

VILLAGE OF VERNON HILLS,
ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL
REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2015

**VILLAGE OF VERNON HILLS,
ILLINOIS**

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ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED APRIL 30, 2015

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, 2015**

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

John Kalmar, Village Manager/Village Clerk

Joe Carey, Assistant Village Manager/Deputy Village Clerk

David Brown, Director of Public Works/Village Engineer

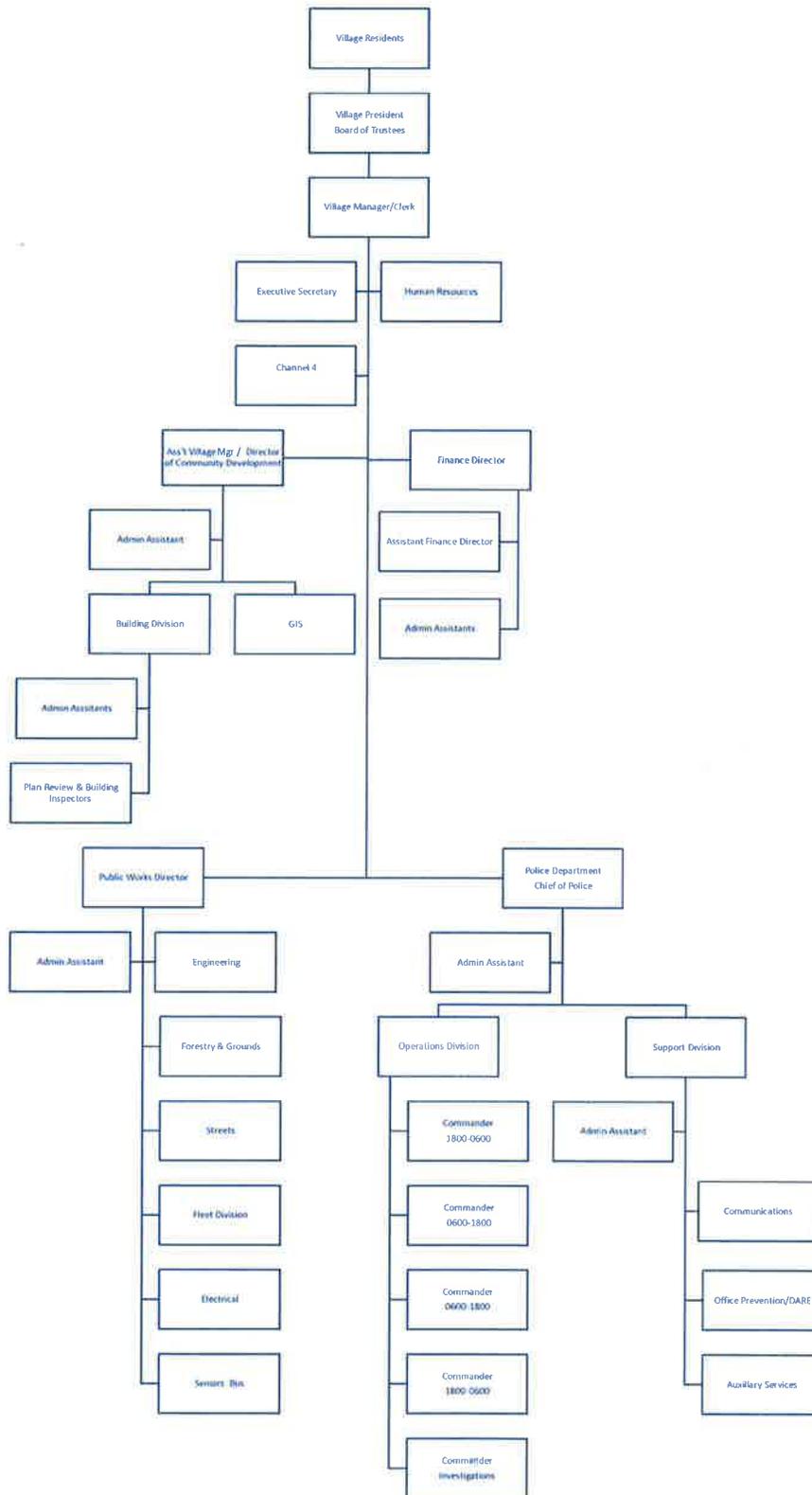
Mark Fleischhauer, Chief of Police

Michael Atkinson, Building Commissioner

Robert Kenny, Village Attorney

Larry Nakrin, Director of Finance/Village Treasurer

VILLAGE OF VERNON HILLS ORGANIZATIONAL STRUCTURE



August 13, 2015

To the Residents of the Village of Vernon Hills:

The Comprehensive Annual Financial Report of the Village of Vernon Hills for the fiscal year ending on April 30, 2015, 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 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 conformance 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 section of this report. Because this letter allows for more subjectivity than the management discussion and analysis, it is the appropriate vehicle for discussing the Village's goals, plans, processes and underlying assumptions. Accordingly, the transmittal letter serves an important role in explaining the Village's finances.

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

and facility maintenance; commercial and residential construction review and inspection; development review; and general administrative services. The Village's Communications Center utilizes both the telecommunicators employed by the Village of Vernon Hills Police Department and the telecommunicators employed by Countryside Fire Protection District, to provide services to our jurisdictions as well as Village of Libertyville and the Village of Lincolnshire. 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 owns and maintains a train station. The Village owns a nine-hole golf course and has hired Kemper Sports Management to operate the Course. It also owns an eighteen-hole golf course, which is leased and operated by Par Development through 2024. The Village provides community events including concerts and festivals including at an Arbortheater owned and operated by the Village. It also owns the Vernon Hills Athletic Complex and operates it in conjunction with the Vernon Hills Park District. The Park District also provides many recreational services for Village residents. Complimentary recreational services are provided by the Lake County Forest Preserve, which provides forested scenic areas, and bike trails adjacent to the Village limits. Water and sanitary sewer services are provided by Lake County. Fire protection for the majority of the Vernon Hills area is provided by Countryside Fire Protection District, while the remainder is 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 a Workforce Development report done for Lake County, Economic Modeling Specialists Intl. estimated there were 19,743 jobs in Vernon Hills in 2014 including 5,669 in retail and 2,969 in manufacturing. Vernon Hills is 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 Mall 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 had been declining in recent years and the Mall has been in prolonged talks with the Village about renovating and expanding the center. Early in FY2013-14, 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 base 1% sales tax generated by the non-anchor stores in the Mall. This rebate is intended to provide \$10 million toward the renovation. The agreement extends for ten years with optional renewal periods adding up to another five years. However, if the present value of the rebate payments reaches \$10 million (when discounted at 6%), the agreement terminates immediately, even if the term of the agreement has not expired. The project includes the conversion of approximately 40,000 square feet of existing space to a Dave and Busters restaurant, bar and arcade facility which opened in March of 2014. It also includes the conversion of 25,000 square feet restaurant and retail space including two restaurants: a Maggiano's Little Italy restaurant and a Smashburger. Maggiano's opened in July of 2014 while Smashburger opened in June of 2014. Finally the project includes the addition of a 65,000 square foot 12 screen, digital, state of the art AMC Theatre. The AMC Theatre opened in April of 2015. The rebate agreement commenced May 1, 2015, the first full month of AMC operation.

In order to fund the loss of revenues caused by the rebate, the Village added a quarter percent Home Rules Sales Tax effective January 1, 2015. The revenues from this tax, projected at \$2.4 million per year, are estimated to fund approximately twice the cost of this incentive agreement. The balance of the revenues generated from this tax will assist the Village with its growing operational and capital needs.

In 2008, the 206,000 square foot Shoppes @ Gregg's Landing opened, bringing Vernon Hills a Lowes and Staples. Additionally, in June of 2011, a 70,000 square foot Mariano's Fresh Market opened in this shopping center. Mariano's is a high end grocery store owned by Wisconsin based Roundy's. In order to assist the developer with land costs to enable 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. An AAA Car Care Center opened in Gregg's Landing in August of 2014. A 286,000 square foot Menard's on the North parcel of the development received Board approval on July 22, 2014. While preliminary infrastructure work has been done by the developer, the building of the store has not commenced. Residents near the development have filed a lawsuit to stop the development.

The Marketplace Shopping Center, which opened in 1994, also brings significant retail space to Vernon Hills. It is currently anchored by an 111,000 square foot Home Depot, and a 198,000 square foot redevelopment completed in 2005 which brought to the Village a Bed Bath and Beyond, Ashley Furniture, Joanne's Fabrics and DSW (Designer Shoe Warehouse). Marketplace lost a couple of major of out lot tenants early in Calendar Year 2009. The Village determined that those vacancies had to be addressed with sales tax incentives. One major Marketplace loss in early 2009 was the closing of the 110,000 square feet Home Expo. In 2010, 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 former 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 major vacancy among the free standing stores in Marketplace was the closing of the 33,000

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 tax sharing arrangement allowed 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 \$518,000 (discounted at 5%), whichever occurs first. Each year that the agreement is in effect, the Village keeps everything received up to the first \$100,000 of sales tax generated. Comp USA/Tiger Direct opened in February of 2011 and closed recently in 2015; the store is vacant once again. If the Store remains closed, the economic incentive agreement on that property will terminate.

Another larger shopping center in Vernon Hills is Rivertree Court. It was completed in 1988 and contains 299,000 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 its 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 refilled vacancies with a Chick-Fil-A restaurant and a Ross Dress for Less store, which opened in 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, and Carter's to in line space within Rivertree. A Mod Pizza is also scheduled to open in an adjacent out lot building.

The Hawthorn Hills Square, which provides 203,000 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 116,000 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 52,000 square foot Dick's Sporting Goods to Hawthorn Hills Square. Dick's opened in September of 2010. Subsequently, Kimco purchased the retail center from Chase. The 20 year agreement, beginning in October of 2010, has 70% of the new sales tax rebated to the property owner in the first five 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 contribute to the sales tax incentive rebate received by Kimco. Other smaller retailers have come to Hawthorn Hills under the incentive agreement including Five Below and Noodles and Company. Also added was a Sleepy's mattress store.

Also among the major retail centers in Vernon Hills is the 297,000 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 \$603,000 net present value (discounted at 5%) figure is reached with Overlook Townline. HH Gregg opened in 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 FY2015-16, its relocation will have an impact in future years. The Village will pursue a reuse for this site.

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, a Buffalo Wild Wings and a free standing Chili's restaurant. Also located on Route 60, is the 99 thousand square foot Hawthorn Commons which includes a Hobby Lobby and Dollar Tree.

The other component of the Village's 3.66 million square feet of retail is 837,000 square feet of freestanding retail. Freestanding retail includes a 170,000 square foot Super Target, a 128,000 square foot Sam's Club, an 87,000 square foot Kohl's, a 45,000 square foot Sports Authority, a 37,000 square foot Babies R US and a 37,000 square foot Walter E. Smithe Furniture. Currently proposed as part of the redevelopment of a 2 story 51,501 square foot building adjacent to Westfield Mall is the use of 8,260 square feet for a 290 seat Uncle Julio's Mexican Restaurant. The August, 2015 vacancy rate for all retail space in Vernon Hills was 5%, 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 224,000 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 200,000 square feet. In December of 2014, the Village extended an economic incentive agreement with CDW, which will be in effect through the end of 2029. The agreement involves the rebating of sales tax. It has a maximum rebate level of 56.3%, which is applicable as long as CDW's applicable taxable sales are at least \$200 million annually. If applicable sales fall between \$65 million and \$200 million, the rebate drops to 39.5%. Between \$50 million and \$65 million, the rebate drops further to 23%. Finally, below \$50 million 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 continues to rebound past pre-recession levels in FY2013-14. Sales tax in FY2014-15 is 2.9% above FY2013-14 levels and 20.1% above the Great Recession low point FY2009-10 level, but it is still only 6.0% above the FY2007-08 pre-Great Recession peak.

Prior to 1986, few office buildings were located in the Village. One exception was the Rustoleum's international headquarters. Rust oleum has recently completed a building addition that included a data center and additional parking to accommodate its growing

workforce. Rust oleum also acquired a former restaurant building across from its headquarters in order to expand their facilities.

In 1986, Van Vlissingen 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 15th largest industrial park in the Chicago region. Among the largest buildings in Corporate Woods are the 130,000 square foot Richard Wolf Medical Instrument Corporation building, 235,000 square foot Mitsubishi building and the 161,000 square foot Z.F. Industries building. In 2008, a Lifetime Fitness facility opened in Corporate Woods. In 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 200,000 square foot Baxter Credit Union/ Pac Sib building. Adjacent to the Continental Executive Parke is the 70 acre American Hotel Register site. It consists of a 258,000 square foot original American Hotel Register headquarters building and the followed by a 201,000 square foot American Hotel Register distribution center.

The Village has other office building developments 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 built 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 FY2014-15 Hotel/Motel revenue was up 4.5 % over the FY2013-14 level, and going back to FY 2009-10, it is up 23.6%; however, it is only up 1.3% from the level in FY2006-07. The Village currently has a multi-screen movie theatre affected by the Village's Amusement Tax. In FY2014-15, the Amusement Tax receipts were down 24.2% from the FY2013-14 level. With the opening of the new AMC Theater at Westfield Hawthorn Shopping Mall (referenced above) this revenue source is already showing substantial growth, such that four months into FY2015-16, the FY2014-15 level has already been exceeded.

In 1988, the Village annexed the Cuneo Estate, which was a 1,200-acre track of previously undeveloped land. It is zoned to include retail, office park and residential components. The residential and golf course component of this development is called Gregg's Landing. Of the 2,100 homes approved for the development, as of April 30, 2015, 1,944 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 began 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 FY2014-15, the original approved concept for the Oaks of Vernon Hills was completed. This original phase includes 256 luxury apartment units and 48 townhouse units; as well as a clubhouse. During FY2014-15 approval was given to an additional three story, 32 unit apartment building.

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 setbacks during the 2008-2009 downturn, the Tax Increment District has made substantial progress. Prior to the downturn, Opus North built in its portion of the TIF, a 66 unit condo building as well as 20 of the 47 town home units approved for the site. 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. 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 Halsted 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. On August 11, 2015, a development proposal was presented to the Village by Chitown Development for a six story apartment building with 75 dwelling units. This building is proposed for the portion of the TIF previously being developed by Opus North.

For Calendar year 2009, the TIF District had a \$3,645,858 thousand incremental assessed valuation resulting in a \$236,288 tax extension. For 2014, the most recent year, the incremental assessed valuation is \$13,414,039 resulting in a \$1,221,833 extension. 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 development. The first TIF backed debt issue occurred during FY2007-08, when the Village issued a \$7 million TIF Revenue Bond with an average coupon interest rate of 6.18%. This bond has its final maturity in December of 2026, but is callable at a price of 102 (102% of the face value of the bond) 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. It is currently the

Village's intent to call the outstanding balance on the 2007 Revenue Bonds late in Calendar Year 2015 and issue General Obligation Bonds for the outstanding balance.

