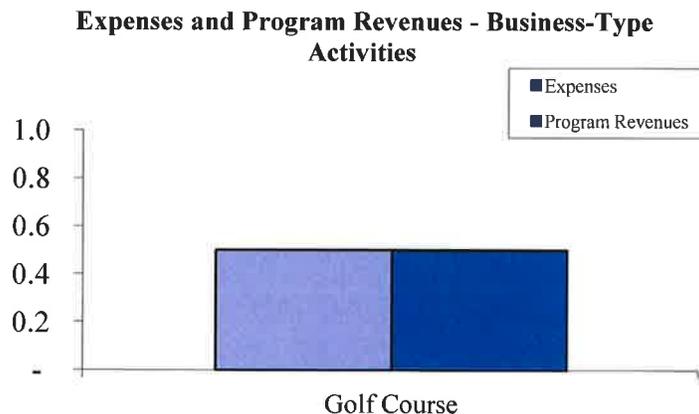
#### Governmental Activities – Continued

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 tax is the sales tax, but the state income tax, the utility tax, and the telecommunications tax are all significant.



#### Business-Type Activities

As the graph below demonstrates, the \$493,135 of golf course expenses exceeded program revenues that amounted to \$469,562 for charges for services. Revenues decreased by \$541 from FY2011-12 levels, while expenses decreased by \$95,500 from FY2011-12 levels. Of that \$95,500 decrease in expenses, \$71,455 was the result of a decrease in equipment purchases that did not meet the capitalization threshold.



## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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

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

#### Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For all governmental funds, the Village revenues exceeded expenditures by \$1.25 million. While this is not a substantial improvement relative to FY2011-12, a year when revenues exceeded expenditures by \$1.07 million, it is a substantial improvement relative to FY2009-10 when expenditures exceeded revenues by \$4.19 million. Several major factors contributed to this positive result:

- In FY2012-13, the General Fund balance increased by \$1,424,020 to \$24,663,880. Revenues exceeded expenditures by \$2,102,521 but there were transfers that netted out to (\$678,501).
- There was a transfer into the General Fund of from the VHAC (Vernon Hills Athletic Complex) Site Development Fund as the Corporate Authorities forgave the inter fund loan, with the exception of \$100,000 which is earmarked for an existing encumbrance. The Fund had lost much of its rationale for existence when High School District 128 paid off its VHAC loan to the Village.
- A \$1,378,505 General Fund transfer out went to the newly established Dispatch Center Fund. Of that amount \$194,129 previously existed in the General Fund as an asset restricted to this purpose, but the remaining \$1,184,376 transfer amount was required in order to approximately cover the Village's net cost for its share of the consolidated dispatch services.
- The General Fund also made its statutorily required \$104,753 transfer to the Tax Increment Fund. The combination of all governmental funds transfers in and out net to zero.
- Revenues in the General Fund increased by \$190,116 from FY2011-12 levels. This occurred despite the fact that while the \$442,088 of 911 Fees generated in FY2011-12 were attributed to the General Fund, the \$343,609 generated in FY2012-13 was attributed to the newly established Dispatch Center Fund .
- Major General Fund revenue increases included \$252,415 of growth in Sales Tax, \$248,403 of growth in Income Tax and \$200,879 of growth in Licenses and Permits. The revenue source that declined the most in the General Fund was Interest Income which saw a \$70,478 reduction.
- Public Safety expenditures in the General Fund declined by \$1,600,208 as the Dispatch function was moved to the newly established Dispatch Center Fund.
- The Dispatch Center Fund had a total of \$2,193,226 of expenditures in FY2012-13, the first year of the Fund's existence. It received \$1,023,928 of revenues including \$343,609 of 911 Fees and \$677,691 of user fees generated by the Village's provision of dispatch services to the Village of Libertyville.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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

#### Governmental Funds – Continued

- The Tax Increment Fund Balance increased by \$542,644 and it generated enough cash that was free of bond covenant restrictions, that it was able to repay the General Fund \$425,000 of the \$1,076,000 previously loaned by the General Fund. The Tax Increment Fund recognized \$1,048,583 of revenue, an increase of \$272,361 or 35.1% from FY2011-12 levels. The only expenditure of the Fund, debt service was \$611,043, a decrease of \$348,967 or 36.4% from the FY2011-12 level. The reduction in debt service resulted from the issuance of a General Obligation Bond in February of 2012 to refinance outstanding Tax Increment Notes.
- The Motor Fuel Tax Fund ran a \$94,980 deficit in the current year, a reversal of the FY2011-12 \$177,933 surplus. The largest contributor to this change was a \$235,485 increase in capital expenditures made from this Fund in FY2012-13.

#### Proprietary Funds

The Village of Vernon Hills' proprietary funds provide 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. For Calendar Year 2012, the Golf Course had projected 18.0 thousand rounds would be played, the actual play was 20.8 thousand rounds. Rounds played in Calendar Year 2012 were up 16.2% from Calendar Year 2011. Resident weekday and weekend rates were \$15 and \$17 respectively (increased to \$16 and \$18 in 2013), while the equivalent nonresident rates were \$17 and \$19 respectively (increased to \$18 and \$20 in 2013). There is also a season pass for residents, which was \$425 per year (increased in 2013 to \$475). 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. For merchandise, the golf course targets cost of goods at 50 percent of sale price, and for food and beverage the targeted ratio is 30 percent. In FY2012-13, the Golf Course Generated \$470 thousand of revenues and had \$494 thousand of operating expenses resulting in a \$24 thousand operating loss. Of those expenses, \$71 thousand were equipment purchases that did not meet the capitalization threshold. The decline in net position of \$24 thousand brought the net position to a level of \$410 thousand.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Transfers are routinely made between expenditure accounts during the year. However, this year's transfers and budget adjustments were dominated by the establishment of the Dispatch Center Fund after the commencement of FY2012-13. When the new fund was established, the dispatch personnel and program costs were moved from the Police Department budget within the General Fund to the new fund. Additionally, 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. Of the \$652,862 of net budget decreases in the General Fund during FY2012-13, a \$553,336 increase resulted from of the Carry Forward policy, while a \$1,232,912 decrease resulted from a transfer to the Dispatch Center Fund. Within the Dispatch Fund, the \$1,842,593 of budgetary increases

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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#### GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

resulted from three factors: the \$1,232,912 transfer from the General fund, \$233,759 of carry forward attributable to the Dispatch Center Fund and \$375,922 of supplemental increases based on non-budgeted revenue.

The Village budget process does not budget for depreciation. Other than depreciation, the most significant budgetary overage was a \$193,391 budget overrun in the Dispatch Center Fund Equipment budget. A change in approach to the timing of recognition of those expenditures that will be reimbursed to by the Village of Libertyville caused this overage.

While most revenues surpassed projection in FY2012-13, a few revenues fell short. The most significant shortfall was in the General Fund's Investment Income category, where \$404,000 was budgeted and \$95,550 thousand was recognized. The prolonged environment of low rates has had two effects on this category. Firstly, with higher yielding investments maturing and being replaced by lower yielding maturities, the current yield on the investment portfolio declined sharply. Secondly, as those higher yielding securities approached or reached maturity, their market value surplus over book value fell from \$99 thousand at the end of FY2011-12 to \$67 thousand at the end of FY2012-13.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

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, 2013 was \$109.2 million. This change represented a decrease of \$3.5 million, or 3.1% from FY2011-12. Additional information on the Village of Vernon Hills' capital assets can be found in note 3 on pages 34 - 35 of this report.

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2013	2012
	2013	2012	2013	2012	2013	2012
Land	\$ 4.6	4.6	0.3	0.3	4.9	4.9
Land Improvements	8.2	8.7	0.1	0.1	8.3	8.8
Buildings and Improvements	15.6	16.1	0.2	0.2	15.8	16.3
Equipment/Vehicles	1.4	1.3	0.1	0.1	1.5	1.4
Infrastructure	78.7	81.3	-	-	78.7	81.3
Total	108.5	112.0	0.7	0.7	109.2	112.7

# VILLAGE OF VERNON HILLS, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Capital Assets – Continued

This year's major additions included:

Equipment/Vehicles	<u>\$ 0.4</u>
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#### Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$23.5 million as compared to \$24.8 million the previous year, a decrease of 5.2 percent. The amount of Alternate Revenue General Obligation debt decreased \$1.3 million to a level of \$7.0 million, while the Tax Increment Revenue and General Obligation Bonds remained constant at \$7.0 million and \$9.5 million, respectively. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 9.5	9.5	-	-	9.5	9.5
Alternate Revenue Bonds	7.0	8.3	-	-	7.0	8.3
TIF Revenue Bonds/Notes	7.0	7.0	-	-	7.0	7.0
Total	23.5	24.8	-	-	23.5	24.8

The Village has \$7.0 million of Alternate Revenue General Obligation Bonds that were issued from 2004 through 2007. These bonds were originally issued for the construction of a new Village Hall, the construction of the Vernon Hills Athletic Complex, the acquisition and reconstruction of the Police Communications Center, and for Tax Increment District Infrastructure. Some of the Bonds that were originally issued in 2000 and 2001 were subsequently refunded in 2004 and 2005. The \$7.0 million Tax Increment Revenue Bond was issued in 2007.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

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#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Debt Administration – Continued

In February of 2012, the Village issued two General Obligation Bonds. The first Bond, for \$7,850,000 was used to refinance the \$5,963,000 of principal outstanding on the 3 Notes, plus accrued interest. The Bond had a True Interest Cost of 1.93% and a Weighted Average Maturity of 10.67 years. A second bond advance refunded \$1,500,000 of the 2006 Alternate Revenue General Obligation Bond with a \$1,625,000 General Obligation Bond Issue. The Net Present Value Benefit of the advanced refund was \$93,590, the True Interest Cost was 2.06% and the Weighted Average Maturity was 8.73 years. As part of the rating process, Moody's reconfirmed the Village's General Obligation Aaa rating for all of the Village's General Obligation and Alternate Revenue debt. Standard & Poor's rated all of the outstanding Alternate Revenue General Obligation Bonds issued from 2002 and 2007, and that rating was increased from an AA to an AA+ in May of 2013. Additional information on the Village of Vernon Hills' debt administration can be found in note 3 on pages 37 - 42 of this report.

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

The Village's elected and appointed officials considered many factors when setting and revising the fiscal-year 2013-14 budget, and fees that will be charged for its services. One of those factors is the economy. The average unemployment rate for calendar year 2012 for the Village of Vernon Hills 6.6%, which was lower than the 7.1% rate for 2011, the 7.9% rate for 2010 and the 7.4% rate in 2009, but higher than the 4.8% rate for 2008. The 6.6% unemployment rate for 2012 compares favorably to the Lake County unemployment rate for 2012 of 8.7% and the State of Illinois unemployment rate for 2012 of 8.9%. The U. S. Census Bureau 5-year (2007-2011) estimated household median income value for Vernon Hills is \$90,301 which is 113 percent of the Lake County level and 160 percent of the State of Illinois level. The Median Value of owner-occupied housing units (2007-2011) is \$348,900, 124% of the Lake County level and 176% of the State of Illinois level.

The Village does not levy a property tax. The Village's budget is heavily dependent on sales tax, the majority of which is generated by non-residents. For Calendar Year 2012, the total sales tax before economic incentive rebate was \$12.62 million. This was \$718 more than in Calendar Year 2011, representing a 6.0% increase. The most significant percentage increase by Standard Industrial Classification Code category was 41.3% or \$267 thousand increase in the category of Food, which increased from \$649 thousand in Calendar Year 2011 to \$917 thousand in Calendar Year 2012. It is also a 169% increase over Calendar Year 2010 when the level was \$341 thousand. The most significant dollar amount increase was in the category of Furniture and H.H. and Radio, which saw a \$384 thousand, increase from Calendar Year 2011 to a level of \$4.6 million; this was a 9.0% increase. The most significant dollar amount reduction from Calendar Year 2011 was in the category of Apparel which saw a \$73 thousand decline to a level of \$771 thousand in Calendar Year 2012.

