

TOWN OF VERNON, ILLINOIS
ANNUAL FINANCIAL REPORT
MARCH 31, 2014

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D A M , S N E L L & T A V E I R N E , L T D .

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INDEPENDENT AUDITORS' REPORT

Town Supervisor and Board of Trustees
Town of Vernon
Buffalo Grove, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund – cash basis, and the aggregate remaining fund information – cash basis of the Town of Vernon (the Town) as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Town'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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vernon as of March 31, 2014, and the respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note A. In addition, the fund financial statements present fairly, in all material respects, the fund assets and liabilities arising from cash transactions as of March 31, 2014 and the related revenues received and expenditures disbursed of the respective funds as of and for the year ended March 31, 2014 on the cash basis of accounting described in Note A to these financial statements.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash and cash basis, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Vernon's basic financial statements. The management's discussion and analysis, budgetary comparisons and supplemental information presented on pages 3 through 7, 25 through 32, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The supplemental information presented on pages 23 and 24 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information presented on pages 23 and 24 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dam, Snell & Taveirne, Ltd.

DAM, SNELL & TAVEIRNE, LTD.

Certified Public Accountants

Fox Lake, Illinois

June 30, 2014

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014

Our discussion and analysis of the Vernon Township's financial performance provides an overview of the Town's financial activities for the fiscal year ended March 31, 2014. Please read it in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The Town's net position, which equal total assets less total liabilities, were \$8,550,320 at the end of the 2014 fiscal year, a 4% decrease from last year. Unrestricted assets, assets that may be used to meet the Town's ongoing obligations to residents and creditors, were \$1,207,872 at the end of the 2014 fiscal year.
- Total Town revenues were \$3,631,725, a 5% decrease from last year. Total expenses were \$3,973,031, a decrease of 7% from last year.
- The fund balance for the General Fund is \$1,207,872 a decrease of \$353,419 from the beginning balance of \$1,561,291. The General Fund balance is unreserved and can be used to meet the Town's ongoing obligations to residents and creditors.

A BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-wide Statement of Net Position and the Government-wide Statement of Activities provide information about the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. 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 Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The notes to financial statements and supplemental information provide additional information that is essential to a full understanding of the data provided in the financial statements.

Reporting on the Town as a Whole – Government-wide Statements

One of the most important questions asked about the Town's finances is, "Is the Town as whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the modified cash basis of accounting. All of the current year's revenues and expenses are taken into account when cash is received or paid. The method is modified to capitalize fixed assets and to record depreciation on those fixed assets.

These two statements report the Town's net position and change in it. You can think of the Town's net position—the difference between assets and deferred inflows of resources and liabilities and deferred outflow of resources—as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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 Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are considered governmental funds.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014

Governmental Funds

All of the Town's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the cash basis method of accounting. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation that follows the fund financial statements.

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following tables present the financial position and results of operations of the Town.

Table 1
Net Position (Modified Cash Basis)

	<u>2013</u>	<u>2014</u>
Current assets	\$ 3,998,021	\$ 3,711,429
Capital assets	4,914,655	4,852,391
Total assets	8,912,676	8,563,820
Current liabilities	21,050	13,500
Long term liabilities	-	-
Total liabilities	21,050	13,500
Net position		
Net investment in capital assets	4,914,655	4,852,391
Restricted	2,415,680	2,490,057
Unrestricted	1,561,291	1,207,872
Total net position	\$ 8,891,626	\$ 8,550,320

The Town's net position is composed of capital assets, restricted and unrestricted categories. Capital assets comprise 57% of net position and reflect the Town's investments in capital assets and infrastructure (for example, land, streets, buildings, machinery and equipment) less any related debt used to acquire those assets that remain outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The restricted portion of the Town's net position, 29%, represents resources that are subject to external restrictions on how they may be used. The remaining 14% of assets represent the unrestricted category and may be used to meet the government's ongoing obligations to citizens and creditors.

An intergovernmental agreement between Vernon Township and Metra requires the Township to set aside revenues in a sinking fund to be used for future repairs and improvements to the train station; \$300,000 has been committed for these expenses.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014

Table 2
Changes in Net Position (Modified Cash Basis)

	<u>2013</u>	<u>2014</u>
Taxes and other general revenue	\$ 3,038,439	\$ 3,160,396
Operating grants and contributions	10,202	8,960
Capital grants and contributions	-	-
Charges for services	415,791	462,369
Total revenue	<u>3,464,432</u>	<u>3,631,725</u>
Expenses	4,271,338	3,973,031
Increase (decrease) in net assets	(806,906)	(341,306)
Net position, beginning of year	9,698,532	8,891,626
Net position, end of year	<u>\$ 8,891,626</u>	<u>\$ 8,550,320</u>

Total Town revenues were \$3,631,725 and the total cost of all programs and services was \$3,973,031. The costs of all programs exceeded the revenues, which decreased the Town's Net Position from \$8,891,626 to \$8,550,320.

