

TOWN OF VERNON, ILLINOIS
ANNUAL FINANCIAL REPORT
MARCH 31, 2023

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

C E R T I F I E D • P U B L I C • A C C O U N T A N T S

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Illinois (the Town) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Illinois as of March 31, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended, in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - 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 basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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 described in Note A, and for 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 fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparisons and supplemental information presented on pages 4 through 8, 33 through 42, and 45, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vernon's basic financial statements. The supplemental information presented on pages 43 and 44 is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 43 and 44 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

November 16, 2023

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

Our discussion and analysis of the Town of Vernon's financial performance provides an overview of the Town's financial activities for the fiscal year ended March 31, 2023. Please read it in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The Town's net position, which equals total assets less total liabilities, is \$8,427,401 at the end of the 2023 fiscal year, a 3.69% increase from last year. Unrestricted assets, assets that may be used to meet the Town's ongoing obligations to residents and creditors, were \$1,137,851 at the end of the 2023 fiscal year.
- Total Town revenues were \$4,279,680, a 15.65% decrease from last year. Total expenses were \$3,979,958, a decrease of 17.34% from last year.
- The fund balance for the General Fund is \$1,326,703 a decrease of \$44,641 from the beginning balance of \$1,371,344. 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, 2023

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>2022</u>	<u>2023</u>
Current assets	\$ 4,381,804	\$ 4,760,334
Capital assets	3,839,758	3,729,204
Total assets	<u>8,221,562</u>	<u>8,489,538</u>
Current liabilities	93,883	62,137
Long term liabilities	-	-
Total liabilities	<u>93,883</u>	<u>62,137</u>
Net position		
Investment in capital assets	3,839,758	3,729,204
Restricted	2,916,577	3,371,494
Unrestricted	1,371,344	1,326,703
Total net position	<u>\$ 8,127,679</u>	<u>\$ 8,427,401</u>

The Town's net position is composed of capital assets, restricted and unrestricted categories. Capital assets comprise 44% 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, 42%, 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 the Town and Metra requires the Town to maintain a sinking fund for future repairs and improvements to the train station; \$214,494 has been committed for these expenses.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

Table 2
Changes in Net Position (Modified Cash Basis)

	<u>2022</u>	<u>2023</u>
Taxes and other general revenue	\$ 3,508,512	\$ 3,611,099
Operating grants and contributions	1,122,556	180,500
Capital grants and contributions	-	-
Charges for services	442,358	488,081
Total revenue	<u>5,073,426</u>	<u>4,279,680</u>
Expenses	<u>4,814,991</u>	<u>3,979,958</u>
Increase (decrease) in net assets	258,435	299,722
Net position, beginning of year	<u>7,869,244</u>	<u>8,127,679</u>
Net position, end of year	<u><u>\$ 8,127,679</u></u>	<u><u>\$ 8,427,401</u></u>

Total Town revenues were \$4,279,680 and the total cost of all programs and services was \$3,979,958. Revenues of all programs exceeded the expenses, which increased the Town's Net Position from \$8,127,679 to \$8,427,401.

Governmental Activities

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

Table 3
Governmental Revenues (Modified Cash Basis)

	<u>2022</u>	<u>2023</u>
Property taxes	\$ 3,398,373	\$ 3,390,163
State replacement taxes	60,948	92,033
Interest	3,061	90,231
Intergovernmental agreement	43,653	51,474
Rentals	36,198	26,816
Passport revenue	32,758	33,308
Operating grants and contributions	1,122,556	180,500
Capital grants and contributions	-	-
Park fees	187,625	180,284
Parking fees	50,029	71,379
Taxi	2,670	1,920
Proceeds from sale of assets	17,460	15,225
Other	118,095	146,347
	<u><u>\$ 5,073,426</u></u>	<u><u>\$ 4,279,680</u></u>

Interest income increased mainly due to increased interest rates at Illinois Funds.

Operating grants and contributions decreased due to State of Illinois grants received for roadwork in prior year that was not applicable in the current year and for reduced Federal rent assistance received due to the program ending.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

The table below identifies the various governmental expenses by function.

Table 4
Governmental Activities Expenses (Modified Cash Basis)

	<u>2022</u>	<u>2023</u>
General governmental services	\$ 1,641,129	\$ 1,657,847
Assessor	458,274	487,220
Road maintenance	1,671,863	1,149,443
Park operations	286,571	326,086
Home relief	563,408	170,691
Cemetery	64,552	68,694
Metra station maintenance	129,194	119,977
	<u>\$4,814,991</u>	<u>\$3,979,958</u>

The Park Maintenance Fund revenue will continue to supplement the cost of maintenance of the pool and grounds. The roads will continually need maintenance due to heavy traffic and element damage.

Home relief expenses decreased due to smaller disbursement of Federal rent assistance payments compared to the prior year.

ANALYSIS OF BALANCES AND TRANSACTIONS IN INDIVIDUAL FUNDS

Governmental Funds

The fund balance for the Road and Bridge Fund is \$860,479, an increase of \$132,729 from the beginning balance of \$727,750.

The fund balance for the Permanent Road Fund is \$1,366,230, an increase of \$285,088 from the beginning balance of \$1,081,142.

The fund balance for the Park Maintenance Fund is \$378,311, an increase of \$15,280 from the beginning balance of \$363,031.

The fund balance for the General Assistance Fund is \$62,842, an increase of \$4,743 from the beginning balance of \$58,099.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

The General Fund's general and capital outlay expenditures were below budgeted amounts.

