

TOWN OF VERNON, ILLINOIS
ANNUAL FINANCIAL REPORT
MARCH 31, 2012

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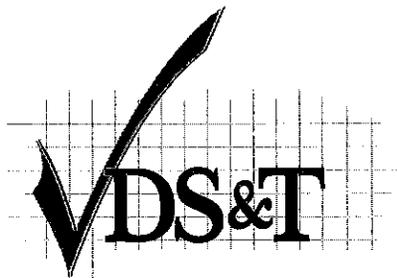
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D A M , S N E L L & T A V E I R N E , L T D .

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the Town of Vernon (the Town) as of and for the year ended March 31, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the Town prepares its financial statement on the modified cash and cash bases, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the government-wide financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of the Town of Vernon as of March 31, 2012 and the revenues received and expenditures disbursed – modified cash basis for the year then ended in conformity with the modified cash basis of accounting described in Note A to these financial statements. In addition, the fund financial statements present fairly, in all material respects, the revenues received and expenditures disbursed of the respective funds as of and for the year ended March 31, 2012 on the cash basis of accounting described in Note A to these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and supplemental information presented on pages 3 through 7, 23 through 27 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Town as a whole. The other supplemental information presented on pages 30 and 31 of this report is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The statistical information as described in the accompanying table of contents, page 32, is presented for purposes of additional analysis and is 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.

Dam, Snell & Taveirne, Ltd.

DAM, SNELL & TAVEIRNE, LTD.
Certified Public Accountants
Fox Lake, Illinois
September 21, 2012

**TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012**

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, 2012. Please read it in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The Town's net assets, which equal total assets minus total liabilities, were \$9,698,532 at the end of the 2012 fiscal year, a 1% increase from last year. Unrestricted assets, assets that may be used to meet the Town's ongoing obligations to residents and creditors, were \$2,013,436 at the end of the 2012 fiscal year.
- Total Town revenues were \$4,207,767, a 5% increase over last year. Total expenses were \$4,088,355.
- The fund balance for the General Fund was \$2,013,436 a decrease of \$215,100 from the beginning balance of \$2,228,536. 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 Statement of Net Assets and the 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 remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government. The notes to financial statements and required 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

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 Assets 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 assets and changes in them. You can think of the Town's net assets—the difference between assets and liabilities—as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets 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, 2012

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 Assets 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 Assets (Modified Cash Basis)

	<u>2011</u>	<u>2012</u>
Current assets	\$ 4,749,973	\$ 4,564,044
Capital assets	4,846,347	5,155,538
Total assets	9,596,320	9,719,582
Other liabilities	17,200	21,050
Long term liabilities	-	-
Total liabilities	17,200	21,050
Net assets		
Invested in capital assets	4,846,347	5,155,538
Restricted	2,504,237	2,529,558
Unrestricted	2,228,536	2,013,436
Total net assets	\$ 9,579,120	\$ 9,698,532

The Town's net assets are composed of capital assets, restricted assets and unrestricted assets. Capital assets comprise 53% of net assets 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.

An additional portion of the Town's net assets, 26%, represents resources that are subject to external restrictions on how they may be used. The remaining 21% of assets represent unrestricted net assets 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; \$260,000 has been committed for these expenses.

TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012

Table 2
Changes in Net Assets (Modified Cash Basis)

	<u>2011</u>	<u>2012</u>
Taxes and other revenue	\$ 3,559,551	\$ 3,799,138
Operating grants and contributions	12,379	16,307
Capital grants and contributions	-	-
Charges for services	433,364	392,322
Total revenue	<u>4,005,294</u>	<u>4,207,767</u>
Expenses	<u>4,101,780</u>	<u>4,088,355</u>
Increase (decrease) in net assets	(96,486)	119,412
Net assets, beginning of year	9,675,606	9,579,120
Net assets, end of year	<u>\$ 9,579,120</u>	<u>\$ 9,698,532</u>

Total Town revenues were \$4,207,767 and the total cost of all programs and services was \$4,088,355. Revenues exceeded the cost of all programs and services, which increased the Town's Net Assets from \$9,579,120 to \$9,698,532.