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

**Management's Discussion and Analysis**  
**April 30, 2013**

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### **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.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Statement of Net Position  
Year Ended April 30, 2013**

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**See Following Page**

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position  
April 30, 2013

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 23,774,418	-	23,774,418
Receivables - Net of Allowances			
Taxes	4,331,018	-	4,331,018
Accounts	662,802	260	663,062
Accrued Interest	28,429	-	28,429
Prepays/Inventory	409,080	18,287	427,367
Internal Balances	245,115	(245,115)	-
Due from Other Governments	2,103,277	-	2,103,277
<b>Total Current Assets</b>	<b>31,554,139</b>	<b>(226,568)</b>	<b>31,327,571</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Nondepreciable Capital Assets	4,568,623	302,282	4,870,905
Depreciable Capital Assets	161,629,024	2,127,467	163,756,491
	166,197,647	2,429,749	168,627,396
Accumulated Depreciation	(57,680,402)	(1,778,128)	(59,458,530)
	108,517,245	651,621	109,168,866
<b>Other Assets</b>			
Net Pension Asset	183,257	-	183,257
<b>Total Noncurrent Assets</b>	<b>108,700,502</b>	<b>651,621</b>	<b>109,352,123</b>
<b>Total Assets</b>	<b>140,254,641</b>	<b>425,053</b>	<b>140,679,694</b>

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

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	339,205	5,549	344,754
Accrued Payroll	247,764	2,351	250,115
Accrued Interest Payable	222,785	-	222,785
Deposits Payable	887,025	-	887,025
Other Payables	1,180,283	6,691	1,186,974
Compensated Absences Payable	298,608	-	298,608
Current Portion of Long-Term Debt	950,000	-	950,000
Total Current Liabilities	<u>4,125,670</u>	<u>14,591</u>	<u>4,140,261</u>
Noncurrent Liabilities			
Compensated Absences Payable	1,194,433	-	1,194,433
Other Postemployment Benefit Payable	75,252	-	75,252
General Obligation Bonds Payable	9,445,000	-	9,445,000
TIF Revenue Bonds/Notes Payable	6,110,000	-	6,110,000
Alternate Revenue Bonds Payable	6,910,000	-	6,910,000
Total Noncurrent Liabilities	<u>23,734,685</u>	<u>-</u>	<u>23,734,685</u>
 Total Liabilities	 <u>27,860,355</u>	 <u>14,591</u>	 <u>27,874,946</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	85,102,245	651,621	85,753,866
Restricted - Public Safety	332,908	-	332,908
Restricted - Metra Parking	135,241	-	135,241
Restricted - Streets and Roads	2,058,890	-	2,058,890
Restricted - Capital	100,000	-	100,000
Unrestricted	24,665,002	(241,159)	24,423,843
 Total Net Position	 <u>112,394,286</u>	 <u>410,462</u>	 <u>112,804,748</u>

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Activities  
Year Ended April 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General Government	\$ 4,410,123	2,015,985	-	-
Public Safety	10,113,838	1,028,096	-	-
Streets and Roads	7,452,181	-	724,013	6,121
Culture and Recreation	270,899	225,229	-	-
Interest on Long-Term Debt	954,884	-	-	-
<b>Total Governmental Activities</b>	<b>23,201,925</b>	<b>3,269,310</b>	<b>724,013</b>	<b>6,121</b>
<b>Business-Type Activities</b>				
Golf Course	493,135	469,562	-	-
<b>Total Primary Government</b>	<b>23,695,060</b>	<b>3,738,872</b>	<b>724,013</b>	<b>6,121</b>

General Revenues  
 Taxes  
   Sales Tax  
   Utility Tax  
   Hotel/Motel Tax  
   911 Surcharge Tax  
   Road and Bridge Tax  
   Telecommunication Tax  
   Tax Increment Tax  
   Other Taxes  
 Intergovernmental - Unrestricted  
   State Income Tax  
 Interest Income  
 Miscellaneous

Change in Net Position  
 Net Position - Beginning as Restated  
 Net Position - Ending

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

Net Expense/Revenue		
Governmental Activities	Business-Type Activities	Total
(2,394,138)	-	(2,394,138)
(9,085,742)	-	(9,085,742)
(6,722,047)	-	(6,722,047)
(45,670)	-	(45,670)
(954,884)	-	(954,884)
(19,202,481)	-	(19,202,481)
-	(23,573)	(23,573)
(19,202,481)	(23,573)	(19,226,054)
10,547,878	-	10,547,878
1,418,186	-	1,418,186
323,334	-	323,334
343,609	-	343,609
200,903	-	200,903
1,335,120	-	1,335,120
1,048,583	-	1,048,583
486,456	-	486,456
2,376,128	-	2,376,128
98,374	55	98,429
44,992	-	44,992
18,223,563	55	18,223,618
(978,918)	(23,518)	(1,002,436)
113,373,204	433,980	113,807,184
112,394,286	410,462	112,804,748

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Balance Sheet - Governmental Funds  
April 30, 2013**

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	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 19,702,270
Receivables - Net of Allowances	
Taxes	4,211,290
Accounts	80,402
Accrued Interest	26,378
Other	1,550
Prepays	409,080
Due from Other Governments	2,103,277
Due from Other Funds	<u>1,293,484</u>
 Total Assets	 <u><u>27,827,731</u></u>
<b>LIABILITIES</b>	
Accounts Payable	304,788
Accrued Payroll	216,889
Deposits Payable	887,025
Due to Other Funds	100,000
Other Payables	<u>1,655,149</u>
Total Liabilities	<u><u>3,163,851</u></u>
<b>FUND BALANCES</b>	
Nonspendable	409,080
Restricted	258,942
Committed	58,561
Unassigned	<u>23,937,297</u>
Total Fund Balances	<u><u>24,663,880</u></u>
 Total Liabilities and Fund Balances	 <u><u>27,827,731</u></u>

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

Motor Fuel Tax	Tax Increment	Dispatch Center	VHAC Site Development	Total Governmental Funds
2,030,180	1,250,696	-	-	22,983,146
43,188	-	76,540	-	4,331,018
-	-	277,050	-	357,452
-	2,051	-	-	28,429
-	-	-	-	1,550
-	-	-	-	409,080
-	-	-	-	2,103,277
-	-	-	100,000	1,393,484
<b>2,073,368</b>	<b>1,252,747</b>	<b>353,590</b>	<b>100,000</b>	<b>31,607,436</b>
14,478	-	19,939	-	339,205
-	-	30,875	-	247,764
-	-	-	-	887,025
-	1,751,000	93,569	-	1,944,569
-	-	-	-	1,655,149
<b>14,478</b>	<b>1,751,000</b>	<b>144,383</b>	<b>-</b>	<b>5,073,712</b>
-	-	-	-	409,080
2,058,890	-	209,207	100,000	2,627,039
-	-	-	-	58,561
-	(498,253)	-	-	23,439,044
<b>2,058,890</b>	<b>(498,253)</b>	<b>209,207</b>	<b>100,000</b>	<b>26,533,724</b>
<b>2,073,368</b>	<b>1,252,747</b>	<b>353,590</b>	<b>100,000</b>	<b>31,607,436</b>

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

VILLAGE OF VERNON HILLS, ILLINOIS

Reconciliation of Total Governmental Fund Balance to  
Net Position of Governmental Activities

April 30, 2013

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<b>Total Governmental Fund Balances</b>	<b>\$ 26,533,724</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	108,517,245
Less: Internal Service Capital Assets	(510,459)
A net pension asset is not considered to represent a financial resource and therefore, is not reported in the funds.	183,257
Internal service funds are used by the Village to charge the costs of vehicle and equipment management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	2,401,731
Revenues not available to pay for current period expenditures are deferred in the funds.	474,866
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
General Obligation Bonds Payable	(9,460,000)
Revenue Bonds/Notes Payable	(7,000,000)
Alternate Revenue Source Bonds Payable	(6,955,000)
Compensated Absences Payable	(1,493,041)
Other Post-Employment Benefit Obligation Payable	(75,252)
Accrued Interest Payable	(222,785)
<b>Net Position of Governmental Activities</b>	<b><u>112,394,286</u></b>

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds  
Year Ended April 30, 2013**

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**See Following Page**

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
Year Ended April 30, 2013

	<u>General</u>
Revenues	
Taxes	\$ 16,643,549
Intergovernmental	6,121
Licenses and Permits	927,196
Charges for Services	1,314,018
Fines and Forfeits	350,405
Interest	95,550
Miscellaneous	44,992
Total Revenues	<u>19,381,831</u>
Expenditures	
Current	
General Government	3,498,692
Public Safety	7,585,680
Streets and Roads	3,978,167
Culture and Recreation	270,899
Capital Outlay	306,867
Debt Service	
Principal Retirement	1,315,000
Interest and Fiscal Charges	324,005
Total Expenditures	<u>17,279,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,102,521</u>
Other Financing Sources (Uses)	
Transfers In	804,757
Transfers Out	<u>(1,483,258)</u>
	<u>(678,501)</u>
Net Change in Fund Balances	1,424,020
Fund Balances - Beginning	<u>23,239,860</u>
Fund Balances - Ending	<u><u>24,663,880</u></u>

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

Motor Fuel Tax	Tax Increment	Dispatch Center	VHAC Site Development	Total Governmental Funds
-	1,048,583	343,609	-	18,035,741
724,013	-	-	-	730,134
-	-	-	-	927,196
-	-	677,691	-	1,991,709
-	-	-	-	350,405
(175)	371	2,628	-	98,374
-	-	-	-	44,992
723,838	1,048,954	1,023,928	-	22,178,551
-	-	-	-	3,498,692
-	-	2,193,226	-	9,778,906
818,818	-	-	-	4,796,985
-	-	-	-	270,899
-	-	-	24,790	331,657
-	-	-	-	1,315,000
-	611,043	-	-	935,048
818,818	611,043	2,193,226	24,790	20,927,187
(94,980)	437,911	(1,169,298)	(24,790)	1,251,364
-	104,753	1,378,505	-	2,288,015
-	-	-	(804,757)	(2,288,015)
-	104,753	1,378,505	(804,757)	-
(94,980)	542,664	209,207	(829,547)	1,251,364
2,153,870	(1,040,917)	-	929,547	25,282,360
2,058,890	(498,253)	209,207	100,000	26,533,724

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

VILLAGE OF VERNON HILLS, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities

Year Ended April 30, 2013

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,251,364</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	301,690
Depreciation Expense	(3,770,539)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	44,456
An increase in a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	1,463
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Retirement of Long-Term Debt	1,315,000
Additions to Compensated Absences Payable	(75,323)
Additions to Other Post-Employment Benefit Obligation Payable	(38,590)
Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(19,836)
Internal service funds are used by the Village to charge the costs of liability insurance and vehicle and equipment management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>11,397</u>
<b>Changes in Net Position of Governmental Activities</b>	<b><u><u>(978,918)</u></u></b>

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
April 30, 2013**

	Business-Type Activities - Enterprise Golf Course	Governmental Activities Internal Service Equipment Replacement
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ -	791,272
Receivables - Accounts	260	-
Inventory	16,768	-
Due from Other Funds	-	1,100,000
Prepays	1,519	-
Total Current Assets	<u>18,547</u>	<u>1,891,272</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable Capital Assets	302,282	-
Depreciable Capital Assets	2,127,467	1,717,102
	<u>2,429,749</u>	<u>1,717,102</u>
Accumulated Depreciation	(1,778,128)	(1,206,643)
Total Noncurrent Assets	<u>651,621</u>	<u>510,459</u>
Total Assets	<u>670,168</u>	<u>2,401,731</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	5,549	-
Accrued Payroll	2,351	-
Due to Other Funds	245,115	-
Other Payables	6,691	-
Total Current Liabilities	<u>259,706</u>	<u>-</u>
<b>NET POSITION</b>		
Investment in Capital Assets	651,621	510,459
Unrestricted	<u>(241,159)</u>	<u>1,891,272</u>
Total Net Position	<u>410,462</u>	<u>2,401,731</u>

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
 Year Ended April 30, 2013

	Business-Type Activities - Enterprise <u>Golf Course</u>	Governmental Activities <u>Internal Service Equipment Replacement</u>
Operating Revenues		
Charges for Services	\$ 469,562	139,472
Operating Expenses		
Operations	422,246	34,744
Depreciation	66,837	93,331
Total Operating Expenses	<u>489,083</u>	<u>128,075</u>
Operating Income (Loss)	<u>(19,521)</u>	<u>11,397</u>
Nonoperating Revenues (Expenses)		
Interest Income	55	-
Other Expenses	(2,249)	-
Interest Expense	(1,803)	-
	<u>(3,997)</u>	<u>-</u>
Change in Net Position	(23,518)	11,397
Net Position - Beginning	<u>433,980</u>	<u>2,390,334</u>
Net Position - Ending	<u>410,462</u>	<u>2,401,731</u>

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Cash Flows - Proprietary Funds  
Year Ended April 30, 2013

	Business-Type Activities - Enterprise Golf Course	Governmental Activities Internal Service Equipment Replacement
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 472,591	139,472
Payments to Suppliers and Employees	(470,843)	(34,744)
	<u>1,748</u>	<u>104,728</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	-	(66,058)
Interest on Capital Debt	(1,803)	-
	<u>(1,803)</u>	<u>(66,058)</u>
Cash Flows from Investing Activities		
Interest Received	55	-
	<u>55</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	-	38,670
Cash and Cash Equivalents - Beginning	-	752,602
	<u>-</u>	<u>752,602</u>
Cash and Cash Equivalents - Ending	-	791,272
	<u>-</u>	<u>791,272</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income (Loss)	(19,521)	11,397
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	66,837	93,331
Other Expenses	(2,249)	-
(Increase) Decrease in Current Assets	3,029	-
Increase (Decrease) in Current Liabilities	(46,348)	-
	<u>21,269</u>	<u>93,331</u>
Net Cash Provided by Operating Activities	<u>1,748</u>	<u>104,728</u>

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

VILLAGE OF VERNON HILLS, ILLINOIS

Trust and Agency Funds

Statement of Fiduciary Net Position  
April 30, 2013

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	Pension Trust	Agency
	Police Pension	Development
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 773,831	45,798
Investments		
U.S. Government and Agency Securities	1,194,474	-
Municipal Bonds	1,834,944	-
Corporate Bonds	10,883,586	-
Common Stocks	6,274,219	-
Mutual Funds	12,701,633	-
Receivables		
Accrued Interest	4,573	-
Total Assets	<u>33,667,260</u>	<u>45,798</u>
<b>LIABILITIES</b>		
Liabilities		
Due to Other Funds	303,800	-
Account Payable	7,613	-
Deposits Payable	-	45,798
Total Liabilities	<u>311,413</u>	<u>45,798</u>
<b>NET POSITION</b>		
Held in Trust for Pension Benefits	<u>33,355,847</u>	-

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Pension Trust Fund - Police Pension**

**Statement of Changes in Fiduciary Net Position  
Year Ended April 30, 2013**

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Additions	
Contributions - Employer	\$ 1,176,050
Contributions - Plan Members	304,747
Total Contributions	<u>1,480,797</u>
Investment Income	
Interest Earned	(4,002)
Net Change in Fair Value	2,955,294
	<u>2,951,292</u>
Less Investment Expenses	(40,379)
Net Investment Income	<u>2,910,913</u>
Total Additions	<u>4,391,710</u>
Deductions	
Administration	37,736
Benefits and Refunds	1,251,566
	<u>1,289,302</u>
Total Deductions	<u>1,289,302</u>
Change in Net Position	3,102,408
Net Position - Beginning	<u>30,253,439</u>
Net Position - Ending	<u>33,355,847</u>

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

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Vernon Hills Illinois, incorporated in 1958, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police 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 government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

### REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Vernon Hills
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

### Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board.