The Park Maintenance Fund's capital outlay and operations expenditures were below budgeted amounts.

The Road and Bridge and Permanent Road Fund's general and maintenance expenditures were below budgeted amounts.

The General Assistance Fund's home relief expenditures were below budgeted amounts.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

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

	<u>2022</u>	<u>2023</u>
Land	\$ 983,909	\$ 983,909
Construction in progress	5,500	239,148
Land improvements	312,784	305,335
Buildings and improvements	1,327,829	1,261,539
Machinery and equipment	415,327	351,786
Infrastructure	794,409	587,487
Totals	<u>\$ 3,839,758</u>	<u>\$ 3,729,204</u>

The Town's investment in capital assets for its governmental activities was \$3,729,204, (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 \$273,354 and decreased by depreciation of \$383,908. Current year additions include a stump grinder, signs and building improvements. 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 2023-2024 budget and the associated property tax rates and charges for services.

In preparing the budget, the Town Board and Supervisor 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, 2023

ASSETS	Governmental Activities
Cash and investments	\$ 4,760,334
Other receivables	-
Capital assets	
Land	983,909
Construction in progress	239,148
Depreciable buildings and equipment, net	<u>2,506,147</u>
Total assets	<u><u>\$ 8,489,538</u></u>
LIABILITIES	
Current liabilities	
Security deposits	\$ 7,337
Other liabilities	-
Road bonds	<u>54,800</u>
Total liabilities	<u>62,137</u>
NET POSITION	
Investment in capital assets	3,729,204
Restricted	
Special revenues	3,371,494
Unrestricted	<u>1,326,703</u>
Total net position	<u>8,427,401</u>
Total liabilities and net position	<u><u>\$ 8,489,538</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, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
GOVERNMENTAL ACTIVITIES					
General governmental services	\$ 1,657,847	\$ 52,259	\$ 30,500	\$ -	\$ (1,575,088)
Assessor	487,220	-	-	-	(487,220)
Road and bridge maintenance	1,149,443	51,474	-	-	(1,097,969)
Park operations	326,086	190,069	-	-	(136,017)
Home relief	170,691	-	150,000	-	(20,691)
Metra station maintenance	119,977	71,379	-	-	(48,598)
Cemetery	68,694	122,900	-	-	54,206
Total governmental activities	<u>\$ 3,979,958</u>	<u>\$ 488,081</u>	<u>\$ 180,500</u>	<u>\$ -</u>	<u>(3,311,377)</u>
General revenues					
Property taxes					3,390,163
State replacement taxes					92,033
Interest					90,231
Motor fuel tax					-
Miscellaneous					23,447
Gain (loss) on sale of capital asset					15,225
Total general revenues					<u>3,611,099</u>
Change in net position					299,722
Beginning of year					<u>8,127,679</u>
End of year					<u>\$ 8,427,401</u>

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, 2023

ASSETS	General	Road and Bridge	Permanent Road	Park Maintenance	General Assistance	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 1,330,599	\$ 922,046	\$ 1,397,843	\$ 331,110	\$ 90,701	\$ 688,035	\$ 4,760,334
Restricted investments	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other funds	3,441	-	-	47,201	-	15,597	66,239
Total assets	\$ 1,334,040	\$ 922,046	\$ 1,397,843	\$ 378,311	\$ 90,701	\$ 703,632	\$ 4,826,573
LIABILITIES AND FUND BALANCE							
Liabilities							
Road bonds	\$ -	\$ 54,800	\$ -	\$ -	\$ -	\$ -	\$ 54,800
Security deposits	7,337	-	-	-	-	-	7,337
Other liabilities	-	-	-	-	-	-	-
Due to other funds	-	6,767	31,613	-	27,859	-	66,239
Total liabilities	7,337	61,567	31,613	-	27,859	-	128,376
Fund Balance							
Restricted							
Special revenues	-	860,479	1,366,230	378,311	62,842	489,138	3,157,000
Maintenance	-	-	-	-	-	214,494	214,494
Unassigned	1,326,703	-	-	-	-	-	1,326,703
Total fund balance	1,326,703	860,479	1,366,230	378,311	62,842	703,632	4,698,197
Total liabilities and fund balance	\$ 1,334,040	\$ 922,046	\$ 1,397,843	\$ 378,311	\$ 90,701	\$ 703,632	\$ 4,826,573

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 (MODIFIED CASH BASIS)
 MARCH 31, 2023

Total fund balance - governmental funds \$ 4,698,197

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 assets:

General fund	\$ 2,142,818	
Cemetery fund	428,604	
Road and bridge fund	1,582,122	
Permanent road fund	5,294,741	
Park maintenance fund	2,680,620	
Metra station fund	1,501,533	
		13,630,438

Accumulated depreciation:

General fund	886,095	
Cemetery fund	111,561	
Road and bridge fund	1,262,644	
Permanent road fund	4,678,809	
Park maintenance fund	1,748,169	
Metra station fund	1,213,956	
		(9,901,234)