The remaining \$3,628,000 payment to VHTC was financed by a Developer Note, with an 8.0% coupon. Two other Developer 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 development. 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 Cost was 1.93% for this Bond; which had an average life of 10.73 years at the time of issuance.

As part of that same February of 2012 Bond issuance, the Village 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 who reconfirmed the Village's Aaa General Obligation rating.

In September of 2014, pursuant to the Standard and Poor's rating surveillance program, they upgraded the Village's General Obligation rating from an AA+ to an AAA.

In December of 2014, the Village issued a \$5,630,000 General Obligation Bond. Of that amount \$3,520,000 was new money issued for the renovation of the Village's Police Station. The Police Station, which was completed in 1992, required necessary repairs, as well as better use of space including facilities to support the increase in the number of female officers. The \$3,520,000 of Bonds will be the major funding source for the \$3,722,582 project. The Bonds were issued with a final maturity date of March 30, 2034, an Average Life of 11.04 years and a True Interest Cost of 2.77%. The other component of this debt issue was \$2,110,000 used to advance refund the 2007 General Obligation Alternate Revenue Bonds. The 2007 bonds were issued both for the renovation of the Communications Center and for the infrastructure in the Village's Tax Increment District. The Net Present Value Benefit of the refunding was \$214,026. During this process of issuing these Bonds, Standard and Poor's reconfirmed the Village's AAA General Obligation rating.

Moody's has maintained the Village's Aaa rating for the Village's General Obligation debt.

In March of 2015 the Village took advantage of the Call Provision available on the Alternate Revenue Refunding Bonds of 2005 to redeem \$985,000 of the \$2,110,000 of bonds that were scheduled to mature after March of 2015; specifically, the outstanding bonds were scheduled to mature between March 30, 2016 and March 30, 2018. All of the called bonds had coupons of 4.00%. The early redemption of these bonds reduced relatively high interest costs and built debt capacity.

At the August 11, 2015 Village Board Meeting, the Village Board was presented a proposal by Regency Centers for the development of 33 acres on the Northeast Corner of State Route 60 and State Route 21. The proposal includes 270,000 square foot retail development and up to 400 dwelling units. The developer is proposing a Tax Increment District. At the August 11th Meeting, the Board approved an Inducement Resolution. The Inducement Resolution was put in place so that, if in fact the TIF is created, costs could be reimbursed from TIF proceeds. Regency is asking for a net amount of \$20 million to assist in the cost of developing this parcel, because the parcel is difficult to develop. The Village, working with our TIF consultant, will analyze the impact of the request for assistance on the Village's financial ability with an emphasis on protecting the Village's bond rating.

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 an agreement to assist the Park District in the 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 was intended to be due to the Village in December of 2016. Each subsequent December through 2025 a \$202,500 payment would be due. However, the agreement also provides for developer donations to reduce the amount of the loan. With the progress made at the Oaks of Vernon Hills development, the loan balance was reduced to \$953,812 as of April 30, 2015.

In July of 2015, the Village provided the Park District with \$1.5 million which was used for the purchase of a restaurant property adjacent to Little Bear Lake. The Little Bear and Big Bear Lakes are an important recreational amenity in Vernon Hills. The acquisition of this property will facilitate better recreational usage of this property. This expenditure will be reimbursed by Bond proceeds generated from Bonds issued late in Calendar Year 2015.

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 which began August 1, 2012, when Libertyville moved its dispatch over to Vernon Hills, Libertyville paid the

other two entities a total of \$559,082, for the second year the amount was \$610,344, the third year was \$628,654. For the fourth year, which began August 1, 2015, the reimbursement will be \$647,513, and in the final year of the agreement will 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. On October 1, 2013 Lincolnshire moved its dispatch function to Vernon Hills. Under the five year agreement, Lincolnshire paid the Village \$272,320 the first year and is paying \$280,490 for the second year. It will pay \$288,900 the third year, \$297,570 the fourth year and \$306,500 the fifth year. There was also a \$138,975 reimbursement paid by Lincolnshire for the initial start-up fee for capital costs directly attributable to Lincolnshire.

In 2009 Police Officers unionized. Subsequently, Sergeants were added to their bargaining unit. Telecommunicators went on to form their own bargaining unit. Both units are represented by the Illinois Fraternal Order of Police. During FY2013-14 a three year Collective Bargaining Agreement was completed for the Police Officers and the Sergeants. The Agreement provided the Officers with a 2.75% increase on May 1, 2013, another 2.75% increase on May 1, 2014 and a 2.50% increase on May 1, 2015. The Agreement provided the Sergeants with three 2.50% increases effective on the first day of May of 2013, 2014 and 2015. During FY2014-15, an agreement was reached with the Telecommunicators providing retroactive increases of 2.75% effective May 1, 2013, 2.75% effective May 1, 2014 and 2.50% effective May 1, 2015. Both Agreements terminate on April 30, 2016.

Following the 2008 market crash, the Village has made a concerted effort to ensure a very realistic plan for funding its Police Pension Fund. The Fund continues to utilize the Entry Age Normal Cost Method to allocate the timing of pension costs. The Fund lowered the investment rate assumptions from 7.0% to 6.0%. In FY2014-15, the Fund adopted the Academy of Actuaries standard that valuations be done using the 2000 Mortality Table rather than the 1971 Mortality Table, while also lowering the salary increase assumption from 5.00% to 4.75%. Also in FY2014-15, the Fund returned to utilizing a retirement age assumption that has the distribution of retirement ages ending at age 57; this is a realistic but not commonly used assumption. The actuarial assumptions and methods the Village uses resulted in the Pension Fund having a 68.3% funding level based on April 30, 2014 data when calculated using the actuarial value of assets. Utilizing the market value of the assets, results in a funding level of 71.1%. The Illinois Department of Insurance actuary uses a 6.75% investment rate assumption for the Pension Fund, a 4.50% salary increase assumption, a top retirement age of 60 and the less conservative Projected Unit Credit cost method. The Department of Insurance actuarial assumptions and methods resulted in the Pension Fund having an 80.0% funding level, with a market value funding level of 82.5%. The Village's funding level for the Illinois Municipal Retirement Fund as of December 31, 2014 is 74.7% funded using an actuarial value for assets and 87.0% funded using the market value for assets.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Vernon Hills for its comprehensive annual financial report for the fiscal year ended April 30, 2014.

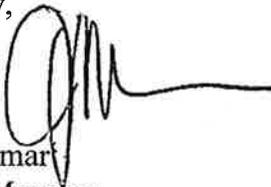
In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report, whose contents conform to program standards. Such reports must satisfy Generally Accepted Accounting Principles and applicable legal requirements.

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.

John Kalmar became the Village Manager in 2014 after serving as Assistant Village Manager since 1999. Village Manager John Kalmar is a Credentialed Manager under the International City/County Management Association's program.

The hard work, long hours and unwavering dedication to quality of Assistant Finance Director Nikki Larson, Payroll and Human Resources Benefits Specialist Kristen Shepherd, Administrative Assistant Jayshree Taswala and Administrative Assistant Mary Grampo is acknowledged and greatly appreciated. Nikki came to Vernon Hills from the City of Highland Park where she served as their Finance Director. Village Manager John Kalmar provided important support to the Village's financial achievements. Significant support was also provided by the staff of the Village Manager's Office, Assistant Village Manager/Director of Community Development Joe Carey and the Community Development Department, Police Chief Mark Fleischhauer and the Police Department, as well as Public Works Director/Village Engineer Dave Brown and the Public Works Department. 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 Byrne and the Village Board were essential to the preparation of this report and the quality of the Village's financial position.

Sincerely,



John Kalmar
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, 2014

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 13, 2015

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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, 2015, 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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Vernon Hills, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements and budgetary comparison 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

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, 2015. 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 FY2014-15 the Village of Vernon Hills' net position declined by 0.9% or \$972,545 to \$111,113,887. This was a drop of \$192,229 more than FY2013-14 when net position declined by \$718,316 or 0.6%.
- Revenues increased by \$1,484,752, or 6.2% from FY2013-14 levels, while expenses increased by \$1,738,657 or 7.1%.
- A major factor that contributed to growth in revenues included \$727,413 of revenues generated in FY2014-15 that resulted from the first four months of the new quarter percent Home Rule Sales Tax.
- Another major factor contributing to the increase in revenues was an increase of \$653,138 or 6.1% in the Village's Municipal 1% share of Sales Tax.
- The expenses for Streets and Roads increased by \$624,373 or 8.0% from FY2013-14 levels. This is primarily related to construction related expenses.
- Public Safety expenses increased by \$695,411 or 6.6% from FY2013-14 levels. The major contributor was Personal Services costs.
- Business-type Activity net position decreased by 25.0% or \$69,327 to \$294,569 as Golf Course revenues decreased by \$18,491 or by 4.0% from FY2013-14 levels, while expenses increased by \$4,270 or by 0.8%.
- Within the General Fund, revenues exceeded expenditures by \$1,624,324; however, after \$1,804,752 of transfers out and the net effect debt refunding the fund balance decreased by \$197,591. This was an improvement from the FY2013-14 \$617,218 decline in the General Fund after transfers out.
- Expenditures in the General Fund were up \$88,816 or 0.6% from FY2013-14 levels. The expenditure increases were mitigated by an \$820,000 decrease in Principal Retirement. The majority of the \$2,345,000 Principal Retirement in FY2013-14 was related to the early redemption of \$1,485,000 of bond principal scheduled to be paid from March of 2015 through March of 2018. In FY2014-15 another early redemption opportunity was exercised, but it was a smaller \$985,000 retirement of principal. The principal retired was for maturities of the 2005 Alternate Revenue Bonds that had been scheduled to be paid from March of 2016 through March of 2018. As a result, the General Fund Principal Retirement in FY 2014-15 amounted to \$1,525,000.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

FINANCIAL HIGHLIGHTS – Continued

- The General Fund Expenditure Category that experienced the most significant increase was Public Safety which was up \$518,543 or 6.5%.
- Within the General Fund, revenues increased by \$1,075,265 or 5.3% from the FY2013-14 level. The first four months of the Village's newly implemented quarter percent Home Rule Sales Tax contributing \$727,413.
- Within the Tax Increment Fund revenues and legally mandated transfers into the fund exceeded revenues by \$466,603, bringing the fund balance to \$646,402.
- Within the Motor Fuel Tax Fund, expenditures exceeded revenues by \$326,516, reducing the fund balance to \$1,860,876.
- The Dispatch Center Funds, revenues and transfers from the General Fund exceeded revenues by \$169,928, increasing the fund balance to \$366,512.
- In FY2014-15, the Village created a Bond Construction Fund to account for the renovation of the Police Station. It was funded by \$3,520,000 of proceeds from a General Obligation Bond issued in December, 2015. It was also funded by \$307,574 of transfers. Net of \$504,629 of expenditures, the fund ended up with a \$3,323,130 Fund Balance on April 30, 2015.

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, 2015

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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

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

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

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

Fund Financial Statements

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

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

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 six 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, VHAC Site Development Fund and Bond Construction, 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, 2015

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 - 56 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 57 - 63 of this report. The budgetary comparison schedules for all other funds are presented immediately following the required supplementary information on pensions and can be found on pages 64 - 72 of this report.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

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 \$111.1 million. The prior year, assets exceeded liabilities by \$112.1 million.

	Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 37.2	32.2	(0.2)	(0.2)	37.0	32.0
Capital Assets	101.9	105.0	0.5	0.6	102.4	105.6
Total Assets	139.1	137.2	0.3	0.4	139.4	137.6
Long-Term Debt Outstanding	(23.4)	(21.4)	-	-	(23.4)	(21.4)
Other Liabilities	(4.9)	(4.1)	-	-	(4.9)	(4.1)
Total Liabilities	(28.3)	(25.5)	-	-	(28.3)	(25.5)
Net Position						
Net Investment in Capital Assets	82.2	84.0	0.5	0.6	82.7	84.6
Restricted	6.4	2.8	-	-	6.4	2.8
Unrestricted (Deficit)	22.2	24.9	(0.2)	(0.2)	22.0	24.7
Total Net Position	110.8	111.7	0.3	0.4	111.1	112.1

About 74.4 percent of the Village of Vernon Hills' net position, or a total of \$82.7 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 5.8 percent or \$6.4 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 19.8 percent, or \$22.0 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, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position (in Millions)					
	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 3.9	4.0	0.4	0.5	4.3	4.5
Operating Grants/Contributions	0.9	0.8	-	-	0.9	0.8
General Revenues						
Utility Tax	1.3	1.4	-	-	1.3	1.4
Intergovt. Unrestricted						
Sales Tax	11.4	10.8	-	-	11.4	10.8
State Income Tax	2.5	2.4	-	-	2.5	2.4
Telecommunications Tax	1.1	1.3	-	-	1.1	1.3
Other Taxes and Fees	3.4	2.7	-	-	3.4	2.7
Interest Income	0.3	-	-	-	0.3	-
Total Revenues	24.8	23.4	0.4	0.5	25.2	23.9
Expenses						
General Government	5.1	4.6	-	-	5.1	4.6
Public Safety	11.2	10.5	-	-	11.2	10.5
Streets and Roads	8.4	7.8	-	-	8.4	7.8
Culture and Recreation	0.2	0.3	-	-	0.2	0.3
Interest on Long-Term Debt	0.8	0.9	-	-	0.8	0.9
Golf Course	-	-	0.5	0.5	0.5	0.5
Total Expenses	25.7	24.1	0.5	0.5	26.2	24.6
Increase (Decrease) in Net Position	(0.9)	(0.7)	(0.1)	-	(1.0)	(0.7)
Net Position-Beginning	111.7	112.4	0.4	0.4	112.1	112.8
Net Position-Ending	110.8	111.7	0.3	0.4	111.1	112.1

Total net position fell by \$1.0 million to \$111.1 million. In FY2013-14, net position fell by \$0.7 million. The net position for governmental activities fell by \$0.9 million to \$110.8 million, compared to a \$0.7 million decline in FY2013-14. Business-type activities fell by \$0.1 million to \$0.3 million.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities

The Village's \$0.9 million decrease in its governmental net position represented a 0.8% decrease; as compared to FY13-14 when the decline was 0.6%. Revenues increased by \$1.4 million or 6.0%, while expenses increased by \$1.6 million or by 6.6%. Highlights of the changes from FY2013-14 included:

- General Revenues increased by \$1,483,752 which is 8.0% above FY2013-14 levels. This increase is led by a \$689,151 increase in Other Revenue Category which resulted from a third of a year of the new Home Rule Sales Tax which generated \$727,413 for that category. The 1% share Municipal Sales Tax had a \$663,138 increase. The biggest General Revenue decrease from FY2013-14 was a \$140,370 drop in Telecommunications Tax revenues.
- Charges for Services declined by \$101,276 or 2.5% from FY2014-15 levels which can be attributed to a \$339,951 decline in the category of Licenses and Permits reflecting a decrease in construction related revenues in Vernon Hills.
- Public Safety expenses increased by \$695,441 or 6.6% from FY2014-15 levels, while the program revenues associated with providing this service increased by \$93,201 or 7.8% resulting in a net expense increase of \$602,240 or 6.5%.
- Streets and Roads expenses increased by \$624,373 or by 8.0% from FY2013-14 levels, while program revenues increased by \$95,443 or 12.6%.
- While General Government expenses increased by \$486,682 or 10.5% from FY2013-14 levels, program revenues declined by \$269,067 or 10.4%, this decline was driven by the \$338,951 drop in Licenses and Permits. This resulted in a net expense increase of \$755,749 or 37.4%.
- Interest expenses declined by \$48,565 or 5.4% from FY2013-14 levels.