The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, streets and road maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's golf course services are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, streets and roads, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc).

The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Government-Wide Statements – Continued

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

##### Fund Financial Statements

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

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds

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

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three major special revenue funds, the Motor Fuel Tax Fund, the Tax Increment Fund and the Dispatch Center Fund. 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 restricted motor fuel tax funds. The Tax Increment Fund is used to account for the financing of improvements in the Village's Tax Increment Financing Redevelopment Project Area. Financing is being provided by restricted incremental revenues from real property taxes. The Dispatch Center Fund is used to account for the revenues and expenditures related to providing dispatch services. Financing is being provided by a 911 surcharge and charges for services.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains one major capital projects funds, the VHAC Site Development Fund. The VHAC Site Development Fund is used to account for the costs to improve a VHAC site located in the center of the Village.

##### Proprietary Funds

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

**Enterprise funds** are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Golf Fund, which is used to account for the transactions of the municipal golf course.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Proprietary Funds – Continued

**Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains one internal service fund, the Equipment Replacement Fund, which accounts for the accumulation of funds to replace large equipment. Departments are charged for the use of the equipment.

##### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

**Pension trust funds** are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

**Agency funds** are used to account for assets held by the Village in a purely custodial capacity. The Development Fund accounts for refundable deposits held by the Village to ensure the completion of public improvements by private developers.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

##### Measurement Focus

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

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Measurement Focus – Continued

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

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

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

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

##### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

###### Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

##### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

###### Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, 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.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

###### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### **Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### **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.

##### **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 reported at fair market value as of the date received. 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.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Capital Assets – Continued**

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 capitalized at estimated fair market value on the date donated. Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

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

**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 the Financial Statements April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures/expenses at the time of issuance.

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

##### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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. The Village adopts annual budgets for the general, special revenue, capital projects, and internal service fund types.

#### EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Dispatch Center	\$ 51,873

#### DEFICIT FUND EQUITY

The following funds had deficit fund equity as of April 30, 2013:

Fund	Deficit
Tax Increment	\$ 498,253

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### DEPOSITS AND INVESTMENTS

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.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

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

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net position.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (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.

##### **Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental, business-type, and agency activities totaled \$2,001,777 and the bank balances totaled \$2,257,150.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Investments.* The Village has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
U.S. Treasury Notes	\$ -	-	-
U.S. Treasury Bonds	2,995,310	999,470	1,995,840
Federal National Mortgage Assoc	500,325	500,325	-
Federal Home Loan Banks	2,017,380	-	2,017,380
Farmers Federal Credit Bureau	4,508,005	-	4,508,005
Corporate Issues	1,508,540	-	1,508,540
Illinois Funds	9,718,238	9,718,238	-
Illinois Metropolitan Investment Trust	524,843	524,843	-
	<u>21,772,641</u>	<u>11,742,876</u>	<u>10,029,765</u>

*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. Government Agencies maturing no later than 7 years after the date of purchase; provided that no more than 20% of the Village’s portfolio in U.S. Government Agencies maturing more than 3 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.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the Village's investment policy further states that safety of principal is the foremost objective of the investment program. At year-end, the Village's investments in U.S. Agency Securities were rated AAA by Standard & Poor's and the Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's and the Village's investment in the Illinois Metropolitan Investment Convenience and 1-3 Year Funds were rated AAf and Aaf by Standard & Poor's, respectively.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that collateralization will be required of all certificates of deposit, 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 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 year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy requires that all investments be held by an independent third-party custodian. At year-end, the Village's investments in U.S. Government Agencies are all insured or registered with the Village or its agent in the Village's name and the Village's investment in the Illinois Fund and the Illinois Metropolitan Investment Trust are noncategorizable. Additionally, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that the Village will diversify its investments by security type and institution. 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.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Concentration Risk – Continued.* 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. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Funds.

**Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Fund’s deposits totaled \$773,831 and the bank balances totaled \$778,355.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Note	\$ 122,028	-	122,028	-	-
U.S. Treasury Bond	354,665	-	-	-	354,665
Federal Home Loan Mortgage Corp	50,820	50,820	-	-	-
Government National Mortgage Assoc	19,245	-	3,594	4,581	11,070
Federal National Mortgage Assoc	272,559	-	158,063	-	114,496
Farmers Federal Credit Bureau	300,976	-	300,976	-	-
Tennessee Valley Authority	74,181	-	-	-	74,181
Municipal Bonds	1,834,944	-	100,286	1,323,418	411,240
Corporate Bonds	10,883,586	-	5,936,802	4,226,751	720,033
	<u>13,913,004</u>	<u>50,820</u>	<u>6,621,749</u>	<u>5,554,750</u>	<u>1,685,685</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Interest Rate Risk.* In accordance with the Fund’s investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk.* The Fund’s investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund’s investments in U.S. Government and Agency securities, municipal bonds and corporate bonds were all rated AAA rated by Standard & Poor’s.

*Custodial Credit Risk.* The Fund’s investment policy does not mitigate custodial credit risk. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund’s investment in U.S. Treasury and Agency securities as well as municipal bonds are categorized as insured, registered, or held by the Fund or its agent in the Fund’s name.

*Concentration Risk.* The Fund’s investment policy states that the following asset allocation guidelines are to be followed:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Common Stocks	95%	98%	100%
Cash and Equivalents		2%	5%

The Fund’s investment policy also states that the portfolio should be allocated appropriately between equity and fixed-income portfolios, and other such investment mediums, which the Fund deems appropriate and prudent, and within the constraints of state law. At year-end, the Fund is in compliance with the guidelines outlined above. In addition to the securities and fair values listed above, the Fund also has \$6,274,219 invested in common stock and \$12,701,633 invested in mutual funds. At year-end the Fund has no investment in any single issuer over 5% of total cash and investments (other than U.S. Government guaranteed obligations).

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 4,568,623	-	-	4,568,623
<b>Depreciable Capital Assets</b>				
Land Improvements	13,613,280	23,250	-	13,636,530
Buildings and Improvements	22,639,674	-	-	22,639,674
Equipment/Vehicles	4,548,601	341,142	95,326	4,794,417
Infrastructure	120,555,047	3,356	-	120,558,403
	<u>161,356,602</u>	<u>367,748</u>	<u>95,326</u>	<u>161,629,024</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	4,907,102	532,700	-	5,439,802
Buildings and Improvements	6,462,249	506,151	-	6,968,400
Equipment/Vehicles	3,172,093	315,480	95,326	3,392,247
Infrastructure	39,370,414	2,509,539	-	41,879,953
	<u>53,911,858</u>	<u>3,863,870</u>	<u>95,326</u>	<u>57,680,402</u>
Total Net Depreciable Capital Assets	<u>107,444,744</u>	<u>(3,496,122)</u>	<u>-</u>	<u>103,948,622</u>
Total Net Capital Assets	<u>112,013,367</u>	<u>(3,496,122)</u>	<u>-</u>	<u>108,517,245</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 767,551
Public Safety	336,395
Streets and Roads	2,666,593
Equipment Replacement	<u>93,331</u>
	<u><u>3,863,870</u></u>

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS – Continued

#### Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 302,282	-	-	302,282
Depreciable Capital Assets				
Land Improvements	745,882	-	-	745,882
Buildings and Improvements	1,019,002	-	-	1,019,002
Equipment/Vehicles	362,583	-	-	362,583
	<u>2,127,467</u>	-	-	<u>2,127,467</u>
Less Accumulated Depreciation				
Land Improvements	617,929	20,522	-	638,451
Buildings and Improvements	790,328	30,490	-	820,818
Equipment/Vehicles	303,034	15,825	-	318,859
	<u>1,711,291</u>	<u>66,837</u>	-	<u>1,778,128</u>
Total Net Depreciable Capital Assets	<u>416,176</u>	<u>(66,837)</u>	-	<u>349,339</u>
Total Net Capital Assets	<u>718,458</u>	<u>(66,837)</u>	-	<u>651,621</u>

Depreciation expense was charged to business-type activities as follows:

Golf	<u>\$ 66,837</u>
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#### PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2013, 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, 2013, and September 1, 2013. The County collects such taxes and remits them periodically. The Village has not levied taxes for the current or any of the prior ten fiscal years.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Balances**

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Tax Increment	\$ 651,000
General	Dispatch Center	93,569
General	Golf Course	245,115
General	Police Pension	303,800
VHAC Site Development	General	100,000
Equipment Replacement	Tax Increment	<u>1,100,000</u>
		<u><u>2,493,484</u></u>

Interfund balances are advances in anticipation of receipts.

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	VHAC Site Development	\$ 804,757
Dispatch Center	General	1,378,505
Tax Increment	General	<u>104,753</u>
		<u><u>2,288,015</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$7,850,000 General Obligation Bonds of 2012A - Due in annual installments of \$300,000 to \$1,000,000 plus interest at 2.00% to 2.25% through December 30, 2026.	Tax Increment	\$ 7,850,000	-	-	7,850,000
\$1,625,000 General Obligation Bonds of 2012B - Due in annual installments of \$15,000 to \$155,000 plus interest at 2.00% to 2.40% through March 30, 2026.	General	1,625,000	-	15,000	1,610,000
		<u>9,475,000</u>	<u>-</u>	<u>15,000</u>	<u>9,460,000</u>

**Alternate Revenue Bonds**

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$4,595,000 Alternate Revenue Bonds of 2002 - Due in annual installments of \$5,000 to \$480,000 plus interest at 1.75% to 3.75% through March 30, 2013.	General	\$ 480,000	-	480,000	-

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Alternate Revenue Bonds – Continued**

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$3,540,000 Alternate Revenue Refunding Bonds of 2004 - Due in annual installments of \$35,000 to \$390,000 plus interest at 3.00% to 4.00% through March 30, 2018.	General	\$ 2,160,000	-	335,000	1,825,000
\$3,790,000 Alternate Revenue Refunding Bonds of 2005 - Due in annual installments of \$15,000 to \$390,000 plus interest at 3.00% to 4.125% through March 30, 2021.	General	2,955,000	-	275,000	2,680,000
\$2,050,000 Alternate Revenue Bonds of 2006 - Due in annual installments of \$45,000 to \$160,000 plus interest at 3.75% to 4.050% through March 30, 2026.	General	185,000	-	90,000	95,000
\$2,000,000 Alternate Revenue Bonds of 2007 - Due in annual installments of \$95,000 to \$220,000 plus interest at 4.00% to 4.125% through March 30, 2027.	General	1,475,000	-	120,000	1,355,000

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Alternate Revenue Bonds – Continued**

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,000,000 Alternate Revenue Bonds of 2007 - Due in annual installments of \$75,000 to \$200,000 plus interest at 4.00% to 4.125% through March 30, 2025.	Tax Increment	1,000,000	-	-	1,000,000
		8,255,000	-	1,300,000	6,955,000

**TIF Revenue Bonds/Notes**

The Village issues bonds where the incremental tax income derived from a separately created tax increment financing district is pledged. These bonds/notes are not an obligation of the government and are secured by the incremental tax revenue generated within the district. Tax increment bonds outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$7,000,000 Senior Lien Tax Increment Revenue Bonds of 2007 - Due in annual installments of \$90,000 to \$1,375,000 plus interest at 5.50% to 6.25% through December 30, 2026.	Tax Increment	\$ 7,000,000	-	-	7,000,000

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity**

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

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 1,417,718	150,646	75,323	1,493,041	298,608
General Obligation Bonds	9,475,000	-	15,000	9,460,000	15,000
Alternate Revenue Bonds	8,255,000	-	1,300,000	6,955,000	845,000
TIF Revenue Bonds/Notes	7,000,000	-	-	7,000,000	90,000
Net Other Post-Employment Benefit Obligation	36,662	38,590	-	75,252	-
	<u>26,184,380</u>	<u>189,236</u>	<u>1,390,323</u>	<u>24,983,293</u>	<u>1,248,608</u>