Net position of the governmental activities \$ 8,427,401

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, 2023

	General	Road and Bridge	Permanent Road	Park Maintenance	General Assistance	Nonmajor Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property taxes	\$ 2,076,736	\$ 383,428	\$ 788,055	\$ 119,117	\$ 22,827	\$ -	\$ 3,390,163
State replacement tax	33,431	58,602	-	-	-	-	92,033
Interest	28,077	16,156	25,730	5,049	607	14,612	90,231
Intergovernmental agreement	-	51,474	-	-	-	-	51,474
Rentals	17,031	-	-	9,785	-	-	26,816
Grants	-	-	-	-	-	-	-
Passport revenue	33,308	-	-	-	-	-	33,308
Park fees	-	-	-	180,284	-	-	180,284
Parking fees	-	-	-	-	-	71,379	71,379
Taxi	1,920	-	-	-	-	-	1,920
Cemetery lot sales	-	-	-	-	-	87,000	87,000
Grave opening fees	-	-	-	-	-	35,900	35,900
Donations	-	-	-	-	-	-	-
Motor fuel tax	-	-	-	-	-	-	-
FERA reimbursement	30,500	-	-	-	150,000	-	180,500
Miscellaneous	12,578	6,712	-	320	2,000	1,837	23,447
Total cash receipts	2,233,581	516,372	813,785	314,555	175,434	210,728	4,264,455
DISBURSEMENTS							
Current							
General governmental services	1,625,061	273,143	-	-	-	-	1,898,204
Assessor	487,220	-	-	-	-	-	487,220
Road maintenance	-	95,774	508,557	-	-	-	604,331
Park operations	-	-	-	288,900	-	-	288,900
Home relief	-	-	-	-	170,691	-	170,691
Cemetery	-	-	-	-	-	58,694	58,694
Metra station maintenance	-	-	-	-	-	88,010	88,010
Capital acquisitions	175,887	14,726	25,419	10,375	-	46,947	273,354
Total disbursements	2,288,168	383,643	533,976	299,275	170,691	193,651	3,869,404
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(54,587)	132,729	279,809	15,280	4,743	17,077	395,051
OTHER SOURCES (USES)							
Proceeds from sale of equipment	9,946	-	5,279	-	-	-	15,225
Interfund transfer	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(44,641)	132,729	285,088	15,280	4,743	17,077	410,276
FUND BALANCE							
Beginning of year	1,371,344	727,750	1,081,142	363,031	58,099	686,555	4,287,921
End of year	\$ 1,326,703	\$ 860,479	\$ 1,366,230	\$ 378,311	\$ 62,842	\$ 703,632	\$ 4,698,197

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 AND CHANGES IN FUND BALANCE (CASH BASIS)
 TO THE STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
 FOR THE YEAR ENDED MARCH 31, 2023

Net change in fund balances - total governmental funds \$ 410,276

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	\$ 175,887	
Cemetery fund	46,947	
Road and bridge fund	14,726	
Permanent road fund	25,419	
Park maintenance fund	10,375	
Metra station fund	-	
	-	273,354

Depreciation expense:

General fund	32,786	
Cemetery fund	10,000	
Road and bridge fund	89,961	
Permanent road fund	182,008	
Park maintenance fund	37,186	
Metra station fund	31,967	
	-	(383,908)

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	52,789	
Related accumulated depreciation	(52,789)	
	-	-

Change in net position of governmental activities \$ 299,722

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

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

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 61. 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 General Assistance Fund, a major fund, accounts for revenue and expenditures relating to assistance of citizens in need which is funded by property taxes and grants.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

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, 2023

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 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. The Board of Trustees has retained the authority to assign fund balances.
- 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.

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, 2023

- c. The budget is legally enacted through passage of an ordinance. The ordinance was passed on March 10, 2022.
- 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.
- 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.

8. Accounting for Leases

GASB Statement No. 87, *Leases*, was implemented April 1, 2022 using a modified retrospective approach, with certain practical expedients available.

The standard did not have a material impact on the financial statements as the accounting for leases remained substantially unchanged.

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 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. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. The Illinois Funds issues a publicly available financial report that can be obtained on-line at www.illinoistreasurer.gov.

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, 2023 was \$1,654,040 and the bank balance was \$1,673,185. The deposits are categorized in accordance with risk factors established by governmental reporting standards.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Amount insured by FDIC	\$ 762,584
Amount collateralized held by the pledging financial institution's agent	910,601
Total bank balance	<u>\$ 1,673,185</u>

In addition, the Town had \$200 of cash on hand as of March 31, 2023.

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.

	Total	Maturity in years	
		Less than one year	More than one year
Investments:			
Illinois Funds	\$ 3,106,094	\$ 3,106,094	\$ -
Total investments	<u>3,106,094</u>	<u>3,106,094</u>	<u>-</u>
Deposit accounts:			
Certificates of deposit	15,953	15,953	-
Demand deposit accounts	1,638,087	1,638,087	-
Total deposit accounts	<u>1,654,040</u>	<u>1,654,040</u>	<u>-</u>
Total cash and investments	<u>\$ 4,760,134</u>	<u>\$ 4,760,134</u>	<u>\$ -</u>

Credit Risk. The Town invests in certificates of deposit and Illinois Funds. 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.

Investments

Fair Value Measurements. GASB Statement No.72, *Fair Value Measurement and Application* establishes a fair value hierarchy for investments that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities in active markets; Level 2 inputs consist of other than quoted market prices included in Level 1 that are either directly or indirectly observable for the asset, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. The Town's investments in certificates of deposit do not require separate reporting under GASB Statement No.72.