The \$0.9 million decline in Governmental Activities net position in FY2014-15 was a bigger decline than the \$0.7 million decline in FY2013-14 but less than the \$1.0 million decline in FY2012-13. Net position performance will likely be aided in the future by the fact that as the Village's roads age, projects that are currently classified as maintenance will be replaced by projects categorized as reconstruction.

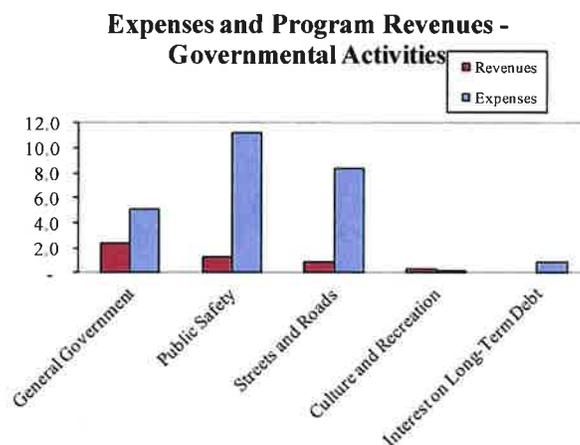
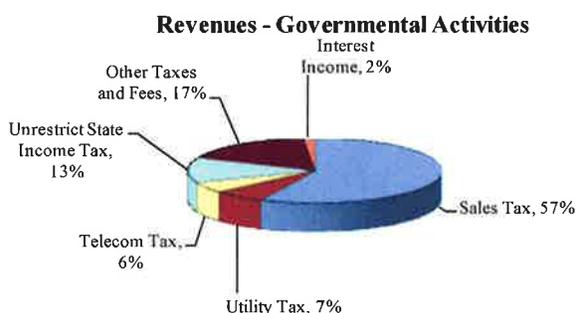
VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

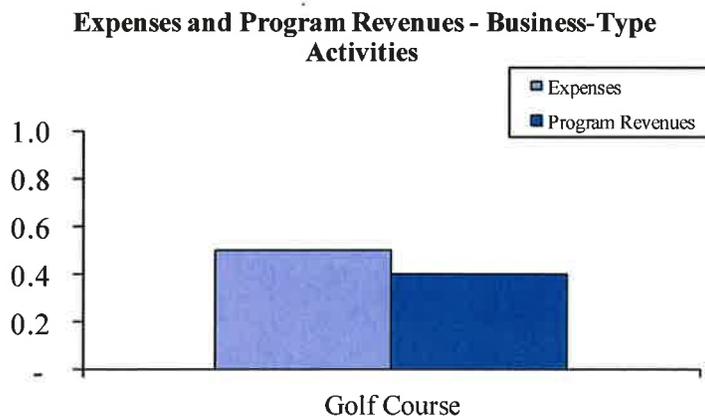
Governmental Activities – Continued

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



Business-Type Activities

As the graph below demonstrates, the \$518,417 of golf course expenses exceeded program revenues that amounted to \$449,097 for Charges for Services. Revenues decreased by \$18,491 from FY2013-14 levels, while expenses increased by \$4,270 from FY2013-14 levels.



VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, the unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For all governmental funds, the Village expenditures exceeded revenues by \$51,967; however, largely because the issuance of \$3,520,000 of General Obligation Bonds, there was a Net Increase in Fund Balance totaling \$3,435,554. One controllable factor that resulted in expenditures exceeding revenues by \$51,967 was in the category of Debt Service Principal Retirement, where the one-time \$985,000 expenditure for the early redemption of an outstanding bond occurred. Several major factors contributed to this result:

- In FY2014-15, the General Fund balance decreased by \$197,591 to \$23,849,071. Revenues exceeded expenditures by \$1,624,324 but predominately due to \$1,804,752 of transfers out, there was a \$197,591 net decrease in the fund balance.
- Expenditures in the General Fund were up by \$88,816 or 0.5% from FY2013-14 levels. The magnitude of the increase was greatly moderated by an \$820,000 decrease in the Debt Service Principal Retirement category. In FY2013-14, \$1,485,000 of bond principal was redeemed early through the exercise of a Call Provision. Call provisions were also exercised in FY2014-15, but they amounted to a smaller \$985,000 or \$500,000 less than the bond principal early call option total that had been exercised in FY2013-14.
- General Fund Public Safety costs increased \$518,543, or 6.5%; the largest component of the increase was a \$411,029 increase in Personal Service costs.
- A \$1,379,727 General Fund transfer was received by the Dispatch Center Fund. That amount approximately covered the Village's net cost for its share of the consolidated dispatch services.
- The General Fund transferred \$307,574 to the Bond Construction Fund to supplement the \$3,520,000 of Bond proceeds funding the Police Station renovation.
- Revenues in the General Fund increased by \$1,075,265 or 5.3% from the FY2013-14 level.
- The most significant part of the revenue increase was the result of the implementation of a quarter percent Home Rule Sales Tax that became effective on January 1, 2015. The four months of revenue from that source resulted in \$727,413 of the General Fund's revenue increase.
- The 1% share Municipal Sales Tax in the General Fund increased by \$305,161 or 2.9%.
- Investment Income increased by \$220,395 to \$283,420 partly because the market value deficit relative to the book value of the portfolio only increased by \$1,014 to \$16,628 from April 30, 2014.
- The category within the General Fund that saw the largest decrease was Licenses and Permits which decreased by \$339,951 or 20.3% as a result of less construction activity.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

- Within the Dispatch Center Fund, the sum of revenues and the transfers from the General Fund exceeded expenditures by \$169,928 bringing the fund balance up to \$366,512.
- The Dispatch Center Fund had a total of \$2,456,020 of expenditures in FY2014-15, a 6.9% increase over FY2013-14 levels. Personal Services costs were up 11.0% from FY2013-14 levels, partly because of a Collective Bargaining Agreement that included retroactive increases. Revenues were \$1,246,221, an increase of 7.7% from FY2013-14 levels.
- Within the Tax Increment Fund revenues and legally mandated transfers into the fund exceeded expenditures by \$466,603, bringing the fund balance to \$646,402. Fund revenues were \$1,174,694, which is a 8.8% decrease from FY2013-14 levels.
- Within the Motor Fuel Tax Fund, expenditures exceeded revenues by \$326,516, reducing the fund balance to \$1,860,876.
- The Police Station Renovation Bond Construction Fund was established during FY2014-15 to account for the Renovation project. \$3,520,000 of General Obligation Bonds was issued in FY2014-15 and \$307,575 was transferred from the General Fund to fund this project. After the expenditure of \$504,629 the April 30, 2015 balance was \$3,323,130.

Proprietary Funds

The Village of Vernon Hills' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Village's Golf Course Fund is the fund through which the Village's nine-hole golf course is operated. For Calendar Year 2014, the Golf Course had projected 19.7 thousand rounds would be played, the actual play was 17.7 thousand rounds. Rounds played in Calendar Year 2014 were down 6.2% from Calendar Year 2013. Resident weekday and weekend rates were \$16 and \$18 respectively (increased from \$15 and \$17 in 2012). Beginning in Calendar Year 2015, the equivalent nonresident rates were \$20 and \$22 respectively (increased from \$17 and \$19 in 2012 to \$18 and \$20 respectively for 2013 and 2014). There is also a season pass for residents, which was \$475 per year (increased from \$425 in 2012). The nonresident season pass rate is \$575. 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 43 percent of sale price, and for food and beverage the targeted ratio is 29 percent. In FY2014-15, the Golf Course Generated \$449 thousand of revenues and had \$518 thousand of expenses resulting in a \$69 thousand loss. The decline in net position by \$69 thousand brought the net position to a level of \$295 thousand.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

Transfers are routinely made between expenditure accounts during the year. Increases to the budget occur routinely early in the fiscal year as a result of the Village's policy of carrying forward into the current fiscal year encumbrances or commitments budgeted but not expended in the prior fiscal year. Overall, the General Fund FY2014-15 budget's net increase was \$1,567,153. Of that amount, \$427,495 of budget increases resulted from of the above mentioned carry forward policy. The largest increase occurred in the General Fund debt service budget. That budget was increased by \$985,000 in order to accommodate the unbudgeted early redemption of the 2005 Alternate Revenue Bonds. However, transfers of \$42,478 out of that category created an overage. Transfers into the General Judiciary budget were totaling \$275,000 from Public Works to cover unanticipated levels of legal costs. These transfers proved insufficient, creating a \$9,475 overage. Another major transfer tied to salary increases, affected both the General Fund and the Dispatch Center Fund. It increased the budget for the General Fund Transfer to the Dispatch Center Fund b \$205,278 and increased the budget for Dispatch Center Fund Personal Services by that same amount. Finally, the Village budget process does not budget for depreciation.

While most revenues surpassed projection in FY2014-15, a few revenues fell short. The most significant shortfall was in the General Fund's Telecommunications Tax category, where \$1,344,000 was budgeted and \$1,117,728 was recognized. Also in the Utility Tax \$1,489,000 was budgeted and \$1,345,000 was recognized. Lastly, due to timing issues Grants from the Vernon Hills Park District and a private Club were the major factor in a \$145,598 short fall in the Grant Category.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 4.6	4.6	0.3	0.3	4.9	4.9
Construction in Progress	0.5	-	-	-	0.5	-
Land Improvements	7.1	7.7	0.1	0.1	7.2	7.8
Buildings and Improvements	14.6	15.1	0.1	0.1	14.7	15.2
Equipment/Vehicles	1.2	1.4	-	0.1	1.2	1.5
Infrastructure	73.9	76.2	-	-	73.9	76.2
Total	101.9	105.0	0.5	0.6	102.4	105.6

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, 2015 was \$102.4 million. This change represented a decrease of \$3.2 million, or 3.0% from FY2013-14. Additional information on the Village of Vernon Hills' capital assets can be found in note 3 on pages 35 - 36 of this report.

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

Construction in Progress	\$ 0.5
Equipment/Vehicles	-
Infrastructure	<u>0.2</u>
Equipment/Vehicles	<u><u>0.7</u></u>

VILLAGE OF VERNON HILLS, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

At year-end, the Village of Vernon Hills had total outstanding long-term debt of \$22.8 million as compared to \$20.9 million the previous year, an increase of 9.1 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding (in millions)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 15.0	9.4	-	-	15.0	9.4
Alternate Revenue Bonds	1.1	4.6	-	-	1.1	4.6
TIF Revenue Bonds/Notes	6.7	6.9	-	-	6.7	6.9
Total	22.8	20.9	-	-	22.8	20.9

At the end of last year, April 30, 2014, the Village had \$4,625,000 of outstanding Alternate Revenue Bonds but by April 30, 2015 that amount was down to \$1,115,000. During FY2014-15 \$985,000 of outstanding principal outstanding on the 2005 Alternate Revenue Bond was retired was redeemed through the exercise of an early call provision and \$295,000 was paid according to the normal debt service schedule leaving a \$1,115,000 balance on that bond. The other outstanding Alternate Revenue Bond was retired (the 2007 issue) ended the year with no balance after \$130,000 was paid off through the normal debt service payment and \$2,100,000 was retired through Advance Refunding accomplished as part of the 2014 General Obligation Bond. The \$7.0 million Tax Increment Revenue Bond was issued in 2007 to assist with land acquisition and construction in the Tax Increment District. That Bond’s principal balance was down to \$6,715,000 as of April 30, 2015.

In February of 2012, the Village issued two General Obligation Bonds. The first Bond the Series A, for \$7,850,000 was used to refinance the \$5,963,000 of principal outstanding 3 Developer 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, the Series B, 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. In September of 2014 Standard and Poor’s upgraded the Village’s General Obligation bond rating from an AA+ to an AAA.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration – Continued

In December of 2014, the Village issued a \$5,630,000 General Obligation Bond. Of that amount \$3,520,000 was new money issued for the renovation of the Village's Police Station. The Bonds were issued with a final maturity date of March 30, 2034, an Average Life of 11.04 years and a True Interest Cost of 2.77%. The other component of this debt issue was \$2,110,000 used to advance refund the 2007 General Obligation Alternate Revenue Bonds. The 2007 bonds were issued both for the renovation of the Communications Center and for the infrastructure in the Village's Tax Increment District. The Net Present Value Benefit of the advanced refunding was \$243,507. During this process of issuing these Bonds, Standard and Poor's reconfirmed the Village's AAA General Obligation rating.

General Obligation debt began the year with a \$9,445,000 balance. \$3,520,000 was issued for a new project \$2,110,000 was issued as part of the Advanced Refunding of the 2007 Alternate Revenue Bonds. The amount of General Obligation Debt retired in 2015 was \$115,000 leaving an April 30, 2015 balance of \$14,960,000 for General Obligation Bonds. 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 2014-15 budget, and fees that will be charged for its services. One of those factors is the economy. Vernon Hills' average unemployment rate for calendar year 2014 was 5.2%. That was lower than Vernon Hills' average annual unemployment rates for 2013 and 2012, which were both 6.5%. The 5.2% unemployment rate for 2014 compares favorably to the Lake County unemployment rate for 2014 of 6.5% and the State of Illinois unemployment rate for 2014 of 7.1%. The U. S. Census Bureau 5-year (2009-20113) estimated household median income value for Vernon Hills is \$90,674 which is 117 percent of the Lake County level and 160 percent of the State of Illinois level. The Median Value of owner-occupied housing units (2009-2013) is \$316,000, 124% of the Lake County level and 173% 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 2014, the total sales tax before economic incentive rebate was \$13.64 million. This was \$839 thousand more than in Calendar Year 2013, representing a 6.6% increase. For Calendar Year 2014, the most significant category dollar amount increase was in Furniture and H.H. and Radio, which saw an \$833 thousand increase, or 17.5%, from Calendar Year 2013 to a Calendar Year 2014 level of \$5.61 million. The most significant dollar amount reduction from Calendar Year 2013 was in the category of General Merchandise, which saw a \$110 thousand or 4.2% decline to a level of \$2.49 million in Calendar Year 2014.