For governmental activities, compensated absences and the net other post-employment benefit obligation are generally liquidated by the General Fund. Payments on the alternate revenue bonds are made by the General Fund and Tax Increment Fund. The Tax Increment Fund makes payments on the TIF revenue bonds/notes.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending April 30	Governmental Activities					
	General Obligation Bonds		Alternate Revenue Bonds		TIF Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 15,000	196,000	845,000	276,665	90,000	428,688
2015	115,000	195,700	775,000	244,633	195,000	423,738
2016	115,000	193,400	815,000	214,858	260,000	413,013
2017	420,000	191,100	845,000	183,170	295,000	398,713
2018	575,000	182,700	885,000	149,369	335,000	382,488
2019	725,000	171,200	510,000	113,969	375,000	364,063
2020	780,000	156,700	535,000	93,214	420,000	340,625
2021	805,000	141,100	560,000	71,354	465,000	314,375
2022	865,000	125,000	175,000	48,466	520,000	285,313
2023	895,000	107,700	185,000	41,379	575,000	252,813
2024	945,000	89,510	195,000	33,886	635,000	216,875
2025	1,050,000	70,320	200,000	25,988	695,000	177,168
2026	1,155,000	48,720	210,000	17,738	765,000	133,750
2027	1,000,000	22,500	220,000	9,074	1,375,000	85,951
	<u>9,460,000</u>	<u>1,891,650</u>	<u>6,955,000</u>	<u>1,523,763</u>	<u>7,000,000</u>	<u>4,217,573</u>

**Legal Debt Margin**

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. “The General Assembly may limit by law the amount and require referendum approval of debt to 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 500,000 an aggregate of one percent:...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.” To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Defeased Debt

In prior years the government defeased bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased bonds outstanding as of date of this report are as follows:

Fiscal Year Ended April 30	2000 Alternate Revenue Bonds	2001 Alternate Revenue Bonds	2006 Alternate Revenue Bonds	Total
2014	\$ 325,000	270,000	95,000	690,000
2015	340,000	285,000	100,000	725,000
2016	360,000	305,000	105,000	770,000
2017	380,000	320,000	110,000	810,000
2018	400,000	340,000	115,000	855,000
2019	-	355,000	120,000	475,000
2020	-	375,000	125,000	500,000
2021	-	395,000	135,000	530,000
2022	-	-	140,000	140,000
2023	-	-	145,000	145,000
2024	-	-	150,000	150,000
2025	-	-	160,000	160,000
	<u>1,805,000</u>	<u>2,645,000</u>	<u>1,500,000</u>	<u>5,950,000</u>

#### FUND EQUITY

##### Net Position Restatement

Beginning net position for the Governmental Activities was decreased by \$688,490 (\$114,061,694 to \$113,373,204) to correct errors in recognition of compensated absences.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND EQUITY

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2013:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation		\$ 108,517,245
Less Capital Related Debt:		
General Obligation Bonds of 2012A	(7,850,000)	
General Obligation Bonds of 2012B	(1,610,000)	
Alternate Revenue Refunding Bonds of 2004	(1,825,000)	
Alternate Revenue Refunding Bonds of 2005	(2,680,000)	
Alternate Revenue Bonds of 2006	(95,000)	
Alternate Revenue Bonds of 2007	(1,355,000)	
Alternate Revenue Bonds of 2007	(1,000,000)	
Senior Lien TIF Revenue Bonds of 2007	(7,000,000)	<u>(23,415,000)</u>
Net Investment in Capital Assets		<u>85,102,245</u>
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		<u>651,621</u>

Fund Balance Classifications

**Committed Fund Balance.** The Village reports committed fund balance in the General Fund, a major fund. Board ordinance approval is required to establish, modify or rescind a fund balance commitment. The Village Board has committed these funds for future summer celebration costs through formal Board action (Board ordinance) as part of the annual budget process.

**Minimum Fund Balance Policy.** The Village's policy states that the General Fund should maintain a minimum unrestricted fund balance not less than 67% of annual operating and debt service expenditures. For the Motor Fuel Tax Fund, minimum fund balance should equal 67% of the annual budgeted road program.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND EQUITY – Continued**

**Fund Balance Classifications – Continued**

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Motor Fuel Tax	Tax Increment	Dispatch Center	VHAC Site Development	Total
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Prepays	\$ 409,080	-	-	-	-	409,080
<b>Restricted</b>						
Drug Forfeiture	23,132	-	-	-	-	23,132
DUI Fines	100,569	-	-	-	-	100,569
RTA Metra	135,241	-	-	-	-	135,241
Motor Fuel Taxes	-	2,058,890	-	-	-	2,058,890
911 Surcharge	-	-	-	209,207	-	209,207
Capital Projects	-	-	-	-	100,000	100,000
	258,942	2,058,890	-	209,207	100,000	2,627,039
<b>Committed</b>						
Summer Celebration	58,561	-	-	-	-	58,561
<b>Unassigned</b>	23,937,297	-	(498,253)	-	-	23,439,044
<b>Total Fund Balances</b>	24,663,880	2,058,890	(498,253)	209,207	100,000	26,533,724

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

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

### **Notes to the Financial Statements April 30, 2013**

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#### **NOTE 4 – OTHER INFORMATION**

##### **RISK MANAGEMENT**

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

##### **Illinois Municipal League Risk Management Association (IMLRMA)**

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

##### **CONTINGENT LIABILITIES**

###### **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.

###### **Grants**

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

## VILLAGE OF VERNON HILLS, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; and the Police Pension Plan that is a single-employer pension plan. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The Police Pension plan also issues a separate report that may be obtained by writing the Village at 290 Evergreen Drive, Vernon Hills, IL 60061-2999. The benefit, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

#### Plan Descriptions, Provisions and Funding Policies

##### Illinois Municipal Retirement System

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. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2012 was 12.15 percent.

##### Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

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NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	16
Current Employees	
Vested	36
Nonvested	6
	<u>58</u>

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Summary of Significant Accounting Policies and Plan Asset Matters

###### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

###### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

###### Significant Investments

There are no investments (other than U.S. Government and U.S. Government-guaranteed obligations) in the police pension fund that represent 5 percent or more of net position available for benefits for the Police Pension Fund. Information for IMRF is not available.

###### Related Party Transactions

There are no securities of the employer or any other related parties included in net position.

###### Annual Pension Cost and Net Pension Obligation

There was no net pension obligation for the IMRF plan. The pension liability for the Police Pension plan is as follows:

Annual Required Contribution	\$ 1,175,962
Interest on the NPO (NPA)	(10,880)
Adjustment to the ARC	<u>9,505</u>
Annual Pension Cost	1,174,587
Actual Contribution	<u>1,176,050</u>
Change in NPO (NPA)	(1,463)
NPO (NPA) Beginning of Year	<u>(181,794)</u>
NPO (NPA) End of Year	<u><u>(183,257)</u></u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Annual Pension Cost and Net Pension Obligation – Continued**

The annual pension costs for the current year and related information for each plan is as follows:

	IMRF	Police Pension
Contribution Rates		
Employer	12.15%	31.71%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/12	4/30/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	29 Years
Asset Valuation Method	5-Year Smoothed Market	Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	6.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	5.00%
Inflation Rate Included	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Year	IMRF	Police Pension
Annual Pension Cost (APC)	2011	\$ 543,407	\$ 1,172,154
	2012	469,056	1,234,315
	2013	550,462	1,174,587
Actual Contributions	2011	543,407	1,173,015
	2012	469,056	1,235,740
	2013	550,462	1,176,050
Percentage of APC Contributed	2011	100.00%	100.07%
	2012	100.00%	100.12%
	2013	100.00%	100.12%
Net Pension Obligation (Asset)	2011	-	(180,369)
	2012	-	(181,794)
	2013	-	(183,257)

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

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NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	IMRF	Police Pension
Actuarial Valuation Date	12/31/12	4/30/2012
Percent Funded	78.52%	69.50%
Actuarial Accrued Liability for Benefits	\$14,976,630	\$43,547,349
Actuarial Value of Assets	\$11,759,488	\$30,253,439
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$3,217,142)	(\$13,293,910)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$4,530,555	\$3,896,995
Ratio of UAAL to Covered Payroll	71.01%	341.13%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

**Plan Descriptions, Provisions and Funding Policies**

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the Village's health insurance 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. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2013, retirees contributed \$168,942. Active employees do not contribute to the plan until retirement.

At April 30, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	17
Active Employees	<u>92</u>
Total	<u>109</u>
Participating Employers	1

The Village does not currently have a funding policy.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of April 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 131,481
Interest on the NPO	1,466
Adjustment to the ARC	<u>(1,222)</u>
Annual OPEB Cost	131,725
Actual Contribution	<u>93,135</u>
Increase in the NPO	38,590
NPO - Beginning of Year	<u>36,662</u>
NPO - End of Year	<u><u>75,252</u></u>

**Trend Information**

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year Ended April 30	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 40,305	\$ 29,280	72.65%	\$ 29,007
2012	36,935	29,280	79.27%	36,662
2013	131,725	93,135	70.70%	75,252

# VILLAGE OF VERNON HILLS, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of April 30, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,354,030
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	2,354,030
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	8,153,057
UAAL as a Percentage of Covered Payroll	28.87%

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

##### Actuarial Methods and Assumptions

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

In the April 30, 2012 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of a 3.0% inflation assumption), and an initial annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- **Schedule of Funding Progress and Employer Contributions**
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Other Post-Employment Benefit Plan
  
- **Budgetary Comparison Schedules**
  - General Fund
  - Motor Fuel Tax – Special Revenue Fund
  - Tax Increment – Special Revenue Fund
  - Dispatch Center – Special Revenue Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions**

**April 30, 2013**

**Funding Progress**

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 10,680,129	\$ 11,661,773	91.58%	\$ 981,644	\$ 4,660,130	21.06%
2008	10,642,292	12,966,090	82.08%	2,323,798	4,892,877	47.49%
2009	11,357,793	13,681,409	83.02%	2,323,616	4,876,175	47.65%
2010	9,495,173	12,554,707	75.63%	3,059,534	4,737,639	64.58%
2011	10,598,559	13,753,117	77.06%	3,154,558	4,311,176	73.17%
2012	11,759,488	14,976,630	78.52%	3,217,142	4,530,555	71.01%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 473,469	\$ 473,469	100.00%
2009	496,138	496,138	100.00%
2010	486,155	486,155	100.00%
2011	543,407	543,407	100.00%
2012	469,056	469,056	100.00%
2013	550,462	550,462	100.00%

VILLAGE OF VERNON HILLS, ILLINOIS

Police Pension Fund

Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions

April 30, 2013

Funding Progress

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 21,298,773	\$ 28,615,642	74.43%	\$ 7,316,869	\$ 3,781,975	193.47%
2008	22,655,488	31,354,529	72.26%	8,699,041	4,036,335	215.52%
2009	20,963,621	32,525,826	64.45%	11,562,205	3,879,642	298.02%
2010	24,471,159	35,953,751	68.06%	11,482,592	3,930,392	292.15%
2011	28,144,315	37,414,340	75.22%	9,270,025	3,841,881	241.29%
2012	30,253,439	43,547,349	69.47%	13,293,910	3,896,995	341.13%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 921,600	\$ 919,834	100.19%
2009	998,400	940,292	106.18%
2010	1,082,676	1,042,676	103.84%
2011	1,173,015	1,172,743	100.02%
2012	1,235,740	1,235,724	100.00%
2013	1,176,050	1,175,962	100.01%

VILLAGE OF VERNON HILLS, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions

April 30, 2013

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
Apr. 30						
2007	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	562,121	0%	562,121	8,755,817	6.42%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	2,354,030	0%	2,354,030	8,153,057	28.87%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	29,280	37,568	77.94%
2010	29,280	37,096	78.93%
2011	29,280	39,322	74.46%
2012	29,280	36,742	79.69%
2013	93,135	131,481	70.84%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for other years is not available. The Village is required to have the actuarial valuation performed triennially.

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 16,258,648	16,258,648	16,643,549
Intergovernmental	17,000	17,000	6,121
Licenses, Permits and Fees	846,350	846,350	927,196
Charges for Services	1,266,112	1,266,112	1,314,018
Fines and Forfeitures	253,000	253,000	350,405
Investment Income	404,000	404,000	95,550
Miscellaneous	178,000	178,000	44,992
<b>Total Revenues</b>	<u>19,223,110</u>	<u>19,223,110</u>	<u>19,381,831</u>
<b>Expenditures</b>			
General Government	3,515,964	3,687,180	3,498,692
Public Safety	9,198,530	7,901,905	7,585,680
Streets and Roads	4,375,916	4,457,782	3,978,167
Culture and Recreation	270,340	295,957	270,899
Capital Outlay	191,500	556,564	306,867
Debt Service			
Principal Retirement	1,300,000	1,300,000	1,315,000
Interest and Fiscal Charges	346,173	346,173	324,005
<b>Total Expenditures</b>	<u>19,198,423</u>	<u>18,545,561</u>	<u>17,279,310</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>24,687</u>	<u>677,549</u>	<u>2,102,521</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	804,757
Transfers Out	(93,000)	(1,267,912)	(1,483,258)
	<u>(93,000)</u>	<u>(1,267,912)</u>	<u>(678,501)</u>
<b>Net Change in Fund Balance</b>	<u>(68,313)</u>	<u>(590,363)</u>	1,424,020
<b>Fund Balance - Beginning</b>			<u>23,239,860</u>
<b>Fund Balance - Ending</b>			<u>24,663,880</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

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	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 735,223	735,223	724,013
Interest	20,000	20,000	(175)
Total Revenues	<u>755,223</u>	<u>755,223</u>	<u>723,838</u>
Expenditures			
Streets and Roads			
Capital Outlay	<u>1,162,000</u>	<u>1,192,720</u>	<u>818,818</u>
Net Change in Fund Balance	<u>(406,777)</u>	<u>(437,497)</u>	(94,980)
Fund Balance - Beginning			<u>2,153,870</u>
Fund Balance - Ending			<u>2,058,890</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Tax Increment - Special Revenue Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Tax Increment Financing	\$ 930,000	930,000	1,048,583
Interest	-	-	371
Total Revenues	<u>930,000</u>	<u>930,000</u>	<u>1,048,954</u>
Expenditures			
Economic Development			
Contractual Services	1,800	1,800	-
Debt Service			
Interest and Fiscal Charges	740,222	740,000	611,043
Total Expenditures	<u>742,022</u>	<u>741,800</u>	<u>611,043</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	187,978	188,200	437,911
Other Financing Sources			
Transfers In	93,000	93,000	104,753
Net Change in Fund Balance	<u>280,978</u>	<u>281,200</u>	542,664
Fund Balance - Beginning			<u>(1,040,917)</u>
Fund Balance - Ending			<u>(498,253)</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Dispatch Center - Special Revenue Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
911 Surcharge	\$ 315,370	315,370	343,609
Charges for Services	-	255,422	677,691
Interest	3,090	3,090	2,628
Total Revenues	<u>318,460</u>	<u>573,882</u>	<u>1,023,928</u>
Expenditures			
Public Safety			
Personal Services	-	1,325,366	1,311,940
Contractual Services	210,260	473,328	431,660
Commodities	-	6,300	4,876
Contingencies	85,000	85,000	-
Equipment	3,500	251,359	444,750
Total Expenditures	<u>298,760</u>	<u>2,141,353</u>	<u>2,193,226</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,700	(1,567,471)	(1,169,298)
Other Financing Sources			
Transfers In	-	1,232,912	1,378,505
Net Change in Fund Balance	<u>19,700</u>	<u>(334,559)</u>	209,207
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u><u>209,207</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds  
General Fund  
VHAC Site Development – Capital Projects Fund
- Budgetary Comparison Schedule – Internal Service Fund  
Equipment Replacement Fund
- Statement of Changes in Assets and Liabilities – Agency Fund  
Development Fund

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

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## **GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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## **SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

### **Motor Fuel Tax Fund**

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.