The following table summarizes investments measured at fair value based on NAV per share:

March 31, 2023	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Illinois Funds	\$3,106,094	n/a	Daily	n/a

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

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 or around 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 2021 levy was adopted by the Town on December 9, 2021 and the 2022 levy was adopted on December 8, 2022. The 2021 levy is included in the current year's cash receipts and was allocated as follows:

Fund	2021 Levy
Town	\$ 2,076,736
Road and bridge	383,428
Permanent road	788,055
Park maintenance	119,117
General assistance	22,827
	<u>\$ 3,390,163</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
Construction in progress	5,500	233,648	-	239,148
Land improvements	2,012,523	-	-	2,012,523
Building and improvements	2,839,507	10,375	-	2,849,882
Machinery and equipment	1,606,401	29,331	(52,789)	1,582,943
Infrastructure	5,962,033	-	-	5,962,033
Totals	<u>13,409,873</u>	<u>273,354</u>	<u>(52,789)</u>	<u>13,630,438</u>
Accumulated depreciation	9,570,115	383,908	(52,789)	9,901,234
Net totals	<u>\$ 3,839,758</u>	<u>\$ (110,554)</u>	<u>\$ -</u>	<u>\$ 3,729,204</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 32,786
Road and bridge maintenance	271,969
Park operations	37,186
Cemetery	10,000
Metra maintenance	31,967
	<u>\$ 383,908</u>

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE E – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at March 31, 2023 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 3,441	\$ -
Road and Bridge	-	6,767
Permanent Road	-	31,613
Park Maintenance	47,201	-
Nonmajor Governmental Funds	15,597	-
General Assistance	-	27,859
	<u>\$ 66,239</u>	<u>\$ 66,239</u>

The interfund balances resulted from the time lag between the dates that: (1) transactions are recorded in the accounting system, and (2) payments between funds are made.

NOTE F - 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 G – 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 comprehensive financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.imrf.org.

Benefits Provided

IMRF provides retirement, disability, post retirement increases, and death benefits. Your "Tier" determines your IMRF benefits. Your tier is determined by the first date you began participating in IMRF or certain Illinois reciprocal systems. Most IMRF members participate in the Regular plan. Regular plan members work for local units of government that participate in IMRF. Government types include school districts, cities, villages, townships, counties (except Cook), fire protection districts, library districts, and park districts.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

If you first participated in IMRF or reciprocal system (except Judges or General Assembly retirement systems):

- Before January 1, 2011, you are in Tier 1
- On or after January 1, 2011, you are in Tier 2

To begin receiving an IMRF Tier 1 Regular Plan pension, you:

- Must have at least eight years of service credit (can include reciprocal retirement system service credit)
- Cannot be working in any position which qualifies for IMRF participation.
- Must be at least age 55.

Although you can retire as early as age 55, age 60 is your full retirement age. Your pension may be reduced if you retire before age 60, depending upon the amount of service credit you have.

Under Tier 1, your pension is increased by 3% of the original amount on January 1 every year after you retire. Your first annual increase is based upon the number of months you are retired in your first year. If your pension effective date is January 1, your first year increase will also be 3%. Otherwise, your first year increase will be less than 3%.

Under Tier 2, your pension is increased by the lower of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding year of the original amount. Annual increases begin the January following the year you reach age 67 or after you receive one year of pension payments, whichever is later. If the CPI decreases or is zero, no increase is paid.

For additional benefit information, please see pages B-1 - B-5 of the December 31, 2022 Annual Actuarial Valuation report dated March 10, 2023 or Article 7 of the Illinois Pension Code.

Employees Covered by Benefit Terms.

As of December 31, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries	26
Inactive, non-retired members	22
Active members	<u>21</u>
	<u>69</u>

Contributions

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 Town's annual required contribution rate for calendar year 2022 was 5.11 percent. 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.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Town's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Inflation Rate	2.25 percent
Salary Increases	2.85 percent to 13.75 percent
Investment Rate of Return	7.25 percent

Projected retirement age was from the experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

The long-term expected rate of return on pension investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	35.5%	6.50%
International Equity	18.0%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	6.25-9.90%
Cash Equivalents	1.0%	4.00%

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Single Discount Rate

The Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; municipal bond rate is 4.05% and the resulting single discount rate is 7.25%.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Pension Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Changes in Net Pension Liability – Calendar Year Ended December 31, 2022

Total pension liability

Service cost	\$ 143,307
Interest on the total pension liability	721,987
Changes of benefit terms	-
Difference between expected and actual experience	505,190
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(726,058)</u>
Net change in total pension liability	644,426
Total pension liability - beginning	<u>10,249,815</u>
Total pension liability - ending	<u><u>\$ 10,894,241</u></u>

Plan fiduciary net position

Contributions - employer	\$ 86,877
Contributions - employee	65,048
Net investment income (loss)	(1,668,083)
Benefit payments, including refunds of employee contributions	(726,058)
Other - net transfer	<u>269,788</u>
Net change in plan fiduciary net position	(1,972,428)
Plan fiduciary net position - beginning	<u>12,540,161</u>
Plan fiduciary net position - ending	<u><u>\$ 10,567,733</u></u>

Net pension liability (asset)

\$ 326,508

Plan fiduciary net position as a percentage of the total pension liability

97.00%

Covered valuation payroll

\$ 1,445,515

Net pension liability (asset) as a percentage of covered payroll

22.59%

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Town calculated using the Single Discount Rate of 7.25% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 1,435,664	\$ 326,508	\$ (599,978)