Governmental Activities

Revenues for governmental activities were \$4,207,767 while the total cost of all programs and services were \$4,088,355. The following table depicts the major revenue sources for the Town.

Table 3
Governmental Revenues (Modified Cash Basis)

	<u>2011</u>	<u>2012</u>
Property taxes	\$ 3,504,874	\$ 3,643,995
State replacement taxes	25,522	23,301
Interest	29,155	11,783
Intergovernmental agreement	48,012	39,033
Rentals	19,815	15,445
Passport revenue	16,939	22,105
Operating grants and contributions	12,379	16,307
Capital grants and contributions	-	-
Park fees	195,070	177,715
Parking fees	81,448	95,807
Taxi	19,982	19,860
Other	52,098	142,416
	<u>\$ 4,005,294</u>	<u>\$ 4,207,767</u>

**TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012**

Property taxes increased by 4.0% in the current year. In the current year, the Township received \$69,275 from FEMA for storm assistance and a \$55,000 deposit from the non-purchase of real estate.

The table below identifies the various governmental expenses by function.

Table 4
Governmental Activities Expenses (Modified Cash Basis)

	<u>2011</u>	<u>2012</u>
General governmental services	\$ 1,880,139	\$ 1,919,626
Assessor	533,147	508,535
Road maintenance	1,192,228	1,208,684
Park maintenance	329,131	300,209
Home relief	52,854	46,933
Cemetery	29,497	38,885
Metra maintenance	84,784	65,483
	<u>\$ 4,101,780</u>	<u>\$ 4,088,355</u>

The park fees 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 the drainage and paving projects on the Township roads, specifically the following: Inverrary Lane sidewalk, Krisview storm sewer, and Horatio Gardens subdivision road construction.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

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

**TOWN OF VERNON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012**

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

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

	<u>2011</u>	<u>2012</u>
Land	\$ 983,730	\$ 983,730
Construction in progress	-	-
Land improvements	45,359	77,961
Buildings and improvements	1,583,734	1,547,818
Machinery and equipment	295,794	286,350
Infrastructure	1,937,730	2,259,679
Totals	<u>\$ 4,846,347</u>	<u>\$ 5,155,538</u>

The Town's investment in capital assets for its governmental activities was \$5,155,538, (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 \$806,712, and decreased by additional depreciation of \$497,521. The increase is due primarily to the Inverrary Lane sidewalk, Krisview storm sewer, and Haratio Gardens subdivision road project. 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 2012-2013 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 ASSETS (MODIFIED CASH BASIS)
 MARCH 31, 2012

	Governmental Activities
ASSETS	
Cash and investments	\$ 4,564,044
Capital assets, net	5,155,538
Total assets	\$ 9,719,582
LIABILITIES	
Current liabilities	
Road bonds	\$ 21,050
Total liabilities	21,050
NET ASSETS	
Invested in capital assets, net of related debt	5,155,538
Restricted net assets	
Special revenues	2,529,558
Unrestricted net assets	2,013,436
Total net assets	9,698,532
Total liabilities and net assets	\$ 9,719,582

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, 2012

	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for services	Operating Grants and Contributions		
GOVERNMENTAL ACTIVITIES					
General governmental services	\$ 1,919,626	\$ 51,817	\$ 16,307	\$ -	\$ (1,851,502)
Assessor	508,535	-	-	-	(508,535)
Road and bridge maintenance	1,208,684	39,033	-	-	(1,169,651)
Park maintenance	300,209	183,308	-	-	(116,901)
Home relief	46,933	1,400	-	-	(45,533)
Cemetery	38,885	20,957	-	-	(17,928)
Metra maintenance	65,483	95,807	-	-	30,324
Total governmental activities	\$ 4,088,355	\$ 392,322	\$ 16,307	\$ -	(3,679,726)
General revenues					
Property taxes					3,643,995
State replacement taxes					23,301
Interest					11,783
FEMA storm assistance					29,567
Miscellaneous					82,488
Gain (loss) on sale of capital asset					8,004
Total general revenues					3,799,138
Change in net assets					119,412
Beginning of year					9,579,120
End of year					\$ 9,698,532