Governmental Activities

The following table depicts the major revenue sources for the Town.

Table 3
Governmental Revenues (Modified Cash Basis)

	<u>2013</u>	<u>2014</u>
Property taxes	\$ 2,976,298	\$ 3,090,045
State replacement taxes	23,057	26,432
Interest	6,844	5,025
Intergovernmental agreement	26,198	40,487
Rentals	19,330	18,947
Passport revenue	36,622	70,774
Operating grants and contributions	10,202	8,960
Capital grants and contributions	-	-
Park fees	171,610	184,747
Parking fees	95,322	95,397
Taxi	16,347	14,067
Other	82,602	76,844
	<u>\$ 3,464,432</u>	<u>\$ 3,631,725</u>

Property taxes increased by 4% from the prior year. Passport revenue increased by 93% from the prior year due to a change in policy at local post offices creating an increase in demand.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014

The table below identifies the various governmental expenses by function.

Table 4
Governmental Activities Expenses (Modified Cash Basis)

	<u>2013</u>	<u>2014</u>
General governmental services	\$ 1,903,493	\$ 1,737,235
Assessor	506,328	450,447
Road maintenance	1,307,454	1,277,642
Park maintenance	374,181	330,886
Home relief	59,740	33,314
Cemetery	20,636	41,975
Metra maintenance	99,506	101,532
	<u>\$4,271,338</u>	<u>\$3,973,031</u>

The park fund revenue will continue to cover the cost of maintenance of the pool and grounds. The roads will continually need maintenance due to heavy traffic and element damage.

ANALYSIS OF BALANCES AND TRANSACTIONS IN INDIVIDUAL FUNDS

Governmental Funds

The Permanent Road Fund had major expenditures due to routine road maintenance (i.e. crack sealing) and road resurfacing projects on the Township roads, specifically Horatio Gardens Roads.

The General Fund had to refund tax monies relating to 2010 to 2011 tax year objections. This was done by the County withholding tax distributions of \$180,021.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

General, Road and Bridge, and Permanent Road Fund maintenance and capital outlay expenditures were significantly below budgeted amounts.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

Table 5
Capital Assets (net of depreciation) - Governmental Activities

	<u>2013</u>	<u>2014</u>
Land	\$ 983,909	\$ 983,909
Construction in progress	-	-
Land improvements	82,689	68,881
Buildings and improvements	1,473,200	1,500,874
Machinery and equipment	276,825	372,130
Infrastructure	2,098,032	1,926,597
Totals	<u>\$4,914,655</u>	<u>\$4,852,391</u>

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014

The Town's investment in capital assets for its governmental activities was \$4,852,391, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, streets and related infrastructure, sidewalks and bridges.

The Town's investment in capital assets increased by acquisitions during the year of \$486,302, and decreased by additional depreciation of \$548,566. The increase is due primarily to the Horatio Gardens road project and the purchase of a new dump truck. See additional information in footnote D.

Debt

The Town has no outstanding long-term debt.

SIGNIFICANT CHANGES IN CONDITION AND ESTIMATED MAINTENANCE EXPENSES FOR INFRASTRUCTURE ASSETS

The highway department anticipates continual improvements including: repaving, culvert installation, drainage installation, etc.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2014-2015 budget and the associated property tax rates and charges for services.

In preparing the budget, the Town Board, Supervisor, and Highway Commissioner take into consideration long term goals of the Town along with any unforeseen expenses which may occur.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 847-634-4600.

TOWN OF VERNON
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
 MARCH 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,711,429
Capital assets, net	<u>4,852,391</u>
Total assets	<u><u>\$ 8,563,820</u></u>
LIABILITIES	
Current liabilities	
Road bonds	<u>\$ 13,500</u>
Total liabilities	<u>13,500</u>
NET POSITION	
Net investment in capital assets	4,852,391
Restricted	
Special revenues	2,490,057
Unrestricted	<u>1,207,872</u>
Total net position	<u>8,550,320</u>
Total liabilities and net position	<u><u>\$ 8,563,820</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF VERNON
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
 YEAR ENDED MARCH 31, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General governmental services	\$ 1,737,235	\$ 96,608	\$ 8,960	\$ -
Assessor	450,447	-	-	-
Road and bridge maintenance	1,277,642	55,187	-	-
Park maintenance	330,886	191,927	-	-
Home relief	33,314	-	-	-
Cemetery	41,975	23,250	-	-
Metra station maintenance	101,532	95,397	-	-
Total governmental activities	\$ 3,973,031	\$ 462,369	\$ 8,960	\$ -
General revenues				
Property taxes				3,090,045
State replacement taxes				26,432
Interest				5,025
Miscellaneous				33,894
Gain (loss) on sale of capital asset				5,000
Total general revenues				3,160,396
Change in net position				(341,306)
Beginning of year				8,891,626
End of year				\$ 8,550,320

The accompanying notes are an integral part of these financial statements.