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Town recognized pension income of \$61,709 and calculated net future deferred outflows of resources in the amount of \$1,202,227 related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 380,203	\$ 39,830
Changes of assumptions	-	9,835
Net difference between projected and actual earnings on pension plan investments	<u>2,052,970</u>	<u>1,181,281</u>
Total deferred future amounts	<u><u>\$ 2,433,173</u></u>	<u><u>\$ 1,230,946</u></u>

Amounts reported as net future deferred outflows of resources related to pensions will be recognized as pension expense in the following periods:

Year ended December 31:

2023	\$ 58,121
2024	308,080
2025	322,782
2026	513,244
2027	-
Thereafter	<u>-</u>
Total	<u><u>\$ 1,202,227</u></u>

NOTE H – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Town administers a single-employer defined benefit healthcare plan ("Retiree Health Plan") under the provisions of ILCS Chapter 215, Article 5, Section 367j. The plan is set up as a pay as you go plan. As such, assets are not accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

As required by Illinois statutes, the Retiree Health Plan provides lifetime health and dental insurance for retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Retirees are required to pay the entire insurance premium for their coverage.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Employees Covered by Benefit Terms.

As of March 31, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries	0
Inactive, non-retired members	0
Active members	<u>20</u>
	<u>20</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town's total OPEB liability was measured as of March 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial evaluation as of that date.

Actuarial Assumptions for Alternative Measurement Method

The total OPEB liability in the March 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Market value of assets
Inflation Rate	2.25%
Salary Increases	2.50%

Projected retirement age was from the experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2020 valuation.

Active, Retiree, and Spousal IMRF Mortality follows the Sex Distinct Raw Rates as Developed in the PubG-2010(B). These rates are Improved Generationally using MP-2020 Improvement rates.

The initial healthcare cost trend rate is based on the 2023 Segal Health Plan Cost Trend Survey. The grading period and the ultimate trend rates selected fall within the generally accepted range.

There is currently no expectation for future returns on OPEB Plan assets since the OPEB obligations is an unfunded obligations. The Town doesn't have a trust dedicated exclusively to the payment of OPEB benefits.

Municipal Bond Rate

The municipal bond rate is based on The Bond Buyer 20-Bond GO Index. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard and Poor's AA. The discount rate at the beginning of the year was 2.73% and 3.50% at end of the year.

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate. Since the Town doesn't have a trust dedicated exclusively to the payment of OPEB benefits, then only the municipal bond rate is used in determining the total OPEB liability.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Changes in Net OPEB Liability – Year Ended March 31, 2023

Total OPEB liability	
Service cost	\$ 5,460
Interest on the total OPEB liability	3,372
Changes of benefit terms	-
Difference between expected and actual experience	(29,049)
Changes of assumptions	(1,094)
Benefit payments	<u>(12,541)</u>
Net change in total OPEB liability	(33,852)
Total OPEB liability - beginning	<u>129,780</u>
Total OPEB liability - ending	<u><u>\$ 95,928</u></u>
OPEB plan net position	
Contributions - employer	\$ 12,541
Contributions - employee	-
Net investment income	-
Benefit payments	(12,541)
Administrative expense	<u>-</u>
Net change in OPEB plan net position	-
OPEB plan net position - beginning	<u>-</u>
OPEB plan net position - ending	<u><u>\$ -</u></u>
Employer's net OPEB liability (asset)	<u><u>\$ 95,928</u></u>
OPEB plan net position as a percentage of the total OPEB liability	0.00%
Covered valuation payroll	\$ 1,452,497
Employer's net OPEB liability (asset) as a percentage of covered payroll	6.60%

Changes in assumptions for 2023 reflect a change in the discount rate from 2.73% at the beginning of the year to 3.50% at the end of the year.

Discount Rate Sensitivity

The following is a sensitive analysis of the net OPEB liability to changes in the discount rate. The table below presents the OPEB liability of the Town calculated using the Discount Rate of 3.50% as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Net OPEB Liability (Asset)	\$ 99,947	\$ 95,928	\$ 92,149

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

Healthcare Cost Trend Rate Sensitivity

The following is a sensitive analysis of the net OPEB liability to changes in the healthcare cost trend rate. The table below presents the OPEB liability of the Town calculated using the trend rate assumption as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ 89,897	\$ 95,928	\$ 103,065

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

For the year ended March 31, 2023, the Town recognized OPEB income of \$21,311 and calculated net future deferred outflows of resources in the amount of \$0 related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Total deferred future amounts	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as net future deferred outflows of resources related to OPEB will be recognized as OPEB expense in the following periods:

Year ended March 31:

2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	<u>-</u>
Total	<u>\$ -</u>

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE I – FUND BALANCES

As of March 31, 2023, restricted fund balances are composed of the following:

Activity	Amount
Road and bridge maintenance	\$ 860,479
Permanent road	1,366,230
Park maintenance	378,311
Metra station	43,402
Metra station maintenance	214,494
General assistance	62,842
Cemetery	445,736
Total restricted fund balance	<u>\$ 3,371,494</u>

When 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 J - 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.

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.

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

TOIRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the 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, 2023, 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.

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 \$18,929 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 the Permanent Road Fund. The Town had an available balance of \$52,734 at the end of the fiscal year and none was disbursed during the fiscal year.

NOTE L – COMMITMENTS AND CONTINGENCIES

The Town is under contract for the purchase of cemetery columbariums. The remaining amount due as of March 31, 2023 is \$46,921.

The Town is under contract for the purchase of furniture. The remaining amount due as of March 31, 2023 is \$66,615.

The Town is under contract for the purchase of a sign. The remaining amount due as of March 31, 2023 is \$5,388.