### **Tax Increment Fund**

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

### **Dispatch Center Fund**

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

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## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds account for all resources used for the acquisition of capital assets by the Village, except those financed by Proprietary and Trust Funds, including general and infrastructure capital assets.

### **VHAC Site Development Fund**

The VHAC Site Development Fund is used to account for the costs to improve a VHAC site located in the center of the Village. This site will be used for a multitude of athletic and recreational purposes.

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

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## **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.

### **Golf Course Fund**

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

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## **INTERNAL SERVICE FUND**

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.

### **Equipment Replacement 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.

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## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUND**

#### **Police Pension Fund**

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

#### **AGENCY FUND**

#### **Development Fund**

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

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**VILLAGE OF VERNON HILLS, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Sales Tax	\$ 10,412,000	10,412,000	10,503,422
Utility Tax	1,460,000	1,460,000	1,418,186
Telecommunication Tax	1,342,000	1,342,000	1,335,120
State Income Tax	2,014,063	2,014,063	2,376,128
Other Taxes	498,785	498,785	486,456
Hotel/Motel Taxes	320,000	320,000	323,334
Road and Bridge Tax	211,800	211,800	200,903
	<u>16,258,648</u>	<u>16,258,648</u>	<u>16,643,549</u>
<b>Intergovernmental - Grants</b>	<u>17,000</u>	<u>17,000</u>	<u>6,121</u>
<b>Licenses, Permits and Fees</b>	<u>846,350</u>	<u>846,350</u>	<u>927,196</u>
<b>Charges for Services</b>			
Fees and Charges for Services	1,046,112	1,046,112	996,669
Event Fees and Charges for Services	110,000	110,000	130,841
Developer Fees	-	-	92,120
Summer Celebration Fees	110,000	110,000	94,388
	<u>1,266,112</u>	<u>1,266,112</u>	<u>1,314,018</u>
<b>Fines and Forfeitures</b>	<u>253,000</u>	<u>253,000</u>	<u>350,405</u>
<b>Investment Income</b>	<u>404,000</u>	<u>404,000</u>	<u>95,550</u>
<b>Miscellaneous</b>			
Donations	27,000	27,000	36,150
Other	151,000	151,000	8,842
	<u>178,000</u>	<u>178,000</u>	<u>44,992</u>
<b>Total Revenues</b>	<u><u>19,223,110</u></u>	<u><u>19,223,110</u></u>	<u><u>19,381,831</u></u>

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>General Government</b>			
Administration			
Personal Services	\$ 961,639	950,334	948,710
Contractual Services	969,246	967,466	929,738
Commodities	28,860	28,860	21,757
Equipment	20,471	65,194	56,216
	<u>1,980,216</u>	<u>2,011,854</u>	<u>1,956,421</u>
Judiciary			
Contractual Services	<u>320,000</u>	<u>462,000</u>	<u>417,100</u>
President/Trustees			
Personal Services	49,736	49,736	49,790
Contractual Services	16,700	16,700	11,296
Commodities	4,150	4,150	1,545
	<u>70,586</u>	<u>70,586</u>	<u>62,631</u>
Community Development			
Personal Services	778,854	778,854	778,368
Contractual Services	39,172	52,906	52,215
Commodities	13,400	13,400	10,555
Equipment	18,791	18,041	17,631
	<u>850,217</u>	<u>863,201</u>	<u>858,769</u>
Committees			
Personal Services	3,445	3,445	1,152
Contractual Services	33,675	33,675	19,283
Commodities	6,600	6,600	3,729
Equipment	500	500	-
	<u>44,220</u>	<u>44,220</u>	<u>24,164</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>General Government - Continued</b>			
Resident Direct Benefit			
Contractual Services	\$ 185,187	168,621	126,158
Commodities	47,538	48,698	36,580
	<u>232,725</u>	<u>217,319</u>	<u>162,738</u>
General Purpose			
Contractual Services	18,000	18,000	16,869
	<u>18,000</u>	<u>18,000</u>	<u>16,869</u>
<b>Total General Government</b>	<u>3,515,964</u>	<u>3,687,180</u>	<u>3,498,692</u>
<b>Public Safety</b>			
Police Department			
Personal Services	8,533,333	7,206,136	7,117,163
Contractual Services	336,822	255,532	180,856
Commodities	157,110	164,616	133,097
Equipment	168,365	261,546	140,975
	<u>9,195,630</u>	<u>7,887,830</u>	<u>7,572,091</u>
Fire and Police Commission			
Contractual Services	2,700	13,875	13,589
Commodities	200	200	-
	<u>2,900</u>	<u>14,075</u>	<u>13,589</u>
<b>Total Public Safety</b>	<u>9,198,530</u>	<u>7,901,905</u>	<u>7,585,680</u>

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Streets and Roads			
Public Works			
Personal Services	\$ 2,372,883	2,346,153	2,208,502
Contractual Services	1,072,486	1,053,633	908,345
Commodities	662,593	809,250	613,989
Equipment	213,054	193,846	192,518
	<u>4,321,016</u>	<u>4,402,882</u>	<u>3,923,354</u>
Metra Parking			
Contractual Services	49,300	49,300	52,131
Commodities	5,600	5,600	2,682
	<u>54,900</u>	<u>54,900</u>	<u>54,813</u>
Total Streets and Roads	<u>4,375,916</u>	<u>4,457,782</u>	<u>3,978,167</u>
Culture and Recreation			
Events			
Contractual Services	94,995	94,355	77,235
Commodities	38,445	51,860	42,498
Equipment	-	3,500	2,200
	<u>133,440</u>	<u>149,715</u>	<u>121,933</u>
Summer Celebration			
Contractual Services	112,110	117,672	118,903
Commodities	24,790	28,570	30,063
	<u>136,900</u>	<u>146,242</u>	<u>148,966</u>
Total Culture and Recreation	<u>270,340</u>	<u>295,957</u>	<u>270,899</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>Capital Outlay</b>			
Community Infrastructure Development			
Street Construction	\$ 104,000	130,000	102,348
Bike Path/Sidewalk Program	50,000	50,000	42,554
CIDF Improvements	-	259,198	53,440
Stormwater Projects	26,000	32,245	24,154
Fixed Equipment	-	73,621	72,871
Metra Parking			
Acquisition/Construction	11,500	11,500	11,500
<b>Total Capital Outlay</b>	<b>191,500</b>	<b>556,564</b>	<b>306,867</b>
<b>Debt Service</b>			
Principal Retirement	1,300,000	1,300,000	1,315,000
Interest and Fiscal Charges	346,173	346,173	324,005
<b>Total Debt Service</b>	<b>1,646,173</b>	<b>1,646,173</b>	<b>1,639,005</b>
<b>Total Expenditures</b>	<b>19,198,423</b>	<b>18,545,561</b>	<b>17,279,310</b>

VILLAGE OF VERNON HILLS, ILLINOIS

VHAC Site Development - Capital Projects Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 41,000	41,000	-
Expenditures			
Capital Outlay			
Construction	41,000	138,340	24,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(97,340)	(24,790)
Other Financing (Uses)			
Transfers Out	-	-	(804,757)
Net Change in Fund Balance	-	(97,340)	(829,547)
Fund Balance - Beginning			929,547
Fund Balance - Ending			100,000

VILLAGE OF VERNON HILLS, ILLINOIS

Equipment Replacement - Internal Service Fund

Schedule of Revenues, Expenses and Changes in Net Position  
Year Ended April 30, 2013

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	Budget		Actual
	Original	Final	
Revenues			
Interfund Services	\$ 862,472	862,472	139,472
Operating Expenses			
Operations	861,500	870,173	34,744
Depreciation	-	-	93,331
Total Operating Expenses	861,500	870,173	128,075
Change in Net Position	972	(7,701)	11,397
Net Position - Beginning			2,390,334
Net Position - Ending			2,401,731

VILLAGE OF VERNON HILLS, ILLINOIS

Development - Agency Fund

Statement of Changes in Assets and Liabilities  
Year Ended April 30, 2013

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	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash and Investments	\$ 21,194	122,282	97,678	45,798
<b>LIABILITIES</b>				
Deposits Payable				
Due to School Districts	3,473	64,422	43,866	24,029
Due to Other Districts	17,721	57,860	53,812	21,769
Total Liabilities	21,194	122,282	97,678	45,798

## **SUPPLEMENTAL SCHEDULES**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2012A  
April 30, 2013**

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Date of Issue	February 28, 2012
Date of Maturity	December 30, 2026
Authorized Issue	\$7,850,000
Denomination of Bonds	\$5,000
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 LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ -	162,000	162,000
2015	-	162,000	162,000
2016	-	162,000	162,000
2017	300,000	162,000	462,000
2018	450,000	156,000	606,000
2019	600,000	147,000	747,000
2020	650,000	135,000	785,000
2021	675,000	122,000	797,000
2022	725,000	108,500	833,500
2023	750,000	94,000	844,000
2024	800,000	79,000	879,000
2025	900,000	63,000	963,000
2026	1,000,000	45,000	1,045,000
2027	1,000,000	22,500	1,022,500
	<u>7,850,000</u>	<u>1,620,000</u>	<u>9,470,000</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2012B  
April 30, 2013**

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Date of Issue	February 28, 2012
Date of Maturity	March 30, 2026
Authorized Issue	\$1,625,000
Denomination of Bonds	\$5,000
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 LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30	Principal	Interest	Totals
2014	\$ 15,000	34,000	49,000
2015	115,000	33,700	148,700
2016	115,000	31,400	146,400
2017	120,000	29,100	149,100
2018	125,000	26,700	151,700
2019	125,000	24,200	149,200
2020	130,000	21,700	151,700
2021	130,000	19,100	149,100
2022	140,000	16,500	156,500
2023	145,000	13,700	158,700
2024	145,000	10,510	155,510
2025	150,000	7,320	157,320
2026	155,000	3,720	158,720
	<u>1,610,000</u>	<u>271,650</u>	<u>1,881,650</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**Alternate Revenue Refunding Bonds of 2004  
April 30, 2013**

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Date of Issue	December 7, 2004
Date of Maturity	March 30, 2018
Authorized Issue	\$3,540,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	J.P. Morgan Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 340,000	69,333	409,333
2015	350,000	57,263	407,263
2016	365,000	44,488	409,488
2017	380,000	30,800	410,800
2018	390,000	15,600	405,600
	<u>1,825,000</u>	<u>217,484</u>	<u>2,042,484</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**Alternate Revenue Refunding Bonds of 2005  
April 30, 2013**

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Date of Issue	May 10, 2001
Date of Maturity	March 30, 2021
Authorized Issue	\$3,790,000
Denomination of Bonds	\$5,000
Interest Rates	3.0% to 4.125%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	Bank One

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 285,000	108,505	393,505
2015	295,000	97,105	392,105
2016	315,000	85,305	400,305
2017	325,000	72,705	397,705
2018	345,000	59,705	404,705
2019	355,000	45,905	400,905
2020	370,000	31,350	401,350
2021	390,000	16,088	406,088
	<u>2,680,000</u>	<u>516,668</u>	<u>3,196,668</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**Alternate Revenue Bonds of 2006**

**April 30, 2013**

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Date of Issue	December 5, 2006
Date of Maturity	March 30, 2026
Authorized Issue	\$2,050,000
Denomination of Bonds	\$5,000
Interest Rates	3.750% to 4.050%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ 95,000	3,562	98,562

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**Alternate Revenue Bonds of 2007  
April 30, 2013**