TOWN OF VERNON
STATEMENT OF ASSETS AND LIABILITIES (CASH BASIS)
GOVERNMENTAL FUNDS
MARCH 31, 2014

ASSETS	General	Road and Bridge	Permanent Road	Park Maintenance	Metra Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 1,207,872	\$ 348,428	\$ 828,783	\$ 321,033	\$ 646,629	\$ 358,684	\$ 3,711,429
Due from other funds	-	-	-	-	-	-	-
Total assets	\$ 1,207,872	\$ 348,428	\$ 828,783	\$ 321,033	\$ 646,629	\$ 358,684	\$ 3,711,429
LIABILITIES AND FUND BALANCE							
Liabilities							
Road bonds	-	\$ 13,500	-	-	-	-	\$ 13,500
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	13,500	-	-	-	-	13,500
Fund Balance							
Restricted							
Special revenues	-	334,928	828,783	321,033	346,629	358,684	2,190,057
Committed - future maintenance	-	-	-	-	300,000	-	300,000
Unassigned	1,207,872	-	-	-	-	-	1,207,872
Total fund balance	1,207,872	334,928	828,783	321,033	646,629	358,684	3,697,929
Total liabilities and fund balance	\$ 1,207,872	\$ 348,428	\$ 828,783	\$ 321,033	\$ 646,629	\$ 358,684	\$ 3,711,429

The accompanying notes are an integral part of these financial statements.

TOWN OF VERNON
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
 OF ASSETS AND LIABILITIES (CASH BASIS) TO THE
 STATEMENT OF NET POSITION
 MARCH 31, 2014

Total fund balance - governmental funds \$ 3,697,929

Amounts reported for governmental activities in the Statement of
 Net Position are different due to:

The cost of capital assets (land, buildings, equipment and infrastructure)
 purchased or constructed is reported as an expenditure in the
 governmental funds. The Statement of Net Position includes those
 capital assets among the assets of the Town as a whole.

Capital outlay:			
General fund	\$ 1,917,433		
Cemetery fund	294,121		
Road and bridge fund	964,211		
Permanent road fund	3,706,002		
Park maintenance fund	2,254,646		
Metra station fund	<u>1,247,239</u>		
		10,383,652	
Accumulated depreciation:			
General fund	632,585		
Cemetery fund	35,219		
Road and bridge fund	606,518		
Permanent road fund	1,934,092		
Park maintenance fund	1,442,081		
Metra station fund	<u>880,766</u>		
		<u>(5,531,261)</u>	
Net position of the governmental activities			<u>\$ 8,550,320</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF VERNON
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2014

	General	Road and Bridge	Permanent Road	Park Maintenance	Metra Station	Nonmajor Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property taxes, net of tax objections \$180,021	\$1,722,140	\$478,685	\$ 697,871	\$ 159,394	\$ -	\$ 31,955	\$ 3,090,045
State replacement tax	9,602	16,830	-	-	-	-	26,432
Interest	3,695	290	340	60	442	198	5,025
Intergovernmental agreement	-	40,487	-	-	-	-	40,487
Rentals	11,767	-	-	7,180	-	-	18,947
Grants	8,960	-	-	-	-	-	8,960
Passport revenue	70,774	-	-	-	-	-	70,774
Park fees	-	-	-	184,747	-	-	184,747
Parking	-	-	-	-	95,397	-	95,397
Taxi	14,067	-	-	-	-	-	14,067
Cemetery lot sales	-	-	-	-	-	10,300	10,300
Grave opening fees	-	-	-	-	-	12,950	12,950
Fines	-	14,700	-	-	-	-	14,700
Miscellaneous	11,755	18,788	2,931	70	-	350	33,894
Total cash receipts	1,852,760	569,780	701,142	351,451	95,839	55,753	3,626,725
DISBURSEMENTS							
Current							
General governmental services	1,665,469	226,769	-	-	-	-	1,892,238
Assessor	450,447	-	-	-	-	-	450,447
Road maintenance	-	175,158	400,451	-	-	-	575,609
Park maintenance	-	-	-	277,359	-	-	277,359
Home relief	-	-	-	-	-	33,314	33,314
Cemetery	-	-	-	-	-	58,621	58,621
Metra maintenance	-	-	-	-	41,196	-	41,196
Capital acquisitions	90,263	168,430	289,118	24,108	10,064	-	581,983
Total disbursements	2,206,179	570,357	689,569	301,467	51,260	91,935	3,910,767
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(353,419)	(577)	11,573	49,984	44,579	(36,182)	(284,042)
OTHER SOURCES (USES)							
Proceeds from sale of equipment	-	5,000	-	-	-	-	5,000
Interfund transfer	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(353,419)	4,423	11,573	49,984	44,579	(36,182)	(279,042)
FUND BALANCE							
Beginning of year	1,561,291	330,505	817,210	271,049	602,050	394,866	3,976,971
End of year	<u>\$1,207,872</u>	<u>\$334,928</u>	<u>\$ 828,783</u>	<u>\$ 321,033</u>	<u>\$ 646,629</u>	<u>\$ 358,684</u>	<u>\$ 3,697,929</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF VERNON
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
 OF CASH RECEIPTS AND DISBURSEMENTS (CASH BASIS)
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2014