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, 2012

ASSETS	General	Road and Bridge	Permanent Road	Park Maintenance	Metra Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 2,036,023	\$ 344,955	\$ 1,039,925	\$ 224,480	\$ 574,351	\$ 344,310	\$ 4,564,044
Due from other funds	-	-	-	22,587	-	-	22,587
Total assets	<u>\$ 2,036,023</u>	<u>\$ 344,955</u>	<u>\$ 1,039,925</u>	<u>\$ 247,067</u>	<u>\$ 574,351</u>	<u>\$ 344,310</u>	<u>\$ 4,586,631</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Road bonds	\$ -	\$ 21,050	\$ -	\$ -	\$ -	\$ -	\$ 21,050
Due to other funds	22,587	-	-	-	-	-	22,587
Total liabilities	<u>22,587</u>	<u>21,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,637</u>
Fund Balance							
Restricted							
Special revenues	-	323,905	1,039,925	247,067	314,351	344,310	2,269,558
Committed - future maintenance	-	-	-	-	260,000	-	260,000
Unassigned	2,013,436	-	-	-	-	-	2,013,436
Total fund balance	<u>2,013,436</u>	<u>323,905</u>	<u>1,039,925</u>	<u>247,067</u>	<u>574,351</u>	<u>344,310</u>	<u>4,542,994</u>
Total liabilities and fund balance	<u>\$ 2,036,023</u>	<u>\$ 344,955</u>	<u>\$ 1,039,925</u>	<u>\$ 247,067</u>	<u>\$ 574,351</u>	<u>\$ 344,310</u>	<u>\$ 4,586,631</u>

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 ASSETS
 MARCH 31, 2012

Total fund balance - governmental funds \$ 4,542,994

Amounts reported for governmental activities in the Statement of
 Net Assets 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 Assets includes those
 capital assets among the assets of the Town as a whole.

Capital outlay:			
General fund	1,831,964		
Cemetery fund	272,306		
Road and bridge fund	852,621		
Permanent road fund	3,236,372		
Park maintenance fund	2,254,646		
Metra fund	1,228,118		
		9,676,027	
Accumulated depreciation:			
General fund	553,460		
Cemetery fund	25,317		
Road and bridge fund	565,991		
Permanent road fund	1,216,916		
Park maintenance fund	1,378,585		
Metra fund	780,220		
		(4,520,489)	
Net assets of the governmental activities			\$ 9,698,532

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, 2012

	General	Road and Bridge	Permanent Road	Park Maintenance	Metra Station	Nonmajor Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property taxes	\$1,998,609	\$486,182	\$ 999,331	\$ 159,873	\$ -	\$ -	\$ 3,643,995
State replacement tax	8,464	14,837	-	-	-	-	23,301
Interest	9,643	371	827	52	539	351	11,783
Intergovernmental agreement	-	39,033	-	-	-	-	39,033
Rentals	9,852	-	-	5,593	-	-	15,445
Grants	16,307	-	-	-	-	-	16,307
Passport revenue	22,105	-	-	-	-	-	22,105
Park fees	-	-	-	177,715	-	-	177,715
Parking	-	-	-	-	95,807	-	95,807
Taxi	19,860	-	-	-	-	-	19,860
Miscellaneous	83,332	27,983	-	165	-	22,357	133,837
Total cash receipts	<u>2,168,172</u>	<u>568,406</u>	<u>1,000,158</u>	<u>343,398</u>	<u>96,346</u>	<u>22,708</u>	<u>4,199,188</u>
DISBURSEMENTS							
Current							
General governmental services	1,883,316	251,761	-	-	-	-	2,135,077
Assessor	508,535	-	-	-	-	-	508,535
Road maintenance	-	322,820	270,704	-	-	-	593,524
Park maintenance	-	-	-	255,490	-	-	255,490
Home relief	-	-	-	-	-	46,933	46,933
Cemetery	-	-	-	-	-	34,152	34,152
Metra maintenance	-	-	-	-	17,123	-	17,123
Capital acquisitions	-	65,000	623,581	76,881	41,250	-	806,712
Total disbursements	<u>2,391,851</u>	<u>639,581</u>	<u>894,285</u>	<u>332,371</u>	<u>58,373</u>	<u>81,085</u>	<u>4,397,546</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(223,679)	(71,175)	105,873	11,027	37,973	(58,377)	(198,358)
OTHER SOURCES (USES)							
Proceeds from sale of equipment	8,579	-	-	-	-	-	8,579
Interfund transfer	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(215,100)	(71,175)	105,873	11,027	37,973	(58,377)	(189,779)
FUND BALANCE							
Beginning of year	<u>2,228,536</u>	<u>395,080</u>	<u>934,052</u>	<u>236,040</u>	<u>536,378</u>	<u>402,687</u>	<u>4,732,773</u>
End of year	<u>\$2,013,436</u>	<u>\$323,905</u>	<u>\$1,039,925</u>	<u>\$ 247,067</u>	<u>\$574,351</u>	<u>\$ 344,310</u>	<u>\$ 4,542,994</u>