The Town is under contract for building renovations. The remaining amount due as of March 31, 2023 is \$84,163.

The Town is under contract for the purchase of a snow plow truck. The remaining amount due as of March 31, 2023 is \$313,092

The Town is under contract for architectural services related to building renovations. The contract amount due is based on construction costs.

There are ongoing objections related to certain property taxes levied by the Town. Total known objection amounts which the Town intends to vigorously contest are as follows:

Permanent Road Tax	\$ 60,287
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TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE M – SUBSEQUENT EVENTS

The Town's management has performed an analysis of the activities and transactions subsequent to March 31, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2023. The Town has evaluated subsequent events through November 16, 2023, the date on which the financial statements were available to be issued.

TOWN OF VERNON
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY								
Service cost	\$ 143,307	\$ 132,302	\$ 155,912	\$ 141,007	\$ 133,264	\$ 141,435	\$ 147,861	\$ 153,832
Interest on the total pension liability	721,987	703,038	703,519	676,763	662,563	623,683	601,450	589,517
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	505,190	79,045	(217,373)	74,739	(53,093)	482,798	(83,230)	(294,278)
Changes of assumptions	-	-	(53,668)	-	234,664	(274,493)	-	-
Benefit payments and employee refunds	(726,058)	(590,986)	(575,452)	(486,381)	(475,166)	(426,733)	(306,117)	(267,825)
Net change in total pension liability	644,426	323,399	12,938	406,128	502,232	546,690	359,964	181,246
Total pension liability - beginning	10,249,815	9,926,416	9,913,478	9,507,350	9,005,118	8,458,428	8,098,464	7,917,218
Total pension liability - ending	10,894,241	10,249,815	9,926,416	9,913,478	9,507,350	9,005,118	8,458,428	8,098,464
PLAN FIDUCIARY NET POSITION								
Employer contributions	86,877	121,737	95,733	94,566	110,824	111,210	125,666	135,587
Employee contributions	65,048	65,528	61,455	69,762	64,906	60,208	60,095	60,953
Net investment income (loss)	(1,668,083)	1,899,663	1,455,113	1,698,278	(551,541)	1,404,451	545,248	40,104
Benefit payments	(726,058)	(590,986)	(575,452)	(486,381)	(475,166)	(426,733)	(306,117)	(267,825)
Other - net transfer	269,788	33,878	(46,714)	(339,959)	285,753	6,749	92,749	(149,564)
Net change in plan fiduciary net position	(1,972,428)	1,529,820	990,135	1,036,266	(565,224)	1,155,885	517,641	(180,745)
Plan fiduciary net position - beginning	12,540,161	11,010,341	10,020,206	8,983,940	9,549,164	8,393,279	7,875,638	8,056,383
Plan fiduciary net position - ending	10,567,733	12,540,161	11,010,341	10,020,206	8,983,940	9,549,164	8,393,279	7,875,638
NET PENSION LIABILITY (ASSET)	\$ 326,508	\$ (2,290,346)	\$ (1,083,925)	\$ (106,728)	\$ 523,410	\$ (544,046)	\$ 65,149	\$ 222,826
Plan fiduciary net position as a % of the total pension liability	97.00%	122.35%	110.92%	101.08%	94.49%	106.04%	99.23%	97.25%
Covered valuation payroll	\$ 1,445,515	\$ 1,456,174	\$ 1,365,672	\$ 1,550,260	\$ 1,504,040	\$ 1,335,059	\$ 1,335,448	\$ 1,354,523
Net pension liability as a % of covered valuation payroll	22.59%	-157.29%	-79.37%	-6.88%	34.80%	-40.75%	4.88%	16.45%

Note: The Town implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pension Plans, An Amendment to GASB Statement No. 27*. The Statement requires the last ten fiscal years of information to be presented. Information prior to 2015 was unavailable.

TOWN OF VERNON
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended	Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Valuation Payroll (c)	Actual Contribution as a % of Covered Valuation Payroll (b/c)
December 31,					
2015	\$ 135,587	\$ 135,587	\$ -	\$ 1,354,523	10.01%
2016	125,666	125,666	-	1,335,448	9.41%
2017	111,210	111,210	-	1,335,059	8.33%
2018	115,961	110,824	5,137	1,504,040	7.37%
2019	94,566	94,566	-	1,550,260	6.10%
2020	95,733	95,733	-	1,365,672	7.01%
2021	121,737	121,737	-	1,456,174	8.36%
2022	73,866	86,877	(13,011)	1,445,515	6.01%

Note: The Town implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pension Plans, An Amendment to GASB Statement No. 27*. The Statement requires the last ten fiscal years of information to be presented. Information prior to 2015 was unavailable.

TOWN OF VERNON
ILLINOIS MUNICIPAL RETIREMENT FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate
Based on Valuation Assumptions used in the December 31, 2020 Actuarial Valuation

Valuation Date

Notes: The actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the calendar year in which the contributions are reported.

Methods and Assumptions Used to Determine 2022 Contribution Rates

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level of Percentage of Payroll, Closed
Remaining Amortization Period:	21-year closed period
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75% including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information

Notes: There were no benefit changes during the year.