Net change in fund balances - total governmental funds \$ (279,042)

Amounts reported for governmental activities in the Statement
 of Activities are different due to:

Capital outlays are reported in governmental funds 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. This is the amount by which outlays for assets capitalized exceeds depreciation expense in the current period.

Capital outlay:

General fund	\$ 58,645	
Cemetery fund	21,815	
Road and bridge fund	163,690	
Permanent road fund	242,152	
Park maintenance fund	-	
Metra station fund	-	
		486,302

Depreciation expense:

General fund	40,148	
Cemetery fund	5,169	
Road and bridge fund	52,865	
Permanent road fund	370,693	
Park maintenance fund	29,419	
Metra station fund	50,272	
		(548,566)

Gains and losses on the sale and trade-in of capital assets are not reported in governmental funds, however, they are a component of the general revenues in the Statement of Activities.

Capital asset deletions	52,100	
Related accumulated depreciation	(52,100)	
		-

Change in net position of governmental activities \$ (341,306)

The accompanying notes are an integral part of these financial statements.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Town's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Principles Used to Determine Scope of Entity

The Town is a primary government as defined by Governmental Accounting Standards Board Statement 14. The Town's Road District is governed by the same Board as the Town. For financial reporting purposes the Town's Road District is reported as if it were part of the Town's operations because its purpose is to construct and maintain roads within the Town.

2. Basis of Presentation

Government-Wide Statements -The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. All of the Town's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The Town has no operating activities that would be considered "business activities".

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

Fund Financial Statements- The accounts of the Town in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues collected, and expenditures paid. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The emphasis in fund financial statements is on the major funds. Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The following fund types are used by the Town:

General Fund – The general fund is the general operating fund of the Town. 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 – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. The Town maintains six special revenue funds. The Road and Bridge and Permanent Hard Road Funds, both major funds, account for expenditures relating to road projects, which are funded mainly by property taxes. The Park Maintenance Fund, a major fund, accounts for revenue and expenditures related to recreation programs funded mainly by property taxes and user fees. The Metra Station Fund, a major fund, accounts for revenue and expenditures relating to the upkeep of the Prairie View Metra Station which is funded by parking fees.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are presented using the modified cash basis of accounting. The Town maintains its accounting records for all funds on the cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. The cash basis of accounting is modified by reflecting accumulated depreciation and depreciation expense related to capital assets on the government-wide financial statements.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

4. Assets and Liabilities

Cash and Cash Equivalents - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments, with original maturities of three months or less from the date of acquisition.

Investments - Investments are reported at cost, which approximates fair value. Gains or losses on the sale of investments are recognized upon realization.

Inventories - It is the Town's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

Capital Assets - Capital assets, which include land, land improvements, buildings, infrastructure, machinery and equipment, and construction in progress are reported in the government – wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 (\$25,000 for infrastructure assets) and an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Under GASB 34, the Town elected to begin capitalizing infrastructure assets on April 1, 2004.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is provided using the straight line method over the following estimated useful lives: land improvements – 10 years, buildings – 20 to 50 years, infrastructure – 10 to 50 years, machinery and equipment – 5 to 10 years.

Compensated Absences - Under the cash basis of accounting, the Town does not accrue accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. Vacations and the associated employee-related costs are recorded when paid.

Eliminations and Reclassifications - In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

5. Net Position/Fund Balance Classifications

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

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of debt and deferred inflows of resources related to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets 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 legislation.
- c. Unrestricted – All other amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, the Town implemented in 2012 GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in a nonspendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e. Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the Town takes the same highest level of action to remove or change the constraint.
- Assigned fund balance – amounts the Town intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. The Board of Trustees has retained the authority to assign fund balances.

6. Budgets and Budgetary Accounting

The budget for all funds is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Town Supervisor submits to the Town's Board of Trustees a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.