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

TOWN OF VERNON
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
 OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2012

Net change in fund balances - total governmental funds \$ (189,779)

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	\$ -	
Cemetery fund	-	
Road and bridge fund	65,000	
Permanent road fund	623,581	
Park maintenance fund	76,881	
Metra fund	<u>41,250</u>	
		806,712

Depreciation expense:

General fund	36,310	
Cemetery fund	4,733	
Road and bridge fund	39,762	
Permanent road fund	323,637	
Park maintenance fund	44,719	
Metra fund	<u>48,360</u>	
		(497,521)

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	(19,778)	
Related accumulated depreciation	<u>19,778</u>	
		-

Change in net assets of governmental activities \$ 119,412

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

TOWN OF VERNON
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2012

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 Assets 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 Town has elected to treat the Metra Station and Park Maintenance Funds as 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 seven 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 and other 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 funded by parking fees.

TOWN OF VERNON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

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, 2012

5. Net Asset/Fund Balance Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net 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 net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, beginning with fiscal year 2012, 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.
- 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, 2012

- c. The budget is legally enacted through passage of an ordinance. The ordinance was passed on April 16, 2011. Neither the Town budget nor the Road budget was amended.
- d. The Town's Supervisor is authorized to transfer budgeted amounts 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 this non-GAAP budgetary basis.

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

Permitted 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, 2012 was \$2,139,494 and the bank balance was \$2,259,977. The deposits are categorized in accordance with risk factors established by governmental reporting standards.

Amount insured by FDIC	\$ 2,051,754
Amount collateralized with securities held by the pledging financial institution's agent in the Town's name	94,789
Uncollateralized balance	113,434
Total bank balance	\$ 2,259,977

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 FINANCIAL STATEMENTS
MARCH 31, 2012

	Total	Maturity in years	
		Less than one year	More than one year
Petty cash	\$ 200	\$ 200	\$ -
Investments:			
Illinois funds	2,423,875	2,423,875	
Total investments	2,423,875	2,423,875	
Deposit accounts:			
Certificates of deposit	1,472,737	1,472,737	
Other deposit accounts	667,232	667,232	
Total deposit accounts	2,139,969	2,139,969	
Total cash and investments	\$ 4,564,044	\$ 4,564,044	\$ -

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 2010 levy was adopted by the Town on December 11, 2010 and the 2011 levy was adopted on December 10, 2011. The 2010 levy is included in the current year's cash receipts and was allocated as follows:

Fund	2010 Levy
Town	\$ 1,998,609
Road and bridge	486,182
Permanent road	999,331
Park maintenance	159,873
	<u>\$ 3,643,995</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	\$ 983,730	\$ -	\$ -	\$ 983,730
Land improvements	1,554,315	61,709	-	1,616,024
Building and improvements	2,469,320	15,172	-	2,484,492
Machinery and equipment	904,283	41,250	(19,778)	925,755
Infrastructure	2,977,445	688,581	-	3,666,026
Totals	8,889,093	806,712	(19,778)	9,676,027
Accumulated depreciation	4,042,746	497,521	(19,778)	4,520,489
Net totals	\$ 4,846,347	\$ 309,191	\$ -	\$ 5,155,538

TOWN OF VERNON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2012

Depreciation expense was charged to governmental activities as follows:

General government	\$ 36,310
Road and bridge maintenance	363,399
Park maintenance	44,719
Cemetery	4,733
Metra maintenance	48,360
	\$ 497,521

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-line 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 statutes require 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 2011 was 10.99 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. For calendar year ending December 31, 2011, the Town's actual contributions for the pension cost for the Regular plan members were \$167,249. Its required contribution for calendar year 2011 was \$150,537.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 167,249	111%	\$ -
12/31/10	142,991	78%	31,646
12/31/09	93,110	100%	-

TOWN OF VERNON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2012

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, 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, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 86.35 percent funded. The actuarial accrued liability for benefits was \$5,205,047 and the actuarial value of assets was \$4,494,474, resulting in an underfunded accrued liability (UALL) of \$710,573. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$1,369,764 and the ratio of the UALL to the covered payroll was 52 percent.

The schedule of funding progress, presented as RSI 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 – FUND BALANCES

As of March 31, 2012, restricted fund balances are composed of the following:

Activity	Amount
Road and bridge maintenance	\$ 323,905
Permanent road maintenance	1,039,925
Parks and recreation	247,067
Metra station	314,351
General assistance	93,270
Cemetery	251,040
Total restricted net assets	\$ 2,269,558
Committed Net Assets	
Metra - future maintenance	\$ 260,000

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 H – INTERFUND BALANCES

Interfund receivables and payables at March 31, 2012 were as follows:

	Receivable	Payable
General Fund	\$ -	\$ 22,587
Park Maintenance Fund	22,587	-

The interfund transaction is to reallocate current year property tax distributions.

TOWN OF VERNON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2012

NOTE I - RISK MANAGEMENT

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 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 J – OPERATING LEASES

The District has entered into an operating lease for a copy machine. The monthly lease payment is \$255 and expires February 2016. Under these lease, the District made total payments of \$3,058 for the year ended March 30, 2012.

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

Fiscal year ended:	
2012	\$ 3,058
2013	3,058
2014	3,058
2015	2,803
2016	-
2017	-
Total minimum lease payments	<u>\$ 11,977</u>

NOTE K – MOTOR FUEL TAX ALLOTMENTS

During the current year the Town Highway Department started to accumulate 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. At the end of the fiscal year, the Town had a balance of \$8,514 of available funds. The Town can use these funds to finance repairs and maintenance of Town roads. Motor fuel tax funds spent in the current year 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 \$8,514 at the end of the fiscal year and no funds were disbursed.

TOWN OF VERNON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

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	\$ 432,200
Special Road/Gravel Tax	9,655
General Assistance Tax	14,000

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

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED MARCH 31, 2012

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 2,000,000	\$ 1,998,609	\$ (1,391)
State replacement tax	10,000	8,464	(1,536)
Interest	15,000	9,643	(5,357)
Rentals	14,000	9,852	(4,148)
Passport revenue	16,000	22,105	6,105
Pace grant and Dial-A-Ride	21,000	16,307	(4,693)
Taxi	20,000	19,860	(140)
Miscellaneous	10,750	83,332	72,582
Total receipts	<u>2,106,750</u>	<u>2,168,172</u>	<u>\$ 61,422</u>
DISBURSEMENTS			
General governmental services	2,685,500	1,802,244	\$ (883,256)
Assessor	558,400	508,535	(49,865)
Capital acquisitions	890,000	81,072	(808,928)
Total disbursements	<u>4,133,900</u>	<u>2,391,851</u>	<u>\$ (1,742,049)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,027,150)	(223,679)	
OTHER SOURCES (USES)			
Proceeds from sale of assets	5,000	8,579	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(2,022,150)	(215,100)	
FUND BALANCE - Beginning of year	<u>2,228,536</u>	<u>2,228,536</u>	
FUND BALANCE - End of year	<u>\$ 206,386</u>	<u>\$ 2,013,436</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, 2012