TOWN OF VERNON
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019
TOTAL OPEB LIABILITY					
Service cost	\$ 5,460	\$ 3,793	\$ 6,618	\$ 5,990	\$ 5,731
Interest	3,372	3,749	2,767	4,043	4,323
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(29,049)	-	34,868	-	-
Changes of assumptions	(1,094)	(30,022)	2,884	14,825	823
Benefit payments	(12,541)	(14,575)	(4,357)	(14,913)	(15,819)
Net change in total OPEB liability	(33,852)	(37,055)	42,780	9,945	(4,942)
Total OPEB liability - beginning	129,780	166,835	124,055	114,110	119,052
Total OPEB liability - ending	95,928	129,780	166,835	124,055	114,110
OPEB PLAN NET POSITION					
Employer contributions	12,541	14,575	4,357	14,913	15,819
Employee contributions	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	(12,541)	(14,575)	(4,357)	(14,913)	(15,819)
Administrative expense	-	-	-	-	-
Net change in OPEB plan net position	-	-	-	-	-
OPEB plan net position - beginning	-	-	-	-	-
OPEB plan net position - ending	-	-	-	-	-
NET OPEB LIABILITY (ASSET)	\$ 95,928	\$ 129,780	\$ 166,835	\$ 124,055	\$ 114,110
OPEB plan net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered valuation payroll	\$ 1,452,497	\$ 1,527,830	\$ 1,618,680	\$ 1,579,200	\$ 1,700,670
Net OPEB liability as a % of covered valuation payroll	6.60%	8.49%	10.31%	7.86%	6.71%

Note: The Town implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement requires the last ten fiscal years of information to be presented. Information prior to 2019 was unavailable.

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED MARCH 31, 2023

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 2,079,134	\$ 2,076,736	\$ (2,398)
State replacement tax	10,000	33,431	23,431
Interest	2,000	28,077	26,077
Rentals	15,000	17,031	2,031
Passport revenue	50,000	33,308	(16,692)
Grants	250	-	(250)
Taxi	15,000	1,920	(13,080)
FERA reimbursements	30,000	30,500	500
Miscellaneous	9,600	12,578	2,978
Total cash receipts	<u>2,210,984</u>	<u>2,233,581</u>	<u>\$ 22,597</u>
DISBURSEMENTS			
General governmental services	1,789,400	1,605,284	\$ (184,116)
Assessor	478,775	473,817	(4,958)
Capital acquisitions	326,000	209,067	(116,933)
Total disbursements	<u>2,594,175</u>	<u>2,288,168</u>	<u>\$ (306,007)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(383,191)</u>	<u>(54,587)</u>	
OTHER SOURCES (USES)			
Proceeds from sale of assets	15,000	9,946	
Interfund transfer	<u>-</u>	<u>-</u>	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	<u>(368,191)</u>	<u>(44,641)</u>	
FUND BALANCE - Beginning of year	<u>1,371,344</u>	<u>1,371,344</u>	
FUND BALANCE - End of year	<u>\$ 1,003,153</u>	<u>\$ 1,326,703</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, 2023

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 384,317	\$ 383,428	\$ (889)
State replacement tax	25,000	58,602	33,602
Interest	500	16,156	15,656
Intergovernmental agreement	35,000	51,474	16,474
Fines	500	-	(500)
Donations	-	-	-
State grant	-	-	-
Miscellaneous	-	6,712	6,712
Total receipts	445,317	516,372	\$ 71,055
DISBURSEMENTS			
General governmental services	293,900	273,143	\$ (20,757)
Maintenance	226,500	110,500	(116,000)
Capital acquisitions	-	-	-
Total disbursements	520,400	383,643	\$ (136,757)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(75,083)	132,729	
OTHER SOURCES (USES)			
Proceeds from sale of assets	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(75,083)	132,729	
FUND BALANCE - Beginning of year	727,750	727,750	
FUND BALANCE - End of year	\$ 652,667	\$ 860,479	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PERMANENT ROAD FUND
 YEAR ENDED MARCH 31, 2023

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 791,094	\$ 788,055	\$ (3,039)
Motor fuel tax	10,000	-	(10,000)
Interest	600	25,730	25,130
Miscellaneous	500	-	(500)
Total cash receipts	802,194	813,785	\$ 11,591
DISBURSEMENTS			
Maintenance	1,272,000	533,976	\$ (738,024)
Capital acquisitions	-	-	-
Total disbursements	1,272,000	533,976	\$ (738,024)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(469,806)	279,809	
OTHER SOURCES (USES)			
Proceeds from sale of assets	10,000	5,279	\$ (4,721)
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(459,806)	285,088	
FUND BALANCE - Beginning of year	1,081,142	1,081,142	
FUND BALANCE - End of year	\$ 621,336	\$ 1,366,230	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PARK MAINTENANCE FUND
 YEAR ENDED MARCH 31, 2023

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 120,000	\$ 119,117	\$ (883)
Interest	200	5,049	4,849
Rentals	10,500	9,785	(715)
Park fees	171,500	180,284	8,784
Grants	-	-	-
Miscellaneous	300	320	20
Total cash receipts	302,500	314,555	\$ 12,055
DISBURSEMENTS			
Capital acquisitions	123,000	10,375	\$ (112,625)
Operations	302,450	288,900	(13,550)
Total disbursements	425,450	299,275	\$ (126,175)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(122,950)	15,280	
OTHER SOURCES (USES)			
Proceeds from sale of assets	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(122,950)	15,280	
FUND BALANCE - Beginning of year	363,031	363,031	
FUND BALANCE - End of year	\$ 240,081	\$ 378,311	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL ASSISTANCE FUND
 YEAR ENDED MARCH 31, 2023