TOWN OF VERNON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2014

- c. The budget is legally enacted through passage of an ordinance. The ordinance was passed on April 13, 2013. The Road budget was amended on September 7, 2013.
- d. The Town's Supervisor is authorized to transfer budgeted amounts of up to 10% of amount budgeted between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town's Board of Trustees. There were no revisions to the budget.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- f. Budgets for all funds are adopted on the cash basis. Budgetary comparisons presented in this report are on the cash basis of accounting.

7. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE B – DEPOSITS AND INVESTMENTS

Deposits and Investments - Statutes authorize the Town 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, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The Illinois Funds Investment Pool is an external investment pool regulated by state statutes, and values participant's shares on a fair value basis.

Deposits

Custodial Credit Risk. For an investment, custodial credit is risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments, if any, are registered in the Town's name. Town policy requires that bank deposits in excess of FDIC limits are collateralized with securities held by the financial institution's agents in the Town's name.

The carrying amount of deposit accounts at March 31, 2014 was \$1,705,937 and the bank balance was \$1,803,201. The deposits are categorized in accordance with risk factors established by governmental reporting standards.

Amount insured by FDIC	\$	1,610,560
Amount collateralized with securities held by the pledging financial institution's agent in the Town's name		111,664
Uncollateralized balance		80,977
Total bank balance	<u>\$</u>	<u>1,803,201</u>

In addition, the Town had \$200 of cash on hand as of March 31, 2014.

Interest Rate Risk. Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The Town's investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

	Total	Maturity in years	
		Less than one year	More than one year
Petty cash	\$ 200	\$ 200	\$ -
Investments:			
Illinois funds	2,005,292	2,005,292	
Total investments	2,005,292	2,005,292	
Deposit accounts:			
Certificates of deposit	966,910	966,910	
Other deposit accounts	739,027	739,027	
Total deposit accounts	1,705,937	1,705,937	
Total cash and investments	\$ 3,711,429	\$ 3,711,429	\$ -

Credit Risk. The Town invests in certificates of deposit, Illinois Funds and a fixed annuity contract. The fixed annuity contract is not rated. Among others, the Town is allowed to invest in banks insured by the Federal Deposit Insurance Corporation, obligations of the Treasury and U.S. Agencies and the Illinois Funds. The Town's investment in Illinois Funds was rated AAAM by Standard and Poor's.

NOTE C - PROPERTY TAXES

The Town's property tax is levied each year on all taxable real property located in the Town and is extended by the county clerk on or before the last Tuesday in December of the year of levy. The lien date is January 1 of the year of the levy. Taxes are due to the County in two equal installments on June 1 and September 1 of the year following the levy year. Distributions are made to the Town by the County shortly after collection by the County. The 2012 levy was adopted by the Town on December 10, 2012 and the 2013 levy was adopted on December 14, 2013. The 2012 levy is included in the current year's cash receipts and was allocated as follows:

Fund	2012 Levy
Town, net	\$ 1,722,140
Road and bridge	478,685
Permanent road	697,871
Park maintenance	159,394
General assistance	31,955
	<u>\$ 3,090,045</u>

NOTE D - CAPITAL ASSETS

A summary of changes in the Town's capital assets is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Land, not depreciated	\$ 983,909	\$ -	\$ -	\$ 983,909
Land improvements	1,640,160	-	-	1,640,160
Building and improvements	2,461,051	80,460	-	2,541,511
Machinery and equipment	971,521	163,690	(52,100)	1,083,111
Infrastructure	3,892,809	242,152	-	4,134,961
Totals	9,949,450	486,302	(52,100)	10,383,652
Accumulated depreciation	5,034,795	548,566	(52,100)	5,531,261
Net totals	\$ 4,914,655	\$ (62,264)	\$ -	\$ 4,852,391

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

Depreciation expense was charged to governmental activities as follows:

General government	\$ 40,148
Road and bridge maintenance	423,558
Park maintenance	29,419
Cemetery	5,169
Metra maintenance	50,272
	\$ 548,566

NOTE E - DEFERRED COMPENSATION PLAN

Employees of the Town may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation plans with Respect to Service for State and Local Governments.)

The deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. The Town has an obligation of due care in selecting this third party administrator.

NOTE F - DEFINED BENEFIT PENSION PLAN

Plan Description. The Town's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Town's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.imrf.org.

Funding Policy. As set by statute, the Town's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for the calendar year 2013 was 11.58 percent of annual covered payroll. The Town also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2013 was \$159,417.

Three-Year Trend Information for the Regular Plan			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 159,417	100%	\$ -
12/31/12	145,434	100%	-
12/31/11	150,537	111%	-

TOWN OF VERNON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2014

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Town's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Town's regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 92.88 percent funded. The actuarial accrued liability for benefits was \$5,333,816 and the actuarial value of assets was \$4,954,002, resulting in an underfunded actuarial accrued liability (UAAL) of \$379,814. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,376,660 and the ratio of the UAAL to the covered payroll was 28 percent.

The schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE G – POST-EMPLOYMENT BENEFITS

The Town has evaluated its potential other postemployment benefits liability. The Town provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Town are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Town's health insurance plan. There has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Town has no former employees for whom the Town was providing explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. The Town has no postemployment liability as of March 31, 2014.

NOTE H – FUND BALANCES

As of March 31, 2014, restricted fund balances are composed of the following:

<u>Activity</u>	<u>Amount</u>
Road and bridge maintenance	\$ 334,928
Permanent road	828,783
Park maintenance	321,033
Metra station	346,629
General assistance	106,972
Cemetery	251,712
Total restricted net assets	<u>\$ 2,190,057</u>
 Committed Net Assets	
Metra Station - future maintenance	<u>\$ 300,000</u>

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned balances are available, the Town considers amounts to have been spent first from committed funds, next from assigned funds, and lastly from unassigned funds, unless the Board of Trustees has provided for otherwise in its commitment or assignment actions.

NOTE I - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town participates in the Township Officials of Illinois Risk Management Association (TOIRMA). TOIRMA is an organization of townships and road districts in Illinois, which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages, property, casualty and workers compensation claim administration/litigation management services, unemployment claim administration, risk management/loss control consulting and training programs and a risk information system and financial reporting service for its members.

The Association is governed by a Board of Trustees which, at a minimum, shall be comprised of five individuals who are elected or appointed officials of member townships and/or road districts. The Chairman of the Board of Trustees is elected by majority vote of the Board.

The government's payments to TOIRMA are included in the financial statements as expenditures in the appropriate funds. Each member assumes the first \$1,000 of each occurrence, and TOIRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

The relationship between the Township and TOIRMA is governed by a contract and by-laws that have been adopted by resolution at each unit's governing body. The Town is contractually obligated to make all annual and supplementary contributions for TOIRMA, to report claims on a timely basis, cooperate with TOIRMA, its claims administrator, and attorneys in claims investigation and settlement, and to follow risk management procedures outline by TOIRMA. Members have a contractual obligation to fund any deficit of TOIRMA attributable to a membership during which they were a member.

TOIRMA is responsible for administering the self-insurance program and purchasing excess insurance according to direction of the Board of Directors. TOIRMA also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended March 31, 2014, there were no significant reductions in insurance coverage. The Town has not paid any settlements in excess of insurance coverage in the past three fiscal years.

The Town carries commercial insurance for risks of loss for employee health coverage.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE J – OPERATING LEASES

The Village has entered into an operating lease for a copy machine. The monthly lease payment is \$255 and expires May 2016. Under this lease, the Town made total payments of \$3,058 for the year ended March 31, 2014.

Future minimum annual commitments under these operating leases are as follows:

Fiscal year ended:	
2015	\$ 3,058
2016	510
2017	-
2018	-
2019	-
Total minimum lease payments	<u>\$ 3,568</u>

NOTE K – MOTOR FUEL TAX ALLOTMENTS

The Town Highway Department has accumulated motor fuel tax funds from the State of Illinois Department of Transportation. In accordance with state statutes, this money is deposited with the County and recorded by the County in a Trust and Agency Fund. During the fiscal year, the Town was allocated \$10,300 of motor fuel tax funds. The Town can use these funds to finance repairs and maintenance of Town roads. When motor fuel tax funds are spent, they are recorded as revenues and expenses in Permanent Road Fund. However, these amounts are not shown in the budgetary comparison schedules because they are not budgeted for by the Town. The Town had a balance of \$24,161 at the end of the fiscal year and \$2,931 was disbursed during the fiscal year.

NOTE L – COMMITMENTS AND CONTINGENCIES

Contingent Liability

There are currently various pending objections to certain property taxes levied by the Town. Total objection amounts are as follows:

Township Corporate Fund	\$ 212,613
Special Road/Gravel Tax	188,742
General Assistance Tax	11,740

The Town intends to vigorously contest these objections. The likely amount of loss, if any, cannot be estimated at this time.

NOTE M – SUBSEQUENT EVENTS

The Town has evaluated subsequent events through June 30, 2014, the date on which the financial statements were available to be issued.