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 495,000	\$ 486,182	\$ (8,818)
State replacement tax	15,000	14,837	(163)
Interest	1,000	371	(629)
Intergovernmental agreement	30,000	39,033	9,033
Miscellaneous	700	27,983	27,283
Total receipts	<u>541,700</u>	<u>568,406</u>	<u>\$ 26,706</u>
DISBURSEMENTS			
General governmental services	301,726	251,761	\$ (49,965)
Maintenance	479,131	370,868	(108,263)
Capital acquisitions	194,788	16,952	(177,836)
Total disbursements	<u>975,645</u>	<u>639,581</u>	<u>\$ (336,064)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(433,945)	(71,175)	
OTHER SOURCES (USES)			
Proceeds from sale of assets	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(433,945)	(71,175)	
FUND BALANCE - Beginning of year	<u>395,080</u>	<u>395,080</u>	
FUND BALANCE - End of year	<u>\$ (38,865)</u>	<u>\$ 323,905</u>	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PERMANENT ROAD FUND
 YEAR ENDED MARCH 31, 2012

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 880,000	\$ 999,331	\$ 119,331
Grants	500	-	(500)
Interest	2,000	827	(1,173)
Miscellaneous	-	-	-
Total receipts	<u>882,500</u>	<u>1,000,158</u>	<u>\$ 117,658</u>
DISBURSEMENTS			
Maintenance	734,305	235,687	\$ (498,618)
Capital acquisitions	1,063,894	658,598	(405,296)
Total disbursements	<u>1,798,199</u>	<u>894,285</u>	<u>\$ (903,914)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(915,699)	105,873	
OTHER SOURCES (USES)			
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(915,699)	105,873	
FUND BALANCE - Beginning of year	<u>934,052</u>	<u>934,052</u>	
FUND BALANCE - End of year	<u>\$ 18,353</u>	<u>\$ 1,039,925</u>	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PARK MAINTENANCE FUND
 YEAR ENDED MARCH 31, 2012

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 100,000	\$ 159,873	\$ 59,873
Interest	1,000	52	(948)
Rentals	5,200	5,593	393
Park fees	168,000	177,715	9,715
Miscellaneous	500	165	(335)
Total receipts	<u>274,700</u>	<u>343,398</u>	<u>\$ 68,698</u>
DISBURSEMENTS			
Capital acquisitions	76,000	46,815	\$ (29,185)
Maintenance	<u>347,300</u>	<u>285,556</u>	<u>(61,744)</u>
Total disbursements	<u>423,300</u>	<u>332,371</u>	<u>\$ (90,929)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS			
	(148,600)	11,027	
OTHER SOURCES (USES)			
Interfund transfer	<u>-</u>	<u>-</u>	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)			
	(148,600)	11,027	
FUND BALANCE - Beginning of year			
	<u>236,040</u>	<u>236,040</u>	
FUND BALANCE - End of year			
	<u>\$ 87,440</u>	<u>\$ 247,067</u>	

TOWN OF VERNON
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - METRA STATION FUND
 YEAR ENDED MARCH 31, 2012

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Parking fees	\$ 77,000	\$ 95,807	\$ 18,807
Interest	2,000	539	(1,461)
Miscellaneous	500	-	(500)
Total receipts	<u>79,500</u>	<u>96,346</u>	<u>\$ 16,846</u>
DISBURSEMENTS			
Capital acquisitions	50,000	42,230	\$ (7,770)
Metra maintenance	88,900	16,143	(72,757)
Total disbursements	<u>138,900</u>	<u>58,373</u>	<u>\$ (80,527)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(59,400)	37,973	
OTHER SOURCES (USES)			
Interfund transfer	<u>(20,000)</u>	<u>-</u>	
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(79,400)	37,973	
FUND BALANCE - Beginning of year	<u>536,378</u>	<u>536,378</u>	
FUND BALANCE - End of year	<u>\$ 456,978</u>	<u>\$ 574,351</u>	

TOWN OF VERNON
 REQUIRED SUPPLEMENTARY INFORMATION
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 MARCH 31, 2012

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)
12/31/11	\$ 4,494,474	\$ 5,205,047	\$ 710,573	86.35 %	\$ 1,369,764	51.88 %
12/31/10	4,404,476	4,925,902	521,426	89.41	1,302,284	40.04
12/31/09	4,037,369	4,622,872	585,503	87.33	1,270,263	46.09

On a market value basis, the actuarial value of assets as of December 31, 2011 was \$4,329,674.
 On a market basis, the funded ratio would be 83.18%.