VILLAGE OF VERNON HILLS, ILLINOIS

Management's Discussion and Analysis April 30, 2015

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
April 30, 2015**

See Following Page

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position
April 30, 2015

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 29,262,747	-	29,262,747
Receivables - Net of Allowances			
Taxes	5,662,085	-	5,662,085
Accounts	308,101	-	308,101
Accrued Interest	121,434	-	121,434
Prepays/Inventory	458,220	20,207	478,427
Internal Balances	230,771	(230,771)	-
Due from Other Governments	953,812	-	953,812
Total Current Assets	<u>36,997,170</u>	<u>(210,564)</u>	<u>36,786,606</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	5,030,032	302,282	5,332,314
Depreciable Capital Assets	162,082,564	2,127,467	164,210,031
	<u>167,112,596</u>	<u>2,429,749</u>	<u>169,542,345</u>
Accumulated Depreciation	(65,169,254)	(1,908,038)	(67,077,292)
	<u>101,943,342</u>	<u>521,711</u>	<u>102,465,053</u>
Other Assets			
Net Pension Asset	193,372	-	193,372
Total Noncurrent Assets	<u>102,136,714</u>	<u>521,711</u>	<u>102,658,425</u>
Total Assets	<u>139,133,884</u>	<u>311,147</u>	<u>139,445,031</u>

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

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 979,829	6,648	986,477
Accrued Payroll	330,473	-	330,473
Accrued Interest Payable	‡ 215,429	-	215,429
Deposits Payable	872,938	-	872,938
Other Payables	1,531,424	9,930	1,541,354
Compensated Absences Payable	286,842	-	286,842
Current Portion of Long-Term Debt	645,000	-	645,000
Total Current Liabilities	4,861,935	16,578	4,878,513
Noncurrent Liabilities			
Compensated Absences Payable	1,147,370	-	1,147,370
Other Postemployment Benefit Payable	160,261	-	160,261
General Obligation Bonds Payable	14,575,000	-	14,575,000
TIF Revenue Bonds/Notes Payable	6,455,000	-	6,455,000
Alternate Revenue Bonds Payable	1,115,000	-	1,115,000
Total Noncurrent Liabilities	23,452,631	-	23,452,631
Total Liabilities	28,314,566	16,578	28,331,144
NET POSITION			
Net Investment in Capital Assets	82,205,307	521,711	82,727,018
Restricted - Public Safety	461,250	-	461,250
Restricted - Tax Increment District	646,402	-	646,402
Restricted - Streets and Roads	1,860,876	-	1,860,876
Restricted - Capital	100,000	-	100,000
Restricted - Construction	3,323,130	-	3,323,130
Unrestricted	22,222,353	(227,142)	21,995,211
Total Net Position	110,819,318	294,569	111,113,887

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Activities
For the Year Ended April 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Primary Government				
Governmental Activities				
General Government	\$ 5,105,742	2,326,412	-	-
Public Safety	11,202,863	1,288,454	-	-
Streets and Roads	8,427,086	-	847,934	3,902
Culture and Recreation	258,590	300,789	-	25,000
Interest on Long-Term Debt	852,718	-	-	-
Total Governmental Activities	25,846,999	3,915,655	847,934	28,902
Business-Type Activities				
Golf Course	518,417	449,077	-	-
Total Primary Government	26,365,416	4,364,732	847,934	28,902

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

Change in Net Position

Net Position - Beginning

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
(2,779,330)	-	(2,779,330)
(9,914,409)	-	(9,914,409)
(7,575,250)	-	(7,575,250)
67,199	-	67,199
(852,718)	-	(852,718)
(21,054,508)	-	(21,054,508)
-	(69,340)	(69,340)
(21,054,508)	(69,340)	(21,123,848)
1,345,000	-	1,345,000
727,413	-	727,413
369,509	-	369,509
325,797	-	325,797
201,923	-	201,923
1,117,728	-	1,117,728
1,174,513	-	1,174,513
581,480	-	581,480
11,426,650	-	11,426,650
2,530,028	-	2,530,028
295,485	13	295,498
55,764	-	55,764
20,151,290	13	20,151,303
(903,218)	(69,327)	(972,545)
111,722,536	363,896	112,086,432
110,819,318	294,569	111,113,887

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

VILLAGE OF VERNON HILLS, ILLINOIS

Balance Sheet - Governmental Funds
April 30, 2015

	General	Motor Fuel Tax
ASSETS		
Cash and Investments	\$ 20,870,994	1,825,490
Receivables - Net of Allowances		
Taxes	5,521,834	58,408
Accounts	46,796	-
Accrued Interest	119,383	-
Other	110,387	-
Prepays	458,220	-
Due from Other Governments	953,812	-
Due from Other Funds	234,052	-
	<hr/>	<hr/>
Total Assets	28,315,478	1,883,898
LIABILITIES		
Accounts Payable	662,989	23,022
Accrued Payroll	289,219	-
Deposits Payable	872,938	-
Due to Other Funds	100,000	-
Other Payables	2,541,261	-
Total Liabilities	4,466,407	23,022
FUND BALANCES		
Nonspendable	458,220	-
Restricted	94,738	1,860,876
Committed	14,075	-
Unassigned	23,282,038	-
Total Fund Balances	23,849,071	1,860,876
	<hr/>	<hr/>
Total Liabilities and Fund Balances	28,315,478	1,883,898

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

Tax Increment	Dispatch Center	VHAC Site Development	Bond Construction	Total Governmental Funds
1,314,351	244,100	-	3,551,134	27,806,069
-	81,843	-	-	5,662,085
-	147,637	-	-	194,433
2,051	-	-	-	121,434
-	-	-	-	110,387
-	-	-	-	458,220
-	-	-	-	953,812
-	-	100,000	-	334,052
<u>1,316,402</u>	<u>473,580</u>	<u>100,000</u>	<u>3,551,134</u>	<u>35,640,492</u>
-	65,814	-	228,004	979,829
-	41,254	-	-	330,473
-	-	-	-	872,938
670,000	-	-	-	770,000
-	-	-	-	2,541,261
<u>670,000</u>	<u>107,068</u>	<u>-</u>	<u>228,004</u>	<u>5,494,501</u>
-	-	-	-	458,220
646,402	366,512	100,000	3,323,130	6,391,658
-	-	-	-	14,075
-	-	-	-	23,282,038
<u>646,402</u>	<u>366,512</u>	<u>100,000</u>	<u>3,323,130</u>	<u>30,145,991</u>
<u>1,316,402</u>	<u>473,580</u>	<u>100,000</u>	<u>3,551,134</u>	<u>35,640,492</u>

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, 2015

Total Governmental Fund Balances	\$ 30,145,991
 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.	101,943,342
Less: Internal Service Capital Assets	(422,670)
 A net pension asset is not considered to represent a financial resource and therefore, is not reported in the funds.	 193,372
 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.	 2,549,348
 Revenues not available to pay for current period expenditures are deferred in the funds.	 1,009,837
 Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
General Obligation Bonds Payable	(14,960,000)
Revenue Bonds/Notes Payable	(6,715,000)
Alternate Revenue Source Bonds Payable	(1,115,000)
Compensated Absences Payable	(1,434,212)
Other Post-Employment Benefit Obligation Payable	(160,261)
Accrued Interest Payable	(215,429)
	<hr/>
Net Position of Governmental Activities	<u>110,819,318</u>

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

VILLAGE OF VERNON HILLS, ILLINOIS

**Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended April 30, 2015**

See Following Page

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended April 30, 2015

	General	Motor Fuel Tax
Revenues		
Taxes	\$ 6,873,081	-
Intergovernmental	11,014,078	847,934
Licenses and Permits	1,332,717	-
Charges for Services	1,294,484	-
Fines and Forfeits	370,773	-
Interest	283,420	8,956
Miscellaneous	55,764	-
Total Revenues	<u>21,224,317</u>	<u>856,890</u>
Expenditures		
Current		
General Government	3,842,991	-
Public Safety	8,476,242	-
Streets and Roads	4,699,605	1,183,406
Culture and Recreation	258,590	-
Capital Outlay	630,907	-
Debt Service		
Principal Retirement	1,525,000	-
Interest and Fiscal Charges	166,658	-
Total Expenditures	<u>19,599,993</u>	<u>1,183,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,624,324</u>	<u>(326,516)</u>
Other Financing Sources (Uses)		
Debt Issuance	1,115,000	
Payment to Escrow Agent	(1,132,163)	
Transfers In	-	-
Transfers Out	(1,804,752)	-
	<u>(1,821,915)</u>	<u>-</u>
Net Change in Fund Balances	(197,591)	(326,516)
Fund Balances - Beginning	<u>24,046,662</u>	<u>2,187,392</u>
Fund Balances - Ending	<u>23,849,071</u>	<u>1,860,876</u>

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

Tax Increment	Dispatch Center	VHAC Site Development	Bond Construction	Total Governmental Funds
1,174,513	325,797	-	-	8,373,391
-	-	-	-	11,862,012
-	-	-	-	1,332,717
-	917,681	-	-	2,212,165
-	-	-	-	370,773
181	2,743	-	185	295,485
-	-	-	-	55,764
1,174,694	1,246,221	-	185	24,502,307
-	-	-	-	3,842,991
-	2,456,020	-	-	10,932,262
-	-	-	-	5,883,011
-	-	-	-	258,590
-	-	-	478,035	1,108,942
195,000	-	-	-	1,720,000
615,226	-	-	26,594	808,478
810,226	2,456,020	-	504,629	24,554,274
364,468	(1,209,799)	-	(504,444)	(51,967)
995,000	-	-	3,520,000	5,630,000
(1,010,316)	-	-	-	(2,142,479)
117,451	1,379,727	-	307,574	1,804,752
-	-	-	-	(1,804,752)
102,135	1,379,727	-	3,827,574	3,487,521
466,603	169,928	-	3,323,130	3,435,554
179,799	196,584	100,000	-	26,710,437
646,402	366,512	100,000	3,323,130	30,145,991

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

For the Year Ended April 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 3,435,554
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	761,987
Depreciation Expense	(3,708,372)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	441,474
An increase in a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	6,817
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.	
Issuance of Long-Term Debt	(5,630,000)
Retirement of Long-Term Debt	3,820,000
Additions to Compensated Absences Payable	(121,659)
Additions to Other Post-Employment Benefit Obligation Payable	(23,154)
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.	(1,761)
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>115,896</u>
Changes in Net Position of Governmental Activities	<u>(903,218)</u>

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2015

	Business-Type Activities - Enterprise Golf Course	Governmental Activities Internal Service Equipment Replacement
ASSETS		
Current Assets		
Cash and Investments	\$ -	1,456,678
Inventory	18,688	-
Due from Other Funds	-	670,000
Prepays	1,519	-
Total Current Assets	<u>20,207</u>	<u>2,126,678</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable Capital Assets	302,282	-
Depreciable Capital Assets	2,127,467	1,784,547
	<u>2,429,749</u>	<u>1,784,547</u>
Accumulated Depreciation	(1,908,038)	(1,361,877)
Total Noncurrent Assets	<u>521,711</u>	<u>422,670</u>
Total Assets	<u>541,918</u>	<u>2,549,348</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	6,648	-
Due to Other Funds	230,771	-
Other Payables	9,930	-
Total Current Liabilities	<u>247,349</u>	<u>-</u>
NET POSITION		
Investment in Capital Assets	521,711	422,670
Unrestricted	(227,142)	2,126,678
Total Net Position	<u>294,569</u>	<u>2,549,348</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
For the Year Ended April 30, 2015

	Business-Type Activities - Enterprise Golf Course	Governmental Activities Internal Service Equipment Replacement
Operating Revenues		
Charges for Services	\$ 449,077	210,226
Operating Expenses		
Operations	453,195	17,414
Depreciation	64,694	76,916
Total Operating Expenses	517,889	94,330
Operating Income (Loss)	(68,812)	115,896
Nonoperating Revenues (Expenses)		
Interest Income	13	-
Interest Expense	(528)	-
	(515)	-
Change in Net Position	(69,327)	115,896
Net Position - Beginning	363,896	2,433,452
Net Position - Ending	294,569	2,549,348

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

VILLAGE OF VERNON HILLS, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Year Ended April 30, 2015

	Business-Type Activities - Enterprise Golf Course	Governmental Activities Internal Service Equipment Replacement
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 449,165	640,227
Payments to Suppliers and Employees	(448,650)	(17,414)
	<u>515</u>	<u>622,813</u>
Cash Flows from Capital and Related Financing Activities		
Interest on Capital Debt	(528)	-
	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Received	13	-
	<u>13</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	-	622,813
Cash and Cash Equivalents - Beginning	-	833,865
	<u>-</u>	<u>833,865</u>
Cash and Cash Equivalents - Ending	-	1,456,678
	<u>-</u>	<u>1,456,678</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income (Loss)	(68,812)	115,896
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	64,694	76,916
(Increase) Decrease in Current Assets	88	430,001
Increase (Decrease) in Current Liabilities	4,545	-
	<u>69,327</u>	<u>506,917</u>
Net Cash Provided by Operating Activities	<u>515</u>	<u>622,813</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, 2015

	Pension Trust	
	Police Pension	Agency Development
ASSETS		
Cash and Cash Equivalents	\$ 2,940,128	28,217
Investments		
U.S. Government and Agency Securities	1,340,942	-
Municipal Bonds	1,323,604	-
Corporate Bonds	9,161,606	-
Common Stocks	6,230,131	-
Mutual Funds	18,873,449	-
Receivables		
Accrued Interest	51	-
Total Assets	<u>39,869,911</u>	<u>28,217</u>
LIABILITIES		
Liabilities		
Due to Other Funds	3,281	-
Account Payable	1,667	-
Deposits Payable	-	28,217
Total Liabilities	<u>4,948</u>	<u>28,217</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>39,864,963</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
For the Year Ended April 30, 2015**

Additions	
Contributions - Employer	\$ 1,433,326
Contributions - Plan Members	424,420
Total Contributions	<u>1,857,746</u>
Investment Income	
Interest Earned	20,381
Net Change in Fair Value	<u>2,579,486</u>
	2,599,867
Less Investment Expenses	<u>(2,300)</u>
Net Investment Income	<u>2,597,567</u>
Total Additions	<u>4,455,313</u>
Deductions	
Administration	73,458
Benefits and Refunds	<u>1,514,416</u>
Total Deductions	<u>1,587,874</u>
Change in Net Position	2,867,439
Net Position - Beginning	<u>36,997,524</u>
Net Position - Ending	<u><u>39,864,963</u></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, 2015

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. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," 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. 61, 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, 2015

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, 2015

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, 2015

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 two major capital projects funds, the VHAC Site Development Fund and the Bond Construction 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. The Bond Construction Fund is used to account for the cost of the project to renovate the Police Station.