TOWN OF VERNON
 COMBINING STATEMENT OF ASSETS AND LIABILITIES (CASH BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2014

ASSETS	<u>General Assistance</u>	<u>Cemetery</u>	<u>Total</u>
Cash	\$ 106,972	\$ 251,712	\$ 358,684
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 106,972</u>	<u>\$ 251,712</u>	<u>\$ 358,684</u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances			
Reserved			
Special revenues	106,972	251,712	358,684
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>106,972</u>	<u>251,712</u>	<u>358,684</u>
Total liabilities and fund balances	<u>\$ 106,972</u>	<u>\$ 251,712</u>	<u>\$ 358,684</u>

TOWN OF VERNON
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES (CASH BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MARCH 31, 2014

	General Assistance	Cemetery	Total
CASH RECEIPTS			
Property taxes	\$ 31,955	\$ -	\$ 31,955
Interest	87	111	198
Cemetery lot sales	-	10,300	10,300
Grave opening fees	-	12,950	12,950
Miscellaneous	-	350	350
Total receipts	<u>32,042</u>	<u>23,711</u>	<u>55,753</u>
DISBURSEMENTS			
Home relief	33,314	-	33,314
Cemetery	-	58,621	58,621
Capital acquisitions	-	-	-
Maintenance	-	-	-
Total disbursements	<u>33,314</u>	<u>58,621</u>	<u>91,935</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,272)	(34,910)	(36,182)
OTHER SOURCES (USES)			
Interfund transfer	-	-	-
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(1,272)	(34,910)	(36,182)
FUND BALANCES - Beginning of year	<u>108,244</u>	<u>286,622</u>	<u>394,866</u>
FUND BALANCES - End of year	<u>\$ 106,972</u>	<u>\$ 251,712</u>	<u>\$ 358,684</u>

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED MARCH 31, 2014

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 1,883,205	\$ 1,722,140	\$ (161,065)
State replacement tax	10,000	9,602	(398)
Interest	4,000	3,695	(305)
Rentals	10,000	11,767	1,767
Passport revenue	25,000	70,774	45,774
Pace grant and Dial-A-Ride	9,000	8,960	(40)
Taxi	20,000	14,067	(5,933)
Miscellaneous	18,000	11,755	(6,245)
Total receipts	<u>1,979,205</u>	<u>1,852,760</u>	<u>\$ (126,445)</u>
DISBURSEMENTS			
General governmental services	2,132,100	1,665,469	\$ (466,631)
Assessor	557,950	450,447	(107,503)
Capital acquisitions	445,000	90,263	(354,737)
Total disbursements	<u>3,135,050</u>	<u>2,206,179</u>	<u>\$ (928,871)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,155,845)	(353,419)	
OTHER SOURCES (USES)			
Proceeds from sale of assets	500	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(1,155,345)	(353,419)	
FUND BALANCE - Beginning of year	<u>1,561,291</u>	<u>1,561,291</u>	
FUND BALANCE - End of year	<u>\$ 405,946</u>	<u>\$ 1,207,872</u>	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
 YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS				
Property taxes	\$ 477,000	\$ 477,000	\$ 478,685	\$ 1,685
State replacement tax	15,000	15,000	16,830	1,830
Interest	1,000	1,000	290	(710)
Intergovernmental agreement	30,000	30,000	40,487	10,487
Fines	200	200	14,700	14,500
Miscellaneous	500	500	18,788	18,288
Total receipts	<u>523,700</u>	<u>523,700</u>	<u>569,780</u>	<u>\$ 46,080</u>
DISBURSEMENTS				
General governmental services	176,042	276,042	226,769	\$ (49,273)
Maintenance	363,075	298,075	175,158	(122,917)
Capital acquisitions	319,000	284,000	168,430	(115,570)
Total disbursements	<u>858,117</u>	<u>858,117</u>	<u>570,357</u>	<u>\$ (287,760)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(334,417)	(334,417)	(577)	
OTHER SOURCES (USES)				
Proceeds from sale of assets	-	-	5,000	
Interfund transfer	-	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)				
	(334,417)	(334,417)	4,423	
FUND BALANCE - Beginning of year	<u>330,505</u>	<u>330,505</u>	<u>330,505</u>	
FUND BALANCE - End of year	<u>\$ (3,912)</u>	<u>\$ (3,912)</u>	<u>\$ 334,928</u>	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PERMANENT ROAD FUND
 YEAR ENDED MARCH 31, 2014

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 700,000	\$ 697,871	\$ (2,129)
Grants	-	-	-
Interest	2,000	340	(1,660)
Miscellaneous	500	-	(500)
Total receipts	<u>702,500</u>	<u>698,211</u>	<u>\$ (4,289)</u>
DISBURSEMENTS			
Maintenance	605,578	397,520	\$ (208,058)
Capital acquisitions	600,000	289,118	(310,882)
Total disbursements	<u>1,205,578</u>	<u>686,638</u>	<u>\$ (518,940)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(503,078)</u>	<u>11,573</u>	
OTHER SOURCES (USES)			
Interfund transfer	<u>-</u>	<u>-</u>	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	<u>(503,078)</u>	<u>11,573</u>	
FUND BALANCE - Beginning of year	<u>817,210</u>	<u>817,210</u>	
FUND BALANCE - End of year	<u>\$ 314,132</u>	<u>\$ 828,783</u>	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PARK MAINTENANCE FUND
 YEAR ENDED MARCH 31, 2014