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Date of Issue	April 10, 2007
Date of Maturity	March 30, 2027
Authorized Issue	\$2,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.000% to 4.125%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30	Principal	Interest	Totals
2014	\$ 125,000	54,738	179,738
2015	130,000	49,738	179,738
2016	135,000	44,538	179,538
2017	140,000	39,138	179,138
2018	150,000	33,537	183,537
2019	155,000	27,537	182,537
2020	90,000	21,337	111,337
2021	-	17,738	17,738
2022	-	17,738	17,738
2023	-	17,738	17,738
2024	-	17,738	17,738
2025	-	17,738	17,738
2026	210,000	17,738	227,738
2027	220,000	9,074	229,074
	<u>1,355,000</u>	<u>386,065</u>	<u>1,741,065</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**Alternate Revenue Bonds of 2007**

**April 30, 2013**

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Date of Issue	April 10, 2007
Date of Maturity	March 30, 2025
Authorized Issue	\$1,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.000% to 4.125%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2014	\$ -	40,527	40,527
2015	-	40,527	40,527
2016	-	40,527	40,527
2017	-	40,527	40,527
2018	-	40,527	40,527
2019	-	40,527	40,527
2020	75,000	40,527	115,527
2021	170,000	37,528	207,528
2022	175,000	30,728	205,728
2023	185,000	23,641	208,641
2024	195,000	16,148	211,148
2025	200,000	8,250	208,250
	<u>1,000,000</u>	<u>399,984</u>	<u>1,399,984</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Long-Term Debt Requirements**

**Senior Lien Tax Increment Revenue Bonds of 2007  
April 30, 2013**

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Date of Issue	November 27, 2007
Date of Maturity	December 30, 2026
Authorized Issue	\$7,000,000
Denomination of Bonds	\$5,000
Interest Rates	5.50% to 6.25%
Interest Dates	June 30 and December 30
Principal Maturity Date	December 30
Payable at	The Depository Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending April 30	Principal	Interest	Totals
2014	\$ 90,000	428,688	518,688
2015	195,000	423,738	618,738
2016	260,000	413,013	673,013
2017	295,000	398,713	693,713
2018	335,000	382,488	717,488
2019	375,000	364,063	739,063
2020	420,000	340,625	760,625
2021	465,000	314,375	779,375
2022	520,000	285,313	805,313
2023	575,000	252,813	827,813
2024	635,000	216,875	851,875
2025	695,000	177,168	872,168
2026	765,000	133,750	898,750
2027	1,375,000	85,951	1,460,951
	<u>7,000,000</u>	<u>4,217,573</u>	<u>11,217,573</u>

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the 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.

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>Governmental Activities</b>			
Net Investment in Capital Assets	\$ 18,134,143	19,760,398	22,324,954
Restricted	3,853,227	3,350,367	4,061,109
Unrestricted	19,356,210	21,540,099	20,698,906
<b>Total Governmental Activities Net Position</b>	<b>41,343,580</b>	<b>44,650,864</b>	<b>47,084,969</b>
<b>Business-Type Activities</b>			
Net Investment in Capital Assets	931,835	868,332	838,495
Unrestricted	(134,012)	(56,226)	18,691
<b>Total Business-Type Activities Net Position</b>	<b>797,823</b>	<b>812,106</b>	<b>857,186</b>
<b>Primary Government</b>			
Net Investment in Capital Assets	19,065,978	20,628,730	23,163,449
Restricted	3,853,227	3,350,367	4,061,109
Unrestricted	19,222,198	21,483,873	20,717,597
<b>Total Primary Government Net Position</b>	<b>42,141,403</b>	<b>45,462,970</b>	<b>47,942,155</b>

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

2007	2008	2009	2010	2011	2012	2013
26,034,819	101,767,949	97,942,912	95,356,202	91,757,779	87,283,367	85,102,245
4,843,742	4,461,603	3,329,155	3,025,617	3,349,329	3,495,103	2,627,039
20,749,058	23,237,045	21,924,140	19,072,498	20,422,612	23,283,224	24,665,002
51,627,619	129,466,597	123,196,207	117,454,317	115,529,720	114,061,694	112,394,286
777,357	822,680	836,773	769,845	786,545	718,458	651,621
(15,983)	(97,704)	(227,551)	(174,380)	(234,087)	(284,478)	(241,159)
761,374	724,976	609,222	595,465	552,458	433,980	410,462
26,812,176	102,590,629	98,779,685	96,126,047	92,544,324	88,001,825	85,753,866
4,843,742	4,461,603	3,329,155	3,025,617	3,349,329	3,495,103	2,627,039
20,733,075	23,139,341	21,696,589	18,898,118	20,188,525	22,998,746	24,423,843
52,388,993	130,191,573	123,805,429	118,049,782	116,082,178	114,495,674	112,804,748

VILLAGE OF VERNON HILLS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 4,696,155	5,093,639	5,115,671	4,851,163	4,933,995	7,409,619	5,361,615	5,148,289	4,075,361	4,410,123
Public Safety	7,219,218	7,374,195	7,918,764	8,373,183	8,996,733	8,916,041	8,785,116	8,619,448	9,523,631	10,113,838
Streets and Roads	3,417,348	3,071,698	3,253,181	3,923,585	10,586,487	8,607,486	7,233,167	6,850,515	6,912,853	7,452,181
Economic Development	58,679	185,738	503,977	778,073	7,146,756	2,573,388	1,147,173	326,276	46,854	-
Culture and Recreation	418,792	440,481	364,112	273,675	301,480	308,954	245,328	260,935	259,249	270,889
Interest on Long-Term Debt	620,604	579,120	504,000	553,919	1,296,357	1,407,974	1,361,865	1,464,042	1,462,816	954,884
Total Governmental Activities Expenses	<u>16,430,796</u>	<u>16,744,871</u>	<u>17,659,705</u>	<u>18,753,598</u>	<u>33,261,808</u>	<u>29,223,462</u>	<u>24,134,264</u>	<u>22,669,505</u>	<u>22,280,764</u>	<u>23,201,915</u>
Business-Type Activities										
Golf Course	579,381	597,455	555,473	652,563	605,598	648,762	544,291	495,572	588,635	493,135
Total Business-Type Activities Net Position	<u>579,381</u>	<u>597,455</u>	<u>555,473</u>	<u>652,563</u>	<u>605,598</u>	<u>648,762</u>	<u>544,291</u>	<u>495,572</u>	<u>588,635</u>	<u>493,135</u>
Total Primary Government Expenses	<u>17,010,177</u>	<u>17,342,326</u>	<u>18,215,178</u>	<u>19,406,161</u>	<u>33,867,406</u>	<u>29,872,224</u>	<u>24,678,555</u>	<u>23,165,077</u>	<u>22,869,399</u>	<u>23,695,050</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
General Government	2,426,528	2,626,182	2,081,865	3,452,952	2,958,577	2,090,182	1,839,779	2,164,926	1,793,322	2,015,985
Public Safety	458,489	499,782	498,386	516,298	457,078	407,813	278,121	255,714	275,768	1,028,096
Culture and Recreation	237,096	244,989	103,081	99,274	190,913	210,327	170,780	184,693	223,620	225,229
Operating Grants/Contributions	820,447	1,027,744	1,064,584	1,242,470	1,073,990	909,002	617,688	712,457	739,126	724,013
Capital Grants/Contributions	-	251,573	-	-	-	252,000	-	627,222	116,706	6,121
Total Governmental Activities Program Revenues	<u>3,942,560</u>	<u>4,650,270</u>	<u>3,747,916</u>	<u>5,310,994</u>	<u>4,680,558</u>	<u>3,869,324</u>	<u>2,906,368</u>	<u>3,945,012</u>	<u>3,148,542</u>	<u>3,999,444</u>
Business-Type Activities										
Charges for Services										
Golf Course	615,866	611,158	599,270	554,905	567,712	532,529	530,478	452,503	470,103	469,562
Operating Grants/Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>615,866</u>	<u>611,158</u>	<u>599,270</u>	<u>554,905</u>	<u>567,712</u>	<u>532,529</u>	<u>530,478</u>	<u>452,503</u>	<u>470,103</u>	<u>469,562</u>
Total Primary Government Program Revenues	<u>4,558,426</u>	<u>5,261,428</u>	<u>4,347,186</u>	<u>5,865,899</u>	<u>5,248,270</u>	<u>4,401,853</u>	<u>3,436,846</u>	<u>4,397,515</u>	<u>3,618,645</u>	<u>4,469,006</u>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(12,488,236)	(12,094,601)	(13,911,789)	(13,442,604)	(28,581,250)	(25,354,138)	(21,227,896)	(18,724,493)	(19,132,222)	(19,202,471)
Business-Type Activities	36,485	13,703	43,797	(97,658)	(37,886)	(116,233)	(13,813)	(43,069)	(118,532)	(23,573)
Total Primary Government Net Revenue (Expense)	<u>(12,451,751)</u>	<u>(12,080,898)</u>	<u>(13,867,992)</u>	<u>(13,540,262)</u>	<u>(28,619,136)</u>	<u>(25,470,371)</u>	<u>(21,241,709)</u>	<u>(18,767,562)</u>	<u>(19,250,754)</u>	<u>(19,226,044)</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
<b>Taxes</b>										
Sales Tax	\$ 10,094,832	9,982,577	9,614,858	10,067,439	10,364,210	9,836,554	9,153,021	9,508,242	10,334,171	10,547,878
Utility Tax	1,769,465	1,836,314	1,607,189	1,437,886	1,475,406	1,416,128	1,351,570	1,446,045	1,409,506	1,418,186
Hotel/Motel Tax (1)	-	-	325,597	364,879	359,784	298,914	248,826	270,764	296,728	323,334
911 Surcharge Tax (1)	-	-	286,773	328,771	331,258	361,267	311,658	293,660	442,088	343,609
Road and Bridge Tax (1)	-	-	145,680	156,811	175,219	188,350	193,805	202,379	208,235	200,903
Telecommunications Tax (1)	-	-	1,276,789	1,539,095	1,569,859	1,586,588	1,454,587	1,269,772	1,352,296	1,335,120
Tax Increment Tax (1)	-	-	53,465	68,684	81,149	17,053	-	232,544	772,159	1,048,583
Other Taxes	1,317,194	1,451,377	409,923	421,834	443,527	453,988	412,477	456,616	464,146	486,456
<b>Intergovernmental</b>										
State Income Tax	1,213,728	1,434,889	1,806,391	2,014,206	2,200,234	2,056,595	1,801,143	1,807,219	2,127,725	2,376,128
Interest Income	308,968	370,584	562,463	1,314,040	1,909,544	935,625	225,103	249,076	188,188	98,374
Disposal of Capital Assets	39,275	-	-	-	-	-	-	-	-	-
Miscellaneous	197,315	77,795	96,475	271,609	179,250	158,384	143,437	1,143,974	68,954	44,992
<b>Total Governmental Activities</b>	<b>14,940,777</b>	<b>15,153,536</b>	<b>16,185,603</b>	<b>17,985,254</b>	<b>19,089,440</b>	<b>17,309,446</b>	<b>15,295,627</b>	<b>16,880,291</b>	<b>17,664,196</b>	<b>18,223,563</b>
<b>Business-Type Activities</b>										
Interest Income	315	580	1,283	1,846	1,488	479	56	62	54	55
<b>Total Primary Government</b>	<b>14,941,092</b>	<b>15,154,116</b>	<b>16,186,886</b>	<b>17,987,100</b>	<b>19,090,928</b>	<b>17,309,925</b>	<b>15,295,683</b>	<b>16,880,353</b>	<b>17,664,250</b>	<b>18,223,618</b>
<b>Changes in Net Position</b>										
Governmental Activities	2,452,541	3,058,935	2,273,814	4,542,650	(9,491,810)	(8,044,692)	(5,932,269)	(1,844,202)	(1,468,026)	(978,908)
Business-Type Activities	36,800	14,283	45,080	(95,812)	(36,398)	(115,754)	(13,757)	(43,007)	(118,478)	(23,518)
<b>Total Primary Government</b>	<b>2,489,341</b>	<b>3,073,218</b>	<b>2,318,894</b>	<b>4,446,838</b>	<b>(9,528,208)</b>	<b>(8,160,446)</b>	<b>(5,946,026)</b>	<b>(1,887,209)</b>	<b>(1,586,504)</b>	<b>(1,002,426)</b>

Data Source: Village Records

(1) Included in other taxes for fiscal year-ended 2004 and 2005.

The Village implemented GASB 34 in Fiscal Year 2004.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Fund Balances of Governmental Funds - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>General Fund</b>			
Reserved	\$ 2,371,433	2,335,551	2,511,367
Unreserved	16,010,914	17,899,856	17,467,567
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Unassigned	-	-	-
	<hr/>		
<b>Total General Fund</b>	<b>18,382,347</b>	<b>20,235,407</b>	<b>19,978,934</b>
	<hr/>		
<b>All Other Governmental Funds</b>			
Reserved	-	-	3,166,528
Unreserved, Reported in:			
Special Revenues Funds	1,162,434	1,470,725	-
Capital Projects Funds	1,866,365	1,023,006	-
Restricted	-	-	-
Unassigned	-	-	-
	<hr/>		
<b>Total All Other Governmental Funds</b>	<b>3,028,799</b>	<b>2,493,731</b>	<b>3,166,528</b>
	<hr/>		

Data Source: Village Records

The Village implemented GASB 54 in Fiscal Year 2012.