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, 2015

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-type activities are presented using the economic resources measurement focus as defined below.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015

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, 2015

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, 2015**

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, 2015

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 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, 2015

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.

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.

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 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 OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

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 and business-activities totaled \$3,906,910 and the bank balances totaled \$4,090,426.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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. Agencies	\$ 15,028,930	2,002,990	13,025,940
Illinois Funds	9,797,098	9,797,098	-
Illinois Metropolitan Investment Trust	529,809	-	529,809
	<u>25,355,837</u>	<u>11,800,088</u>	<u>13,555,749</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, 2015

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 not rated 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 1-3 Year Funds were rated Aaa by Moody's.

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 not subject to custodial credit risk. Additionally, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

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. 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.

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.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$2,940,128 and the bank balances totaled \$2,979,584.

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. Treasuries	\$ 196,724	-	36,808	68,726	91,190
U.S. Agencies	1,144,218	255,278	100,249	597,682	191,009
Municipal Bonds	1,323,604	150,373	269,839	903,392	-
Corporate Bonds	9,161,606	203,132	5,045,301	3,174,007	739,166
	<u>11,826,152</u>	<u>608,783</u>	<u>5,452,197</u>	<u>4,743,807</u>	<u>1,021,365</u>

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 and municipal bonds were not rated and corporate bonds were rated BBB- to AAA by Standard & Poor's.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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 \$6,230,131 invested in common stock and \$18,873,449 invested in mutual funds. At year-end the Fund has investments in Harbor International (\$2,279,700), Oakmark Funds (\$2,366,487), Vanguard Growth Index (\$2,314,081) and Vanguard Total Stock (\$3,446,188) that are 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, 2015

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
Nondepreciable Capital Assets				
Land	\$ 4,568,623	-	-	4,568,623
Construction in Progress	-	461,409	-	461,409
	<u>4,568,623</u>	<u>461,409</u>	<u>-</u>	<u>5,030,032</u>
Depreciable Capital Assets				
Land Improvements	13,636,530	-	-	13,636,530
Buildings and Improvements	22,639,674	-	-	22,639,674
Equipment/Vehicles	4,947,379	75,527	-	5,022,906
Infrastructure	120,558,403	225,051	-	120,783,454
	<u>161,781,986</u>	<u>300,578</u>	<u>-</u>	<u>162,082,564</u>
Less Accumulated Depreciation				
Land Improvements	5,973,663	533,861	-	6,507,524
Buildings and Improvements	7,474,551	506,152	-	7,980,703
Equipment/Vehicles	3,546,192	236,344	-	3,782,536
Infrastructure	44,389,559	2,508,932	-	46,898,491
	<u>61,383,965</u>	<u>3,785,289</u>	<u>-</u>	<u>65,169,254</u>
Total Net Depreciable Capital Assets	<u>100,398,021</u>	<u>(3,484,711)</u>	<u>-</u>	<u>96,913,310</u>
Total Net Capital Assets	<u>104,966,644</u>	<u>(3,023,302)</u>	<u>-</u>	<u>101,943,342</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 770,984
Public Safety	277,418
Streets and Roads	2,659,971
Equipment Replacement	<u>76,916</u>
	<u>3,785,289</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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>-</u>	<u>-</u>	<u>2,127,467</u>
Less Accumulated Depreciation				
Land Improvements	658,602	19,631	-	678,233
Buildings and Improvements	851,308	30,489	-	881,797
Equipment/Vehicles	333,434	14,574	-	348,008
	<u>1,843,344</u>	<u>64,694</u>	<u>-</u>	<u>1,908,038</u>
Total Net Depreciable Capital Assets	<u>284,123</u>	<u>(64,694)</u>	<u>-</u>	<u>219,429</u>
Total Net Capital Assets	<u>586,405</u>	<u>(64,694)</u>	<u>-</u>	<u>521,711</u>

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

Golf	<u>\$ 64,694</u>
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PROPERTY TAXES

Property taxes for 2014 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. The Village has not levied taxes for the current or any of the prior ten fiscal years.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

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	Golf Course	\$ 230,771
General	Police Pension	3,281
VHAC Site Development	General	100,000
Equipment Replacement	Tax Increment	<u>670,000</u>
		<u>1,004,052</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
Tax Increment	General	\$ 117,451
Dispatch Center	General	1,379,727
Bond Construction	General	<u>307,574</u>
		<u>1,804,752</u>

Transfers are used to move 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, 2015

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	1,595,000	-	115,000	1,480,000
\$5,630,000 General Obligation Bonds of 2014 - Due in annual installments of \$195,000 to \$820,000 plus interest at 2.00% to 3.50% through March 30, 2034.	General (Police Station)	-	3,520,000	-	3,520,000
	General (Communication Center)	-	1,115,000	-	1,115,000
	Tax Increment	-	995,000	-	995,000
		<u>9,445,000</u>	<u>5,630,000</u>	<u>115,000</u>	<u>14,960,000</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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
\$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	\$ 2,395,000	-	985,000 * 295,000	1,115,000
\$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	1,230,000	-	1,100,000 * 130,000	-
\$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 *	-
		4,625,000	-	3,510,000	1,115,000

* Refunded

VILLAGE OF VERNON HILLS, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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	\$ 6,910,000	-	195,000	6,715,000

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,312,553	243,318	121,659	1,434,212	286,842
General Obligation Bonds	9,445,000	5,630,000	115,000	14,960,000	385,000
Alternate Revenue Bonds	4,625,000	-	3,510,000	1,115,000	-
TIF Revenue Bonds/Notes	6,910,000	-	195,000	6,715,000	260,000
Net Other Post-Employment Benefit Obligation	137,107	23,154	-	160,261	-
	<u>22,429,660</u>	<u>5,896,472</u>	<u>3,941,659</u>	<u>24,384,473</u>	<u>931,842</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For governmental activities, the 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.

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
2016	\$ 385,000	366,556	-	45,905	260,000	413,013
2017	730,000	324,225	-	45,905	295,000	398,713
2018	900,000	309,625	-	45,905	335,000	382,488
2019	1,050,000	291,625	355,000	45,905	375,000	364,063
2020	1,120,000	270,625	370,000	31,350	420,000	340,625
2021	1,145,000	248,225	390,000	16,087	465,000	314,375
2022	1,210,000	225,325	-	-	520,000	285,313
2023	1,715,000	201,125	-	-	575,000	252,813
2024	1,315,000	159,027	-	-	635,000	216,875
2025	1,420,000	131,327	-	-	695,000	177,168
2026	1,535,000	100,663	-	-	765,000	133,750
2027	1,395,000	64,563	-	-	1,375,000	85,951
2028	195,000	31,200	-	-	-	-
2029	200,000	25,350	-	-	-	-
2030	210,000	19,350	-	-	-	-
2031	215,000	13,050	-	-	-	-
2032	220,000	6,600	-	-	-	-
	14,960,000	2,788,461	1,115,000	231,057	6,715,000	3,365,147

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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.

Defeased Debt

On December 30, 2014, the Village issued \$5,630,000 par value General Obligation Bonds, Series of 2014 to refund \$1,100,000 of the Alternate Revenue Bond Series of 2007A and \$1,000,000 of the Alternate Revenue Bonds Series of 2007B. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that 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. Through this refunding, the Village reduced its total debt service by \$243,507 and obtained an economic gain of \$252,145.

VILLAGE OF VERNON HILLS, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2015:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation		\$ 101,943,343
Plus: Unspent Bond Proceeds		3,051,964
Less Capital Related Debt:		
General Obligation Bonds of 2012A	(7,850,000)	
General Obligation Bonds of 2012B	(1,480,000)	
General Obligation Bonds of 2014	(5,630,000)	
Alternate Revenue Refunding Bonds of 2005	(1,115,000)	
Senior Lien TIF Revenue Bonds of 2007	(6,715,000)	<u>(22,790,000)</u>
Net Investment in Capital Assets		<u>82,205,307</u>
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation		<u>521,711</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, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – 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	Bond Construction	Total
Fund Balances							
Nonspendable							
Prepays	\$ 458,220	-	-	-	-	-	458,220
Restricted							
Drug Forfeiture	43,655	-	-	-	-	-	43,655
DUI Fines	51,083	-	-	-	-	-	51,083
Motor Fuel Taxes	-	1,860,876	-	-	-	-	1,860,876
Tax Increment District	-	-	646,402	-	-	-	646,402
911 Surcharge	-	-	-	366,512	-	-	366,512
Capital Projects	-	-	-	-	100,000	3,323,130	3,423,130
	94,738	1,860,876	646,402	366,512	100,000	3,323,130	6,391,658
Committed							
Summer Celebration	14,075	-	-	-	-	-	14,075
Unassigned	23,282,038	-	-	-	-	-	23,282,038
Total Fund Balances	23,849,071	1,860,876	646,402	366,512	100,000	3,323,130	30,145,991

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, 2015

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.

SUBSEQUENT EVENT

On July 7, 2015 the Village approved a resolution authorizing a payment of \$1,500,000 to the Vernon Hills Park District to assist in the purchase of the Opa Restaurant Property.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

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. 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 plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1) who retire at or after age 60 (full benefits) or age 55 (reduced benefits) with 8 years of credited 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 (Tier 2) who retire at or after age 67 (full benefits) or age 62 (reduced benefits) with 10 years of credited 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 up to 15 years, and 2 percent for each year thereafter. 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 2014 was 12.29 percent.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

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.

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

Inactive Plan Members Currently Receiving Benefits	19
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Employees	
Vested	38
Nonvested	<u>5</u>
Total	<u>62</u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older 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 annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040.

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

At year-end the Police Pension Fund has investments in Harbor International (\$2,279,700), Oakmark Funds (\$2,366,487), Vanguard Growth Index (\$2,314,081) and Vanguard Total Stock (\$3,446,188) that are over 5% of total cash and investments (other than U.S. Government guaranteed obligations). Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

VILLAGE OF VERNON HILLS, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

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	\$ 1,431,746
Interest on the NPO (NPA)	(11,307)
Adjustment to the ARC	<u>6,070</u>
Annual Pension Cost	1,426,509
Actual Contribution	<u>1,433,326</u>
Change in NPO (NPA)	(6,817)
NPO (NPA) Beginning of Year	<u>(186,555)</u>
NPO (NPA) End of Year	<u><u>(193,372)</u></u>

VILLAGE OF VERNON HILLS, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The actuarial assumptions and related information for each plan is as follows:

	IMRF	Police Pension
Contribution Rates		
Employer	12.29%	34.85%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/14	4/30/15
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	29 Years	26Years
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	.40 to 10.00%	4.75%
Inflation Rate Included	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	2.00-3.00%

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

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)	2013	\$ 550,462	\$ 1,174,587
	2014	625,748	1,287,820
	2015	662,751	1,426,509
Actual Contributions	2013	550,462	1,176,050
	2014	625,748	1,291,118
	2015	662,751	1,433,326
Percentage of APC Contributed	2013	100.00%	100.12%
	2014	100.00%	100.26%
	2015	100.00%	100.48%
Net Pension Obligation (Asset)	2013	-	(183,257)
	2014	-	(186,555)
	2015	-	(193,372)

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements
April 30, 2015

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	12/31/14	4/30/2015
Percent Funded	74.71%	68.51%
Actuarial Accrued Liability for Benefits	\$17,084,102	\$58,189,441
Actuarial Value of Assets	\$12,763,460	\$39,864,963
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$4,320,642)	(\$18,324,478)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$5,392,605	\$4,113,314
Ratio of UAAL to Covered Payroll	80.12%	445.49%

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, 2015

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, except two, contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2015, retirees contributed \$238,602. Active employees do not contribute to the plan until retirement.

At April 30, 2015, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	20
Active Employees	<u>95</u>
Total	<u>115</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, 2015**

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, 2015, was calculated as follows:

Annual Required Contribution	\$ 147,732
Interest on the NPO	4,656
Adjustment to the ARC	<u>(24,588)</u>
Annual OPEB Cost	127,800
Actual Contribution	<u>104,646</u>
Increase in the NPO	23,154
NPO - Beginning of Year	<u>137,107</u>
NPO - End of Year	<u><u>160,261</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
2013	\$ 131,725	\$ 93,135	70.70%	\$ 75,252
2014	210,871	149,016	70.67%	137,107
2015	127,800	104,646	81.88%	160,261

VILLAGE OF VERNON HILLS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015 was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,495,272
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,495,272
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 10,403,109
UAAL as a Percentage of Covered Payroll	23.99%

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, 2015 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 advance 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, 2015, 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, 2015

Funding Progress

Actuarial Valuation Date Dec. 31	(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)
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%
2013	13,605,871	16,702,147	81.46%	3,096,276	5,014,010	61.75%
2014	12,763,460	17,084,102	74.71%	4,320,642	5,392,605	80.12%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2014	625,749	625,749	100.00%
2015	662,751	662,751	100.00%

VILLAGE OF VERNON HILLS, ILLINOIS

Police Pension Fund

Required Supplementary Information
Schedule of Funding Progress and Employer Contributions

April 30, 2015

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 Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2013	33,355,847	48,069,471	69.39%	14,713,624	3,939,001	373.54%
2014	36,997,524	52,015,638	71.13%	15,018,114	4,150,950	361.80%
2015	39,864,963	58,189,441	68.51%	18,324,478	4,113,314	445.49%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2014	1,291,118	1,291,079	100.00%
2015	1,433,326	1,431,746	100.11%

VILLAGE OF VERNON HILLS, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information
Schedule of Funding Progress and Employer Contributions

April 30, 2015

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						
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%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	2,495,272	0%	2,495,272	10,403,109	23.99%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2014	149,016	210,370	70.84%
2015	104,646	147,732	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
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 6,437,062	6,437,062	6,873,081
Intergovernmental	10,790,000	10,817,500	11,014,078
Licenses, Permits and Fees	1,057,350	1,057,350	1,332,717
Charges for Services	1,201,112	1,201,112	1,294,484
Fines and Forfeitures	368,876	368,876	370,773
Investment Income	325,000	325,000	283,420
Miscellaneous	329,000	329,000	55,764
Total Revenues	20,508,400	20,535,900	21,224,317
Expenditures			
General Government	3,688,462	3,994,204	3,842,991
Public Safety	8,772,785	8,811,587	8,476,242
Streets and Roads	5,162,129	5,117,291	4,699,605
Culture and Recreation	299,740	291,785	258,590
Capital Outlay	593,340	924,442	630,907
Debt Service			
Principal Retirement	540,000	1,482,522	1,525,000
Interest and Fiscal Charges	182,043	183,821	166,658
Total Expenditures	19,238,499	20,805,652	19,599,993
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,269,901	(269,752)	1,624,324
Other Financing (Uses)			
Debt Issuance	-	-	1,115,000
Payment to Escrow Agent	-	-	(1,132,163)
Transfers In	-	2,142,480	-
Transfers Out	(1,042,000)	(1,724,728)	(1,804,752)
	(1,042,000)	417,752	(1,821,915)
Net Change in Fund Balance	227,901	148,000	(197,591)
Fund Balance - Beginning			24,046,662
Fund Balance - Ending			23,849,071