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 150,000	\$ 159,394	\$ 9,394
Interest	100	60	(40)
Rentals	6,620	7,180	560
Park fees	162,500	184,747	22,247
Miscellaneous	500	70	(430)
Total receipts	319,720	351,451	\$ 31,731
DISBURSEMENTS			
Capital acquisitions	70,000	24,108	\$ (45,892)
Maintenance	333,000	277,359	(55,641)
Total disbursements	403,000	301,467	\$ (101,533)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(83,280)	49,984	
OTHER SOURCES (USES)			
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(83,280)	49,984	
FUND BALANCE - Beginning of year	271,049	271,049	
FUND BALANCE - End of year	\$ 187,769	\$ 321,033	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - METRA STATION FUND
 YEAR ENDED MARCH 31, 2014

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Parking fees	\$ 90,000	\$ 95,397	\$ 5,397
Interest	1,000	442	(558)
Miscellaneous	500	-	(500)
Total receipts	91,500	95,839	\$ 4,339
DISBURSEMENTS			
Capital acquisitions	25,000	10,064	\$ (14,936)
Metra maintenance	83,900	41,196	(42,704)
Total disbursements	108,900	51,260	\$ (57,640)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,400)	44,579	
OTHER SOURCES (USES)			
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(17,400)	44,579	
FUND BALANCE - Beginning of year	602,050	602,050	
FUND BALANCE - End of year	\$ 584,650	\$ 646,629	

TOWN OF VERNON
NOTES TO SUPPLEMENTAL INFORMATION
MARCH 31, 2014

Note 1 - Budgetary Basis of Accounting

Budgets are adopted on the cash basis of accounting which is an other comprehensive basis of accounting under generally accepted accounting principles.

Note 2 - Over Expenditure of Budget

None of the funds had total expenditures which exceeded their total budget.

TOWN OF VERNON
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
MARCH 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage Covered Payroll
	a	b	b-a	a/b	c	((b-a)/c)
12/31/13	\$4,954,002	\$ 5,333,816	\$ 379,814	92.88 %	\$ 1,376,660	27.59 %
12/31/12	5,006,972	5,556,355	550,383	90.09	1,381,137	39.85
12/31/11	4,494,474	5,205,047	710,573	86.35	1,369,764	51.88

On a market value basis, the actuarial value of assets as of December 31, 2013 was \$5,688,551.
On a market basis, the funded ratio would be 106.65%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Town of Vernon. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

TOWN OF VERNON
COMPARATIVE TAX DATA
MARCH 31, 2014

YEAR OF LEVY	2013	2012	2011	2010	2009
TAX EXTENSION					
Corporate	\$ 1,943,767	\$ 1,885,818	\$ 1,883,205	\$ 2,000,906	\$ 1,941,477
General assistance	-	34,923	75,328	-	42,206
Cemetery	-	-	-	-	-
Road and bridge (net)	477,112	479,100	477,433	486,760	513,229
Permanent road	435,672	698,451	414,305	1,000,453	886,326
Park maintenance	234,593	174,613	188,321	160,072	126,618
	<u>\$ 3,091,144</u>	<u>\$ 3,272,905</u>	<u>\$ 3,038,592</u>	<u>\$ 3,648,191</u>	<u>\$ 3,509,856</u>
TAX RATES					
Corporate	\$ 0.058	\$ 0.054	\$ 0.050	\$ 0.050	\$ 0.046
General assistance	-	0.001	0.002	-	0.001
Cemetery	-	-	-	-	-
Road and bridge	0.027	0.026	0.024	0.023	0.023
Permanent road	0.013	0.020	0.011	0.025	0.021
Park maintenance	0.007	0.005	0.005	0.004	0.003
	<u>0.105</u>	<u>0.106</u>	<u>0.092</u>	<u>0.102</u>	<u>0.094</u>
ASSESSED VALUATION	<u>\$3,351,323,189</u>	<u>\$3,492,255,942</u>	<u>\$3,766,410,622</u>	<u>\$4,001,812,095</u>	<u>\$4,220,601,774</u>
COLLECTIONS		<u>\$ 3,269,871</u>	<u>\$ 3,036,311</u>	<u>\$ 3,643,995</u>	<u>\$ 3,504,596</u>
Ratio of collections to extensions		<u>99.91%</u>	<u>99.92%</u>	<u>99.88%</u>	<u>99.85%</u>

Tax extensions above reflect only the Town's portion of the Road and Bridge Levy.
Tax rates reflect the gross used for extension purposes by the County.