2007	2008	2009	2010	2011	2012	2013
1,962,416	1,612,801	1,480,580	1,475,234	831,038	-	-
17,973,238	20,542,721	20,394,982	18,425,428	21,404,899	-	-
-	-	-	-	-	467,790	409,080
-	-	-	-	-	411,686	258,942
-	-	-	-	-	106,218	58,561
-	-	-	-	-	22,254,166	23,937,297
<u>19,935,654</u>	<u>22,155,522</u>	<u>21,875,562</u>	<u>19,900,662</u>	<u>22,235,937</u>	<u>23,239,860</u>	<u>24,663,880</u>
6,256,284	4,411,999	3,239,543	2,836,301	2,924,765	-	-
(431,047)	2,725,573	(848,598)	(2,080,388)	(2,858,122)	-	-
-	(145,862)	-	-	-	-	-
-	-	-	-	-	3,083,417	2,368,097
-	-	-	-	-	(1,040,917)	(498,253)
<u>5,825,237</u>	<u>6,991,710</u>	<u>2,390,945</u>	<u>755,913</u>	<u>66,643</u>	<u>2,042,500</u>	<u>1,869,844</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**General Governmental Revenues By Source - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Source	2004	2005	2006
Sales Tax	\$ 10,094,832	9,982,577	9,633,728
Other Taxes	4,300,387	4,722,580	5,911,807
Intergovernmental Revenue	820,447	1,027,744	1,064,584
Licenses, Permits and Fees, Fines and Forfeits and Charges for Services	2,998,133	3,441,719	2,683,332
Investment Income	308,968	370,584	562,463
Miscellaneous	197,315	329,368	96,475
Total	18,720,082	19,874,572	19,952,389

1998 through 2003 includes General, Special Revenue, Capital Projects and Debt Service Funds.  
2004 GASB 34 was implemented. Includes all Governmental Funds.

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
10,067,801	10,364,210	9,648,749	9,153,972	9,447,706	10,251,007	10,503,422
6,332,166	6,619,099	6,378,613	5,774,066	5,978,999	7,072,883	7,532,319
1,242,470	1,073,990	909,002	617,688	1,339,679	855,832	730,134
4,068,524	3,606,568	2,708,322	2,288,680	2,605,333	2,292,710	3,269,310
1,314,040	1,909,544	935,625	225,103	249,076	188,188	98,374
271,609	179,250	158,384	143,437	1,143,974	68,954	44,992
<u>23,296,610</u>	<u>23,752,661</u>	<u>20,738,695</u>	<u>18,202,946</u>	<u>20,764,767</u>	<u>20,729,574</u>	<u>22,178,551</u>

**VILLAGE OF VERNON HILLS, ILLINOIS**

**General Governmental Expenditures By Function - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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Function	2004	2005	2006
General Government	\$ 4,316,046	4,367,174	4,036,681
Public Safety	7,028,067	7,074,687	7,605,573
Streets and Roads	4,057,485	3,815,230	3,105,943
Economic Development	58,679	185,738	503,977
Culture and Recreation	418,792	440,481	364,112
Capital Outlay	2,185,247	1,221,624	3,232,183
Debt Service			
Principal	1,680,000	965,000	1,040,000
Interest and Fiscal Charges	637,936	585,806	508,931
Total	<u>20,382,252</u>	<u>18,655,740</u>	<u>20,397,400</u>

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
4,178,902	4,278,264	4,575,960	4,616,386	3,218,639	3,282,636	3,498,692
8,572,206	8,779,490	8,643,644	8,490,969	8,281,006	9,185,888	9,778,906
3,406,307	4,849,825	5,519,961	4,649,372	4,046,574	4,150,824	4,796,985
778,073	7,146,756	4,350,636	922,078	306	798	-
273,675	301,480	308,954	245,328	260,935	259,249	270,899
7,145,135	3,556,553	1,332,878	953,128	650,272	198,212	331,657
850,000	1,035,000	1,105,000	1,150,000	1,190,000	1,245,000	1,315,000
526,883	1,046,952	1,324,579	1,368,810	1,471,030	1,336,746	935,048
25,731,181	30,994,320	27,161,612	22,396,071	19,118,762	19,659,353	20,927,187

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>Revenues</b>			
Sales Tax	\$ 10,094,832	9,982,577	9,633,728
Other Taxes	4,300,387	4,722,580	5,911,807
Intergovernmental Revenue	820,447	1,027,744	1,064,584
Licenses, Permits and Fees, Fines and Forfeits and Charges for Services	2,998,133	3,441,719	2,683,332
Investment Income	308,968	370,584	562,463
Miscellaneous	197,315	329,368	96,475
Total Revenues	<u>18,720,082</u>	<u>19,874,572</u>	<u>19,952,389</u>
<b>Expenditures</b>			
General Government	4,316,046	4,367,174	4,036,681
Public Safety	7,028,067	7,074,687	7,605,573
Streets and Roads	4,057,485	3,815,230	3,105,943
Economic Development	58,679	185,738	503,977
Culture and Recreation	418,792	440,481	364,112
Capital Outlay	2,185,247	1,221,624	3,232,183
Debt Service			
Principal	1,680,000	965,000	1,040,000
Interest and Fiscal Charges	637,936	585,806	508,931
Total Expenditures	<u>20,382,252</u>	<u>18,655,740</u>	<u>20,397,400</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,662,170)</u>	<u>1,218,832</u>	<u>(445,011)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Bonds	-	3,540,000	3,807,001
Premium on Debt Issuance	-	-	-
Payments to Escrow Agent	-	(3,462,420)	(3,741,267)
Transfers In	-	-	635,310
Transfers Out	-	-	-
Sale of Property	50,432	21,580	-
Total Other Financing Sources (Uses)	<u>50,432</u>	<u>99,160</u>	<u>701,044</u>
Net Change in Fund Balances	<u>(1,611,738)</u>	<u>1,317,992</u>	<u>256,033</u>
Debt Service as a Percentage of Noncapital Expenditures	12.74%	8.90%	9.02%

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
10,067,801	10,364,210	9,648,749	9,153,972	9,447,706	10,251,007	10,503,422
6,332,166	6,619,099	6,378,613	5,774,066	5,978,999	7,072,883	7,532,319
1,242,470	1,073,990	909,002	617,688	1,339,679	855,832	730,134
4,068,524	3,606,568	2,708,322	2,288,680	2,605,333	2,292,710	3,269,310
1,314,040	1,909,544	935,625	225,103	249,076	188,188	98,374
271,609	179,250	158,384	143,437	1,143,974	68,954	44,992
23,296,610	23,752,661	20,738,695	18,202,946	20,764,767	20,729,574	22,178,551
4,178,902	4,278,264	4,575,960	4,616,386	3,218,639	3,282,636	3,498,692
8,572,206	8,779,490	8,643,644	8,490,969	8,281,006	9,185,888	9,778,906
3,406,307	4,849,825	5,519,961	4,649,372	4,046,574	4,150,824	4,796,985
778,073	7,146,756	4,350,636	922,078	306	798	-
273,675	301,480	308,954	245,328	260,935	259,249	270,899
7,145,135	3,556,553	1,332,878	953,128	650,272	198,212	331,657
850,000	1,035,000	1,105,000	1,150,000	1,190,000	1,245,000	1,315,000
526,883	1,046,952	1,324,579	1,368,810	1,471,030	1,336,746	935,048
25,731,181	30,994,320	27,161,612	22,396,071	19,118,762	19,659,353	20,927,187
(2,434,571)	(7,241,659)	(6,422,917)	(4,193,125)	1,646,005	1,070,221	1,251,364
5,050,000	10,628,000	1,542,192	792,808	-	9,475,000	-
-	-	-	-	-	37,204	-
-	-	-	-	-	(7,602,645)	-
770,190	8,115	147,551	-	23,254	77,216	2,288,015
(770,190)	(8,115)	(147,551)	-	(23,254)	(77,216)	(2,288,015)
-	-	-	-	-	-	-
5,050,000	10,628,000	1,542,192	792,808	-	1,909,559	-
2,615,429	3,386,341	(4,880,725)	(3,400,317)	1,646,005	2,979,780	1,251,364
7.56%	7.59%	10.21%	11.62%	14.16%	13.23%	10.91%

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Taxable Sales by Category - Last Ten Calendar Years  
April 30, 2013 (Unaudited)**

<u>Calendar Year</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Merchandise	\$ 2,970,776	2,937,760	2,610,491
Food	334,399	343,233	340,093
Drinking and Eating Places	648,777	690,192	726,977
Apparel	690,072	777,335	851,755
Furniture and H.H. and Radio	2,503,134	3,590,995	3,429,573
Lumber, Building, Hardware	514,586	523,018	530,821
Automobile and Filling Stations	122,119	119,583	126,045
Drugs and Misc. Retail	1,269,525	1,258,764	1,273,623
Agriculture and All Others	1,740,114	905,924	650,469
Manufacturers	83,789	155,255	186,467
Total	<u>10,877,291</u>	<u>11,302,059</u>	<u>10,726,314</u>
Village Direct Rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>

Data Source: Village and State Records

2006	2007	2008	2009	2010	2011	2012
3,160,430	2,955,471	2,891,816	2,782,847	2,823,025	2,633,339	2,720,545
360,262	389,624	372,836	342,202	340,958	648,891	916,744
804,761	775,849	788,022	812,685	825,607	850,877	883,552
863,592	863,980	797,133	637,015	689,726	844,886	771,836
3,480,979	3,857,032	3,952,073	3,083,717	3,607,217	4,260,170	4,644,807
509,206	480,791	478,018	438,776	396,123	402,354	401,030
159,790	245,525	250,520	215,700	257,173	391,781	346,563
1,299,881	1,258,072	1,162,553	1,078,428	1,106,285	1,098,232	1,127,572
633,262	681,030	707,998	657,960	601,514	680,022	703,322
198,074	190,214	222,906	194,254	157,620	92,047	104,649
11,470,237	11,697,588	11,623,875	10,243,584	10,805,248	11,902,599	12,620,620
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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<b>Fiscal Year</b>	<b>State Rate</b>	<b>RTA Rate</b>	<b>County Rate</b>	<b>Total Sales Tax Rate</b>	<b>% Distributed to Village</b>
2004	6.00%	0.25%	0.25%	6.50%	1.00%
2005	6.00%	0.25%	0.25%	6.50%	1.00%
2006	6.00%	0.25%	0.25%	6.50%	1.00%
2007	6.00%	0.25%	0.25%	6.50%	1.00%
2008	6.00%	0.50%*	0.50%*	7.00%	1.00%
2009	6.00%	0.50%	0.50%	7.00%	1.00%
2010	6.00%	0.50%	0.50%	7.00%	1.00%
2011	6.00%	0.50%	0.50%	7.00%	1.00%
2012	6.00%	0.50%	0.50%	7.00%	1.00%
2013	6.00%	0.50%	0.50%	7.00%	1.00%

Data Source: Village and County Records

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years  
April 30, 2013 (Unaudited)**

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<b>Tax Levy Year</b>	<b>Residential Property</b>	<b>Farm</b>
2003	\$ 618,138,579	51,800
2004	690,070,451	61,606
2005	780,113,496	63,655
2006	835,643,430	59,021
2007	897,297,058	57,194
2008	924,051,438	60,685
2009	928,731,639	60,953
2010	889,805,423	54,888
2011	832,609,239	55,976
2012	761,855,463	56,163

Data Source: Lake County Clerk's and Treasurer's Offices

Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value (Lake County)
311,482,256	493,966	930,166,601	45,003	930,211,604
315,437,693	504,042	1,006,073,792	86,509	1,006,160,301
320,215,136	512,812	1,100,905,099	95,634	1,101,000,733
329,302,011	526,965	1,165,531,427	120,092	1,165,651,519
337,811,382	536,714	1,235,702,348	147,146	1,235,849,494
357,831,579	555,714	1,282,499,416	178,670	1,282,678,086
360,691,287	544,172	1,290,028,051	171,251	1,290,199,302
355,135,429	551,337	1,245,547,077	204,020	1,245,751,097
347,129,444	555,771	1,180,350,430	189,118	1,180,539,548
333,879,758	561,152	1,096,352,536	123,380	1,096,475,916

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years  
April 30, 2013 (Unaudited)**

Tax Levy Year	2003	2004	2005
CLC Joint Action Water	0.058	0.054	0.049
Grade School 73	3.086	2.990	2.922
High School 128	2.359	2.291	2.225
Jr. College 532	0.201	0.200	0.197
Vernon Township	0.101	0.095	0.093
Libertyville Township	N/A	N/A	N/A
Lake County	0.490	0.465	0.454
Lake County Forest Preserve	0.225	0.219	0.210
Vernon Hills Park District	0.373	0.346	0.334
Cook Memorial Library	0.236	0.231	0.225
Countryside Fire District	0.420	0.422	0.400
Village of Vernon Hills	0.000	0.000	0.000
<b>Total Direct and Overlapping Tax Rate</b>	<b>7.549</b>	<b>7.313</b>	<b>7.109</b>

Data Source: Office of the County Clerk

2006	2007	2008	2009	2010	2011	2012
0.046	0.042	0.042	0.042	0.045	0.047	0.052
2.887	2.842	2.878	2.899	3.081	3.306	3.678
2.179	2.136	2.163	2.179	2.324	2.399	2.580
0.195	0.192	0.196	0.200	0.218	0.240	0.272
0.094	0.092	0.092	N/A	N/A	N/A	N/A
N/A	N/A	N/A	0.104	0.106	0.111	0.122
0.450	0.444	0.453	0.453	0.505	0.554	0.608
0.204	0.201	0.199	0.199	0.198	0.201	0.212
0.351	0.343	0.344	0.344	0.427	0.450	0.496
0.222	0.219	0.222	0.222	0.238	0.254	0.282
0.398	0.390	0.417	0.417	0.453	0.495	0.552
0.000	0.000	0.000	0.000	0.000	0.000	0.000
7.026	6.901	7.006	7.059	7.595	8.057	8.854