VILLAGE OF VERNON HILLS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 741,296	741,296	847,934
Interest	20,000	20,000	8,956
Total Revenues	<u>761,296</u>	<u>761,296</u>	<u>856,890</u>
Expenditures			
Streets and Roads			
Capital Outlay	<u>1,241,000</u>	<u>1,241,000</u>	<u>1,183,406</u>
Net Change in Fund Balance	<u>(479,704)</u>	<u>(479,704)</u>	(326,516)
Fund Balance - Beginning			<u>2,187,392</u>
Fund Balance - Ending			<u>1,860,876</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Tax Increment - Special Revenue Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Tax Increment Financing	\$ 1,320,000	1,320,000	1,174,513
Interest	-	-	181
Total Revenues	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,174,694</u>
Expenditures			
Economic Development			
Contractual Services	1,800	1,800	-
Debt Service			
Principal	195,000	195,000	195,000
Interest and Fiscal Charges	817,387	817,387	615,226
Total Expenditures	<u>1,014,187</u>	<u>1,014,187</u>	<u>810,226</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>305,813</u>	<u>305,813</u>	<u>364,468</u>
Other Financing Sources (Uses)			
Debt Issuance	-	-	995,000
Payment to Escrow Agent	-	-	(1,010,316)
Transfers In	132,000	132,000	117,451
	<u>132,000</u>	<u>132,000</u>	<u>102,135</u>
Net Change in Fund Balance	<u>437,813</u>	<u>437,813</u>	466,603
Fund Balance - Beginning			<u>179,799</u>
Fund Balance - Ending			<u>646,402</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Dispatch Center - Special Revenue Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
911 Surcharge	\$ 312,000	312,000	325,797
Charges for Services	908,674	908,674	917,681
Interest	2,500	2,500	2,743
Total Revenues	<u>1,223,174</u>	<u>1,223,174</u>	<u>1,246,221</u>
Expenditures			
Public Safety			
Personal Services	1,686,324	1,892,052	1,752,879
Contractual Services	627,775	627,775	586,411
Commodities	7,350	7,350	3,822
Contingencies	-	-	-
Equipment	216,600	216,600	112,908
Total Expenditures	<u>2,538,049</u>	<u>2,743,777</u>	<u>2,456,020</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,314,875)	(1,520,603)	(1,209,799)
Other Financing Sources			
Transfers In	<u>1,174,000</u>	<u>1,379,728</u>	<u>1,379,727</u>
Net Change in Fund Balance	<u>(140,875)</u>	<u>(140,875)</u>	169,928
Fund Balance - Beginning			<u>196,584</u>
Fund Balance - Ending			<u><u>366,512</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
 - Bond Construction – 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

GENERAL FUND

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

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.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS – Continued

Bond Construction Fund

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

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.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Taxes			
Utility Tax	\$ 1,489,000	1,489,000	1,345,000
Telecommunication Tax	1,344,000	1,344,000	1,117,728
State Income Tax	2,456,051	2,456,051	2,530,028
Home Rule Sales Tax	-	-	727,413
Other Taxes	544,011	544,011	581,480
Hotel/Motel Taxes	398,000	398,000	369,509
Road and Bridge Tax	206,000	206,000	201,923
	<u>6,437,062</u>	<u>6,437,062</u>	<u>6,873,081</u>
Intergovernmental			
Sales Tax	10,643,000	10,643,000	10,985,176
Grants	147,000	174,500	28,902
	<u>10,790,000</u>	<u>10,817,500</u>	<u>11,014,078</u>
Licenses, Permits and Fees	<u>1,057,350</u>	<u>1,057,350</u>	<u>1,332,717</u>
Charges for Services			
Fees and Charges for Services	919,812	919,812	993,695
Event Fees and Charges for Services	130,000	130,000	146,540
Summer Celebration Fees	151,300	151,300	154,249
	<u>1,201,112</u>	<u>1,201,112</u>	<u>1,294,484</u>
Fines and Forfeitures	<u>368,876</u>	<u>368,876</u>	<u>370,773</u>
Investment Income	<u>325,000</u>	<u>325,000</u>	<u>283,420</u>
Miscellaneous			
Other	<u>329,000</u>	<u>329,000</u>	<u>55,764</u>
Total Revenues	<u>20,508,400</u>	<u>20,535,900</u>	<u>21,224,317</u>

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
General Government			
Administration			
Personal Services	\$ 996,303	1,062,339	1,061,207
Contractual Services	1,056,697	1,020,697	959,093
Commodities	36,960	37,074	19,305
Equipment	40,245	36,406	33,592
	<u>2,130,205</u>	<u>2,156,516</u>	<u>2,073,197</u>
Judiciary			
Contractual Services	<u>353,000</u>	<u>628,000</u>	<u>637,475</u>
President/Trustees			
Personal Services	54,343	54,343	54,343
Contractual Services	18,175	18,175	14,800
Commodities	2,650	2,650	644
	<u>75,168</u>	<u>75,168</u>	<u>69,787</u>
Community Development			
Personal Services	837,965	849,796	836,909
Contractual Services	43,704	45,304	47,498
Commodities	16,400	16,400	8,873
Equipment	21,725	21,725	17,855
	<u>919,794</u>	<u>933,225</u>	<u>911,135</u>
Committees			
Personal Services	3,200	3,200	1,572
Contractual Services	19,375	19,375	8,565
Commodities	6,600	6,600	4,219
Equipment	1,200	1,200	107
	<u>30,375</u>	<u>30,375</u>	<u>14,463</u>

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
General Government - Continued			
Resident Direct Benefit			
Contractual Services	\$ 108,700	99,700	73,575
Commodities	52,300	52,300	44,645
	<u>161,000</u>	<u>152,000</u>	<u>118,220</u>
General Purpose			
Personal Services	18,920	18,920	18,714
	<u>18,920</u>	<u>18,920</u>	<u>18,714</u>
Total General Government	<u>3,688,462</u>	<u>3,994,204</u>	<u>3,842,991</u>
Public Safety			
Police Department			
Personal Services	8,096,442	8,106,066	7,923,874
Contractual Services	348,280	337,991	250,307
Commodities	166,273	179,718	145,726
Equipment	150,940	171,962	148,300
	<u>8,761,935</u>	<u>8,795,737</u>	<u>8,468,207</u>
Fire and Police Commission			
Personal Services	500	500	-
Contractual Services	10,150	15,150	8,035
Commodities	200	200	-
	<u>10,850</u>	<u>15,850</u>	<u>8,035</u>
Total Public Safety	<u>8,772,785</u>	<u>8,811,587</u>	<u>8,476,242</u>

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Streets and Roads			
Public Works			
Personal Services	\$ 2,576,065	2,618,334	2,516,892
Contractual Services	1,383,309	1,276,537	1,058,208
Commodities	936,769	958,334	863,535
Equipment	207,286	207,286	206,337
	<u>5,103,429</u>	<u>5,060,491</u>	<u>4,644,972</u>
Metra Parking			
Contractual Services	52,600	50,700	51,826
Commodities	6,100	6,100	2,807
	<u>58,700</u>	<u>56,800</u>	<u>54,633</u>
Total Streets and Roads	<u>5,162,129</u>	<u>5,117,291</u>	<u>4,699,605</u>
Culture and Recreation			
Events			
Contractual Services	104,195	104,235	79,564
Commodities	36,945	28,850	22,446
	<u>141,140</u>	<u>133,085</u>	<u>102,010</u>
Summer Celebration			
Contractual Services	128,700	122,667	120,547
Commodities	29,900	36,033	36,033
	<u>158,600</u>	<u>158,700</u>	<u>156,580</u>
Total Culture and Recreation	<u>299,740</u>	<u>291,785</u>	<u>258,590</u>

VILLAGE OF VERNON HILLS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Capital Outlay			
Community Infrastructure Development			
Street Construction	\$ 226,340	229,140	245,194
Land	-	-	14,248
Fixed Equipment	-	18,000	16,633
Remodel	-	17,965	8,026
Construction	352,000	399,500	275,671
Engineering/Architecture	15,000	254,837	66,135
Drug Forfeiture			
Equipment	-	5,000	5,000
Total Capital Outlay	593,340	924,442	630,907
Debt Service			
Principal Retirement	540,000	1,482,522	1,525,000
Interest and Fiscal Charges	182,043	183,821	166,658
Total Debt Service	722,043	1,666,343	1,691,658
Total Expenditures	19,238,499	20,805,652	19,599,993

VILLAGE OF VERNON HILLS, ILLINOIS

VHAC Site Development - Capital Projects Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Capital Outlay			
Construction	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning			<u>100,000</u>
Fund Balance - Ending			<u><u>100,000</u></u>

VILLAGE OF VERNON HILLS, ILLINOIS

Bond Construction - Capital Projects Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	185
Expenditures			
Capital Outlay			
Engineering/Architecture	-	-	228,319
Remodel	-	3,773,156	249,716
Debt Service			
Interest and Fiscal Charges	-	61,000	26,594
Total Expenditures	-	3,834,156	504,629
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,834,156)	(504,444)
Other Financing (Uses)			
Debt Issuance	-	5,630,000	3,520,000
Bond Premium	-	51,483	-
Transfers In	-	307,574	307,574
Transfers Out	-	(2,142,480)	-
	-	3,846,577	3,827,574
Net Change in Fund Balance	-	12,421	3,323,130
Fund Balance - Beginning			-
Fund Balance - Ending			3,323,130

VILLAGE OF VERNON HILLS, ILLINOIS

Equipment Replacement - Internal Service Fund

Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Revenues			
Interfund Services	\$ 206,262	206,262	210,226
Operating Expenses			
Operations	1,069,000	1,069,000	17,414
Depreciation	-	-	76,916
Total Operating Expenses	1,069,000	1,069,000	94,330
Change in Net Position	<u>(862,738)</u>	<u>(862,738)</u>	115,896
Net Position - Beginning			<u>2,433,452</u>
Net Position - Ending			<u>2,549,348</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Development - Agency Fund

**Statement of Changes in Assets and Liabilities
For the Year Ended April 30, 2015**

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balances</u>
ASSETS				
Cash and Investments	\$ 82,782	-	54,565	28,217
LIABILITIES				
Deposits Payable				
Due to School Districts	54,397	-	54,397	-
Due to Other Districts	28,385	-	168	28,217
Total Liabilities	82,782	-	54,565	28,217

SUPPLEMENTAL SCHEDULES

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2012A
April 30, 2015**

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
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>1,296,000</u>	<u>9,146,000</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2012B

April 30, 2015

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
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>1,480,000</u>	<u>203,950</u>	<u>1,683,950</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2014 - Police Station
April 30, 2015

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2034
Authorized Issue	\$3,520,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 3.50%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2016	\$ 130,000	114,903	244,903
2017	155,000	89,322	244,322
2018	160,000	86,223	246,223
2019	160,000	83,022	243,022
2020	165,000	79,823	244,823
2021	165,000	76,522	241,522
2022	170,000	73,223	243,223
2023	175,000	69,823	244,823
2024	180,000	66,060	246,060
2025	180,000	61,920	241,920
2026	185,000	57,510	242,510
2027	190,000	52,700	242,700
2028	195,000	47,475	242,475
2029	200,000	41,625	241,625
2030	210,000	35,625	245,625
2031	215,000	29,325	244,325
2032	220,000	22,875	242,875
2033	230,000	16,275	246,275
2034	235,000	8,225	243,225
	<u>3,520,000</u>	<u>1,112,476</u>	<u>4,632,476</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2014 - Communication Center
April 30, 2015

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2027
Authorized Issue	\$1,115,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 2.75%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2016	\$ 140,000	31,260	171,260
2017	155,000	22,208	177,208
2018	165,000	19,108	184,108
2019	165,000	15,808	180,808
2020	90,000	12,508	102,508
2021	-	10,707	10,707
2022	-	10,707	10,707
2023	-	10,707	10,707
2024	-	10,707	10,707
2025	-	10,707	10,707
2026	195,000	10,707	205,707
2027	205,000	5,638	210,638
	<u>1,115,000</u>	<u>170,772</u>	<u>1,285,772</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2014 - Tax Increment Fund
April 30, 2015**

Date of Issue	December 30, 2014
Date of Maturity	March 30, 2025
Authorized Issue	\$995,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 2.45%
Interest Dates	March 30 and September 30
Principal Maturity Date	March 30
Payable at	The Bank of New York Mellon Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30			
	Principal	Interest	Totals
2016	\$ -	26,994	26,994
2017	-	21,595	21,595
2018	-	21,595	21,595
2019	-	21,595	21,595
2020	85,000	21,595	106,595
2021	175,000	19,895	194,895
2022	175,000	16,395	191,395
2023	180,000	12,895	192,895
2024	190,000	9,025	199,025
2025	190,000	4,655	194,655
	<u>995,000</u>	<u>176,239</u>	<u>1,171,239</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

Alternate Revenue Refunding Bonds of 2005
April 30, 2015

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
2016	\$ -	45,905	45,905
2017	-	45,905	45,905
2018	-	45,905	45,905
2019	355,000	45,905	400,905
2020	370,000	31,350	401,350
2021	390,000	16,087	406,087
	<u>1,115,000</u>	<u>231,057</u>	<u>1,346,057</u>

VILLAGE OF VERNON HILLS, ILLINOIS

Long-Term Debt Requirements

Senior Lien Tax Increment Revenue Bonds of 2007

April 30, 2015

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
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>6,715,000</u>	<u>3,365,147</u>	<u>10,080,147</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, 2015 (Unaudited)**

See Following Page

VILLAGE OF VERNON HILLS, ILLINOIS

Net Position by Component - Last Ten Fiscal Years
April 30, 2015 (Unaudited)

	2006	2007	2008
Governmental Activities			
Net Investment in Capital Assets	\$ 22,324,954	26,034,819	101,767,949
Restricted	4,061,109	4,843,742	4,461,603
Unrestricted	20,698,906	20,749,058	23,237,045
Total Governmental Activities Net Position	47,084,969	51,627,619	129,466,597
Business-Type Activities			
Net Investment in Capital Assets	838,495	777,357	822,680
Unrestricted	18,691	(15,983)	(97,704)
Total Business-Type Activities Net Position	857,186	761,374	724,976
Primary Government			
Net Investment in Capital Assets	23,163,449	26,812,176	102,590,629
Restricted	4,061,109	4,843,742	4,461,603
Unrestricted	20,717,597	20,733,075	23,139,341
Total Primary Government Net Position	47,942,155	52,388,993	130,191,573