TOWN OF VERNON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2012

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 - Overexpenditure of Budget

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

TOWN OF VERNON
 COMBINING STATEMENT OF ASSETS AND LIABILITIES (CASH BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2012

ASSETS	<u>General Assistance</u>	<u>Cemetery</u>	<u>Total</u>
Cash	<u>\$ 93,270</u>	<u>\$ 251,040</u>	<u>\$ 344,310</u>
Total assets	<u>\$ 93,270</u>	<u>\$ 251,040</u>	<u>\$ 344,310</u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances			
Reserved			
Special revenues	93,270	251,040	344,310
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>93,270</u>	<u>251,040</u>	<u>344,310</u>
Total liabilities and fund balances	<u>\$ 93,270</u>	<u>\$ 251,040</u>	<u>\$ 344,310</u>

TOWN OF VERNON
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES (CASH BASIS) - BUDGET AND ACTUAL -
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MARCH 31, 2012

	<u>General Assistance</u>	<u>Cemetery</u>	<u>Total</u>
CASH RECEIPTS			
Property taxes	\$ -	\$ -	\$ -
Interest	168	183	351
Miscellaneous	1,400	20,957	22,357
Total receipts	<u>1,568</u>	<u>21,140</u>	<u>22,708</u>
DISBURSEMENTS			
Home relief	46,933	-	46,933
Cemetery	-	34,152	34,152
Capital acquisitions	-	-	-
Maintenance	-	-	-
Total disbursements	<u>46,933</u>	<u>34,152</u>	<u>81,085</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,365)	(13,012)	(58,377)
OTHER SOURCES (USES)			
Interfund transfer	-	-	-
EXCESS (DEFICIENCY) OF CASH AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(45,365)	(13,012)	(58,377)
FUND BALANCES - Beginning of year	<u>138,635</u>	<u>264,052</u>	<u>402,687</u>
FUND BALANCES - End of year	<u>\$ 93,270</u>	<u>\$ 251,040</u>	<u>\$ 344,310</u>

TOWN OF VERNON
COMPARATIVE TAX DATA
MARCH 31, 2012

YEAR OF LEVY	2011	2010	2009	2008	2007
TAX EXTENSION					
Corporate	\$ 1,883,205	\$ 2,000,906	\$ 1,941,477	\$ 1,921,888	\$ 1,860,589
General assistance	75,328	-	42,206	85,417	82,693
Cemetery	-	-	-	-	-
Road and Bridge (net)	477,433	486,760	513,229	496,718	481,565
Permanent Road	414,305	1,000,453	886,326	896,881	826,929
Park maintenance	188,321	160,072	126,618	85,417	124,039
	<u>\$ 3,038,592</u>	<u>\$ 3,648,191</u>	<u>\$ 3,509,856</u>	<u>\$ 3,486,321</u>	<u>\$ 3,375,815</u>
TAX RATES					
Corporate	\$ 0.050	\$ 0.050	\$ 0.046	\$ 0.045	\$ 0.045
General assistance	0.002	-	0.001	0.002	0.002
Cemetery	-	-	-	-	-
Road and Bridge	0.024	0.023	0.023	0.022	0.022
Permanent Road	0.011	0.025	0.021	0.021	0.020
Park maintenance	0.005	0.004	0.003	0.002	0.003
	<u>0.092</u>	<u>0.102</u>	<u>0.094</u>	<u>0.092</u>	<u>0.092</u>
ASSESSED VALUATION	<u>\$ 3,766,410,622</u>	<u>\$ 4,001,812,095</u>	<u>\$ 4,220,601,774</u>	<u>\$ 4,270,861,143</u>	<u>\$ 4,134,642,799</u>
COLLECTIONS		<u>\$ 3,643,995</u>	<u>\$ 3,504,596</u>	<u>\$ 3,483,029</u>	<u>\$ 3,290,227</u>
Ratio of collections to extensions		<u>99.88%</u>	<u>99.85%</u>	<u>99.91%</u>	<u>97.46%</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.