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Principal Property Tax Payers - Current Year and Nine Years Ago  
April 30, 2013 (Unaudited)**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Westfield Shoppingtown Hawthorn	\$ 20,431,765	1	1.86%	\$ 15,579,791	1	1.67%
Van Vlissingen & Co	15,086,143	2	1.38%	13,636,632	2	1.47%
Inland Real Estate	12,975,289	3	1.18%	10,149,264	4	1.09%
Museum Garderns II LLC	11,972,187	4	1.09%			
Leahy Vernon Hills Development	9,249,573	5	0.84%	11,626,155	3	1.25%
CDW Computer Centers, Inc.	8,175,430	6	0.75%	9,881,850	5	1.06%
Hawthorn Hills	6,920,114	7	0.63%	6,418,258	10	0.69%
PAC/SIB LLC	5,966,191	8	0.54%	7,725,475	6	0.83%
VHTC Lot 3 LLC	5,660,676	9	0.52%			
Walmart Stores Inc.	5,601,748	10	0.51%			
	<u>102,039,116</u>		<u>9.31%</u>	<u>75,017,425</u>		<u>8.06%</u>

Data Source: Office of the County Clerk

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year Ended April 30	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
2005	2004	-	-	0.00%	-	-	0.00%
2006	2005	-	-	0.00%	-	-	0.00%
2007	2006	-	-	0.00%	-	-	0.00%
2008	2007	-	-	0.00%	-	-	0.00%
2009	2008	-	-	0.00%	-	-	0.00%
2010	2009	-	-	0.00%	-	-	0.00%
2011	2010	-	-	0.00%	-	-	0.00%
2012	2011	-	-	0.00%	-	-	0.00%
2013	2012	-	-	0.00%	-	-	0.00%

The Village has not levied taxes for the current or any of the prior nine fiscal years.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Tax Increment Financing District Tax Extensions and Collections - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year Ended April 30	Tax Levy Year	Equalized Assessed Valuation	Tax Extension	Total Collections	Percent Collected
2004	2003	\$ 775,197	\$ 46,349	\$ 46,474	100.27%
2005	2004	881,121	53,387	53,465	100.15%
2006	2005	1,140,819	68,597	68,684	100.13%
2007	2006	1,261,680	81,050	81,149	100.12%
2008	2007	267,988	17,044	17,053	100.05%
2009	2008	N/A	N/A	N/A	N/A
2010	2009	3,645,858	236,288	232,544	98.42%
2011	2010	10,990,021	772,159	772,159	100.00%
2012	2011	13,916,549	1,047,916	1,047,953	100.00%
2013	2012	15,319,383	1,281,313	N/A	N/A

N/A - Not Available

The Village's Tax Increment Financing District had no levy for 2008.  
The 2012 levy is in collection at year-end.

VILLAGE OF VERNON HILLS, ILLINOIS

Ratios of Outstanding Debt By Type - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)

Fiscal Year Ended April 30	Governmental Activities				Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Alternate Revenue Bonds	Installment Contracts Payable	Tax Increment Revenue Bonds/Notes	Capital Leases Payable			
2004	\$ -	\$ 12,760,000	\$ -	\$ -	\$ 91,505	\$ 12,851,505	N/A	\$ 579.26
2005	-	12,130,000	-	-	62,348	12,192,348	N/A	522.09
2006	-	11,280,000	-	-	86,520	11,366,520	N/A	481.04
2007	-	15,480,000	-	-	67,136	15,547,136	1.66%	653.41
2008	-	14,445,000	-	10,628,000	48,908	25,121,908	2.48%	1,047.31
2009	-	13,340,000	-	12,170,192	27,612	25,537,804	2.63%	1,043.98
2010	-	12,190,000	-	12,963,000	15,230	25,168,230	2.71%	1,028.87
2011	-	11,000,000	-	12,963,000	-	23,963,000	2.51%	954.21
2012	9,475,000	8,255,000	-	7,000,000	-	24,730,000	2.59%	984.75
2013	9,460,000	6,955,000	-	7,000,000	-	23,415,000	2.16%	911.87

N/A - Not Available

Data Source: Village's Records

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Schedule of Direct and Overlapping Bonded Debt  
April 30, 2013 (Unaudited)**

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Vernon Hills	\$ 23,415,000	100.000%	\$ 23,415,000
School District Number 73	39,649,398	67.100%	26,604,746
School District Number 76	3,082,931	26.810%	826,534
School District Number 96	1,285,000	2.380%	30,583
School District Number 103	2,840,000	19.320%	548,688
High School District Number 120	13,455,501	1.030%	138,592
High School District Number 125	20,985,000	9.010%	1,890,749
High School District Number 128	21,995,000	28.350%	6,235,583
Community College Number 532	20,535,000	4.720%	969,252
Lake County	82,495,000	4.480%	3,695,776
Lake County Forest Preserve District	305,415,000	4.480%	13,682,592
Central Lake Co. Joint Action Water Agency	16,350,000	15.340%	2,508,090
Mundelein Park District	2,120,000	0.001%	21
Vernon Hills Park District	1,880,000	99.980%	1,879,624
Subtotal	532,087,830		59,010,829
Totals	555,502,830		82,425,829

Source: Lake County Clerk.

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year Ended April 30	Gross General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
2004	\$ 12,760,000	\$ -	\$ 12,760,000	1.37%	\$ 575.14
2005	12,130,000	-	12,130,000	1.21%	519.42
2006	11,280,000	-	11,280,000	1.02%	477.38
2007	15,480,000	-	15,480,000	1.33%	650.58
2008	14,445,000	-	14,445,000	1.17%	602.20
2009	13,340,000	-	13,340,000	1.04%	545.34
2010	12,190,000	-	12,190,000	0.94%	498.32
2011	11,000,000	-	11,000,000	0.88%	449.68
2012	17,730,000	-	17,730,000	1.50%	706.01
2013	16,415,000	-	16,415,000	1.50%	639.26

Data Source: Village Records

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

(1) See the Ratios of Outstanding Debt by Type Schedule for Equalized Assessed Value data (Actual Taxable Value of Property).

(2) See the Demographic and Economic Statistics Schedule for the Per Capita Income data.

## VILLAGE OF VERNON HILLS, ILLINOIS

### Schedule of Legal Debt Margin April 30, 2013 (Unaudited)

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The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois constitution governs computation of legal debt margin.

The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by some home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.

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

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Demographic and Economic Statistics - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year Ended April 30	Population	Personal Income (in Thousands)	Per Capita Personal Income	Median Age	School Enrollment	(1) Unemployment Rate
2004	22,186	\$ N/A	\$ N/A	N/A	N/A	3.20%
2005	23,353	N/A	N/A	N/A	N/A	2.70%
2006	23,629	N/A	N/A	N/A	N/A	2.10%
2007	23,794	935,485	39,316	35.3	N/A	3.20%
2008	23,987	1,012,251	42,200	N/A	N/A	3.80%
2009	24,462	969,674	39,640	N/A	N/A	4.80%
2010	24,462	928,822	37,970	36.6	N/A	7.40%
2011	25,113	953,541	37,970	N/A	N/A	7.10%
2012	25,113	953,541	37,970	N/A	N/A	7.90%
2013	25,678	1,083,740	42,205	N/A	N/A	6.60%

**Population Data Sources:**

Data for 2004, 2006-2009, and 2013 was provided by census estimates.

Data for 2005 was provided by a special census.

Data for 2010 was repeated from 2009 data.

Data for 2011 and 2012 was provided by 2010 census.

**Income Data Sources:**

Data for 2007-2009 and 2013 was provided by a census estimates.

Data for 2010-2012 was provided by 2010 census.

**Median Age Data Sources:**

Data for 2006 and 2009 was provided by census estimate.

Data for 2010 was provided by 2010 census.

- (1) Data provided by Ron Payne of 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.

N/A - Not Available

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago  
April 30, 2013 (Unaudited)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Westfield Shoppingtown Hawthorn	2,500	1	N/A	2,500	1	N/A
Zebra Technologies Corp	900	2	N/A	1,700	2	N/A
American Hotel Register	400	3	N/A	500	4	N/A
Mitsubishi Electric Automation, Inc.	400	4	N/A	350	9	N/A
CDW Computer Centers, Inc.	350	5	N/A	350	9	N/A
Cole-Palmer Instrument Co.	300	6	N/A	420	5	N/A
Z.F. Industries, Inc.	240	7	N/A	250	11	N/A
Richard Wolf Medical Instruments Corp	200	8	N/A	200	13	N/A
ETA/Cuisenaire	200	8	N/A			
Rust-Oleum	180	10	N/A			
Experient, Inc.	160	11	N/A			
	<u>5,830</u>		<u>0.00%</u>	<u>6,270</u>		<u>0.00%</u>

Data Sources: Illinois Manufacturers Directory and Illinois Services Directory

N/A - Not Available

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government			
Administration	7.35	4.35	4.35
Finance	4.00	3.60	3.60
Public Works	24.00	20.50	22.00
Police	75.00	69.75	69.75
Community Development	18.50	20.50	18.70
Total	<u>128.85</u>	<u>118.70</u>	<u>118.40</u>

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
4.35	4.85	4.85	4.85	4.38	2.50	2.50
3.60	3.60	3.60	3.60	3.60	3.80	3.87
22.00	23.50	23.50	23.50	23.74	22.91	23.54
69.00	70.50	69.50	69.50	64.75	66.59	66.88
17.75	15.00	14.00	15.00	7.50	7.50	7.50
<b>116.70</b>	<b>117.45</b>	<b>115.45</b>	<b>116.45</b>	<b>103.97</b>	<b>103.30</b>	<b>104.29</b>

VILLAGE OF VERNON HILLS, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)

Function/Program	2004	2005	2006
<b>Public Works</b>			
Forestry			
Number of Parkway Trees Planted*	44	65	199
Number of Parkway Trees Trimmed*	1,712	1,175	1,173
Fleet Services			
Number of Cars/SUVs/Vans Maintained*	49	52	52
Number of Light Trucks Maintained*	15	15	15
Number of Heavy Trucks Maintained*	10	41	10
Number of Loaders/Backhoes Maintained*	4	4	4
Number of Small Tractors Maintained*	1	1	1
Number of Sweepers Maintained*	1	1	1
Number of Buses Maintained*	-	1	1
<b>Public Safety</b>			
Police			
Part I Crime*	766	813	784
Part II Crime*	922	928	875
Calls for Service*	16,281	17,288	17,524
State Tickets Issued*	7,287	6,133	6,429
Compliance Tickets Issued*	583	468	714
Parking Tickets Issued*	3,734	3,817	3,418
<b>Community Development</b>			
Number of Building Permits Issued	2,137	2,030	1,716
Number of Building Inspections	16,755	17,165	13,397
<b>Highways and Streets</b>			
Sidewalk/Bike Trail Program (\$)	82,052	47,633	112,017
Annual Resurfacing Program (\$)	528,233	252,060	988,338

N/A - Not Available

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

Data Source: Village Records

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

2007	2008	2009	2010	2011	2012	2013
131	124	119	89	121	145	291
750	642	1,182	1,420	1,458	1,065	1,066
52	44	46	42	39	41	37
15	15	15	15	16	16	17
10	10	10	10	10	10	10
4	4	4	4	4	4	4
1	1	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
699	738	686	779	779	678	635
1,010	1,026	717	759	687	710	557
18,617	17,963	20,793	18,974	18,630	18,608	21,170
5,963	5,686	5,388	2,386	2,836	2,080	3,414
650	702	489	156	160	125	458
3,583	3,149	2,536	1,644	2,289	1,591	2,259
1,660	1,518	1,136	972	1,216	1,389	1,354
13,127	4,902	4,486	4,276	2,802	2,833	2,703
32,196	39,457	105,591	57,507	39,750	35,141	42,554
1,131,594	879,268	1,600,000	899,984	839,012	583,333	811,685

**VILLAGE OF VERNON HILLS, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Function/Program	2004	2005	2006
<b>Police</b>			
Stations	1	1	1
Communications/Training Center	-	-	-
Patrol Units	36	36	36
<b>Public Works</b>			
Streets (Lane Miles)	125.6	136.1	137.2
Sidewalks (Miles)	98.8	105.5	106.4
Streetlights	2,234	2,356	2,413
Traffic Lights (Village Owned)	4	4	4
<b>Recreation</b>			
Athletic Complex	1	1	1
Golf Courses	2	2	2
Community Center	1	1	1
<b>Administration</b>			
Village Hall	1	1	1

Data Source: Village Records

\* In 2008 Streets and Street Lights belonging to the Vernon Hills Park District that was previously included were removed from

2007	2008	2009	2010	2011	2012	2013
1	1	1	1	1	1	1
-	1	1	1	1	1	1
35	37	37	37	34	36	36
140.9	140.5	141.1 *	141.1	141.7	141.7	141.7
106.4	112.7	113.3	113.3	113.3	113.3	113.3
2,429	2,217	2,247 *	2,247	2,258	2,258	2,258
4	4	5	5	5	5	5
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1