Data Source: Village Records

2009	2010	2011	2012	2013	2014	2015
97,942,912	95,356,202	91,757,779	87,283,367	85,102,245	83,986,644	82,205,307
3,329,155	3,025,617	3,349,329	3,495,103	2,627,039	2,831,873	6,391,658
21,924,140	19,072,498	20,422,612	23,283,224	24,665,002	24,904,019	22,222,353
123,196,207	117,454,317	115,529,720	114,061,694	112,394,286	111,722,536	110,819,318
836,773	769,845	786,545	718,458	651,621	586,405	521,711
(227,551)	(174,380)	(234,087)	(284,478)	(241,159)	(222,509)	(227,142)
609,222	595,465	552,458	433,980	410,462	363,896	294,569
98,779,685	96,126,047	92,544,324	88,001,825	85,753,866	84,573,049	82,727,018
3,329,155	3,025,617	3,349,329	3,495,103	2,627,039	2,831,873	6,391,658
21,696,589	18,898,118	20,188,525	22,998,746	24,423,843	24,681,510	21,995,211
123,805,429	118,049,782	116,082,178	114,495,674	112,804,748	112,086,432	111,113,887

VILLAGE OF VERNON HILLS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years
April 30, 2015 (Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General Government	\$ 5,115,671	4,851,163	4,933,995	7,409,619	5,361,615	5,148,289	4,075,361	4,410,123	4,619,060	5,105,742
Public Safety	7,918,764	8,373,183	8,996,733	8,916,041	8,785,116	8,619,448	9,523,631	10,113,838	10,507,422	11,202,863
Streets and Roads	3,253,181	3,923,585	10,586,487	8,607,486	7,233,167	6,850,515	6,912,853	7,452,181	7,802,713	8,427,086
Economic Development	503,977	778,073	7,146,756	2,573,388	1,147,173	326,276	46,854	-	4,463	-
Culture and Recreation	364,112	273,675	301,480	308,954	245,328	260,935	259,249	270,889	277,671	258,590
Interest on Long-Term Debt	504,000	553,919	1,296,357	1,407,974	1,361,865	1,464,042	1,462,816	954,884	901,283	852,718
Total Governmental Activities Expenses	<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>	<u>24,112,612</u>	<u>25,846,999</u>
Business-Type Activities										
Golf Course	555,473	652,563	605,598	648,762	544,291	495,572	588,635	493,135	514,147	518,417
Total Business-Type Activities Net Position	<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>	<u>514,147</u>	<u>518,417</u>
Total Primary Government Expenses	<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>	<u>24,626,759</u>	<u>26,365,416</u>
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	2,081,865	3,452,952	2,958,577	2,090,182	1,839,779	2,164,926	1,793,322	2,015,985	2,595,479	2,326,412
Public Safety	498,386	516,298	457,078	407,813	278,121	255,714	275,768	1,028,096	1,195,253	1,288,454
Culture and Recreation	103,081	99,274	190,913	210,327	170,780	184,693	223,620	225,229	226,199	300,789
Operating Grants/Contributions	1,064,584	1,242,470	1,073,990	909,002	617,688	712,457	739,126	724,013	751,035	847,934
Capital Grants/Contributions	-	-	-	252,000	-	627,222	116,706	6,121	5,358	28,902
Total Governmental Activities Program Revenues	<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>	<u>4,773,324</u>	<u>4,792,491</u>
Business-Type Activities										
Charges for Services										
Golf Course	599,270	554,905	567,712	532,529	530,478	452,503	470,103	469,562	467,568	449,077
Operating Grants/Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	<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>	<u>467,568</u>	<u>449,077</u>
Total Primary Government Program Revenues	<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>	<u>5,240,892</u>	<u>5,241,568</u>
Net (Expense) Revenue										
Governmental Activities	(13,911,789)	(13,442,604)	(28,581,250)	(25,354,138)	(21,227,896)	(18,724,493)	(19,132,222)	(19,202,471)	(19,339,288)	(21,054,508)
Business-Type Activities	43,797	(97,658)	(37,886)	(116,233)	(13,813)	(43,069)	(118,532)	(23,573)	(46,579)	(69,340)
Total Primary Government Net Revenue (Expense)	<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>	<u>(19,385,867)</u>	<u>(21,123,848)</u>

	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Utility Tax	\$ 1,607,189	1,437,886	1,475,406	1,416,128	1,351,570	1,446,045	1,409,506	1,418,186	1,404,549	1,345,000
Home Rule Sales Tax	-	-	-	-	-	-	-	-	-	727,413
Hotel/Motel Tax	325,597	364,879	359,784	298,914	248,826	270,764	296,728	323,334	351,087	369,509
911 Surcharge Tax	286,773	328,771	331,258	361,267	311,658	293,660	442,088	343,609	319,399	325,797
Road and Bridge Tax	145,680	156,811	175,219	188,350	193,805	202,379	208,235	200,903	205,572	201,923
Telecommunications Tax	1,276,789	1,539,095	1,569,859	1,586,588	1,454,587	1,269,772	1,352,296	1,335,120	1,258,098	1,117,728
Tax Increment Tax	53,465	68,684	81,149	17,053	-	232,544	772,159	1,048,583	1,281,321	1,174,513
Other Taxes	409,923	421,834	443,527	453,988	412,477	456,616	464,146	486,456	534,105	581,481
Intergovernmental										
Sales Tax	9,614,858	10,067,439	10,364,210	9,836,554	9,153,021	9,508,242	10,334,171	10,547,878	10,773,512	11,426,650
State Income Tax	1,806,391	2,014,206	2,200,234	2,056,595	1,801,143	1,807,219	2,127,725	2,376,128	2,398,252	2,530,028
Interest Income	562,463	1,314,040	1,909,544	935,625	225,103	249,076	188,188	98,374	73,881	295,485
Miscellaneous	96,475	271,609	179,250	158,384	143,437	1,143,974	68,954	44,992	67,762	55,764
Total Governmental Activities	16,185,603	17,985,254	19,089,440	17,309,446	15,295,627	16,880,291	17,664,196	18,223,563	18,667,538	20,151,291
Business-Type Activities										
Interest Income	1,283	1,846	1,488	479	56	62	54	55	13	13
Total Primary Government	16,186,886	17,987,100	19,090,928	17,309,925	15,295,683	16,880,353	17,664,250	18,223,618	18,667,551	20,151,304
Changes in Net Position										
Governmental Activities	2,273,814	4,542,650	(9,491,810)	(8,044,692)	(5,932,269)	(1,844,202)	(1,468,026)	(978,908)	(671,750)	(903,217)
Business-Type Activities	45,080	(95,812)	(36,398)	(115,754)	(13,757)	(43,007)	(118,478)	(23,518)	(46,566)	(69,327)
Total Primary Government	2,318,894	4,446,838	(9,528,208)	(8,160,446)	(5,946,026)	(1,887,209)	(1,586,504)	(1,002,426)	(718,316)	(972,544)

Data Source: Village Records

VILLAGE OF VERNON HILLS, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

	2006	2007	2008
General Fund			
Reserved	\$ 2,511,367	1,962,416	1,612,801
Unreserved	17,467,567	17,973,238	20,542,721
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Unassigned	-	-	-
	<u>19,978,934</u>	<u>19,935,654</u>	<u>22,155,522</u>
All Other Governmental Funds			
Reserved	3,166,528	6,256,284	4,411,999
Unreserved, Reported in:			
Special Revenues Funds	-	(431,047)	2,725,573
Capital Projects Funds	-	-	(145,862)
Restricted	-	-	-
Unassigned	-	-	-
	<u>3,166,528</u>	<u>5,825,237</u>	<u>6,991,710</u>

Data Source: Village Records

The Village implemented GASB 54 in Fiscal Year 2012.

2009	2010	2011	2012	2013	2014	2015
1,480,580	1,475,234	831,038	-	-	-	-
20,394,982	18,425,428	21,404,899	-	-	-	-
-	-	-	467,790	409,080	429,650	458,220
-	-	-	411,686	258,942	168,098	94,738
-	-	-	106,218	58,561	16,398	14,075
-	-	-	22,254,166	23,937,297	23,432,516	23,282,038
<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>	<u>24,046,662</u>	<u>23,849,071</u>
3,239,543	2,836,301	2,924,765	-	-	-	-
(848,598)	(2,080,388)	(2,858,122)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,083,417	2,368,097	2,663,775	6,296,920
-	-	-	(1,040,917)	(498,253)	-	-
<u>2,390,945</u>	<u>755,913</u>	<u>66,643</u>	<u>2,042,500</u>	<u>1,869,844</u>	<u>2,663,775</u>	<u>6,296,920</u>

VILLAGE OF VERNON HILLS, ILLINOIS

**General Governmental Revenues By Source - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

Source	2006	2007	2008
Sales Tax	\$ 9,633,728	10,067,801	10,364,210
Other Taxes	5,911,807	6,332,166	6,619,099
Intergovernmental Revenue	1,064,584	1,242,470	1,073,990
Licenses, Permits and Fees, Fines and Forfeits and Charges for Services	2,683,332	4,068,524	3,606,568
Investment Income	562,463	1,314,040	1,909,544
Miscellaneous	96,475	271,609	179,250
Total	19,952,389	23,296,610	23,752,661

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

2009	2010	2011	2012	2013	2014	2015
9,648,749	9,153,972	9,447,706	10,251,007	10,503,422	10,680,015	11,426,650
6,378,613	5,774,066	5,978,999	7,072,883	7,532,319	7,752,383	7,931,917
909,002	617,688	1,339,679	855,832	730,134	756,393	876,836
2,708,322	2,288,680	2,605,333	2,292,710	3,269,310	4,016,931	3,915,655
935,625	225,103	249,076	188,188	98,374	73,881	295,485
158,384	143,437	1,143,974	68,954	44,992	67,762	55,764
20,738,695	18,202,946	20,764,767	20,729,574	22,178,551	23,347,365	24,502,307

VILLAGE OF VERNON HILLS, ILLINOIS

General Governmental Expenditures By Function - Last Ten Fiscal Years
 April 30, 2015 (Unaudited)

Function	2006	2007	2008
General Government	\$ 4,036,681	4,178,902	4,278,264
Public Safety	7,605,573	8,572,206	8,779,490
Streets and Roads	3,105,943	3,406,307	4,849,825
Economic Development	503,977	778,073	7,146,756
Culture and Recreation	364,112	273,675	301,480
Capital Outlay	3,232,183	7,145,135	3,556,553
Debt Service			
Principal	1,040,000	850,000	1,035,000
Interest and Fiscal Charges	508,931	526,883	1,046,952
Total	20,397,400	25,731,181	30,994,320

Data Source: Village Records

2009	2010	2011	2012	2013	2014	2015
4,575,960	4,616,386	3,218,639	3,282,636	3,498,692	3,668,619	3,842,991
8,643,644	8,490,969	8,281,006	9,185,888	9,778,906	10,254,629	10,932,262
5,519,961	4,649,372	4,046,574	4,150,824	4,796,985	5,234,011	5,883,011
4,350,636	922,078	306	798	-	4,463	-
308,954	245,328	260,935	259,249	270,899	277,671	258,590
1,332,878	953,128	650,272	198,212	331,657	385,859	1,108,942
1,105,000	1,150,000	1,190,000	1,245,000	1,315,000	2,435,000	1,720,000
1,324,579	1,368,810	1,471,030	1,336,746	935,048	910,400	808,478
27,161,612	22,396,071	19,118,762	19,659,353	20,927,187	23,170,652	24,554,274

VILLAGE OF VERNON HILLS, ILLINOIS

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

	2006	2007	2008
Revenues			
Sales Tax	\$ 9,633,728	10,067,801	10,364,210
Other Taxes	5,911,807	6,332,166	6,619,099
Intergovernmental Revenue	1,064,584	1,242,470	1,073,990
Licenses, Permits and Fees, Fines and Forfeits and Charges for Services	2,683,332	4,068,524	3,606,568
Investment Income	562,463	1,314,040	1,909,544
Miscellaneous	96,475	271,609	179,250
Total Revenues	19,952,389	23,296,610	23,752,661
Expenditures			
General Government	4,036,681	4,178,902	4,278,264
Public Safety	7,605,573	8,572,206	8,779,490
Streets and Roads	3,105,943	3,406,307	4,849,825
Economic Development	503,977	778,073	7,146,756
Culture and Recreation	364,112	273,675	301,480
Capital Outlay	3,232,183	7,145,135	3,556,553
Debt Service			
Principal	1,040,000	850,000	1,035,000
Interest and Fiscal Charges	508,931	526,883	1,046,952
Total Expenditures	20,397,400	25,731,181	30,994,320
Excess of Revenues Over (Under) Expenditures	(445,011)	(2,434,571)	(7,241,659)
Other Financing Sources (Uses)			
Proceeds from Bonds	3,807,001	5,050,000	10,628,000
Premium on Debt Issuance	-	-	-
Payments to Escrow Agent	(3,741,267)	-	-
Transfers In	635,310	770,190	8,115
Transfers Out	-	(770,190)	(8,115)
Total Other Financing Sources (Uses)	701,044	5,050,000	10,628,000
Net Change in Fund Balances	256,033	2,615,429	3,386,341
Debt Service as a Percentage of Noncapital Expenditures	9.02%	7.41%	8.87%

Data Source: Village Records

2009	2010	2011	2012	2013	2014	2015
9,648,749	9,153,972	9,447,706	10,251,007	10,503,422	10,680,015	11,426,650
6,378,613	5,774,066	5,978,999	7,072,883	7,532,319	7,752,383	7,931,917
909,002	617,688	1,339,679	855,832	730,134	756,393	876,836
2,708,322	2,288,680	2,605,333	2,292,710	3,269,310	4,016,931	3,915,655
935,625	225,103	249,076	188,188	98,374	73,881	295,485
158,384	143,437	1,143,974	68,954	44,992	67,762	55,764
20,738,695	18,202,946	20,764,767	20,729,574	22,178,551	23,347,365	24,502,307
4,575,960	4,616,386	3,218,639	3,282,636	3,498,692	3,668,619	3,842,991
8,643,644	8,490,969	8,281,006	9,185,888	9,778,906	10,254,629	10,932,262
5,519,961	4,649,372	4,046,574	4,150,824	4,796,985	5,234,011	5,883,011
4,350,636	922,078	306	798	-	4,463	-
308,954	245,328	260,935	259,249	270,899	277,671	258,590
1,332,878	953,128	650,272	198,212	331,657	385,859	1,108,942
1,105,000	1,150,000	1,190,000	1,245,000	1,315,000	2,435,000	1,720,000
1,324,579	1,368,810	1,471,030	1,336,746	935,048	910,400	808,478
27,161,612	22,396,071	19,118,762	19,659,353	20,927,187	23,170,652	24,554,274
(6,422,917)	(4,193,125)	1,646,005	1,070,221	1,251,364	176,713	(51,967)
1,542,192	792,808	-	9,475,000	-	-	5,630,000
-	-	-	37,204	-	-	-
-	-	-	(7,602,645)	-	-	(2,142,479)
147,551	-	23,254	77,216	2,288,015	1,255,093	1,804,752
(147,551)	-	(23,254)	(77,216)	(2,288,015)	(1,255,093)	(1,804,752)
1,542,192	792,808	-	1,909,559	-	-	3,487,521
(4,880,725)	(3,400,317)	1,646,005	2,979,780	1,251,364	176,713	3,435,554
10.30%	13.23%	14.47%	13.35%	10.83%	14.49%	10.63%