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 23,000	\$ 22,827	\$ (173)
Interest	-	607	607
SS reimbursement	2,000	2,000	-
FERA reimbursement	270,000	150,000	(120,000)
Miscellaneous	-	-	-
Total cash receipts	295,000	175,434	\$ (119,566)
DISBURSEMENTS			
Home relief	326,500	170,691	\$ (155,809)
Capital acquisitions	-	-	-
Total disbursements	326,500	170,691	\$ (155,809)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,500)	4,743	
OTHER SOURCES (USES)			
Proceeds from sale of assets	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(31,500)	4,743	
FUND BALANCE - Beginning of year	58,099	58,099	
FUND BALANCE - End of year	\$ 26,599	\$ 62,842	

TOWN OF VERNON
 COMBINING STATEMENT OF ASSETS AND LIABILITIES (CASH BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2023

ASSETS	<u>Cemetery</u>	<u>Metra Station</u>	<u>Total</u>
Cash	\$ 432,137	\$ 255,898	\$ 688,035
Due from other funds	<u>13,599</u>	<u>1,998</u>	<u>15,597</u>
Total assets	<u>\$ 445,736</u>	<u>\$ 257,896</u>	<u>\$ 703,632</u>
LIABILITIES AND FUND BALANCES			
Other liabilities	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Reserved			
Special revenues	445,736	43,402	489,138
Maintenance	-	214,494	214,494
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>445,736</u>	<u>257,896</u>	<u>703,632</u>
Total liabilities and fund balances	<u>\$ 445,736</u>	<u>\$ 257,896</u>	<u>\$ 703,632</u>

TOWN OF VERNON
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES (CASH BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MARCH 31, 2023

	<u>Cemetery</u>	<u>Metra Station</u>	<u>Total</u>
CASH RECEIPTS			
Cemetery lot sales	\$ 87,000	\$ -	\$ 87,000
Grave opening fees	35,900	-	35,900
Interest	8,352	6,260	14,612
Parking fees	-	71,379	71,379
Miscellaneous	636	1,201	1,837
	<u>131,888</u>	<u>78,840</u>	<u>210,728</u>
DISBURSEMENTS			
Cemetery	58,661	-	58,661
Metra station maintenance	-	88,010	88,010
Capital acquisitions	46,980	-	46,980
Maintenance	-	-	-
	<u>105,641</u>	<u>88,010</u>	<u>193,651</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	26,247	(9,170)	17,077
OTHER SOURCES (USES)			
Interfund transfer	-	-	-
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	26,247	(9,170)	17,077
FUND BALANCES - Beginning of year	<u>419,489</u>	<u>267,066</u>	<u>686,555</u>
FUND BALANCES - End of year	<u><u>\$ 445,736</u></u>	<u><u>\$ 257,896</u></u>	<u><u>\$ 703,632</u></u>

TOWN OF VERNON
COMPARATIVE TAX DATA
MARCH 31, 2023

YEAR OF LEVY	2022	2021	2020	2019	2018	2017
TAX EXTENSION						
Corporate	\$ 2,215,003	\$ 2,079,135	\$ 2,016,532	\$ 2,016,613	\$ 2,009,527	\$ 2,083,690
General assistance	23,040	23,001	23,033	23,002	30,016	30,008
Cemetery	-	-	-	-	-	-
Road and bridge (net)	379,442	384,696	384,617	384,107	425,681	428,082
Permanent road	775,427	790,425	796,985	812,799	784,726	838,800
Park maintenance	120,008	120,026	120,026	120,010	120,024	60,016
	<u>\$ 3,512,920</u>	<u>\$ 3,397,283</u>	<u>\$ 3,341,193</u>	<u>\$ 3,356,531</u>	<u>\$ 3,369,974</u>	<u>\$ 3,440,596</u>
TAX RATES						
Corporate	0.054799	0.052608	0.050604	0.049619	0.051216	0.054092
General assistance	0.000570	0.000582	0.000578	0.000566	0.000765	0.000779
Cemetery	-	-	-	-	-	-
Road and bridge (net)	0.009387	0.009734	0.009652	0.009451	0.010849	0.011113
Permanent road	0.019184	0.020000	0.020000	0.020000	0.020000	0.021775
Park maintenance	0.002969	0.003037	0.003012	0.002953	0.003059	0.001558
	<u>0.086909</u>	<u>0.085961</u>	<u>0.083846</u>	<u>0.082589</u>	<u>0.085889</u>	<u>0.089317</u>
ASSESSED VALUATION	<u>\$ 4,042,050,007</u>	<u>\$ 3,952,126,710</u>	<u>\$ 3,984,923,551</u>	<u>\$ 4,063,993,116</u>	<u>\$ 3,923,630,576</u>	<u>\$ 3,852,122,685</u>
COLLECTIONS		<u>\$ 3,390,156</u>	<u>\$ 3,398,373</u>	<u>\$ 3,276,688</u>	<u>\$ 3,366,830</u>	<u>\$ 3,440,708</u>
Ratio of collections to extensions		<u>99.79%</u>	<u>101.71%</u>	<u>97.62%</u>	<u>99.91%</u>	<u>100.00%</u>

Tax extensions and rates reflect only the Town's portion of the Road and Bridge Levy.

TOWN OF VERNON
NOTES TO SUPPLEMENTAL INFORMATION
MARCH 31, 2023

Note 1 - Budgetary Basis of Accounting

Budgets are adopted on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Note 2 - Over Expenditure of Budget

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