VILLAGE OF VERNON HILLS, ILLINOIS

**Taxable Sales by Category - Last Ten Calendar Years
April 30, 2015 (Unaudited)**

Calendar Year	2005	2006	2007
General Merchandise	\$ 2,610,491	3,160,430	2,955,471
Food	340,093	360,262	389,624
Drinking and Eating Places	726,977	804,761	775,849
Apparel	851,755	863,592	863,980
Furniture and H.H. and Radio	3,429,573	3,480,979	3,857,032
Lumber, Building, Hardware	530,821	509,206	480,791
Automobile and Filling Stations	126,045	159,790	245,525
Drugs and Misc. Retail	1,273,623	1,299,881	1,258,072
Agriculture and All Others	650,469	633,262	681,030
Manufacturers	186,467	198,074	190,214
Total	<u>10,726,314</u>	<u>11,470,237</u>	<u>11,697,588</u>
Village Direct Rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>

Data Source: Village and State Records

2008	2009	2010	2011	2012	2013	2014
2,891,816	2,782,847	2,823,025	2,633,339	2,720,545	2,597,897	2,488,384
372,836	342,202	340,958	648,891	916,744	925,373	901,265
788,022	812,685	825,607	850,877	883,552	881,340	960,573
797,133	637,015	689,726	844,886	771,836	775,480	742,882
3,952,073	3,083,717	3,607,217	4,260,170	4,644,807	4,776,995	5,610,887
478,018	438,776	396,123	402,354	401,030	450,455	486,962
250,520	215,700	257,173	391,781	346,563	321,049	360,241
1,162,553	1,078,428	1,106,285	1,098,232	1,127,572	1,164,654	1,141,888
707,998	657,960	601,514	680,022	703,322	793,580	831,229
222,906	194,254	157,620	92,047	104,649	110,329	111,466
11,623,875	10,243,584	10,805,248	11,902,599	12,620,620	12,797,152	13,635,777
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%

VILLAGE OF VERNON HILLS, ILLINOIS

**Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

Fiscal Year	State Rate	RTA Rate	County Rate	Home Rule Rate	Total Sales Tax Rate	% Distributed to Village
2006	6.00%	0.25%	0.25%	N/A	6.50%	1.00%
2007	6.00%	0.25%	0.25%	N/A	6.50%	1.00%
2008	6.00%	0.50%*	0.50%*	N/A	7.00%	1.00%
2009	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2010	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2011	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2012	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2013	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2014	6.00%	0.50%	0.50%	N/A	7.00%	1.00%
2015	6.00%	0.50%	0.25%	0.25% **	7.00%	1.25%

Data Source: Village and County Records

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

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

VILLAGE OF VERNON HILLS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
April 30, 2015 (Unaudited)**

See Following Page

VILLAGE OF VERNON HILLS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
April 30, 2015 (Unaudited)**

Tax Levy Year		Residential Property	Farm
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
2013		710,261,831	56,052
2014		708,727,188	57,466

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

Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value (Lake County)
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
326,597,423	594,926	1,037,510,232	127,479	1,037,637,711
324,566,212	589,810	1,033,940,676	149,277	1,034,089,953

VILLAGE OF VERNON HILLS, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Levy Years
April 30, 2015 (Unaudited)**

Tax Levy Year	2005	2006	2007
CLC Joint Action Water	0.049	0.046	0.042
Grade School 73	2.922	2.887	2.842
High School 128	2.225	2.179	2.136
Jr. College 532	0.197	0.195	0.192
Vernon Township	0.093	0.094	0.092
Libertyville Township	N/A	N/A	N/A
Lake County	0.454	0.450	0.444
Lake County Forest Preserve	0.210	0.204	0.201
Vernon Hills Park District	0.334	0.351	0.343
Cook Memorial Library	0.225	0.222	0.219
Countryside Fire District	0.400	0.398	0.390
Village of Vernon Hills	-	-	-
Total Direct and Overlapping Tax Rate	7.109	7.026	6.901

Data Source: Office of the County Clerk

2008	2009	2010	2011	2012	2013	2014
0.042	0.042	0.045	0.047	0.052	0.055	0.056
2.878	2.899	3.081	3.306	3.678	3.997	4.118
2.163	2.179	2.324	2.399	2.580	2.919	2.687
0.196	0.200	0.218	0.240	0.272	0.296	0.306
0.092	N/A	N/A	N/A	N/A	N/A	N/A
N/A	0.104	0.106	0.111	0.122	0.131	0.134
0.453	0.453	0.505	0.554	0.608	0.663	0.683
0.199	0.199	0.198	0.201	0.212	0.218	0.210
0.344	0.344	0.427	0.450	0.496	0.445	0.455
0.222	0.222	0.238	0.254	0.282	0.303	0.312
0.417	0.417	0.453	0.495	0.552	0.597	0.613
-	-	-	-	-	-	-
7.006	7.059	7.595	8.057	8.854	9.624	9.574

VILLAGE OF VERNON HILLS, ILLINOIS

Principal Property Tax Payers - Current Year and Nine Years Ago
 April 30, 2015 (Unaudited)

Taxpayer	2015			2006		
	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	\$ 20,234,248	1	1.96%	\$ 16,620,647	1	1.43%
Van Vlissingen & Co	13,667,190	2	1.32%	13,434,679	2	1.15%
Inland Real Estate	12,278,632	3	1.19%	10,303,990	4	0.88%
Museum Gardens II LLC	11,865,730	4	1.15%	10,673,641	5	0.92%
Leahy Vernon Hills Development	8,911,611	5	0.86%	11,803,449	3	1.01%
CDW Computer Centers, Inc.	7,876,323	6	0.76%	9,623,500	6	0.83%
PWA Continental Executive Park	7,104,130	7	0.69%			
Hawthorn Hills	6,778,298	8	0.66%	6,932,939	10	0.59%
Walmart Stores Inc.	5,217,223	9	0.50%			
Corporate Woods Associates, LLC	5,197,623	10	0.50%			
VTRP Merger Sub				8,532,463	7	0.73%
CNL Retirement HB2				8,301,271	8	0.71%
Washington Mutual Bank				7,655,203	9	0.66%
	<u>99,131,008</u>		<u>9.59%</u>	<u>103,881,782</u>		<u>8.91%</u>

Data Source: Office of the County Clerk

VILLAGE OF VERNON HILLS, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
April 30, 2015 (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
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%
2014	2013	-	-	0.00%	-	-	0.00%
2015	2014	-	-	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, 2015 (Unaudited)**

Fiscal Year Ended April 30	Tax Levy Year	Equalized Assessed Valuation	Tax Extension	Total Collections	Percent Collected
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	1,281,312	100.00%
2014	2013	13,237,847	1,174,991	1,174,513	99.96%
2015	2014	13,414,039	1,221,833	N/A	N/A

N/A - Not Available

The Village's Tax Increment Financing District had no levy for 2008.
The 2014 levy is in collection at year-end.

VILLAGE OF VERNON HILLS, ILLINOIS

Ratios of Outstanding Debt By Type - Last Ten Fiscal Years
April 30, 2015 (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			
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%	914.18
2014	9,445,000	4,625,000	-	6,910,000	-	20,980,000	1.93%	819.12
2015	14,960,000	1,115,000	-	6,715,000	-	22,790,000	2.07%	879.55

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, 2015 (Unaudited)**

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Vernon Hills	\$ 22,790,000	100.000%	\$ 22,790,000
School District Number 73	35,812,081	67.350%	24,119,437
School District Number 76	2,451,999	27.480%	673,809
School District Number 96	720,000	2.340%	16,848
School District Number 103	2,515,000	18.710%	470,557
High School District Number 120	23,749,073	1.060%	251,740
High School District Number 125	14,355,000	8.780%	1,260,369
High School District Number 128	12,020,000	28.250%	3,395,650
Community College Number 532	73,420,000	4.810%	3,531,502
Lake County	193,460,000	4.570%	8,841,122
Lake County Forest Preserve District	274,450,000	4.570%	12,542,365
Countryside Fire Protection District	3,990,000	61.480%	2,453,052
Central Lake Co. Joint Action Water Agency	11,530,000	17.260%	1,990,078
Mundelein Park District	1,280,000	0.001%	13
Vernon Hills Park District	3,590,000	99.970%	3,588,923
Subtotal	653,343,153		63,135,464
Totals	676,133,153		85,925,464

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, 2015 (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)
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%	640.89
2014	14,070,000	-	14,070,000	1.36%	549.33
2015	16,075,000	-	16,075,000	1.55%	620.39

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, 2015 (Unaudited)

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, 2015 (Unaudited)

Fiscal Year Ended April 30	Population	Personal Income (in Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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	8.00%
2012	25,113	953,541	37,970	N/A	N/A	7.10%
2013	25,613	1,083,740	42,205	N/A	N/A	6.60%
2014	25,613	1,089,679	42,544	N/A	N/A	7.40%
2015	25,911	1,100,103	42,457	N/A	N/A	6.00%

Population Data Sources:

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

Data for 2010 was repeated from 2009 data.

Data for 2011 and 2012 was provided by 2010 census.

Data for 2013 - 2015 data was from census estimate.

Income Data Sources:

Data for 2007-2009, 2013 and 2015 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.

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

N/A - Not Available

VILLAGE OF VERNON HILLS, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
April 30, 2015 (Unaudited)**

Employer	2015			2006		
	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	400	3	N/A
Mitsubishi Electric Automation, Inc.	400	4	N/A	350	5	N/A
CDW Computer Centers, Inc.	350	5	N/A	350	4	N/A
Mercer Human Resource Consulting	340	6	N/A			
Cole-Palmer Instrument Co.	300	7	N/A	300	7	N/A
CareFusion, Inc.	300	8	N/A			
Z.F. Service North America, LLC	285	9	N/A			
Richard Wolf Medical Instruments Corp	200	10	N/A			
Christiana Industries, LLC				350	6	N/A
Manhard Consulting				275	8	N/A
Komatsu America Corp				250	9	N/A
Paslode				200	10	N/A
	<u>5,975</u>		<u>N/A</u>	<u>6,675</u>		<u>N/A</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, 2015 (Unaudited)**

See Following Page

VILLAGE OF VERNON HILLS, ILLINOIS

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

Function	2006	2007	2008
General Government			
Administration	4.35	4.35	4.85
Finance	3.60	3.60	3.60
Public Works	22.00	22.00	23.50
Police	69.75	69.00	70.50
Community Development	18.70	17.75	15.00
Total	<u>118.40</u>	<u>116.70</u>	<u>117.45</u>

Data Source: Village Records

2009	2010	2011	2012	2013	2014	2015
4.85	4.85	4.38	2.50	2.50	2.50	3.54
3.60	3.60	3.60	3.80	3.87	4.08	4.08
23.50	23.50	23.74	22.91	23.54	24.83	25.47
69.50	69.50	64.75	66.59	66.88	70.71	70.63
14.00	15.00	7.50	7.50	7.50	7.53	7.54
115.45	116.45	103.97	103.30	104.29	109.65	111.26

VILLAGE OF VERNON HILLS, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

Function/Program	2006	2007	2008
Public Works			
Forestry			
Number of Parkway Trees Planted*	199	131	124
Number of Parkway Trees Trimmed*	1,173	750	642
Fleet Services			
Number of Cars/SUVs/Vans Maintained*	52	52	44
Number of Light Trucks Maintained*	15	15	15
Number of Heavy Trucks Maintained*	10	10	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	1
Public Safety			
Police			
Part I Crime*	784	699	738
Part II Crime*	875	1,010	1,026
Calls for Service*	17,524	18,617	17,963
State Tickets Issued*	6,429	5,963	5,686
Compliance Tickets Issued*	714	650	702
Parking Tickets Issued*	3,418	3,583	3,149
Community Development			
Number of Building Permits Issued	1,716	1,660	1,518
Number of Building Inspections	13,397	13,127	4,902
Highways and Streets			
Sidewalk/Bike Trail Program (\$)	112,017	32,196	39,457
Annual Resurfacing Program (\$)	988,338	1,131,594	879,268

*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.

2009	2010	2011	2012	2013	2014	2015
119	89	121	145	291	603	1,235
1,182	1,420	1,458	1,065	1,066	1,050	1,165
46	42	39	41	37	43	35
15	15	16	16	17	17	18
10	10	10	10	10	10	10
4	4	4	4	4	4	5
2	2	2	2	2	2	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
686	779	779	678	635	535	544
717	759	687	710	557	551	628
20,793	18,974	18,630	18,608	21,170	22,903	23,358
5,388	2,386	2,836	2,080	3,414	3,480	3,271
489	156	160	125	458	1,038	1,102
2,536	1,644	2,289	1,591	2,259	2,974	3,407
1,136	972	1,216	1,389	1,354	1,344	1,798
4,486	4,276	2,802	2,833	2,703	3,067	5,105
105,591	57,507	39,750	35,141	42,554	55,910	55,662
1,600,000	899,984	839,012	583,333	811,685	624,565	1,148,696

VILLAGE OF VERNON HILLS, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
April 30, 2015 (Unaudited)**

Function/Program	2006	2007	2008
Police			
Stations	1	1	1
Communications/Training Center	-	-	1
Patrol Units	36	35	37
Public Works			
Streets (Lane Miles)	137.2	140.9	140.5
Sidewalks (Miles)	106.4	106.4	112.7
Streetlights	2,413	2,429	2,217
Traffic Lights (Village Owned)	4	4	4
Recreation			
Athletic Complex	1	1	1
Golf Courses	2	2	2
Community Center	1	1	1
Administration			
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

2009	2010	2011	2012	2013	2014	2015
1	1	1	1	1	1	1
1	1	1	1	1	1	1
37	37	34	36	36	37	37
141.1 *	141.1	141.7	141.7	141.7	141.7	141.7
113.3	113.3	113.3	113.3	113.3	113.3	113.3
2,247 *	2,247	2,258	2,258	2,258	2,258	2,258
5	5	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